



# UMZINYATHI DISTRICT MUNICIPALITY

UMZINYATHI DISTRICT MUNICIPALITY

2024/25 DRAFT ANNUAL REPORT



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## ACRONYMS AND ABBREVIATIONS

|       |   |                                                                                  |
|-------|---|----------------------------------------------------------------------------------|
| AG    | : | Auditor General                                                                  |
| BEE   | : | Black Economic Empowerment                                                       |
| CBO   | : | Community Based Organisations                                                    |
| DEAT  | : | Department of Environment, Agriculture and Tourism                               |
| COGTA | : | Department of Co-operative Governance and Traditional Affairs                    |
| EXCO  | : | Executive Committee                                                              |
| FPSU  | : | Farmer Production Support Unit                                                   |
| GIS   | : | Geographical Information System                                                  |
| HOD   | : | Head of Department                                                               |
| IDP   | : | Integrated Development Plan                                                      |
| KPI   | : | Key Performance Indicator                                                        |
| KPA   | : | Key Performance Area                                                             |
| KZN   | : | KwaZulu-Natal                                                                    |
| LED   | : | Local Economic Development                                                       |
| MANCO | : | Management Committee                                                             |
| MM    | : | Municipal Manager                                                                |
| MEC   | : | Member of the Executive Council (Cooperative Governance and Traditional Affairs) |
| MFMA  | : | Municipal Finance Management Act, No. 56 of 2003                                 |

|        |   |                                                             |
|--------|---|-------------------------------------------------------------|
| MIG    | : | Municipal Infrastructure Grant                              |
| MSA    | : | Municipal Systems Act, No. 32 of 2000                       |
| MISA   | : | Municipal Infrastructure Support Agent                      |
| SPLUMA | : | Spatial Planning and Land Use Management Act, No 16 of 2013 |
| OPMS   | : | Organisational Performance Management System                |
| PMS    | : | Performance Management System                               |
| IPTP   | : | Integrated Public Transport Plan                            |
| RF     | : | Representative Forum                                        |
| SALGA  | : | South African Local Government Association                  |
| SEA    | : | Strategic Environmental Assessment                          |
| SDF    | : | Spatial Development Framework                               |
| SDBIP  | : | Service Delivery and Budget Implementation Plan             |
| UDM    | : | uMzinyathi District Municipality                            |
| EMF    | : | Environmental Management Framework                          |
| NT     | : | National Treasury                                           |
| PT     | : | Provincial Treasury                                         |
| MTID   | : | Municipal Transformation and Institutional Development      |
| BSID   | : | Basic Services and Infrastructure Development               |
| LED    | : | Local Economic Development                                  |
| GGPP   | : | Good Governance and Public Participation                    |

MFVM : Municipal Financial Viability and Management

CC : Cross Cutting

EPWP : Extended Public Works Programme

### COMPONENT A: MAYORS FOREWORD



The Umzinyathi District Municipality (UDM) is embarking on a focused journey for the 2024/25 fiscal year, prioritizing community needs, transparent governance, and sustainable development. A central theme for the current year is the diligent effort to ensure that the community's needs are met effectively. The Municipality has already marked tangible progress, with reports of "sod-turning" ceremonies signifying the commencement of new projects, and crucial "water launches" in various areas of Umzinyathi.

The water problem in Umzinyathi is a stark reality that we, as a municipality, cannot ignore, we are working tirelessly to ensure that access to this vital resource becomes a consistent reality for all our residents.

Despite these efforts, the Umzinyathi District Municipality continues to operate under the supervision of an administrator – a situation that has presented its own set of challenges. We acknowledged the protracted nature of this oversight, citing difficulties in achieving a stable and comprehensive financial report, which in turn has hampered the funding of crucial development initiatives.

However, a significant turning point has been reached through enhanced cooperation. Through concerted efforts and a unified front between the Umzinyathi councillors and the administrator, a decisive action has been taken to halt all wasteful activities.

One of the most impactful decisions in this regard has been the cessation of high-cost water tanker contracts. This move directly addresses a significant drain on municipal resources. The funds previously allocated to these expensive services will now be strategically reinvested into sustainable infrastructure development, aiming to provide long-term solutions rather than temporary fixes.

Further fiscal prudence is being exercised through the termination of other expensive contracts. New strategies are being developed to ensure that development projects reach the community directly, without the burden of excessive expenditure.



Beyond infrastructure and financial reform, the Municipality is keenly aware of the socio-economic landscape, particularly the pervasive issue of limited job opportunities across South Africa, including within the Umzinyathi district. In response, the UDM is actively developing programs and initiatives designed to foster local employment and empower residents to establish their own businesses.

A notable success story highlighted is the Prince Mangosuthu Ultra Marathon. This event has not only garnered significant recognition in the world of running but has also become a powerful catalyst for change within the district, creating substantial opportunities and boosting the local economy.

As Umzinyathi District Municipality navigates its current challenges, this foreword paints a picture of a committed leadership team, dedicated to fiscal responsibility, direct community impact, and fostering sustainable growth for all residents.

**THUTHUKA MZINYATHI!!**

A handwritten signature in black ink, appearing to read 'Thuthuka Mzinyathi', is written over a horizontal dotted line. Below the dotted line is a solid horizontal line.

HER WORSHIP THE MAYOR  
CLLR TH MCHUNU

### 1.1 Acting Municipal Manager's Overview



The Umzinyathi District Municipality Annual Report for the 2024/25 financial year is submitted in compliance with Section 121, Chapter 12 of the Local Government: Finance Management Act, 2003 (Act No. 56 of 2003). This crucial document offers a comprehensive overview of the Municipality's performance, challenges, and aspirations for the district.

The report's public release is contingent upon its review by the Municipal Council. Once approved, residents and stakeholders will be able to access the full document at all district and local municipal offices, as well as conveniently online via the municipal website, ensuring broad accessibility and transparency.

Looking back at the past year, the Municipality highlights significant progress in strengthening its internal operations. Over the past year, we have made significant strides in creating and implementing more effective policies and procedures, enhancing our governance. This strategic focus has bolstered the Municipality's capacity to effectively manage its core responsibilities: improving citizens' lives, fostering local economic growth, and ensuring the provision of sustainable services across the district.

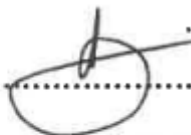
The report acknowledges both successes and persistent challenges in service delivery. Notably, Umzinyathi District Municipality has made strides in expanding water access, now reaching the majority of communities within its jurisdiction. However, we admit that a number of settlements still lack direct access to tap water, a critical area for ongoing improvement.

A major hurdle identified is the prevalence of aging infrastructure, which has contributed to service backlogs and, at times, inadequate provision. We are fully aware of the aging infrastructure and the resulting backlog, which has led to the inadequate provision of services. Addressing this infrastructure deficit and funding future planned projects remains the Municipality's biggest financial challenge. Umzinyathi has actively engaged with various institutions, seeking innovative funding solutions to accelerate development and ensure sustainable service provision for all.

Perhaps one of the most significant achievements highlighted in the report is the substantial progress made in rectifying past audit deficiencies. Following an adverse audit opinion in previous years, the Municipality has focused intently on implementing robust internal controls, enforcing greater accountability, and ensuring strict compliance with all applicable laws and regulations in its operations.

Our focus is on enhancing our status by implementing robust internal controls, enforcing greater accountability, and ensuring strict compliance with applicable laws and regulations in our operations, the Municipality affirms. This concerted effort underpins the Municipality's overarching goal: to provide accurate, comprehensive information through all mandated reporting platforms, thereby demonstrating unwavering transparency as an organization.

The 2024/25 Annual Report not only reflects a year of dedicated effort and strategic progress but also reaffirms Umzinyathi District Municipality's unwavering commitment to achieving a better life for all its communities. The Municipality's journey towards a clean, efficient, and transparent administration is clearly outlined, setting a strong foundation for future development and improved governance.



.....

**Acting Municipal Manager**

**Mr M.V. Ntanzl**

## 1.2 Municipal Functions, Demographics and Overview

### Introduction

The 2024/25 Annual Report comprises of the unaudited Annual Performance Report which is compiled in terms of section 121 (1) of the Municipal Finance Management Act No. 56 of 2003 and Section 46 of the Municipal Systems Act No. 32 of 2000, which indicates that a municipality is required to prepare an annual report and an annual performance report for the year under review.

The purpose of the annual report is to provide a record of the activities of the municipality, and a report on performance against the budget for that financial year with the aim of promoting accountability to the local community for the decisions made by the municipality and its entity. The annual performance report on the other hand reflects the performance of the municipality and its service providers during the year under review, comparison of performances of the current and previous financial years and measures taken to improve performance.

The 2024/25 Annual Report provides a true, honest and accurate account of the set performance and financial goals, the extent to which they were met, the resultant successes and the challenges that were experienced in pursuance thereof.

### Municipal Functions

In order to develop a functional capacity of the municipality, it is necessary to be aware of the powers and functions as they were gazetted. The functional responsibilities applicable to uMzinyathi District Municipality in relation to the shared functions, which have a bearing on district responsibilities, are shown in table 1 below.

**Table 1: Powers and Functions**

| District Functions              | Shared Functions                     |
|---------------------------------|--------------------------------------|
| Water                           | Integrated Development Planning      |
| Sanitation                      | Tourism                              |
| Integrated Development Planning | Municipal roads                      |
| Solid waste disposal sites      | Firefighting services                |
| Tourism                         | Fresh produce markets and (abattoirs |

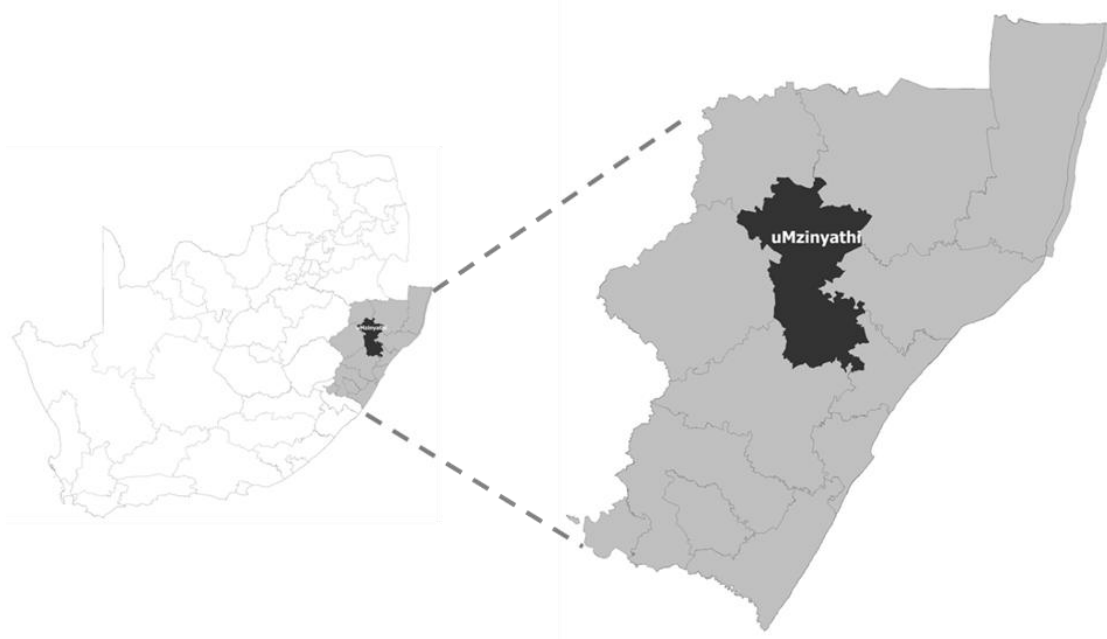
| District Functions                                                                                                          | Shared Functions |
|-----------------------------------------------------------------------------------------------------------------------------|------------------|
| Municipal Roads                                                                                                             |                  |
| Municipal airports serving the area of the District Municipality as a whole                                                 |                  |
| Municipal environmental health serving the area of the District Municipality as a whole                                     |                  |
| Firefighting services for district municipality including planning and co-ordination.                                       |                  |
| Fresh produce markets and (abattoirs) serving the area of the District Municipality as a whole                              |                  |
| Municipal public works relating to any of the above functions and/ or other functions assigned to the District Municipality |                  |
| The receipt, allocation and, if applicable, distribution of grants made to the District Municipality                        |                  |
| Air Pollution                                                                                                               |                  |

#### District overview

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The uMzinyathi District Municipality (DC24) is one of the ten District Municipalities in the province of KwaZulu-Natal. The Municipality is bordered in the north by the Amajuba District Municipality, in the west by uThukela District Municipality, in the southwest by the uMgungundlovu District Municipality, in the southeast by the iLembe District Municipality and in the east by uThungulu District Municipality and Zululand District municipality as shown in Map1 below:

**Map 1:** Provincial Context



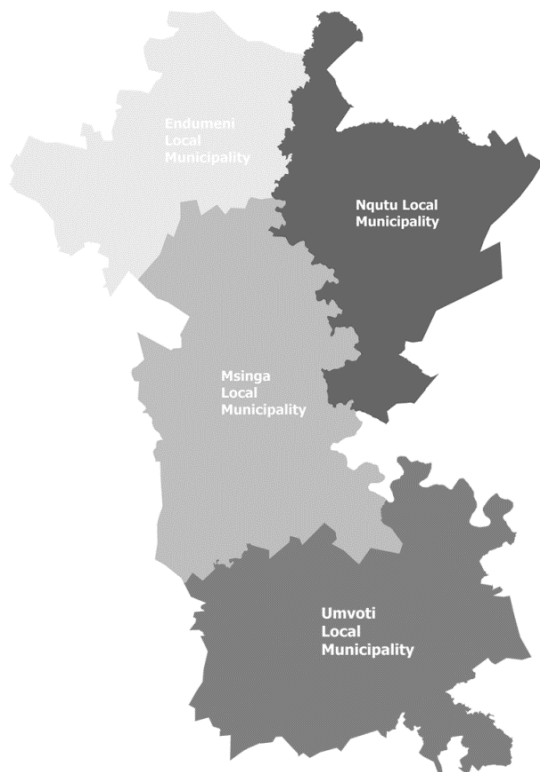
The district consists of four Local Municipalities, namely:

- Endumeni (KZ 241)
- Nquthu (KZ 242)
- Msinga (KZ 244)
- Mvoti. (KZ 245)



The Map 2 below shows the location of the local municipalities within the district:

**Map 2:** District Context



The Municipal area is 8079 km<sup>2</sup> and has extensive grasslands in the north supporting the primary agricultural sector based on cattle ranching for beef, small scale sheep and mixed farming and maize cultivation. In the southern areas substantial forestry is prevalent. Sugar cane and smaller scale fruit farming such as avocado and kiwi fruit cultivation also occur.

Mineral deposits found in the district include coal and metal ores. Only coal was mined on a large scale in the Endumeni Municipality. The coal mining industry is undergoing a restructuring process. There is a decline in corporate interest in the industry; however, there is interest in the small-scale regeneration of the coal belt for SMME development. A small amount of stone quarrying occurs in the district. Within Endumeni Local Municipality, Dundee has the main economic activities ranging from retail trade, tourism and farming. Dundee is a center from which tourism based on the cultural heritage of the Zulu Kingdom and "Battlefields" is emphasized and managed to some extent, and there is also Glencoe which serves as a secondary center to Dundee.

uMzinyathi Municipality, in conjunction with its North Western neighbour Amajuba Municipality, is branded as the "custodian" of the "Battlefields region of the Zulu Kingdom". The "Battlefields of the Zulu Kingdom" are located in the hinterland and lie "in the shadow" of the majestic Drakensberg mountains spanning the western boundary of KwaZulu-Natal. This branding is of international and regional significance. In conjunction with the Beaches of the South and North Coast and Big Five Game attractions in the East of KwaZulu-Natal, the "Battlefields of the Zulu Kingdom" play a vital role in the spatial economy of the province from a tourism perspective.

However, within uMzinyathi District, the range of battlefields attractions is not adequately harnessed for their job creating opportunities across the Municipality.

The main town in the Mvoti Municipality is Greytown. It is the agricultural center of the district and contributes substantially to the economic viability of the district. Nquthu and Msinga Local Municipalities are rural based subsistence economies with cultural heritage areas that attract some tourists but need to be substantially developed. The main towns are Nqutu, Pomeroy and Tugela Ferry.

The topography of the district is characterized by extensive undulating terrain with deep river gorges, rolling grasslands, extensive wetlands, hills and valleys bush-velds. These characteristics make the development of infrastructure difficult and costly particularly in the steep terrains. The general slope of the land is between 1:5 and 1:6 and it is susceptible to soil erosion where it is not carefully managed.

#### Demographic trends and characteristics

---

The province of KZN is home to an estimated 12.4 million people. The table below illustrates that the KZN province is the second most populated after Gauteng which has an estimated 15 million people. There's also a noticeable up tick in population for eastern cape, Western cape as well as Limpopo.

Table 2: KZN Comparative population figures by Districts for Census 2011 and Census 2022

| Province      | 2011 Census | 2022 Census |
|---------------|-------------|-------------|
| Gauteng       | 12 272 263  | 15 099 423  |
| KwaZulu-Natal | 10 267 300  | 12 423 907  |
| Eastern Cape  | 6 562 053   | 7 230 204   |
| Western Cape  | 5 822 734   | 7 433 020   |
| Limpopo       | 5 404 868   | 6 572 721   |
| Mpumalanga    | 4 039 939   | 5 143 324   |
| North West    | 3 509 953   | 3 804 547   |
| Free State    | 2 745 590   | 2 964 412   |
| Northern Cape | 1 145 861   | 1 355 945   |
| South Africa  | 51 770 561  | 62 027 503  |

Source : 1. Statistics SA, Census 2022, Statistics SA, Census 2011

The comparative population figures by local municipalities for Census 2011 and CSS 2016 are depicted in Table 3 below. This information indicates that all four local municipalities experienced an increase in population growth. The strongest population growth was evident in Umvoti Municipality as one of the major economic centres of the district.

**Table 3:** Umzinyathi District Municipality Comparative population growth

| Local Municipality | 2019   |         | 2020   |         | 2021   |         | 2022   |         |
|--------------------|--------|---------|--------|---------|--------|---------|--------|---------|
|                    | Male   | Female  | Male   | Female  | Male   | Female  | Male   | Female  |
| KZN241 : Endumeni  | 39,395 | 40,552  | 40,442 | 41,454  | 41,448 | 42,362  | 42,605 | 43,308  |
| KZN242 : Nqutu     | 79,269 | 95,905  | 79,961 | 96,280  | 80,613 | 96,642  | 81,359 | 97,033  |
| KZN244 : Msinga    | 78,147 | 103,038 | 79,314 | 103,873 | 80,495 | 104,729 | 81,694 | 105,611 |
| KZN245 : Umvoti    | 51,496 | 68,510  | 51,810 | 69,027  | 52,080 | 69,541  | 52,433 | 70,080  |

Source : 1. Statistics SA, Census 2022 2. Statistics SA, CSS 2016

The Kwa-Zulu Natal comparative population figures by Districts for Census 2011 and CSS 2016 are depicted in Table 3 below. This information indicates that the population of uMzinyathi District Municipality has increased from 510 838 in 2011 to 554 882 in 2016, contributing 5.0% in the entire province which is the same percentage as in 2011 due to population growth of other districts, namely, uMgungundlovu, King Cetshwayo etc.

**Table 4:** Comparative population figures by District for Census 2011 and CSS 2016

| District                   | Census 2011   |          | CSS 2016      |          |
|----------------------------|---------------|----------|---------------|----------|
|                            | N             | %        | N             | %        |
| <b>DC21: UGu</b>           | 722484        | 7        | 753336        | 7        |
| <b>DC22: uMgungundlovu</b> | 1017763       | 10       | 1095865       | 10       |
| <b>DC23: Uthukela</b>      | 668848        | 7        | 706588        | 6        |
| <b>DC24: uMzinyathi</b>    | <b>510838</b> | <b>5</b> | <b>554882</b> | <b>5</b> |
| <b>DC25: Amajuba</b>       | 499839        | 5        | 531327        | 5        |
| <b>DC26: Zululand</b>      | 803575        | 8        | 892310        | 8        |
| <b>DC27: uMkhanyakude</b>  | 625846        | 6        | 689090        | 6        |
| <b>DC28: uThungulu</b>     | 907519        | 9        | 971135        | 9        |
| <b>DC29: iLembe</b>        | 606809        | 6        | 657612        | 6        |
| <b>DC43: Sisonke</b>       | 461419        | 4        | 510865        | 5        |
| <b>ETH: eThekweni</b>      | 3442361       | 34       | 3702231       | 33       |

|                      |                 |            |                 |            |
|----------------------|-----------------|------------|-----------------|------------|
| <b>KwaZulu-Natal</b> | <b>10267300</b> | <b>100</b> | <b>11065240</b> | <b>100</b> |
|----------------------|-----------------|------------|-----------------|------------|

*Source:* 1. Statistics SA, Census 2011

2. Statistics SA, CSS 2016

The comparative population figures by local municipalities for Census 2011 and CSS 2016 are depicted in Table 4 below. This information indicates that all four local municipalities experienced an increase in population growth. The strongest population growth was evident in Mvoti Municipality as one of the major economic centers of the district.

**Table 5:** Umzinyathi District Municipality Comparative population and households figures by Local Municipalities for Census 2011 and CSS 2016

| <b>Municipality</b> | <b>Census 2011</b> |             |                   | <b>CSS 2016</b> |             |                   |
|---------------------|--------------------|-------------|-------------------|-----------------|-------------|-------------------|
|                     | <b>Population</b>  | <b>%</b>    | <b>Households</b> | <b>N</b>        | <b>%</b>    | <b>Households</b> |
| <b>Endumeni</b>     | <b>64 862</b>      | <b>12.7</b> | <b>16,852</b>     | <b>76639</b>    | <b>13.8</b> | <b>21134</b>      |
| <b>Nqutu</b>        | <b>165 307</b>     | <b>32.4</b> | <b>31,613</b>     | <b>171325</b>   | <b>30.9</b> | <b>32622</b>      |
| <b>Msinga</b>       | <b>177 577</b>     | <b>34.8</b> | <b>37,723</b>     | <b>184494</b>   | <b>33.3</b> | <b>38372</b>      |
| <b>Mvoti</b>        | <b>103 093</b>     | <b>20.2</b> | <b>27,282</b>     | <b>122423</b>   | <b>22.1</b> | <b>34664</b>      |
| <b>uMzinyathi</b>   | <b>510 838</b>     | <b>100</b>  | <b>113,470</b>    | <b>554 882</b>  | <b>100</b>  | <b>126791</b>     |

Umzinyathi District is the Water Services Authority and is therefore responsible for provision of water and sanitation service.

## Water

The following figure illustrates the provision of water to households in the district, as it can be seen, most people are getting their water from schemes which are mostly operated by District Municipality, followed by boreholes which could be owned privately or by the municipality

**Table 6:** Source of Water provision

|                             | Regional/local water scheme (operated by municipality/other service provider) | Borehole | Spring | Rain-water tank | Dam/ pool/ stagnant water | Flowing water/ river/ stream | Water vendor | Water tanker | Other | Total  |
|-----------------------------|-------------------------------------------------------------------------------|----------|--------|-----------------|---------------------------|------------------------------|--------------|--------------|-------|--------|
| Umzinyathi                  | 60786                                                                         | 19208    | 4542   | 6722            | 6915                      | 15636                        | 1907         | 6919         | 2792  | 125427 |
| Endumeni Local Municipality | 21231                                                                         | 720      | 178    | 85              | 55                        | 126                          | 58           | 1347         | 159   | 23960  |
| Nqutu Local Municipality    | 14399                                                                         | 8822     | 1833   | 1066            | 1668                      | 2514                         | 424          | 2078         | 811   | 33617  |
| Msinga Local Municipality   | 9493                                                                          | 6682     | 1522   | 3167            | 2555                      | 8256                         | 1135         | 1892         | 859   | 35561  |
| Umvoti Local Municipality   | 15662                                                                         | 2984     | 1009   | 2403            | 2638                      | 4740                         | 290          | 1601         | 962   | 32290  |

Source : Statistics SA, Census 2022

The figure below indicates that in terms of the 2022 Census, the number of households with access to piped water inside the dwelling is 37900. In terms of the local municipalities, the largest number of households with access to piped water inside the dwelling are under Endumeni Municipality with 14467. There is still a large number of households which still don't have access to piped water which is a worrying trend that requires a further analysis.

**Table 7:** Access to Piped Water

|                             | Piped (tap) water inside the dwelling | Piped (tap) water inside the yard | No access to piped (tap) water | Total  |
|-----------------------------|---------------------------------------|-----------------------------------|--------------------------------|--------|
| Umzinyathi                  | 37900                                 | 24495                             | 43483                          | 125427 |
| Endumeni Local Municipality | 14467                                 | 6426                              | 2177                           | 23960  |

|                     |       |       |      |       |       |
|---------------------|-------|-------|------|-------|-------|
| Nqutu Municipality  | Local | 6869  | 9347 | 10158 | 33617 |
| Msinga Municipality | Local | 4480  | 3499 | 20600 | 35561 |
| Umvoti Municipality | Local | 12084 | 5224 | 10548 | 32290 |

Source : Statistics SA, Census 2022

## Sanitation

The following figure illustrates the access provision by type of toilet to households in the district, As it can be seen, the number of households with access to Flush toilet facilities has increased significantly from 25 800 (CSS 2016) to over 42 000 now. There however still households that still do not have any form of facilities which is a worrying factor.

Table 8: Census 2022 Sanitation Provision

|                             | Flush toilet connected to a public sewerage system | Flush toilet connected to a septic tank or conservancy tank | Chemical toilet | Latrine/toilet with ventilation pipe (VIP) | Latrine/toilet without ventilation pipe | Ecological toilet (e.g. urine diversion, composting, etc) | Bucket toilet (collected by municipality) | Bucket toilet (emptied by household) | One  | Other |
|-----------------------------|----------------------------------------------------|-------------------------------------------------------------|-----------------|--------------------------------------------|-----------------------------------------|-----------------------------------------------------------|-------------------------------------------|--------------------------------------|------|-------|
| Mzimyathi                   | 2754                                               | 1006                                                        | 10475           | 19211                                      | 17997                                   | 1384                                                      | 160                                       | 1334                                 | 1772 | 1233  |
| Indumeni Local Municipality | 19347                                              | 133                                                         | 126             | 1764                                       | 1379                                    | 131                                                       | 11                                        | 195                                  | 160  | 112   |
| Nqutu Local Municipality    | 1591                                               | 158                                                         | 1994            | 13707                                      | 1096                                    | 1687                                                      | 14                                        | 162                                  | 1332 | 144   |
| Msinga Local Municipality   | 1126                                               | 142                                                         | 1916            | 15549                                      | 1744                                    | 171                                                       | 10                                        | 170                                  | 1007 | 136   |
| Umvoti Local Municipality   | 12690                                              | 122                                                         | 1339            | 1191                                       | 1778                                    | 1745                                                      | 155                                       | 107                                  | 1173 | 1191  |

Source : Statistics SA, Census 2022

### Vision

“Championing an economically viable district which strives to promote sustainable development by 2035”

### Mission

Championing Service Delivery through:

- Co-operative governance and public participation;
- Enhancing Rural Development and Agrarian Land Reform;
- Creating a conducive environment for job creation and economic growth;
- Supporting skills development for economic growth;
- Provision and management of water and sanitation; and
- Promoting SMME and entrepreneurial development.

### Core Values



**Table 4 :** Local Municipal overview

| Municipal Logo                                                                      | Municipal Name | Municipal Characteristics                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | Endumeni       | <p>This municipality is unique, its population is predominantly urbanised or based on commercial farms and unlike the other local municipalities, there is no tribal authority land. The main town is the Commercial centre, which is Dundee; it has most diversified economy, commercial cattle farming and dairy production and is the centre of the Battlefields tourist region.</p>                                           |
|   | Nquthu         | <p>This municipality is typically rural and largely tribal authority where the population is largely previously disadvantaged and relatively dispersed and where services are scarce and often at rudimentary levels. The main town is Nquthu and subsistence agriculture is the main activity in the area.</p>                                                                                                                   |
|  | Msinga         | <p>Owing to its rugged terrain Msinga's population is relatively dispersed and where services exist, they are concentrated along road infrastructure and water sources such as the Tugela River. The main towns are Pomeroy and Tugela Ferry, its rural region with subsistence farming.</p>                                                                                                                                      |
|  | Mvoti          | <p>This local municipality comprises of urban areas, commercial agricultural areas and tribal authority areas all of which exhibit typical characteristics associated with these settlement types. Service levels in urban areas are high except for informal areas, in commercial agricultural areas they are relatively high as farmers provide their own services and in tribal authority areas, they are low to moderate.</p> |

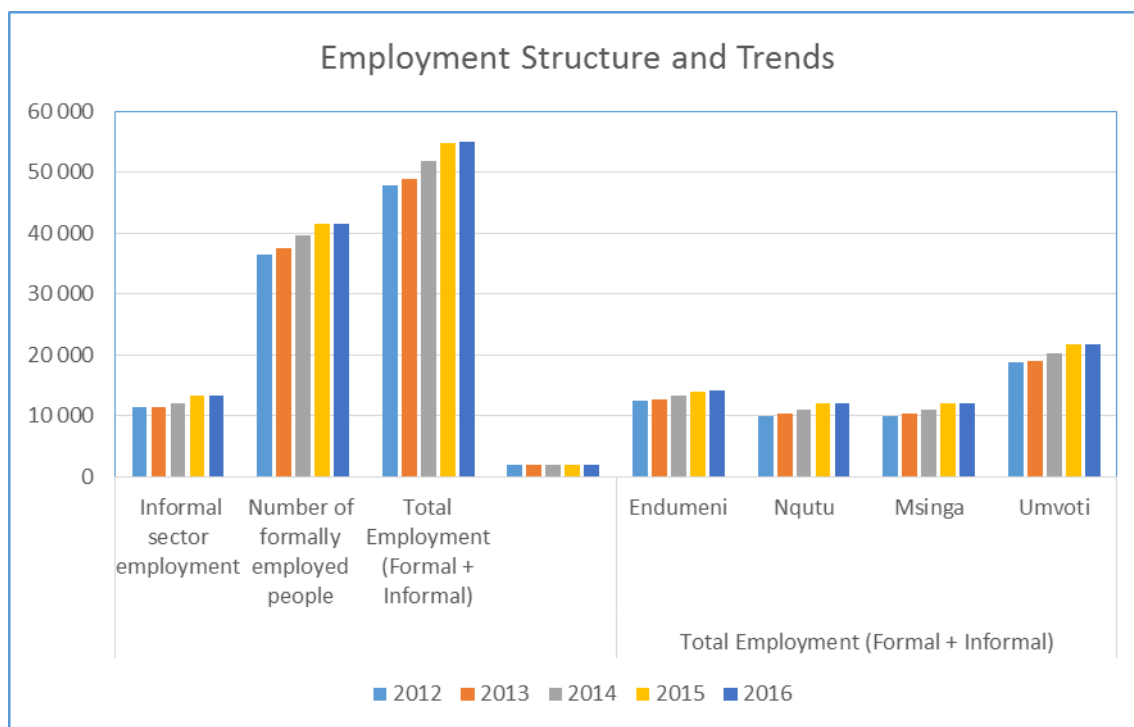


### Economic structure and trends

Overall, the employment market in the district indicates an increasing trend between 2012 and 2016 with a marginal increase in both the informal and formal sector employment opportunities. The Informal Sector had an increase of 1948 from 11416 in 2012 to 13364 in 2016 whilst the formal sector had an increase of 5071 from 36484 to 41555 in 2016.

This could be seen as a direct influence with the district's education levels as more and more people now are literate according to the education levels below. The statistics indicated that there is rapid growth within the urban areas of the district whilst the rural areas are growing slowly. This aspect will also act as an important push factor in migration decision-making of the district population, and is likely to contribute to the out migration of the economically active population from the district.

**Graph 1: Employment structure and trends**

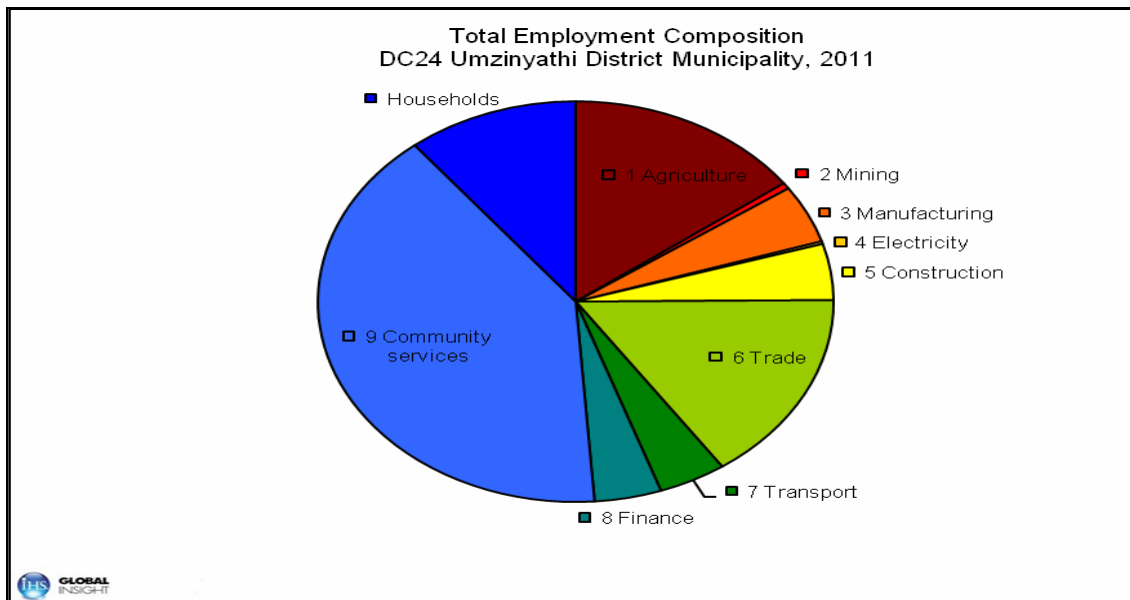


Source: Global insight 2016

### Employment

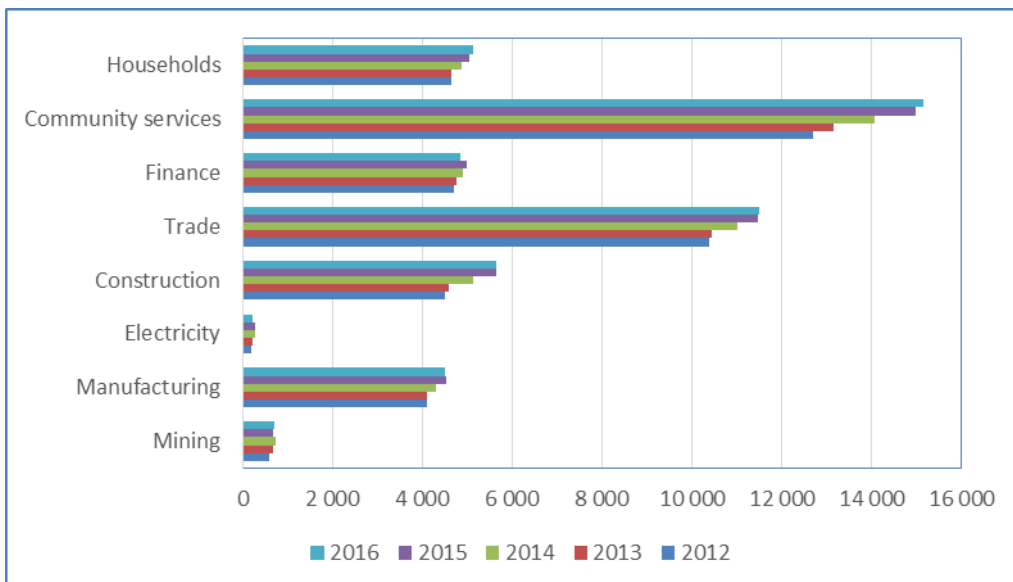
The sources of employment of the employed population are reflected in the Pie Chart below Graph 2. The employment sectors of uMzinyathi District Municipality Are Mining, Manufacturing, Electricity, Construction, Trade, Finance, Community Services and Households. The majority of the employed population in the district is active in the Community Services and Trade sector. The Community Sector has always been the highest contributor in the district if compared to the statistical information from 2012 to 2016.

**Graph 2: Employment composition**



Source: Global Insight of SA, 2011

**Graph 3: Employment by Sector**

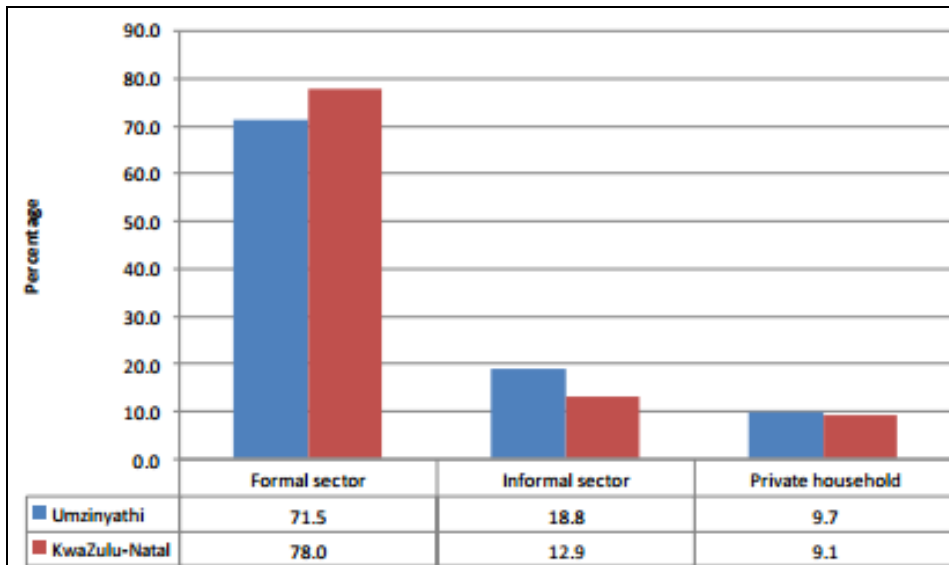


Source: Global insight 2016

#### Employment Status (Formal and Informal)

The sources of employment of the employed population are reflected in **graph 4: Employment status**. The majority of the employed population in the district is active in the formal sector (71.5%), with a further 18.8% involved in the informal sector. This figure of 18.8% in the informal sector is notably higher than the overall comparative figure for the province which stands at 12.9%. A total of 9.7% of the employed population is employed by private households. The 71.5% of the employed population in the formal sector is very similar to the other rural dominated districts within the province such as Harry Gwala, uMkhanyakude and Zululand.

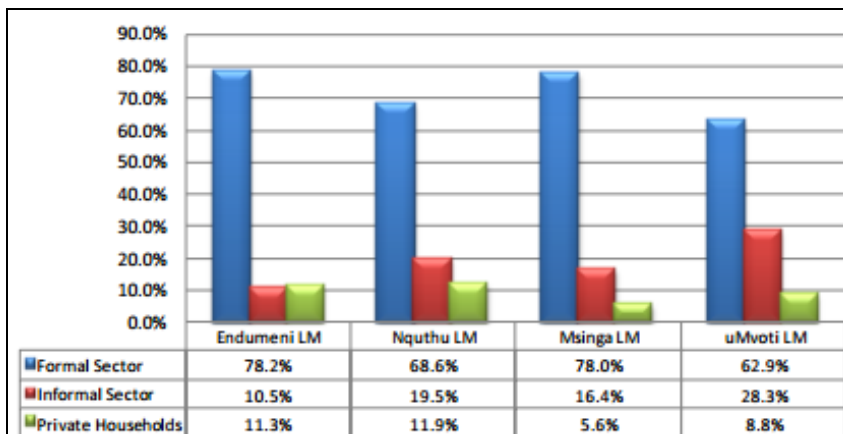
**Graph 4: Employment status**



Source: uMzinyathi DGDP 2015

Graph 5: Employment sector **in Local Municipalities** illustrated the number of distinguishing characteristics is evident at local municipality level. The first is the significantly higher proportion of population active in the informal sector in the Mvoti LM (28.3%) compared to other three local municipalities (between 10.5% and 19.5%). The proportion of the employed population employed by private households is significantly lower in the Msinga LM (5.6%) compared to the other municipalities. As indicated on the attached graph high proportional concentrations of economically active population employed in the informal sector is concentrated in the central parts of Msinga, especially the settlement areas between and around Tugela Ferry and Pomeroy, as well as a large number of settlements scattered across Nqutu.

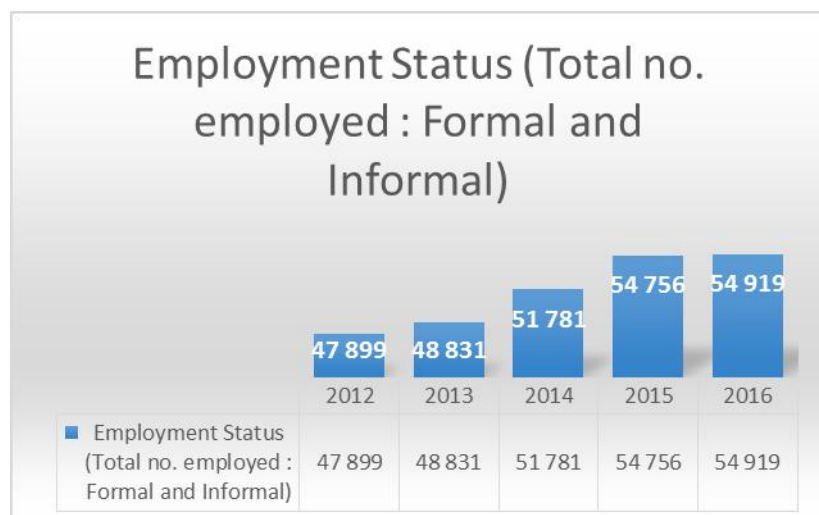
**Graph 5: Employment sector in Local Municipalities**



**Source: uMzinyathi DGDP 2015**

The census data does not separate formal and informal employment opportunities; however, it is evident that the employment rate of the uMzinyathi district grew steadily from 2012 to 2016. The graph below illustrates the employment status for the past five years.

**Graph 6:** Employment Status (Formal and Informal)



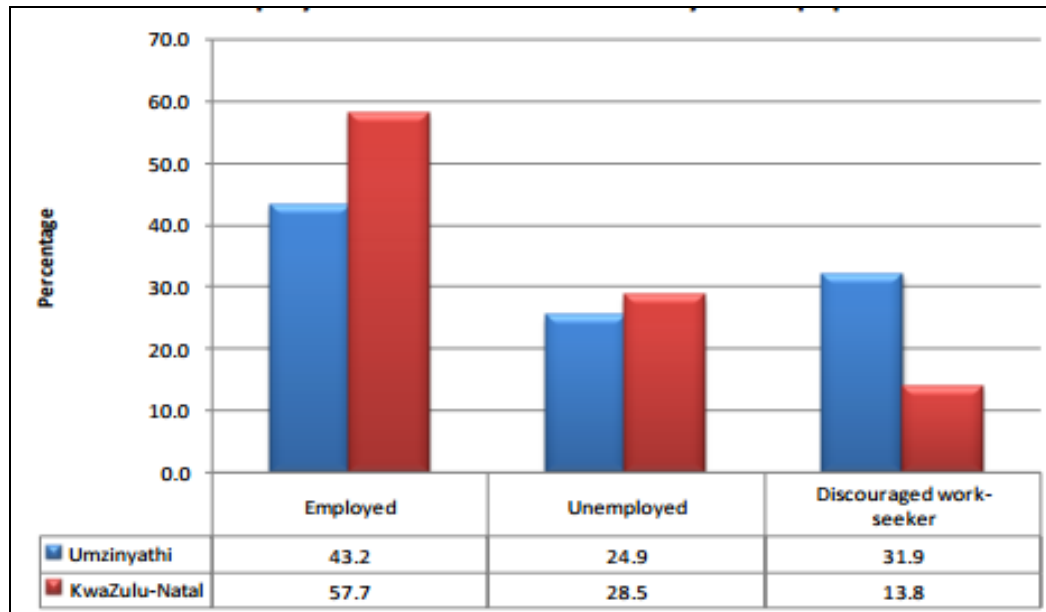
**Source:** Global insight 2016

#### Employment status of economically active population

The comparative employment status of the economically active population at district and provincial level is outlined in the Employment Status graph below. The unemployment rate of 24.9% is surprisingly somewhat lower than the overall provincial rate of 28.5%. This graph can however be explained by the extraordinary high proportion of the economically active population classified as discouraged work seekers (31.9%), a figure nearly 2.5 times higher than the provincial average of 13.8%.

This implies a general perception of the unavailability of formal sector employment in the district as manifested by the high proportion of discouraged work seekers reflecting a situation where a significant proportion of the economically active population has effectively given up hope of finding (or seeking) employment. This aspect will also act as an important push factor in migration decision-making of the district population, and is likely to contribute to outward migration of the economically active population from the district.

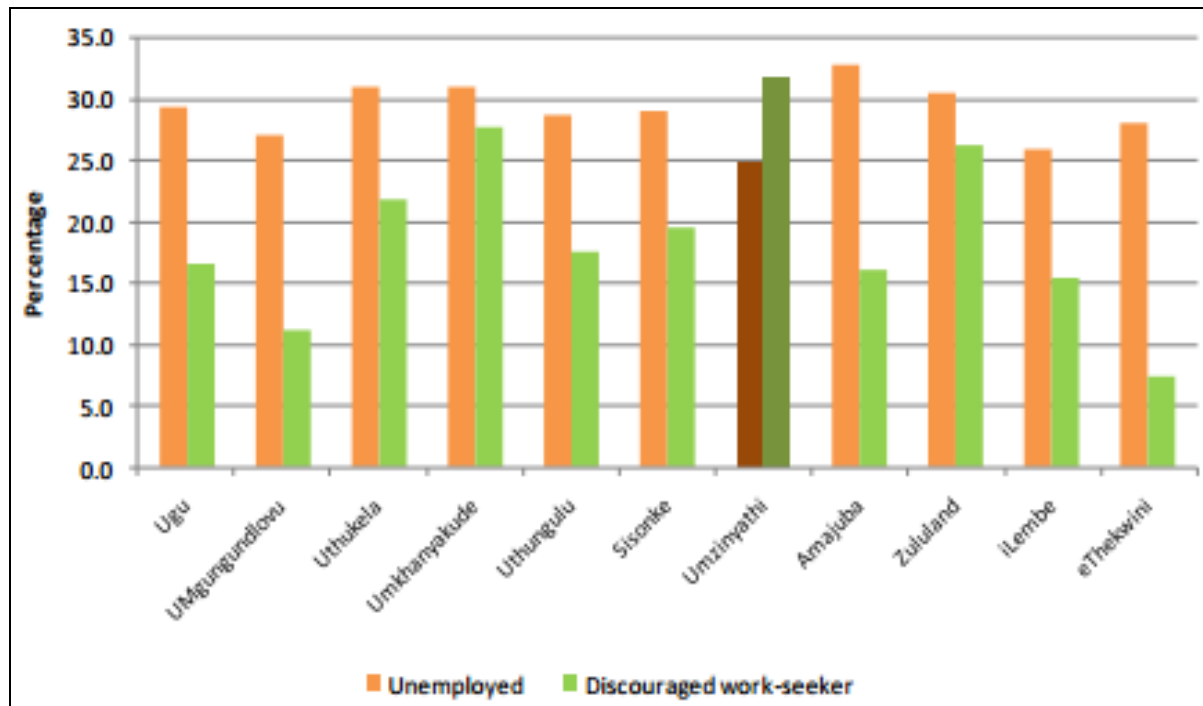
**Graph 7:** Employment status of economically active population



**Source:** uMzinyathi DGDP 2015

The information depicted in Employment status (District Level) graph below compares the unemployment rate and proportion of discouraged work seekers amongst the various districts in the province. This information confirms that the proportion of discouraged work seekers in the uMzinyathi District Municipality (31.9%) is by some margin have the highest figure amongst all districts within the province. The information indicated on the attached thematic map indicates that the areas with the highest percentage of unemployed population are located in the northern parts of the Nqutu LM, the central parts of the Msinga LM (especially the settlement areas west of Pomeroy) and some settlements in the southern parts of the municipality in the Kranskop area. The substantial spatial concentration of discouraged work seekers in the central parts of the district, especially over large parts of the Msinga LM and the eastern parts of Nqutu is also highlighted on the thematic map of discouraged work seekers.

**Graph 8: Employed & Discouraged Work Seekers (District Level)**

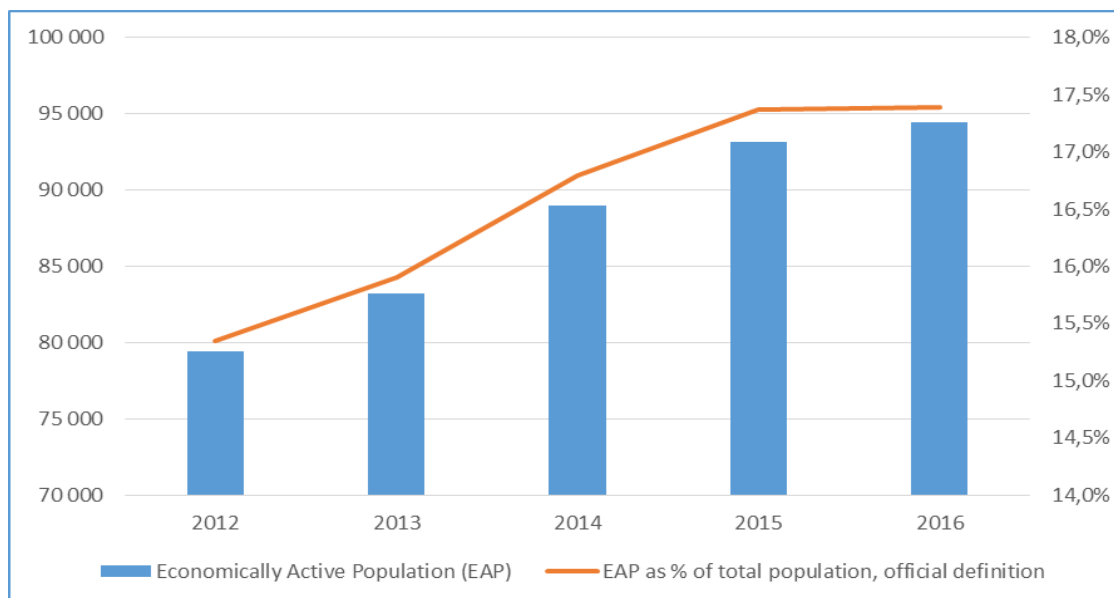


**Source:** uMzinyathi DGDP 2015

#### Economically Active Population

The Global Insight data indicates that in 2016 the economically active population (EAP) for the district represented 17% which was an improvement on the 15.5% in 2012. The graph below illustrates a positive growth in the number of economically active population within the district. The failure of the economy to absorb current labour force has to a greater extent discouraged potential labour participants from seeking employment.

**Graph 9: Economically Active Population**



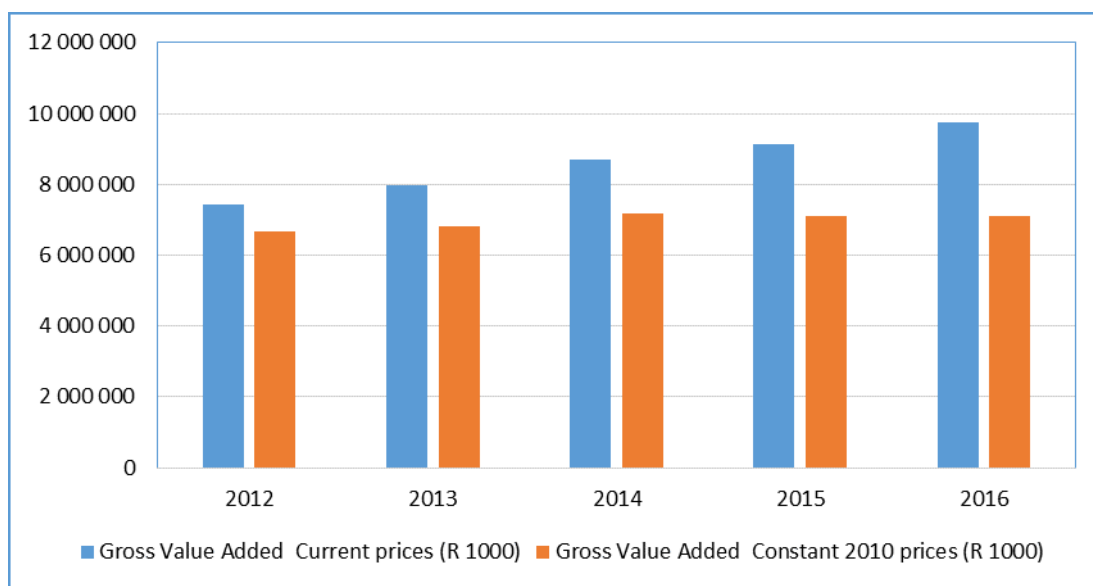
**Source:** Global Insight 2016

## Gross Value Added

The total size of the district economy as measured by the total GVA has grown from R3.2 billion in 2012 to approximately R5.8 billion in 2016. Although growing from a very small base, it is indicative of relatively strong economic growth of just over 7% per annum over this period. Although this growth rate declined slightly from 2014, the impact of the global economic crisis seems to have impacted on the growth rate of the district economy as severely as in other areas. The compositional trends of the district economy however reveal a somewhat different picture.

The manufacturing sector increased its contribution to total GVA from 12.3% to 19.0%, and the transport and communication sector by 2.5%. Although still growing in absolute terms, the proportional contribution of the agricultural sector (declining from 15.0% to 10.8%) and the general government sector (20.4% to 16.9%) showed the biggest decline between 2012 and 2016. Other sectors with a declining contribution to the district economy include retail (decline from 17.1% to 15.2%) and the community and social services sector (8.3% to 7.3% contribution)

**Graph 10:** Gross Value Added



**Source:** Global Insight 2016

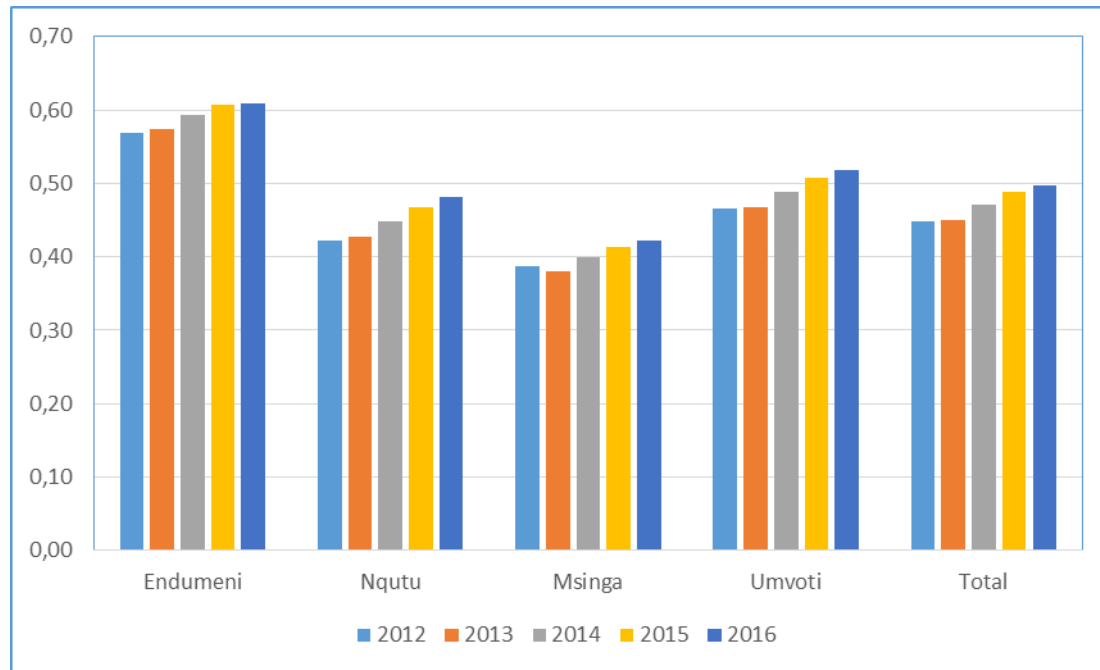
## Poverty Index

One of the critical challenges identified in the National Development Plan 2030 is the extremely high levels of unemployment amongst the people of South Africa. The information depicted in Graph 11 reflects the occurrence and characteristics of this phenomenon within the district between the years 2012 to 2016. The breakdown of the unemployed population in the district is very similar to the overall figures for KZN. As much as 35.9% of the unemployed population is younger than 25 years of age with a further 33% between 25 and 34 years.

This implies that 68.9% of the unemployed population in the district is younger than 35 years of age. The age profile of the unemployed population is also very similar across the four local municipalities within the district, although the percentage of the unemployed population is somewhat higher in the Mvoti and Endumeni local municipalities.

Statistics South Africa (Stats SA) report uses different figures to count those living in poverty. Stats SA's new poverty lines come from a cost-of-basic-needs approach, including both food and non-food. It calculates the minimum amount of money you need to survive. Those who fall below that line live in poverty.

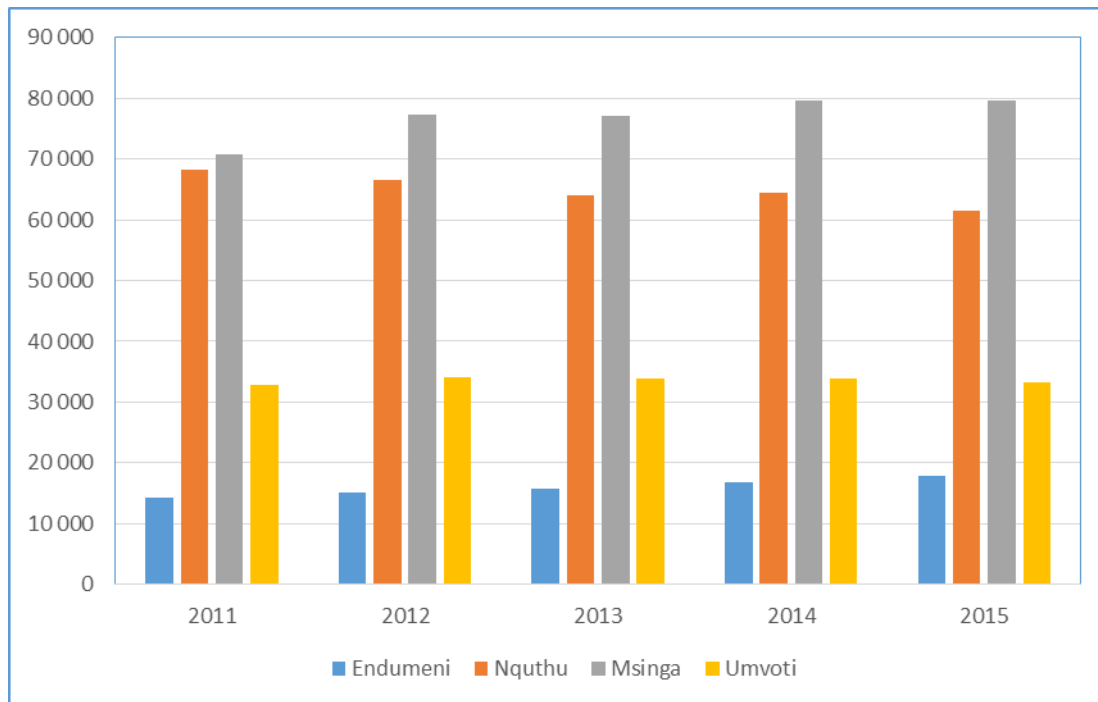
**Graph 11: Poverty Index (HDI)**



**Source: Global Insight 2016**



**Graph 12: People living below Food Poverty line**



**Source: Global Insight 2016**

In 2012 to 2016 poverty statistics, the new measures for poverty show some increases in the number of people struggling across District. A rebasing of three national poverty indicators shows that more people in the district are poor than previously thought. The reason is that the upper-bound poverty line, which measures the income people need for essential items after meeting their basic food needs, was recalculated from R620 a month to R779. This coincide with the provincial status of being the province with most people living below the poverty line, indicating that Kwa-Zulu-Natal has the highest food poverty line at R354 per capita a month. Msinga local Municipality has the highest number of people living below the poverty line, while Endumeni has the lowest within District.

#### Main Economic Contribution in uMzinyathi

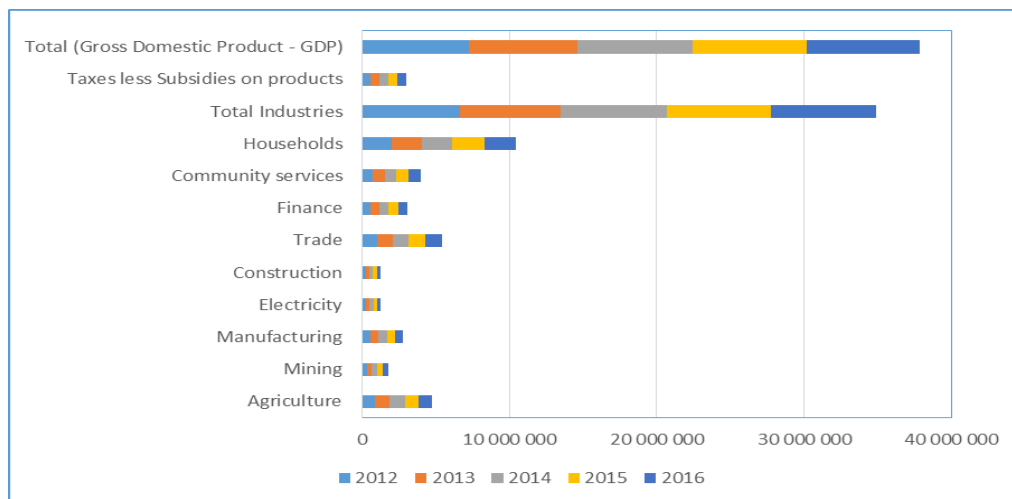
Overall, the employment market in the district remained stagnant between 2012 and 2016 with a marginal decrease in formal sector employment opportunities from 43494 to 43381. The general government sector overtook the agricultural sector as the main source of employment in the district by 2012. This is the result of a substantial decrease in the number of employment opportunities in the agricultural sector from 13 867 to 5379 between 2012 and 2016, whilst the figures in the general government sector increased from 7126 to 10 258.

The other main sources of employment in the district includes the community and social services sector (8535), and the retail, catering and accommodation sector (6620). Despite the dominant role of manufacturing in the economic output of the district, it only provided 10.8% of the district formal sector employment. The only other sectors with notable increases in formal sector

employment were the community and social services sector (increasing from 7272 to 8535) and the manufacturing sector (from 2698 to 4692).

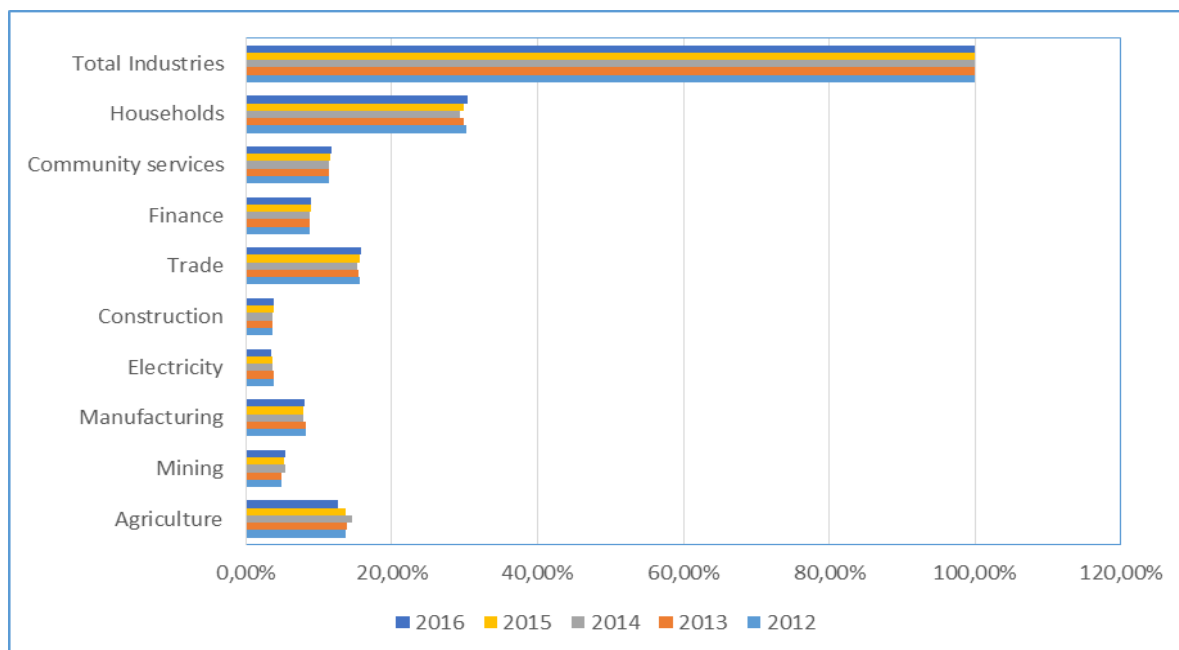
The number of employment opportunities in the informal sector increased by an estimated 1750 from 8643 in 2012 to 10393 in 2016. The biggest gains were recorded in the community and social services sector (842) and the retail sector (635), while massive losses were experienced in the informal agricultural sector (decreasing from 2463 to 935).

**Graph 13: Main Economic Contribution in uMzinyathi**



Source: Global Insight 2016

**Graph 14: Contribution Share Percentage**



Source: Global Insight 2016

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### 1.3 Service Delivery Overview

During the year under review, the municipality managed to provide water to One thousand and fourth nine (1049) households. The district experienced challenges in the provision of water fully to the targeted households due to incomplete water projects. The municipality has noted the service delivery challenge in terms of piped water implemented standalone scheme and also the upgrade of the existing waste water and water treatment works to address the blue drop and green drop directives raised by DWS,

#### **a) Tugela Ferry Waste Water Treatment Works**

- Equipment procurement for the pump station new pumps delivered.
- Irrigation pumps and gearbox motors have been installed.
- Refurbishment of the aeration dam gearboxes is underway aiming to restore optimal operational performance.

#### **b) Old Sampofu Abstraction Works**

Due to the number of pumps breakdowns and electrical failure the following work has been undertaken

- Procurement of a portable water pump to assist with the intake flow
- Desilting of raw water pump station sump
- Open, repair and fabricate raw water inlet sluice gates
- Clean and pressure wash the pump station and sump
- Refurbishment of existing T6 Gormen Rupp pump including removal, stripping, assembling and reinstalment of the pump
- Installation of new Cornell pump to replace the broken pump.

#### **c) Sampofu New Abstraction Works**

In order to address the continuous blockages, the following original raw scope of works had to be undertaken:

- The abstraction pipe had to be flushed by high pressure jetting form the chamber towards the pump station. The
- The submersible pumps were taken into the suppliers, in this case Grundfos pumps whom has refurbished both pumps.
- The MCC had to be rectified and repaired for electrical and pump controls, a new submersible pump was installed, controlled by the new MCC.

#### **d) Gryetown Water Treatment Works**

In order to address the maintenance problem, which was included as part of the original scope, the following was planned as part of the contract:

- The high-lift pump station underwent significant mechanical upgrades. The refurbishment process involved disassembling Pumps 1 and 2, which were then returned to the workshop for overhaul and Motor rewiring.
- Following refurbishment, non-return valves along with Pumps 1 and 2 were reinstalled on-site, along with their motors. With all four pumps now installed and operational, the electrical infrastructure was completed with the installation of control contactors, and fuses. Additionally, float switches were integrated to enable automatic pump operation based on liquid level fluctuations.

#### **e) Sampofu 8 Mℓ/d Package Plant Treatment Works**

In order to ensure that the newly completed plant is functional, the following needs to be undertaken:

- Commissioning of the plant by specialist being Aquaplan Pty Ltd
- Repair minor defects and refill chemicals
- Automate the desludging of the clarifiers
- The de-sludge pipes in the clarifiers are very small (63mm) which needs regular cleaning
- Remove, clear and re-install the chemical dosing system for plant including the decommissioning of the existing chemical dosage pipe works and pumps. The chemical dosage tanks and the high lift pumps were exposed therefore the steel sheeting was required for weather protection

#### **f) Biggarsburg Water Treatment Plant**

In order to address the minor remedial works, the scope of works indicated below was included as part of the original scope of works:

- The municipality have completed the refurbishment of all 8 filters.

- Installing isolation valves electrical components on panels. Meanwhile,
- Backwash pumps installed compressors and blowers is done

#### **g) Ngubo/Ngcengeni pump station**

In order to address the minor remedial works, the below requirement was included as part of the original scope of works:

- Install 2 new pumps to replace those that are damaged. These pumps will supply Ngcengeni area. The 2 existing Ngubo pumps were taken to the supplier for repairs and refurbishment.
- A qualified electrician had to redesign electrical supply (MCC) and installation shop drawings was approved by an engineer for all electrical and instrumental works.

#### **h) Mbono Res 7 (Tugela Ferry) Pump station**

Over and above the original scope of works, the electrical cables were replaced twice in the pump station due to cable theft in the area and the works can be summarized as follows:

- Excavation and backfill for the electrical cables including the striping off the damage cables and disposal it off site.
- As indicated above the pump station was vandalized twice. The supply transport and installation of stolen cables were required.
- Repaired Bermad valve to facilitate automated shut down of the high lift pumps

#### **i) Msinga 3 Pump station at Cwaka**

Over and above the original scope, the pump station has been vandalized twice where electrical cables were stolen and the following remedial works were conducted:

- Excavation
- Supplying and installation of all stolen electrical cables
- Grease refill on the pumps for smooth rotation of pumps
- Extended security services during the installation of cables and when there is a power outage

#### **j) Mbono Res 8 Pump station at Ezingulubeni**

The scope of works that was on an Additional Funding Application is summarized as follows:

- Installation of mild steel louvers lockable doors

- Remove existing left-over pipe works and dispose of site
- Break damaged concrete to allow extensions.
- Remove existing electrical cables and vandalized MMC
- Clean and prepare for a new pump station installation
- Install new pipework in accordance with the plans for suction and delivering
- Install pump sustaining valve, water meter and surge anticipating valve
- Install new pumps with associated motors which will allow one (1) duty and one (1) standby
- Install new electrical cables and design, manufacture and supply a competent subcontractor
- Install electrical diagrams, signage and paint the internal
- Upgrade access road with imported G5 natural gravel and compact to 93% MOD AASHTO density
- Repair vandalized fencing and install new access gate.

#### **k) Msinga 4 Pump station at Makhankane**

In order to address the minor remedial works, the scope of works indicated below was included as part of the original scope of works:

- Remove and transport 2 x KSB pumps from Msinga to the workshop in Durban
- Refurbishment and re-installation of 2 x KSB 150/2 pumps
- Testing and commissioning of existing MCC panels and pumps

The municipality also prioritize the construction of 10km 600mm diameter Nquthu regional bulk pipeline to ensure sufficient provision of water to the Nquthu community. 8.6km of 15km Bulk pipeline successful laid.

The Municipality completed the construction of two boreholes and 15 Km of 50mm/ 90mm diameter Nquthu / Thelezini Water reticulation to provide the community of KwaQwabe & Thelezini three hundred (300) households.

The Municipality completed the construction of Water reticulation and 144 standpipes to provide the community of Makhabeleni two hundred and seventh eight (278) households.

The Municipality completed the construction of 2 boreholes and 16 Km of reticulation for Ophathe Oshikishini Area to benefit the community of Ntabenzima one hundred twenty-one (121) households.

In terms of sanitation, the target for sanitation provision in terms of households was two thousand four hundred and forty eight (2448) and the municipality managed to provide sanitation facilities to two thousand four hundred and sixty eight (2468) households. The municipality provided double pit VIP toilets for Endumeni community of which took quite long to need the desludging process.

A number of sod turnings took place throughout the financial year, these sods turning are an indication on the municipalities promise on fulfilling and meeting its strategic objectives.

During the financial year under review two hundred and twenty six (226) jobs were created through EPWP initiative and the beneficiaries were capacitated with variety of skills.

- 7 Spring Protection were constructed under the EPWP initiative.

- 23 Participates were trained for plumbing skills accredited certificate.

During the financial year under review there were no samples taken to monitor both green and blue drop, this was caused by the delayed procurement processes to appoint the service provider. The processes were finalized in May and samples were taken for testing in July. Biggasberg plant samples are taken by uThukela water therefore the plant was not affected by the contract ending with integral laboratory, samples were taken at the plant on weekly basis throughout the financial year under audit.

The municipality developed the revenue enhancement strategy to assist in improving the municipality's collection rate. The municipality is also implementing disconnections in all accounts that have outstanding payments especially on government departments. The issue of disconnecting in the no go areas continues to be a challenge, however the public participation unit is liaising with the community to allow the municipal employees to do their work.

During the year under review the LED unit planned to assist twelve co-operatives with land cultivation, however they managed to assist five (5) co-operatives due to financial constraints. The challenge of dysfunctional tractors is also a challenge, only three tractor drivers were hired to carry out the project of cultivating the land for co-operatives. During the financial year under review six hundred and sixty-nine(669) jobs were created through EPWP initiative and the beneficiaries were capacitated with variety of skills.

## 1.4 Financial Health Overview

The financial health overview provides the state of monetary affairs of the municipality during the 2024/25 financial year; the following section includes audited figures that were under audit for purposes of compiling the Annual Financial Statements (AFS).

**Table 5 :Financial Overview**

### uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

#### Statement of Comparison of Budget and Actual Amounts as at 30 June 2025

Figures in Rand

|                                                                                                 | Original budget      | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget         | Actual outcome       | Unauthorised expenditure | Variance             | Actual outcome as % of final budget | Actual outcome as % of original budget |
|-------------------------------------------------------------------------------------------------|----------------------|-----------------------------------------------------|--------------------------|--------------------------------------------|-------------------------------------------|----------------------|----------------------|--------------------------|----------------------|-------------------------------------|----------------------------------------|
| <b>Economic entity - 2025</b>                                                                   |                      |                                                     |                          |                                            |                                           |                      |                      |                          |                      |                                     |                                        |
| <b>Financial Performance</b>                                                                    |                      |                                                     |                          |                                            |                                           |                      |                      |                          |                      |                                     |                                        |
| Interest earned from receivables                                                                | 34 851 382           | -                                                   | 34 851 382               | -                                          |                                           | 34 851 382           | 63 736 549           |                          | 28 885 167           | 183 %                               | 183 %                                  |
| Service charges                                                                                 | 120 916 791          | (23 915 580)                                        | 97 001 211               | -                                          |                                           | 97 001 211           | 43 696 164           |                          | (53 305 047)         | 45 %                                | 36 %                                   |
| Interest Earned from Investments                                                                | 11 082 925           | (131 407)                                           | 10 951 518               | -                                          |                                           | 10 951 518           | 6 228 583            |                          | (4 722 935)          | 57 %                                | 56 %                                   |
| Transfers recognised – operational                                                              | 550 905 000          | (2 540 000)                                         | 548 365 000              | -                                          |                                           | 548 365 000          | 530 096 393          |                          | (18 268 607)         | 97 %                                | 96 %                                   |
| Other Income (Rental, Actuarial, rendering of service gain, insurance refund and gain disposal) | 679 605              | 900 000                                             | 1 579 605                | -                                          |                                           | 1 579 605            | 2 330 964            |                          | 751 359              | 148 %                               | 343 %                                  |
| <b>Total revenue (excluding capital transfers and contributions)</b>                            | <b>718 435 703</b>   | <b>(25 686 987)</b>                                 | <b>692 748 716</b>       | <b>-</b>                                   |                                           | <b>692 748 716</b>   | <b>646 088 653</b>   |                          | <b>(46 660 063)</b>  | <b>93 %</b>                         | <b>90 %</b>                            |
| Employee costs                                                                                  | (294 440 173)        | 21 639 165                                          | (272 801 008)            | -                                          | -                                         | (272 801 008)        | (289 433 380)        | -                        | (16 632 372)         | 106 %                               | 98 %                                   |
| Remuneration of councillors and Board members                                                   | (8 261 766)          | (1 489 702)                                         | (9 751 468)              | -                                          | -                                         | (9 751 468)          | (9 182 380)          | -                        | 569 088              | 94 %                                | 111 %                                  |
| Contracted Services                                                                             | (106 180 478)        | (9 620 199)                                         | (115 800 677)            |                                            |                                           | (115 800 677)        | (165 986 011)        | -                        | (50 185 334)         | 143 %                               | 156 %                                  |
| Depreciation and Impairment loss                                                                | (84 249 179)         | 1 155 269                                           | (83 093 890)             |                                            |                                           | (83 093 890)         | (63 652 389)         | -                        | 19 441 501           | 77 %                                | 76 %                                   |
| Debt impairment                                                                                 | (60 000 000)         | 9 795 137                                           | (50 204 863)             | -                                          | -                                         | (50 204 863)         | (27 887 291)         | -                        | 22 317 572           | 56 %                                | 46 %                                   |
| Other Expenses (Finance cost, Impairment loss and operational cost)                             | (114 393 265)        | (36 412 023)                                        | (150 805 288)            | -                                          | -                                         | (150 805 288)        | (197 450 250)        | -                        | (46 644 962)         | 131 %                               | 173 %                                  |
| <b>Total expenditure</b>                                                                        | <b>(667 524 861)</b> | <b>(14 932 333)</b>                                 | <b>(682 457 194)</b>     | <b>-</b>                                   | <b>-</b>                                  | <b>(682 457 194)</b> | <b>(753 591 701)</b> | <b>-</b>                 | <b>(71 134 507)</b>  | <b>110 %</b>                        | <b>113 %</b>                           |
| <b>Surplus/(Deficit)</b>                                                                        | <b>50 910 842</b>    | <b>(40 619 320)</b>                                 | <b>10 291 522</b>        | <b>-</b>                                   |                                           | <b>10 291 522</b>    | <b>(107 503 048)</b> |                          | <b>(117 794 570)</b> | <b>(1 045)%</b>                     | <b>(1 045)%</b>                        |

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### uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

#### Appropriation Statement

Figures in Rand

|                                                                    | Original budget    | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget       | Actual outcome     | Unauthorised expenditure | Variance             | Actual outcome as % of final budget | Actual outcome as % of original budget |
|--------------------------------------------------------------------|--------------------|-----------------------------------------------------|--------------------------|--------------------------------------------|-------------------------------------------|--------------------|--------------------|--------------------------|----------------------|-------------------------------------|----------------------------------------|
| Transfers recognised – capital                                     | 301 278 000        | (32 141 000)                                        | 269 137 000              | -                                          |                                           | 269 137 000        | 269 137 000        |                          | -                    | 100 %                               | 89 %                                   |
| <b>Surplus (Deficit) after capital transfers and contributions</b> | <b>352 188 842</b> | <b>(72 760 320)</b>                                 | <b>279 428 522</b>       | <b>-</b>                                   |                                           | <b>279 428 522</b> | <b>161 633 952</b> |                          | <b>(117 794 570)</b> | <b>58 %</b>                         | <b>46 %</b>                            |
| Share of surplus (deficit) of associate                            | -                  | -                                                   | -                        | -                                          | -                                         | -                  | 17 151 182         |                          | 17 151 182           | DIV/0 %                             | DIV/0 %                                |
| Fair Value Adjustments                                             | -                  | -                                                   | -                        | -                                          | -                                         | -                  | 62 703             |                          | 62 703               | DIV/0 %                             | DIV/0 %                                |
| Loss on biological assets and agricultural produce                 | -                  | -                                                   | -                        | -                                          | -                                         | -                  | 25 000             |                          | 25 000               | DIV/0 %                             | DIV/0 %                                |
| <b>Surplus/(Deficit) for the year</b>                              | <b>352 188 842</b> | <b>(72 760 320)</b>                                 | <b>279 428 522</b>       | <b>-</b>                                   |                                           | <b>279 428 522</b> | <b>144 395 067</b> |                          | <b>(135 033 455)</b> | <b>52 %</b>                         | <b>41 %</b>                            |
| <b>Cash flows</b>                                                  |                    |                                                     |                          |                                            |                                           |                    |                    |                          |                      |                                     |                                        |
| Net cash from (used) operating                                     | 330 798 212        | (57 784 895)                                        | 273 013 317              | -                                          |                                           | 273 013 317        | 232 334 031        |                          | (40 679 286)         | 85 %                                | 70 %                                   |
| Net cash from (used) investing                                     | (324 149 612)      | 57 574 554                                          | (266 575 058)            | -                                          |                                           | (266 575 058)      | (223 349 248)      |                          | 43 225 810           | 84 %                                | 69 %                                   |
| Net cash from (used) financing                                     | -                  | -                                                   | -                        | -                                          | -                                         | -                  | (3 263 496)        |                          | (3 263 496)          | DIV/0 %                             | DIV/0 %                                |
| <b>Net increase/(decrease) in cash and cash equivalents</b>        | <b>6 648 600</b>   | <b>(210 341)</b>                                    | <b>6 438 259</b>         | <b>-</b>                                   |                                           | <b>6 438 259</b>   | <b>5 721 287</b>   |                          | <b>(716 972)</b>     | <b>89 %</b>                         | <b>86 %</b>                            |
| Cash and cash equivalents at the beginning of the year             | 54 620 972         | (58 299 812)                                        | (3 678 840)              | -                                          |                                           | (3 678 840)        | 4 723 668          |                          | 8 402 508            | (128)%                              | 9 %                                    |
| <b>Cash and cash equivalents at year end</b>                       | <b>61 269 572</b>  | <b>(58 510 153)</b>                                 | <b>2 759 419</b>         | <b>-</b>                                   |                                           | <b>2 759 419</b>   | <b>10 444 955</b>  |                          | <b>7 685 536</b>     | <b>379 %</b>                        | <b>17 %</b>                            |



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Statement of Comparison between budget and Actual

Figures in Rand

|                                |               |               |               |   | Reported<br>unauthorised<br>expenditure | Expenditure<br>authorised in<br>terms of<br>section 32 of<br>MFMA | Balance to be<br>recovered | Restated<br>audited<br>outcome |
|--------------------------------|---------------|---------------|---------------|---|-----------------------------------------|-------------------------------------------------------------------|----------------------------|--------------------------------|
| <b>2025</b>                    |               |               |               |   |                                         |                                                                   |                            |                                |
| <b>Financial position</b>      |               |               |               |   |                                         |                                                                   |                            |                                |
| Total current assets           | 400 855 119   | (66 550 904)  | 334 304 215   | - | 334 304 215                             | 143 681 739                                                       | (190 622 476)              | 43 %                           |
| Total non current assets       | 2 801 283 265 | (46 273 549)  | 2 755 009 716 | - | 2 755 009 716                           | 3 165 907 354                                                     | 410 897 638                | 115 %                          |
| Total current liabilities      | (249 269 045) | 4 717 684     | (244 551 361) | - | (244 551 361)                           | (658 840 741)                                                     | (414 289 380)              | 269 %                          |
| Total non current liabilities  | -             | -             | -             | - | -                                       | (28 146 372)                                                      | (28 146 372)               | DIV/O %                        |
| Accumulated Surplus/Net Equity | 2 952 869 339 | (108 106 769) | 2 844 762 570 | - | 2 844 762 570                           | 2 622 601 980                                                     | (222 160 590)              | 92 %                           |

**Table 6: Operating Costs vs Budget**

| Components                     | 2024/25<br>% | 2023/24<br>% |
|--------------------------------|--------------|--------------|
| Employee Costs                 | 38%          | 27%          |
| Repairs and Maintenance        | 6.4%         | 6.1%         |
| Finance charges and Impairment | 26%          | 20%          |

Employee related costs have increased by 13% from the previous financial year and sitting at 38% to total expenditure.

Repairs and maintenance make 6.4% of the total expenditure. This shows an increase of 0.3% from the expenditure of the previous financial year.

Finance costs were 26% of the total expenditure. The municipality did not acquire any long-term debt within the financial year and therefore the interest reported in 2024/25 only relates to the finance charges and impairment.

| Details           | 2024/25       | 2023/24     | 2022/23     |
|-------------------|---------------|-------------|-------------|
| Original Budget   | 1 227 015 119 | 926 706 981 | 888 040 375 |
| Adjustment Budget | 1 216 228 416 | 965 718 879 | 880 590 970 |
| Actual            | 915 225 653   | 861 476 326 | 896 176 352 |

**Table 7: Budget Summary**

The total budget for the municipality has increase from the previous year. This is shown by an increment in value of 4.9% from 2024/25 financial year. This is also supported by an increase in government grants and subsidies that the municipality has received.

The actuals have decreased by 8% from 2023/24 to 2024/25. There have been measures put in place to track government grants spending and for the financial year being reported, therefore grants were spent according to the conditions. The municipality has the unspent of R6.5 million.

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## 1.5 Organizational Development Overview

During the year under review, the municipality prepared and implemented the Integrated Development Plan accordingly, in line with other strategic documents which include the Organisational Scorecard which provides details of the targets to be achieved by the municipality at an Organisational level, and also the Service Delivery and Budget Implementation Plan which then provides the breakdown of the targets in terms of specific programmes and projects, in line with the budget and relevant departments which will be an implementing agents.

The municipality strives to enhance and skill its employees in order to safeguard and retain skills, in the 2024/25 financial year the municipality was able to submit the number of workplace skills development programmes that the municipality will implement, however due to financial constraints the municipality was not able to implement them all as the procurements were suspended. The workplace skills development budget expenditure was 93% for the financial year under review due to suspension of procurements service provider for training programme could not be appointed.

The municipality was able to cascade IPMS to middle management level (D1-D4), The workplans were signed and midterm assessments were conducted.

The municipality is committed to ensuring a work environment that is safe and without risk to the health of the workers, a number of employees were vaccinated against hazardous biological agent.

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## 1.6 Statutory Annual Report Processes

The Annual Report of a municipality and every municipal entity must be tabled in the municipal council on or before 31 January each year according to (MFMA S127). The activities, implications, process and timeframes are described below for ease of reference and are under implementation.

Table 8: Statutory Annual Report Process

| No | Activities                                                                                                                                                                                                                                                                                            | 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 | July      |

| No  | Activities                                                                                                                                             | Timeframe           |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
|     | period                                                                                                                                                 |                     |
| 2.  | Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).                                                      |                     |
| 3.  | Finalise the 4th quarter Report for previous financial year                                                                                            |                     |
| 4.  | Submit Draft Annual Performance Report to Internal Audit                                                                                               | August              |
| 5.  | Audit committee considers Draft Annual Performance Report of municipality                                                                              |                     |
| 6.  | Municipality submits Annual Performance Report and Draft Annual Report including consolidated unaudited Annual Financial Statements to Auditor General |                     |
| 7.  | Auditor General audits the Annual Performance Report including consolidated Annual Financial Statements                                                | September / October |
| 8.  | Municipalities receive and start to address the Auditor General's comments                                                                             | November            |
| 9.  | Auditor General issues the audit report to the municipality                                                                                            | December            |
| 10. | Mayor tables Annual Report and audited Annual Financial Statements to Council complete with the Auditor- General's Report                              | January             |
| 11. | Audited Annual Report is made public and representation is invited                                                                                     | February            |
| 12. | Oversight Committee assesses Annual Report                                                                                                             | February/ March     |
| 13. | Council adopts Oversight report                                                                                                                        | March               |
| 14. | Oversight report is made public                                                                                                                        | April               |
| 15. | Oversight report is submitted to KZN Legislature, Provincial and National Treasury and KZN COGTA                                                       | April               |

#### 2.1 Political Governance

Umzinyathi District Municipality is a Category C municipality as determined by the Municipal Demarcation Board in terms of Section 4 of the Municipal Structures Act, No 117 of 1998. The municipality functions under a Collective Executive System, which consists of five (5) members. The Council of the municipality consists of **twenty-nine (29)** Councillors and **three (3)** members of the Traditional Authorities. The composition of Council in terms of party representation is indicated below:

Table 9: Councillors allocation

| COUNCILLORS             | NO        |
|-------------------------|-----------|
| IFP                     | 15        |
| ANC                     | 11        |
| ABC                     | 2         |
| DA                      | 1         |
| Traditional Authorities | 3         |
| <b>Total</b>            | <b>32</b> |

The political structure of the district is represented as per the below picture:

In terms of the municipal structures which serve to promote good governance in the municipality, which were fully functional during the year under review, and the details of their functionality are as follows:

##### Council

The municipality has for the 2024/25 financial year operated under a full council since the appointment to office in 29 November 2021.

The Council was inaugurated on the 29 November 2021. The municipal Council with the assistance of An Administrator, Mr Mavundla, from KZN COGTA has ensured and strived to the best of its capacity to achieve the objectives as set out in Section 152 of the Constitution which indicates that Council must annually review:

- The needs of the community;
- The priorities to meet those needs;
- Its processes in involving the community;
- Its organisational and delivery mechanism for meeting the needs of the community
- Its overall performance in achieving the objectives as set out in Section 152 of the Constitution.

The members of the municipal Council are outlined in the below table:

Table 10: List of Councillors

| <b>NO.</b> | <b>NAME AND SURNAME</b> | <b>POLITICAL PARTY</b> | <b>POSITION</b>     |
|------------|-------------------------|------------------------|---------------------|
| 1.         | Cllr TL Kunene          | IFP                    | <b>Speaker</b>      |
| 2.         | Cllr TH Mchunu          | IFP                    | <b>Mayor</b>        |
| 3.         | Cllr NM Zungu           | IFP                    | <b>Deputy Mayor</b> |
| 4.         | Cllr TGL Shabalala      | IFP                    | <b>Exco Member</b>  |
| 5.         | Cllr AZ Sadeck          | ANC                    | <b>Exco member</b>  |
| 6.         | Cllr LG Mabaso          | ANC                    | <b>Exco member</b>  |
| 7.         | Cllr PM Ngobese         | IFP                    | <b>Whip</b>         |
| 8.         | Cllr TZ Mkhize          | ABC                    | <b>Councillor</b>   |
| 9.         | Cllr LP Mbhele          | ANC                    | <b>Councillor</b>   |
| 10.        | Cllr TC Ngubane         | ANC                    | <b>Councillor</b>   |
| 11.        | Cllr SP Mbatha          | DA                     | <b>Councillor</b>   |
| 12.        | Cllr BS Chambule        | ANC                    | <b>Councillor</b>   |
| 13.        | Cllr RN Ngubane         | ANC                    | <b>Councillor</b>   |
| 14.        | Cllr ZN Ndlovu          | ANC                    | <b>Councillor</b>   |
| 15.        | Cllr MM Masondo         | ABC                    | <b>Councillor</b>   |
| 16.        | Cllr FN Mthethwa        | IFP                    | <b>Councillor</b>   |
| 17.        | Cllr AS Ndlovu          | IFP                    | <b>Councillor</b>   |
| 18.        | Cllr LC Moloï           | ANC                    | <b>Councillor</b>   |
| 19.        | Cllr JN Khoza           | IFP                    | <b>Councillor</b>   |
| 20.        | Cllr QM Ngobese         | IFP                    | <b>Councillor</b>   |
| 21.        | Cllr SG Hlatshwayo      | IFP                    | <b>Councillor</b>   |
| 22.        | Cllr LS Hoffman         | ANC                    | <b>Councillor</b>   |
| 23.        | Cllr BP Madondo         | IFP                    | <b>Councillor</b>   |

|     |                 |     |                   |
|-----|-----------------|-----|-------------------|
| 24. | Cllr EM Mdluli  | IFP | <b>Councillor</b> |
| 25. | Cllr LB Ntuli   | IFP | <b>Councillor</b> |
| 26. | Cllr SN Sithole | IFP | <b>Councillor</b> |
| 27. | Cllr M Ntshapha | IFP | <b>Councillor</b> |
| 28. | Cllr JB Chonco  | ANC | <b>Councillor</b> |
| 29. | Cllr B Mthethwa | ANC | <b>Councillor</b> |

During the year under review, financial year under review is the 2024/25 financial year starting from 01 July 2024 to 30 June 2025, the Council had twenty-one (21) meetings and the details of the meetings are as follows:

| <b>Date of the Meetings</b>                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 08 July 2024; 30 July 2024; 23 August 2024, 29 August 2024, 24 October 2024, 31 October 2024, 19 November 2024; 29 November 2024; 13 December 2024, 20 December 2024, 31 January 2025; 27 February 2025; 19 March 2025, 24 March 2025; 31 March 2025; 09 April 2025; 30 April 2025; 19 May 2023; 29 May 2025; 10 June 2025; 27 June 2025 |

### **Executive Committee**

The Executive Committee members were appointed on the 10<sup>th</sup> December 2021. The Executive Committee receives reports from other committees of Council, the committee must then forward these reports together with their recommendations to Council when it cannot dispose of the matter in terms of its delegated powers.

During the year under review, on the 11<sup>th</sup> March 2025 the former Mayor Ald Cllr PMS Ngubane expressed his gratitude for being at the service of the people on the capacity of being the Mayor and resigned as the Mayor of uMzinyathi District Municipality. On the 9<sup>th</sup> April 2025 the Council elected and appointed the Mayor Cllr TH Mchunu in terms of section 48(1) of the Local Government: Municipal Structures Act 117 of 1998 .

The Executive Committee comprises of the Mayor Cllr TH Mchunu (Chairperson), Deputy Mayor Cllr NM Zungu the Chairperson of Corporate Services and Infrastructure & Maintenance Portfolio Committee, Cllr TGL Shabalala the Chairperson of Planning and Economic Development Portfolio committee, Cllr LG Mabaso - member, Cllr AZ Sadeck – member, the Speaker, Cllr TL Kunene – Ex-Officio, Inkosi MPM Mazibuko Ex Officio and Inkosi AD Majazi Ex Officio.



**Cllr TH Mchunu**



**Cllr NM Zungu**



**Cllr LG Mabaso**



**Cllr TGL Shabalala**



**Cllr AZ Sadeck**



**Cllr TL Kunene - Speaker**

During the year under review, the Executive Committee had (15) meetings, and the details of the meetings are as follows:

| Date of the Meetings                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 08 July 2024; 30 July 2024; 27 August 2024; 19 September 2024; 26 September 2024; 15 October 2024; 29 October 2024; 28 November 2024; 12 December 2024; 23 January 2025; 24 February 2025; 27 March 2025; 25 April 2025; 27 May 2025 & 25 June 2025. |

### **Portfolio Committees**

During the financial year the municipality had effective and fully functional Portfolio Committees which are established in line with Section 79 of the Municipal Structures Act (No 117 of 1998) no exceptional in the 2024/25 financial year, the members were committed in other Council activities however issues were dealt with. The Portfolio Committees are established in line with the macro structure of the municipality, they are chaired by the members of the Executive Committee.

The establishment of the Committees is to ensure effective and efficient performance of the municipality in terms of service delivery, and also to assist the Executive Committee. The

municipality has five (5) Portfolio Committees that serve to report to the Executive Committee in accordance with the performance directives of the Executive Committee.

During the year under review, the municipality had the following committees in place:

The **Finance Portfolio Committee** that is responsible for all finance related matters as well as inspection of items submitted by the Budget and Treasury office prior to them being submitted to the Executive Committee and Council.

The allocation of the Portfolio Committee is as follows:

Table 11: Finance portfolio committee members

| <b>Finance Portfolio Committee</b>        |                           |
|-------------------------------------------|---------------------------|
| <b>Name of Portfolio member</b>           | <b>Number of Meetings</b> |
| <b>1. Cllr TH Mchunu-<br/>Chairperson</b> | <b>10</b>                 |
| <b>2. Cllr BP Madondo</b>                 |                           |
| <b>3. Cllr LG Mabaso</b>                  |                           |
| <b>4. Cllr FN Mthethwa</b>                |                           |
| <b>5. Cllr QM Ngobese</b>                 |                           |
| <b>6. Cllr TC Ngubane</b>                 |                           |
| <b>7. Cllr SN Sithole</b>                 |                           |
| <b>8. Inkosi ZD Majosi</b>                |                           |
|                                           |                           |

The **Corporate Services Portfolio Committee** that is responsible for providing oversight on Human Resource matters, Labour relations, administrative support as well as for inspecting items submitted by the Corporate Services departments and sub-structures such as the Local Labour Forum prior to them being submitted to Council.



The allocation of the portfolio committee is as follows:

Table 12: Corporate Services committee members

| <b>Corporate Services Portfolio Committee</b> |                           |
|-----------------------------------------------|---------------------------|
| <b>Name of Portfolio member</b>               | <b>Number of Meetings</b> |
| 1. Cllr NM Zungu-Chairperson                  | 5                         |
| 2. Cllr PM Ngobese                            |                           |
| 3. Cllr TZ Mkhize                             |                           |
| 4. Cllr FN Mthethwa                           |                           |
| 5. Cllr JB Chonco                             |                           |
| 6. Cllr ZN Ndlovu                             |                           |
| 7. Cllr M Ntshapha                            |                           |
| 8. Inkosi NT Dlomo                            |                           |

The **Infrastructure and Maintenance Portfolio Committee** responsible for providing oversight on the core function of the municipality being water and sanitation, infrastructure development and maintenance thereof as well as inspection of items submitted by the Technical Services department prior to the items being submitted to the Executive Committee and Council.

The Portfolio Committee is allocated as follows:

Table 13: Infrastructure and Maintenance Portfolio Committee members

| <b>Infrastructure and Maintenance Portfolio Committee</b> |                           |
|-----------------------------------------------------------|---------------------------|
| <b>Name of Portfolio member</b>                           | <b>Number of Meetings</b> |
| 1. Cllr NM Zungu                                          | 5                         |
| 2. Cllr LB Ntuli                                          |                           |
| 3. Cllr LP Mbhele                                         |                           |
| 4. Cllr AS Ndlovu                                         |                           |

|                        |  |
|------------------------|--|
| 5. Cllr AZ Sadeck      |  |
| 6. Cllr B Mthethwa     |  |
| 7. Cllr CN Mkhize      |  |
| 8. Inkosi MPM Mazibuko |  |

The **Community Services Portfolio Committee** responsible for providing oversight on the socio-economics issues, sports and recreation, deliberating on issues submitted by the District Task Team, Operation Sukhuma Sakhe as well as items presented by the Priority Programmes unit prior to their submission to the Executive committee and Council.

The allocation of the portfolio committee is as follows:

Table 14: Community Services Portfolio Committee members

| <b>Community Services Portfolio Committee</b> |                           |
|-----------------------------------------------|---------------------------|
| <b>Name of Portfolio member</b>               | <b>Number of Meetings</b> |
| 1.Cllr TH Mchunu-Chairperson                  | 5                         |
| 2. Cllr SG Hlatshwayo                         |                           |
| 3. Cllr RN Ngubane                            |                           |
| 4. Cllr LS Hoffman                            |                           |
| 5. Cllr QM Ngobese                            |                           |
| 6. Cllr LP Mbhele                             |                           |
| 7. Cllr SN Sithole                            |                           |
| 8. Inkosi NT Dlomo                            |                           |

The **Planning and Economic Development** responsible for providing oversight on all development planning matters, geographical issues, environmental health and compliance, tourism, development of the local economy, disaster management issues as well as deliberating on items submitted by the Planning and Economic Development department prior to them being submitted to Council.

The allocation of the portfolio committee is as follows:

Table 15: Planning and Economic Development portfolio committee members

| <b>Planning and Economic Development Portfolio Committee</b> |                           |
|--------------------------------------------------------------|---------------------------|
| <b>Name of Portfolio member</b>                              | <b>Number of Meetings</b> |
| <b>1. Cllr TGL Shabalala-Chairperson</b>                     | <b>9</b>                  |
| <b>2. Cllr PM Ngobese</b>                                    |                           |
| <b>3. Cllr LB Ntuli</b>                                      |                           |
| <b>4. Cllr LS Hoffman</b>                                    |                           |
| <b>5. Cllr AS Ndlovu</b>                                     |                           |
| <b>6. Cllr MM Masondo</b>                                    |                           |
| <b>7. Cllr ZN Ndlovu</b>                                     |                           |
| <b>8. Inkosi ZD Majozi</b>                                   |                           |

#### **Municipal Public Accounts Committee (MPAC)**

During the year under review, the municipality had a functional Municipal Public Accounts Committee which was responsible for the following.

- Assist Council to hold the executive and administration to account;
- Councillors are therefore responsible for exercising oversight over both the executive and administration;
- Proper administration of oversight requires Councillors to be fully informed of their own agenda, business or affairs; and

Councillors are accountable for the performance of the council; hence they must supervise the Municipal Council agenda, in order to achieve the desirable performance.

The MPAC members were allocated as follows:

Table 16: MPAC members

| Municipal Public Accounts Committee |                    |
|-------------------------------------|--------------------|
| Name of Portfolio member            | Number of Meetings |
| 1. Cllr SP Mbatha-Chairperson       | 8                  |
| 2. Cllr QM Ngobese                  |                    |
| 3. Cllr EM Mdluli                   |                    |
| 4. Cllr BS Chambule                 |                    |
| 5. Cllr RN Ngubane                  |                    |
| 6. Cllr SG Hlatshwayo               |                    |
| 7. Cllr LC Moloi                    |                    |
| 8. Cllr BP Madondo                  |                    |
| 9. Cllr MM Masondo                  |                    |

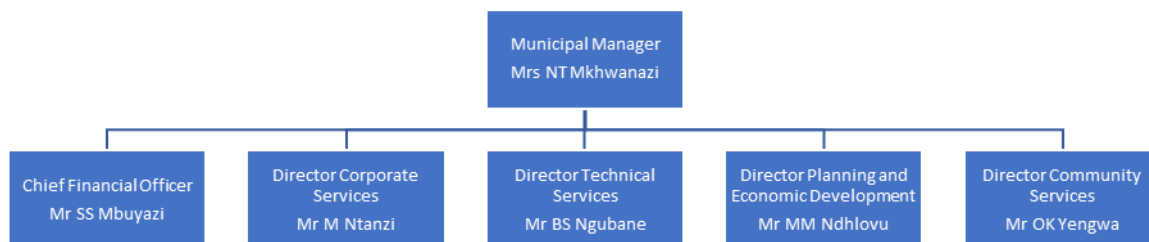
In the 2024/25 financial year a total of Six (6) meetings were held details of the meetings are as follows:

| Date of the Meetings                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------|
| 21 August 2024; 11 October 2024; 28 November 2024; 24 February 2025; 23 March 2025; 26 March 2025; 10 April 2025 & 28 May 2025 |

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## 2.2 Administrative Governance

The details of the municipality's macrostructure, which was in place during the year under review, senior management positions filled and are indicated below.



In terms of the administrative governance structures which were in place during 2024/25 financial year, and were functional to manage administrative matters and the details in terms of the functions of the departments are as follows:

Top Management Committee:

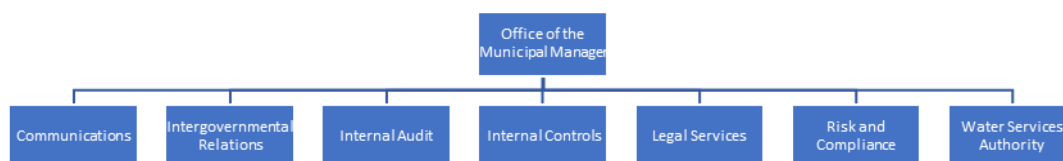
- Office of the Municipal Manager;
- Budget and Treasury;
- Community Services;
- Corporate Services;
- Planning and Economic Development;
- Technical Services;

### Top Management Committee

During the year under review, the municipality was under the guidance of a robust and effective Top Management Committee. This committee, led by the Accounting Officer and Senior Managers, played a pivotal role in managing and coordinating the financial management and overall administration of the municipality, providing a strong foundation for our operations.

### Office of the Municipal Manager

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- Promote sound financial management throughout the municipality;
- Be responsible for all income and expenditure, all assets and the discharge of all liabilities;

- Ensure compliance with the Municipal Finance Management Act (MFMA) No. 56 of 2003;
- Prevent fruitless and wasteful expenditure; and
- Disclose all information on debts.
- The Office of the Municipal Manager also managed the following sections:
  - Internal Auditing;
  - Communications; and
  - Risk Management and Compliance
  - Internal controls
  - Legal Services
  - Intergovernmental Relations
  - Water Services Authority

There are no new sections that have been allocated to the Office of the Municipal Manager. The municipality is confident that improvements will be significant going forward with the current organizational structure.

In terms of the administrative governance structures which were in place during 2024/25 financial year, and were functional to manage the administrative matters and the details in terms of the functions of the departments are as follows:

- Top Management Committee;
- Office of the Municipal Manager;
- Technical Services;
- Corporate Services;
- Planning and Economic Development; and
- Budget and Treasury;
- Community Services;

#### Department: Community Services

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The Office of the Mayor consisted of the following sections:

- Social Services;
- Health and Wellness;
- Environmental Health; and
- Disaster Management.

#### Department: Technical Services

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- Municipal Infrastructure Implementation;
- Municipal Infrastructure Operations and Maintenance;
- Water Service Authority; and
- Community Development Facilitation;

#### Department: Planning and Economic Development

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- Local Economic Development;
- Geographic Information Systems;
- Municipal Planning;
- Integrated Development Planning and Performance Management System; and
- Environmental Management.

#### Department: Corporate Services

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- Human Resources;
- Administrative Services / Council support;
- Registry Services;
- Fleet Management; and
- Security services for the building
- Information Technology.

#### Department: Budget and Treasury

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- Income and Expenditure,
- Procurement;
- Customer Care and Billing
- Asset Management
- Budgeting and Reporting;
- Financial Reporting

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### **2.3 Corporate Governance**

Corporate governance is a vehicle through which value is created within a municipal context. Value creation means realizing benefits while optimizing resources and risks. This value creation takes place within a governance system that is established by the municipal policy. A governance system refers to all the means and mechanisms that enable the municipality's Council and Management team to have a structured and organized process.

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### **2.4 MUNICIPAL OVERSIGHT COMMITTEES**

#### **AUDIT COMMITTEE**

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During the financial year under review, the municipality had a functional Audit and Performance Committee appointed for the period of three years. The committee provides its services to uMzinyathi District Municipality and its Agency and had quarterly meetings during the 2024/2025

financial year which is in line with section 166 (4) (b) of the Municipal Finance Management Act 56 of 2003.

A comprehensive report is provided on Chapter 9 of this report.

The Audit and Performance Committee had five (5) meetings, and the details of the meetings are as follows:

| Date of the Meetings                                                              |
|-----------------------------------------------------------------------------------|
| 08 August 2024, 27 August 2024, 10 December 2024, 28 March 2025 and 30 June 2025. |

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## **INTERNAL AUDITORS**

The function of the Internal Auditors is to provide assurance to management on issues of Governance, Risk and Control Audit. During the year under review, Internal Audit unit of the municipality had shared services with uMzinyathi District development Agency which was in line with section 165 of the Municipal Finance Management Act 56 of 2003, in executing its internal audit function.

The internal audit Unit oversees the internal audit function of the municipality through provision of independent and objective assurance on the effectiveness of Governance, Risk Management and Internal Control.

In the year 2024/2025, the internal audit unit had two (2) staff members.

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## **INTERNAL AUDIT PLAN IMPLEMENTED AND PROGRESS MADE IN THE 2023/2024 FINANCIAL YEAR.**

The Annual Internal Audit Plan for 2024/2025 financial year was implemented effectively, nevertheless the shortage of resources in the Internal Audit unit. Annual Risk Assessment was conducted internally by the Risk Management Unit.

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## **IMPLEMENTATION OF RESOLUTIONS TAKEN BY THE AUDIT COMMITTEE.**

Management has tried to implement the implementable Audit and Performance Committee recommendations/resolutions in the 2024/2025 financial year. Reasons for non- implementation were mainly due to instability in Senior Management position(s) and shortage of pecuniary resources. Audit and Performance Committee reports were tabled at Council.

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## **COMPLIANCE OF IA UNIT WITH IA CHARTER AND OTHER GUIDING King PRISCRPTS AS THE KING 4 REPORT AND SECTION 165 OF MFMA.**

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Internal Audit Unit of the municipality was fully in-house in the 2024/2025 financial year and has maintained the highest compliance attitude towards the Approved Internal Audit Charter and King IV Report.

## **PROGRESS MADE WITH RESOLVING FINDINGS ON THE AG ACTION PLAN WHEN COMPARED TO 2022/2023 FINANCIAL YEAR.**

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The municipality maintain the same unfavourable, adverse audit opinion in the 2023/2024 for the past three financial years. An external audit report indicates 9 (nine) qualifying matters in the year 2023/2024 compared to the previous year 2022/2023 with thirteen (13) audit qualifying matters.

In the 2024/2025 financial year, the municipal management develop an Audit Action Plan in addressing the audit findings raised in the management report. This was in compliance with the Municipal Finance Management Act, No56 of 2003 section 131 to address the issues previously raised.

Out of ninety-one (91) audit findings as per the management report, fifty-seven (57) has been resolved with thirty-four (34) not resolved as of 30 June 2025.

## **OTHER MATTERS OF PUBLIC INTEREST**

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The Internal Audit unit of the municipality is committed to remain independent of the municipal functions and objective in discharging duties on both assurance and advisory roles. It is also committed to continue bringing a systematic and disciplined approach in evaluating and improving the effectiveness of Risk Management, Governance and Control processes.

## **RISK MANAGEMENT**

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During the year under review, the municipality conducted a Risk Assessment workshop sessions during the week of 10 to 14 June 2024 in compiling the operational risk register for 2024/2025 financial year including ICT. Fraud, OHS and strategic risk assessments were also conducted and concluded during September 2024 for 2024/2025 financial year. The assessments were done in line with the Enterprise Risk Management Framework and policy for the municipality. The municipality have appointed an Independent chairperson who will chair the Risk Management Committee.

The main objective of having a risk registers for the municipality is to:

- identify risks and mitigation strategies to reduce the risk to be in an acceptable level
- Facilitate the implementation of the mitigation strategies (action plans) on quarterly basis to mitigate the risks.
- Give assurance to the municipality and its stakeholders that risks are identified and managed effectively and efficiently as per section 62 (1)( c) of the Municipal Finance Management Act.

The top ten (10) risks of the municipality are as follows:

- Insufficient water provision to the district
- Non-credible budget and financial reporting (Unfunded budget)
- Inability to collect monies due to the municipality
- Inability to attend all claims timeously and effectively
- Inadequate contract management.
- Financial Management: Inability to pay creditors within 30 days
- Ineffectiveness of bid committees regarding the finalization of bid processes. / Tender validation period
- Ineffective internal audit function
- Inability to respond effectively to disasters
- Inability to safeguard and adequately track municipal records.

The municipality has developed an action plan for implementation which serves as a management tool for the risks, and is monitored on a quarterly basis. Furthermore, the municipality have an effective risk Management committee, which ensures that all risk mitigation strategies are implemented in order to attain the strategic objectives of the municipality through monitoring on the effectiveness of the risk management unit.

#### Anti – Corruption and Fraud

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The municipality have developed and adopted an anti-fraud and corruption strategy . The strategy recognizes basic prevention, detection and response to fraud and corruption initiatives within Umzinyathi District Municipality. Furthermore, it identifies key risks of fraud & corruption that will be addressed as these risks could jeopardise the successful implementation of the various components of the strategy. The strategy is developed in line with and complement a principled ethos and strategic direction as articulated in the Constitution of the Republic of South Africa, Act 108 of 2006 (as amended)

The primary objectives of the strategy as set out below:

- Serves as a conceptual, analytical, planning and review tool;
- Provides a common understanding of what constitutes fraud and corruption that needs to be communicated throughout the Municipal Council;

- Provide guidelines in preventing, detecting, responding and reporting fraudulent, corrupt & irregular activities within Umzinyathi District Municipality;
- and improving the ability of Umzinyathi District Municipality to facilitate the reporting and monitoring of incidents of fraud and corruption;
- Create a culture within Umzinyathi District Municipality where all employees and stakeholders continuously behave ethically in their dealings with or on behalf of the Municipality;
- Encourage all employees and stakeholders to strive towards the prevention, detection and responding to fraud & corruption impacting or having the potential to impact on the municipality and its activities;
- Encourage all employees and stakeholders to report suspicions of fraudulent, corrupt & irregular activities within Umzinyathi District Municipality without fear of reprisals or recriminations;
- Presents the key elements required for effective prevention of fraud and corruption and represent the approach of Umzinyathi District Municipality to managing risk of fraud and corruption; and
- Provide a focus point for the apportionment of power, accountability and authority.

## **SUPPLY CHAIN MANAGEMENT**

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The supply chain management unit within the municipality plays a vital role in ensuring that when goods and services are procured by the municipality they are conducted in a manner that complies within the legal prescripts more specifically section 217 (1) of the 1996 constitution of south Africa 'When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.

During the financial period the municipality ensured that procurement thrived in compliance which resulted in a sharp decline of irregular expenditure and attending treasury provided platforms of Supply chain management forums where issues of compliance are tackled and best practices are shared and later implemented.

The municipality has also updated its supply chain management policy to incorporate guidelines in the usage of established panels, the guidelines ensure the consistency of the constitution, PPPFA 2022 and the Municipal finance management act to strengthen compliance.

As the 2025-2026 financial period is approaching, The Supply chain management will embark on receiving more trainings from Provincial treasury on the established bids committees and supply chain management practitioners for enhanced day to day activities of procuring and reporting.

## **BY-LAWS**

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The Department of Water and Sanitation submitted to the Municipality Draft Water Services Bi-laws through the Technical Services Department which such bi-laws were submitted to Council during the 2022/23 financial year and were approved. During the 2023/24 financial year, the water services bi-laws were published on gazette 2582, dated 17 August 2023.

It was discovered that the Bi-laws needed to be reviewed and amended. On the 18<sup>th</sup> of December 2024, the Municipality appointed SM Mbatha Incorporated from the Legal Panel. The scope of work is as follows;

- (a) Review and amend the Water Services Bi-laws, and ensure adherence to the Constitution of South Africa, 1996 and all applicable laws.
- (b) Conduct public participation engagements and present to the Municipality reviewed bi-laws
- (c) Review and amend the Water Services policy, the credit control policy, public participation policy and all relevant policies
- (d) Draft the Environmental Health Bi-laws and the review of related policies

The project is ongoing. Ensuring compliance with the Constitution includes the facilitation of the public participation through comments to the bi-laws. The Legal Practitioner was instructed to research how the Municipality can access water sources like dams and canals within its District to assist with the water source issue on its projects and for that to be regulated by the Bi-laws and the issue of illegal connections.

The project would be finalized during the 2025/26 financial year.

## **ICT GOVERNANCE**

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### **RECOVERY PLAN**

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The Municipality has successfully set up a test environment and a backup system, which utilizes a cloud server. The ICT Unit generates and tests backups monthly. These tasks are executed by the System Administrator and approved by the ICT Manager.

## BIOMETRIC GATE

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The access point of the Municipality is protected by biometric security, which is also linked to the leave and payroll system. The Payroll and HR Unit generates reports to track employee attendance and manage salary processing.

## REFURBMENT OF NETWORK INFUSTRUACTURE

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The network infrastructure at the head office has undergone comprehensive maintenance and refurbishment. Furthermore, a new wireless network has been successfully implemented to enhance connectivity and support modern operational needs.

## ICT AWARENESS

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The ICT Awareness program is held every quarter for all municipal employees, employing a mix of face-to-face sessions, online meetings, and email correspondence to guarantee thorough outreach.

ICT Steering Committee terms of reference were approved

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The Municipality has established the ICT Steering Committee, which oversees the ICT operations, along with the Terms of Reference that govern the ICT function. The committee is active and convenes quarterly. The Terms of Reference for the ICT Steering Committee regulate the ICT function. The committee is chaired by the Corporate Services Director.

The following policies were reviewed:

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### **IT Governance**

- IT Governance Framework
- IT Governance Charter
- IT Strategy/Master Systems Plan
- IT Risk Management Policy
- Project Management Policy
- Information and Communication Technology Architectural Plan
- Return on investment Policy

### **Security Management**

- IT Security Policy
- Cloud Policy
- Patch Management Policy

- Antivirus Management Policy
- Firewall Policy

#### **User Access Management**

- ICT User Access Management Policy and Standard Operating Procedure

#### **IT Service Continuity**

- Business Continuity Plan
- Disaster Recovery Plan
- Backup and Retention Policy

#### **Program Change Management**

- Change Management Policy/Procedure

#### **IT Service Management**

- Helpdesk Policy

**Projects implemented successfully in 2024/2025.**

#### **Organisational Policies**

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The municipality has prepared policies which will enable the municipality to perform its powers and functions effectively; the policies which are in place are as follows as per the responsible implementing departments, the policies have been reviewed and approved by Council, to ensure that they are relevant and practical in terms of implementation:

Table 17: List of Policies Reviewed and Approved by Council 2025/26

| <b>No</b> | <b>Policy Name</b>                         | <b>Responsible Department</b> |
|-----------|--------------------------------------------|-------------------------------|
| <b>1.</b> | Recruitment policy                         | Corporate services            |
| <b>2.</b> | Education, Training and Development policy | Corporate services            |
| <b>3.</b> | Scarce Skills and Retention Policy         | Corporate services            |
| <b>4.</b> | Subsistence and Travel Policy              | Corporate services            |
| <b>5.</b> | Car allowance policy                       | Corporate services            |
| <b>6.</b> | Code of conduct Policy                     | Corporate services            |
| <b>7.</b> | Employment Equity Plan                     | Corporate services            |
| <b>8.</b> | Acting Appointment Policy                  | Corporate services            |
| <b>9.</b> | Induction and Onboarding Policy            | Corporate services            |

|            |                                           |                    |
|------------|-------------------------------------------|--------------------|
| <b>10.</b> | Exit Management Policy                    | Corporate services |
| <b>11.</b> | Bereavement Policy                        | Corporate services |
| <b>12.</b> | IPMS Policy                               | Corporate Services |
| <b>13.</b> | Occupational Health & Safety Policy       | Corporate Services |
| <b>14.</b> | Disciplinary Policy                       | Corporate Services |
| <b>15.</b> | Leave Policy                              | Corporate Services |
| <b>16.</b> | Placement Policy                          | Corporate Services |
| <b>17.</b> | Overtime Policy                           | Corporate Services |
| <b>18.</b> | Employee Assistant Program Policy         | Corporate Services |
| <b>19.</b> | Incapacity Due to Poor Performance Policy | Corporate Services |
| <b>20.</b> | Punctuality and Attendance Policy         | Corporate Services |
| <b>21.</b> | Decontamination Policy                    | Corporate Services |
| <b>22.</b> | Funeral Attendance Policy                 | Corporate Services |
| <b>23.</b> | Probation Policy                          | Corporate Services |
| <b>24.</b> | Task Job Evaluation Policy                | Corporate Services |
| <b>25.</b> | Promotion and Demotion Policy             | Corporate Services |
| <b>26.</b> | Bursary Policy                            | Corporate Services |
| <b>27.</b> | Records Management Policy                 | Corporate Services |
| <b>28.</b> | Fleet Management Policy                   | Corporate Services |
| <b>29.</b> | Change Management Policy                  | Corporate Services |
| <b>30.</b> | Cloud security policy                     | Corporate Services |
| <b>31.</b> | ICT backup policy                         | Corporate Services |
| <b>32.</b> | ICT firewall policy                       | Corporate Services |
| <b>33.</b> | Information security policy               | Corporate Services |
| <b>34.</b> | Policy for anti-virus                     | Corporate Services |

|            |                                           |                          |
|------------|-------------------------------------------|--------------------------|
| <b>35.</b> | ICT Return on Investment Policy           | Corporate Services       |
| <b>36.</b> | Risk Policy and Procedures                | Corporate Services       |
| <b>37.</b> | ICT governance framework                  | Corporate Services       |
| <b>38.</b> | ICT Strategy Policy                       | Corporate Services       |
| <b>39.</b> | ICT Patch Management policy               | Corporate Services       |
| <b>40.</b> | Business continuity plan                  | Corporate Services       |
| <b>41.</b> | ICT governance charter                    | Corporate Services       |
| <b>42.</b> | ICT user management policy                | Corporate Services       |
| <b>43.</b> | Help desk policy                          | Corporate Services       |
| <b>44.</b> | IT Strategy/Master system plan            | Corporate Services       |
| <b>45.</b> | Disaster recovery plan                    | Corporate Services       |
| <b>46.</b> | Back up and retention plan                | Corporate Services       |
| <b>47.</b> | Retention Policy                          | Corporate Services       |
| <b>48.</b> | Communications Strategy                   | Corporate Services       |
| <b>49.</b> | Social media/Employee Code of Ethics      | Corporate Services       |
| <b>50.</b> | Cost Containment Policy                   | Budget & Treasury Office |
| <b>51.</b> | Supply Chain Management Policy            | Budget & Treasury Office |
| <b>52.</b> | Credit Control and Debt Collection Policy | Budget & Treasury Office |
| <b>53.</b> | Debt Impairment and Write-off Policy      | Budget & Treasury Office |
| <b>54.</b> | Remuneration Policy                       | Budget & Treasury Office |
| <b>55.</b> | Indigent Policy                           | Budget & Treasury Office |
| <b>56.</b> | Tariff Policy                             | Budget & Treasury Office |
| <b>57.</b> | Asset Management Policy                   | Budget & Treasury Office |
| <b>58.</b> | Banking and Investment Policy             | Budget & Treasury Office |
| <b>59.</b> | Virement Policy                           | Budget & Treasury Office |



|     |                                                    |                                   |
|-----|----------------------------------------------------|-----------------------------------|
| 60. | Budget Policy                                      | Budget & Treasury Office          |
| 61. | Contract Management Policy                         | Budget & Treasury Office          |
| 62. | Inventory Management Policy                        | Budget & Treasury Office          |
| 63. | Customer care and Billing Management Policy        | Budget & Treasury Office          |
| 64. | Cash Management and Payment of Creditors Policy    | Budget & Treasury Office          |
| 65. | Youth Development Policy                           | Community services                |
| 66. | Public Participation policy                        | Community services                |
| 67. | Disaster Recovery Plan                             | Community services                |
| 68. | Performance Management System Policy and Framework | Planning and Economic Development |

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.5 Inter-governmental Relations

The Intergovernmental Relations Framework Act No 13 of 2005, stipulates that there must be a district Intergovernmental forum to promote and facilitate intergovernmental relations between the district and local municipalities within the district.

In the 2024/25 financial year the composition of the Intergovernmental Structures was as follows:

| DISTRICT INTERGOVERNMENTAL FORUMS |                     |               |
|-----------------------------------|---------------------|---------------|
| NAME                              | DESIGNATION         | MUNICIPALITY  |
| Cllr TH Mchunu                    | Mayor (Chairperson) | Umzinyathi DM |
| Cllr NM Zungu                     | Deputy Mayor        | Umzinyathi DM |
| Cllr AM Mkhize                    | Mayor               | Endumeni LM   |
| Cllr FJ Sikhakhane                | Mayor               | Msinga LM     |
| Cllr NP Mbatha                    | Deputy Mayor        | Msinga LM     |
| Cllr IL Shabalala                 | Mayor               | Nquthu LM     |
| Cllr Ngobese                      | Deputy Mayor        | Nquthu LM     |
| Cllr GZ Malembe                   | Mayor               | Umvoti LM     |

|                                      |                                   |                     |
|--------------------------------------|-----------------------------------|---------------------|
|                                      |                                   |                     |
| <b>SPEAKERS FORUM</b>                |                                   |                     |
| <b>NAME</b>                          | <b>DESIGANTION</b>                | <b>MUNICIPALITY</b> |
| Cllr TL Kunene                       | Speaker (Chairperson)             | Umzinyathi DM       |
| Cllr AN Nsibande                     | Speaker                           | Endumeni LM         |
| Cllr NM Buthelezi                    | Speaker                           | Nquthu LM           |
| Cllr SG Masimula                     | Speaker                           | Msinga LM           |
| Cllr RN Ngubane                      | Speaker                           | Umvoti LM           |
| <b>MUNICIPAL MANAGERS FORUM</b>      |                                   |                     |
| Mrs NT Mkhwanazi                     | Municipal Manager                 | Umzinyathi DM       |
| Mr. S Ntombela                       | Municipal Manager                 | Endumeni LM         |
| Mr S Sokhela                         | Municipal Manager                 | Msinga LM           |
| Ms NP Ndaba                          | Municipal Manager                 | Umvoti LM           |
| Mr M Jiyane                          | Municipal Manager                 | Nquthu LM           |
| <b>DISTRICT INFRASTRUCTURE FORUM</b> |                                   |                     |
| Mr. S Ngubane                        | Senior Manager Technical Services | Umzinyathi DM       |
| Mr. MN Nkala                         | Director Technical Services       | Nquthu LM           |
| Mr. S Mnguni                         | Director Technical Services       | Msinga LM           |
| Mr. N Qwabe                          | Director Technical Services       | Umvoti LM           |
| Mr. M Buthelezi                      | Director Technical Services       | Endumeni LM         |
| <b>DISTRICT AREA FINANCIAL FORUM</b> |                                   |                     |
| Mr. SS Mbuyazi                       | CFO                               | Umzinyathi DM       |
| Mr. B Bhengu                         | CFO                               | Nquthu LM           |
| Mr. F Mvelase                        | CFO                               | Msinga LM           |
| Mrs. CB Mkhize                       | CFO                               | Endumeni LM         |
| Mr. Martin Swanlow                   | CFO                               | Umvoti LM           |
|                                      |                                   |                     |
| <b>DISTRICT CORPORATE SERVICES</b>   |                                   |                     |
| Mrs. K Shabalala                     | Senior Manager Corporate Services | Nquthu LM           |
| Ms. Thembeke Nkala                   | Snr Manager Corporate Services    | Msinga LM           |
| Mr. M Maphanga                       |                                   | Umvoti LM           |

|                                          |                                              |               |
|------------------------------------------|----------------------------------------------|---------------|
| Mr. MV Ntanzu                            | Snr Manager Corporate Services               | Umzinyathi DM |
| Mr. M Ndima                              | Snr Manager Corporate Services (Chairperson) | Endumeni LM   |
|                                          | Snr Manager Corporate Services               |               |
| <b>District Communicators Forum</b>      |                                              |               |
| Mr. NC Cebekhulu                         | Acting Manager Communication (chairperson)   | Umzinyathi DM |
| Mr. PG Mabisa                            | Communications Manager                       | Endumeni LM   |
| Ms. Thobeka Mchunu                       | Communications Manager                       | Msinga LM     |
| Ms. S Ngubane                            | Communications Manager                       | Umvoti LM     |
| Ms. S Shoba                              | Communications Manager                       | Nquthu LM     |
| Mrs. Thandeka Ngobese                    | Media Liaison Officer                        | uMzinyathi DM |
| Mr. T Zulu                               |                                              | GCIS          |
|                                          |                                              | MEDIA         |
|                                          |                                              | Hospital PROs |
| <b>DISTRICT DISASTER ADVISORY FORUM</b>  |                                              |               |
| Mr. IW Mngomezulu                        | Manager Disaster                             | Umzinyathi DM |
| Mr. Vilakazi                             | Disaster Officer                             | Umvoti LM     |
| Mr. M Zulu                               | Disaster Officer                             | Nquthu LM     |
| Mr. B Zulu                               | Disaster Officer                             | Endumeni LM   |
|                                          |                                              | Msinga LM     |
| <b>PLANNING AND ECONOMIC DEVELOPMENT</b> |                                              |               |
| Mr. MM Ndhlovu                           | Chairperson                                  | Umzinyathi DM |
| Mr. NP Ndaba                             | Acting Director PED                          | Umvoti LM     |
| Mrs. Hlubi                               | Director PED                                 | Msinga LM     |
| Mrs. Mohau Nhlebela                      | Director PED                                 | Nquthu LM     |
| Mr. Ayanda Dlungwana                     | Acting Director PED                          | Endumeni LM   |

During 2024/25 financial year, the municipality had in place the following Intergovernmental Relations structures:

Table 18: IGR Meetings

| Intergovernmental Relations Forum                                | Objective of the Function                                                                                                                                                                                                                                                                                                                        | Date of the Meetings                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Umzinyathi District Coordinating Forum /Political DDM Hub</b> | The objective of the forum is to promote and facilitate intergovernmental relations and cooperative government between the district and local municipalities, the forum meets on quarterly basis and is not functional.                                                                                                                          | <p>The structure was reconfigured into Political Hub as per the District Development Model mandate, Political DDM meeting were convened as per below:</p> <ul style="list-style-type: none"> <li>• 25 Sept 2024</li> <li>• 29 Nov 2024</li> <li>• 20 March 2025</li> <li>• 24 June 2025</li> </ul>                                                                                                                       |
| <b>Municipal Managers Forum &amp; Technical DDM Hub</b>          | The Municipal Managers Forum serves as a technical support to the District Coordinating Forum and implements their resolutions. The members of the Technical Support structure are the Municipal Managers of the district family of municipalities, and/or officials designated by them, and it also meets on quarterly basis and is functional. | <p>The MMs Forum meeting was reconfigured into a technical hub meeting as per DDM mandate, Meeting were convened as per below:</p> <ul style="list-style-type: none"> <li>• 23 Sept 2024</li> <li>• 7 Nov 2024</li> <li>• 9 Dec 2024</li> <li>• 12 March 2025</li> <li>• 3 June 2025</li> <li>• 28 August 2024</li> <li>• 29 Nov 2024</li> <li>• 10 Dec 2024</li> <li>• 17 March 2025</li> <li>• 20 June 2025</li> </ul> |

| Intergovernmental Relations Forum              | Objective of the Function                                                                                                                                                                                                                                                                                                                                                                    | Date of the Meetings                                                                                                                                                                                                                                                       |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Speakers Forum</b>                          | The forum has been established, and it also meets on quarterly basis and is functional.                                                                                                                                                                                                                                                                                                      | <p>Speakers' forum was reconfigured into a Political Hub as per District Development Model, Meeting were convened as per below:</p> <ul style="list-style-type: none"> <li>• 02 Aug 2024</li> <li>• 17 Nov 2024</li> <li>• 11 Dec 2024</li> <li>• 29 April 2024</li> </ul> |
| <b>Corporate Services Forum /GSCID Cluster</b> | The purpose of the forum is to share information on Administrative, Communications, Human Resource and Security issues, and also to provide advice to the Municipal Managers Forum on such matters.                                                                                                                                                                                          | <p>The structure was reconfigured into DDM Clusters called GSCID, meetings were convened as per below:</p> <ul style="list-style-type: none"> <li>• 31 July 2024</li> <li>• 13 Nov 2024</li> <li>• 06 March 2025</li> <li>• 30 May 2025</li> </ul>                         |
| <b>Planning and Development Forum</b>          | The purpose of the forum is to co-ordinate planning and development within uMzinyathi District by ensuring improved and continued communication amongst the various planning sectors, and also to ensure that planning and development within the District is undertaken in a holistic way and that it takes place within the framework of all Municipalities' Integrated Development Plans, | <p>This structure was reconfigured into DDM cluster together with CFOs, Corporate Services Forum and meetings were as per below:</p> <ul style="list-style-type: none"> <li>• 12 Sept 2024</li> <li>• 03 Dec 2024</li> <li>• 26 March 2025</li> </ul>                      |

| Intergovernmental Relations Forum             | Objective of the Function                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Date of the Meetings                                                                                                                                                                                                         |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>• 23 June 2025</li> </ul>                                                                                                                                                             |
| <b>IDP – LED Technical Planning Committee</b> | <p>The purpose of the forum is to:</p> <ul style="list-style-type: none"> <li>• Streamlining planning process;</li> <li>• Finding a common district wide development vision;</li> <li>• Consolidation and alignment of programmes and budgets;</li> <li>• Unifying the channelling of both private and public sector investments;</li> <li>• Combating socio-economic ills in a strategic and coordinated manner; and</li> <li>• Put forward a plan of action that will enjoy political buy-in at levels.</li> </ul> | <ul style="list-style-type: none"> <li>• 22 Nov 2024</li> <li>• 31 March 2025</li> <li>• 11 June 2025</li> </ul>                                                                                                             |
| <b>Disaster Advisory Forum</b>                | <p>The purpose of the forum is to implement, monitor and co-ordinate all disaster management related issues within Umzinyathi District by ensuring improved and continued communication. The forum consists of representatives from the district and local municipalities, SAPS, Traffic, emergency services etc.</p>                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>• 16 Sept 2024</li> <li>• 28 Nov 2024</li> <li>• 18 March 2025</li> <li>• 12 June 2025</li> <li>• 24 June 2025</li> </ul>                                                             |
| <b>District Communicators Forum</b>           | <p>The functions of the forum include but are not limited to the following:</p> <ul style="list-style-type: none"> <li>• To coordinate the sharing of information pertaining to all spheres of government;</li> <li>• To coordinate and organize a calendar of events for the district to ensure that these activities are streamlined across the district to avoid duplication and wastage</li> </ul>                                                                                                               | <p>The structure is reconfigured into DDM cluster and has been integrated into GSCID Cluster along with other structures, meeting convened as per below:</p> <ul style="list-style-type: none"> <li>• 28 Aug 2024</li> </ul> |

| Intergovernmental Relations Forum                   | Objective of the Function                                                                                                                                                     | Date of the Meetings                                                                                                                                                                                                                              |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                     | <p>of resources; and</p> <ul style="list-style-type: none"> <li>To provide support to local municipalities with regard to development of communication strategies.</li> </ul> | <ul style="list-style-type: none"> <li>19 Nov 2024</li> <li>26 March 2025</li> <li>25 June 2025</li> </ul>                                                                                                                                        |
| <b>Chief Financial Officer Forum /GSCID Cluster</b> | The purpose of the forum is to share information on sound financial management matters and also to provide advice to the Municipal Managers Forum on such matters.            | <p>The structure was reconfigured into DDM Clusters called GSCID, meetings were convened as per below:</p> <ul style="list-style-type: none"> <li>31 July 2024</li> <li>13 Nov 2024</li> <li>06 March 2025</li> <li>30 May 2025</li> </ul>        |
| <b>Infrastructure Forum /ESCID Cluster</b>          | The purpose of the forum is to ensure the integration and alignment of Infrastructure projects being implemented within the district.                                         | <p>The structure has been reconfigured into a DDM sub technical cluster, meetings were convened as per below:</p> <ul style="list-style-type: none"> <li>27 Aug 2024</li> <li>21 Nov 2024</li> <li>13 March 2025</li> <li>05 June 2025</li> </ul> |

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**2.6 Public Meetings**

Since the IDP involves participation of a number of stakeholders, it was crucial for the municipality to adopt an appropriate approach and also put in place appropriate structures to ensure effective participation. The municipality had a number of structures advocating public participation which are as follows:

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**IDP\_LED Technical Committee (IDP Representative Forum)**

The IDP Rep forum is a broad-based meeting where all the key role players meet to discuss developmental programmes and projects of the district, and it also serves for alignment and integration of the IDP's. The representatives that attend these meetings include the IDP, LED, and Planning Personnel of the district and four local municipalities, the sector departments, Service Providers, NGO's etc.

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**The Planning and Development Forum**

The IDP Alignment Committee is a mechanism that is established with the purpose of addressing specific issues of interest that need to be aligned between the district and local municipalities. The Alignment Committee meetings are different from the IDP\_LED Technical Committee meetings. The intension is that the alignment meetings focus on specific challenges and opportunities that exist between the district and local municipalities.

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**Public Engagements**

Known as the IDP Roadshows it is a process where communities are being provided an opportunity to discuss developmental issues as required by Chapter 4, Section 16 & 17 of the Municipal Systems Act, which stipulates that municipalities are required to develop a culture of public participation and consult their respective communities on developmental issues.

Additionally, the office of the special projects has an ongoing responsibility to engage the with officers tasked to various local municipalities in ensuring that proper engagement with community, those are public participation officers. Organized ward committees to work together in ensuring that services provided by the district are received in good quality.



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## **2.7 IDP Alignment**

### Horizontal Alignment

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Alignment of the uMzinyathi IDP with the local municipalities is imperative to ensure that there is a sharing of information – particularly with regards to strategies, objectives, programmes and projects, and it will be undertaken through the Planning and Development Forum which convenes on quarterly basis. The frequency of the meetings has assisted the district family to monitor alignment issues constantly.

### Vertical Alignment

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Alignment with Sector department and Service providers will also take place as it is essential in order for the district family to have consistence planning and also priorities can be indicated in their project prioritization. This was undertaken through meetings or one-on-one basis. The district convened four (4) IDP\_LED Technical Committee meetings (IDP Representative Forums), these meetings serve to discuss integration issues and also to present to Sector Departments the key municipal priorities which require funding for implementation in the next financial year, and also to obtain feedback from Sector Departments also for integration.

#### COMPONENT A: BASIC SERVICES

##### 3.1 Water Provision

During the year under review, the municipality managed to provide water to One thousand and fourth nine (1049) households. The district experienced challenges in the provision of water fully to the targeted households due to incomplete water projects. The municipality has noted the service delivery challenge in terms of piped water and opted to implement standalone scheme. The underperformance was caused by challenges faced listed below;

##### **Douglas Water Scheme Phase 4**

Reason for Delays -The contract was terminated due to poor performance.

Corrective measure - The Contract has been Re-Tendered. The contractor was awarded in November. The project was completed by end of April 2025. There is no water due illegal connection on the borehole. A new contractor has been appointment in May 2025 to drilling new boreholes

##### **Ntinini Water Supply Scheme KwaZondi**

Reason for Delays -The consultant has aboded the site to due non-payment from the client.

Corrective measure – The project was monitored internal by PMU Project Manager. The project is completed and community is getting water. The beneficiaries list information will be prepared by PMU Project Managers.

##### **Ruigtefontein & Kunene Farm Water Supply**

Reason for Delays -The contractor had poor performance on site and additional scope of works. The community was refusing that project to connect to the reservoir.

Corrective measure – The consultant has intervened to resolve social issues. The contractor has resolved his cash flow issues.

##### **KwaPharafini/Ngcengeni Water Supply Phase 2B**

Reason for Delays - The contractor had poor performance on site due to delay in payment by the consultant and therefore they were delayed in carrying out their duties.

Corrective measure – The consultant has improved in paying the service providers in time. KwaPharafini/Ngcengeni Water Supply Phase 2B has reached practical completion stage.

##### **Nquthu Regional Bulk Water Supply Scheme Phase Section B**

Reason for Delays - The contractor had poor performance on site and issue of pumps being stolen on site. Delay due social issue to appoint Local sand supplier. Hard Rock Excavation

Corrective measure – The Contractor has increased resources on site. The project has reached practical completion stage.

### **Nkubungwini Water Supply 3B**

Reason for Delays -The contract was terminated due to poor performance.

Corrective measure – The new contractor was appointed in March 2025 to continue with the project.

### **Tugela Ferry Waste Water Treatment Works**

- Equipment procurement for the pump station new pumps delivered.
- Irrigation pumps and gearbox motors were installed.
- Refurbishment of the aeration dam gearboxes is underway aiming to restore optimal operational performance.

### **Old Sampofu Abstraction Works**

Due to the number of pumps breakdowns and electrical failure the following work has been undertaken

- Procurement of a portable water pump to assist with the intake flow
- Desilting of raw water pump station sump
- Open, repair and fabricate raw water inlet sluice gates
- Clean and pressure wash the pump station and sump
- Refurbishment of existing T6 Gormen Rupp pump including removal, stripping, assembling and reinstalment of the pump.
- Installation of new Cornell pump to replace the broken pump.

### **Sampofu New Abstraction Works**

In order to address the continuous blockages, the following original raw scope of works had to be undertaken:

- The abstraction pipe had to be flushed by high pressure jetting form the chamber towards the pump station. The
- The submersible pumps were taken into the suppliers, in this case Grundfos pumps whom has refurbished both pumps.

- The MCC had to be rectified and repaired for electrical and pump controls, a new submersible pump was installed, controlled by the new MCC.

### **Greytown Water Treatment Works**

In order to address the maintenance problem, which was included as part of the original scope, the following was planned as part of the contract:

- The high-lift pump station underwent significant mechanical upgrades. The refurbishment process involved disassembling Pumps 1 and 2, which were then returned to the workshop for overhaul and Motor rewiring.
- Following refurbishment, non-return valves along with Pumps 1 and 2 were reinstalled on-site, along with their motors. With all four pumps now installed and operational, the electrical infrastructure was completed with the installation of control contactors, and fuses. Additionally, float switches were integrated to enable automatic pump operation based on liquid level fluctuations.

### **Sampofu 8 Mℓ/d Package Plant Treatment Works**

In order to ensure that the newly completed plant is functional, the following needs to be undertaken:

- Commissioning of the plant by specialist being Aquaplan Pty Ltd
- Repair minor defects and refill chemicals
- Automate the desludging of the clarifiers
- The de-sludge pipes in the clarifiers are very small (63mm) which needs regular cleaning
- Remove, clear and re-install the chemical dosing system for plant including the decommissioning of the existing chemical dosage pipe works and pumps. The chemical dosage tanks and the high lift pumps were exposed therefore the steel sheeting was required for weather protection

### **Biggarsburg Water Treatment Plant**

In order to address the minor remedial works, the scope of works indicated below was included as part of the original scope of works:

- The municipality completed the refurbishment of all 8 filters.
- Installing isolation valves electrical components on panels.

- Backwash pumps installed compressors and blowers is done

### **Ngubo/Ngcengeni pump station**

In order to address the minor remedial works, the below requirement was included as part of the original scope of works:

- Install 2 new pumps to replace those that are damaged. These pumps will supply Ngcengeni area. The 2 existing Ngubo pumps were taken to the supplier for repairs and refurbishment.
- A qualified electrician had to redesign electrical supply (MCC) and installation shop drawings was approved by an engineer for all electrical and instrumental works.

### **Mbono Res 7 (Tugela Ferry) Pump station**

Over and above the original scope of works, the electrical cables were replaced twice in the pump station due to cable theft in the area and the works can be summarized as follows:

- Excavation and backfill for the electrical cables including the stripping off the damage cables and disposal it off site.
- As indicated above the pump station was vandalized twice. The supply transport and installation of stolen cables were required.
- Repaired Bermad valve to facilitate automated shut down of the high lift pumps.

### **Msinga 3 Pump station at Cwaka**

Over and above the original scope, the pump station has been vandalized twice where electrical cables were stolen and the following remedial works were conducted:

- Excavation
- Supplying and installation of all stolen electrical cables
- Grease refill on the pumps for smooth rotation of pumps.
- Extended security services during the installation of cables and when there is a power outage.

### **Mbono Res 8 Pump station at Ezingulubeni**

The scope of works that was on an Additional Funding Application is summarized as follows:

- Installation of mild steel louvers lockable doors
- Remove existing left-over pipe works and dispose of site
- Break damaged concrete to allow extensions.
- Remove existing electrical cables and vandalized MMC
- Clean and prepare for a new pump station installation

- Install new pipework in accordance with the plans for suction and delivering
- Install pump sustaining valve, water meter and surge anticipating valve
- Install new pumps with associated motors which will allow one (1) duty and one (1) standby
- Install new electrical cables and design, manufacture and supply a competent subcontractor
- Install electrical diagrams, signage and paint the internal
- Upgrade access road with imported G5 natural gravel and compact to 93% MOD AASHTO density.
- Repair vandalized fencing and install new access gate.

#### **Msinga 4 Pump station at Makhankane**

In order to address the minor remedial works, the scope of works indicated below was included as part of the original scope of works:

- Remove and transport 2 x KSB pumps from Msinga to the workshop in Durban
- Refurbishment and re-installation of 2 x KSB 150/2 pumps
- Testing and commissioning of existing MCC panels and pumps

#### **Nquthu Regional Bulk Water Supply Scheme**

The municipality also prioritize the construction of 10km 600mm diameter Nquthu regional bulk pipeline to ensure sufficient provision of water to the Nquthu community. 8.6km of 15km Bulk pipeline successful laid.

#### **Nquthu / Thelezini Water Reticulation Scheme**

The Municipality completed the construction of two boreholes and 15 Km of 50mm/ 90mm diameter Nquthu / Thelezini Water reticulation to provide the community of KwaQwabe & Thelezini three hundred (300) households.

#### **Makhabeleni Water Supply Scheme Phase 6 (Zone E –F)**

The Municipality completed the construction of Water reticulation and 144 standpipes to provide the community of Makhabeleni two hundred and seventh eight (278) households.

#### **Ophathe Water Supply Scheme Phase 3**

The Municipality completed the construction of 2 boreholes and 16 Km of reticulation for Ophathe Oshikishini Area to benefit the community of Ntabenzima one hundred twenty-one (121) households.

### **KwaPharafini / Ngcengeni Water Supply Scheme Phase 1**

The construction entails of 6.2 km of 250 ND Butt-welded Hdpe, 6.6 KM Gravity line, 2ML Concrete Reservoir & 2No. 137 Kw. The beneficiaries to benefit is 204 Households.

### **Douglas Water Supply Phase 3**

The construction entails Sterilization of 8No. 6KL Concrete BPT, Float valves. The project was complete in April 2025. The beneficiaries to benefit is 473 Households.

### **KwaPharafini / Ngcengeni Water Supply Scheme Phase 2B**

The construction entails of 50 km, Associated valve, 130 Stand Pipes & BPT. The Project has achieved practical completion stage by 30 June 2025. The beneficiaries to benefit is 473 Households

### **KwaPharafini / Ngcengeni Water Supply Scheme Phase 2A**

The construction entails of 16.7 km of Bulk line, Reservoir & BPT. Delay caused by contractor poor performance and late payment to the CGP contractors. Slow progress meeting has been set to mitigate the risk of poor performance on site.

### **Ruigtefontein and Kunene Farm Water Reticulation**

The construction entails of 12.8 km of 75mm dia, 1.3km of 50mm dia, 1 Borehole & Associated valves fitting. Delay caused by the community of Wasbank of connecting to their existing reservoir. Slow progress meeting has been set to mitigate the risk of poor performance on site.

### **Upgrade of Water Supply Infrastructure for Mthembu West Area Phase 2 to 4 (Ph3)**

The construction entails of 5.8 km 200mm dia, 1 Pump Station, 2 Reservoirs & Associated valves fitting. Delay caused by change of design and the steel supply delivery dates. Slow progress meeting has been set to mitigate the risk of poor performance on site.

### **Upgrade of Water Supply Infrastructure for Mthembu West Area Phase 2 to 4 (Ph2)**

The construction entails of 9.6 km 150mm dia, 1 Reservoirs.

Delays caused by contractor poor performance.

X2 Grundfos pumps has been procure will be installed by the contractor

### **Nquthu Water 5 (Ntababomvu, Vuyiza & Mayicentela Villages)**

The construction entails of 7.3km rising main, Reservoirs, associate valves fitting & BPT. Delay work stoppage by labour strike.

Slow progress meeting has been set to mitigate the risk of poor performance on site.

The below table outlines the water projects that were applicable for the 2024/25 financial year;



**Table 19:** Water projects

| <b>UMZINYATHI DISTRICT MUNICIPALITY: PROJECTS REPORT 2024 TO 2025 FINANCIAL YEAR</b> |               |                 |                          |                                                     |                       |                         |                              |                 |
|--------------------------------------------------------------------------------------|---------------|-----------------|--------------------------|-----------------------------------------------------|-----------------------|-------------------------|------------------------------|-----------------|
| <b>Water Projects 2024-2025</b>                                                      |               |                 |                          |                                                     |                       |                         |                              |                 |
| <b>No.</b>                                                                           | <b>LM</b>     | <b>Ward No.</b> | <b>No. of Households</b> | <b>Project Name</b>                                 | <b>Funding source</b> | <b>Budget 2024-2025</b> | <b>Expenditure 2024-2025</b> | <b>Variance</b> |
| 1.                                                                                   | Umvoti/Msinga | 14              |                          | Muden Regional Water supply Phase 2                 | MIG                   | 13 775 331              | 3 051 078.42                 | 10 727 252.58   |
| 2.                                                                                   | Msinga        | 1               | 473                      | Douglas Water Scheme Phase 4                        | MIG                   | 6 399 501               | 449 551.35                   | 5 949 949.65    |
| 3.                                                                                   | Msinga        | 9               |                          | Mthembu West                                        | MIG                   | 1 820 928               | 0                            |                 |
| 4.                                                                                   | Umvoti        | 8               | 182                      | Ophathe Water Supply Scheme Phase 3                 | MIG                   | 3 650 920               | 7 236 251.92                 | -3 585 331.92   |
| 5.                                                                                   | Nqutu         | 3,4,5&10        | 994                      | Ntinini Water Project – AFA (Implementation) 205754 | MIG                   | 8 340 019               | 387 883.50                   | 7 952 135.50    |
| 6.                                                                                   | Nquthu        | 15              |                          | Nquthu Regional Water Supply Scheme                 | MIG                   | 38 757 510              | 66 556 250.97                | -27 798 740.97  |
| 7.                                                                                   | Endumeni      | 1               |                          | Ruigtefontein & Kunene Farm Water Supply            | MIG                   | 14 890 565              | 12 570 362.52                | 2 320 202.48    |

**UMZINYATHI DISTRICT MUNICIPALITY: PROJECTS REPORT 2024 TO 2025 FINANCIAL YEAR**
**Water Projects 2024-2025**

| <b>No.</b> | <b>LM</b> | <b>Ward No.</b> | <b>No. of Households</b> | <b>Project Name</b>                                                       | <b>Funding source</b> | <b>Budget 2024-2025</b> | <b>Expenditure 2024-2025</b> | <b>Variance</b> |
|------------|-----------|-----------------|--------------------------|---------------------------------------------------------------------------|-----------------------|-------------------------|------------------------------|-----------------|
| <b>8.</b>  | Nquthu    | 5               | 287                      | Nquthu Ward 5 (Ntababomvu, Vuyiza Mayicentela Villages) Water Scheme      | MIG                   | 21 011 612              | 16 908 350.09                | 4 103 261.91    |
| <b>9.</b>  | Msinga    | 4               |                          | Upgrade of Water Supply Infrastructure for Mthembu West Area Phase 2 to 4 | MIG                   | 25 025 038              | 23 484 854.98                | 1 540 183.02    |
| <b>10.</b> | Msinga    | 3               | 350                      | KwaPharafini/Ngcengeni Water Supply                                       | MIG                   | 25 192 832              | 44 047 267.61                | -18 854 435.61  |
| <b>11.</b> | Nquthu    | 9 & 16          | 300                      | Upgrade of Nquthu Thelezini Water Supply Scheme                           | MIG                   | 8 610 263               | 2 931 208.58                 | 5 679 054.42    |
| <b>12.</b> | UMvoti    |                 |                          | Muden Regional Water Supply Scheme Phase 1                                | MIG                   | 1 050 200               | 518 308.55                   | 531 891.45      |
| <b>13.</b> | Various   |                 |                          | Infrastructure replacement and refurbishment project                      | MIG                   | 10 499 999              | 23 831 162.51                | -13 331 163.51  |
| <b>14.</b> | Msinga    | 2               |                          | Gunjana Water Supply Phase 3                                              | WSIG                  | 14 000 000              | 20 871 580.02                | -6 871 580.02   |

**UMZINYATHI DISTRICT MUNICIPALITY: PROJECTS REPORT 2024 TO 2025 FINANCIAL YEAR****Water Projects 2024-2025**

| No. | LM     | Ward No. | No. of Households | Project Name                    | Funding source | Budget 2024-2025   | Expenditure 2024-2025 | Variance            |
|-----|--------|----------|-------------------|---------------------------------|----------------|--------------------|-----------------------|---------------------|
| 15. | Msinga | 8        |                   | Nkubungwini Water Supply 3B     | WSIG           | 24 798 503.02      | 10 006 494.80         | 14 792 008.22       |
| 16. | Msinga | 2        |                   | Gunjana Water Supply Phase 4    | WSIG           | 3 814 718.04       | 4 119 772.52          | -305 054.48         |
| 17. | UMvoti | 1 and 4  |                   | Umvoti Water Supply             | WSIG           | 24 584 215.99      | R11 585 499.42        | 12 998 716.57       |
| 18. | UMvoti | 4        |                   | Sinyambothi Water Supply Scheme | WSIG           | 14 948 325.08      | R2 988 393.70         | 11 959 931.38       |
|     |        |          |                   | <b>TOTAL WATER</b>              |                | <b>234 551 049</b> | <b>161 292 892.8</b>  | <b>7 808 280.67</b> |

**3.2 Sanitation Provision**

In terms of sanitation, Msinga sanitation is also on progress as well as commencement was earlier than anticipated as the construction began during the year 2024/25 financial year.

**Table 20:**Sanitation project

| No. | LM | Ward No. | No. of Households | Project Name | Funding source | Budget 2024-2025 | Expenditure 2024-2025 | Variance |
|-----|----|----------|-------------------|--------------|----------------|------------------|-----------------------|----------|
|-----|----|----------|-------------------|--------------|----------------|------------------|-----------------------|----------|

|    |        |                               |      |                                                   |     |                   |                     |                      |
|----|--------|-------------------------------|------|---------------------------------------------------|-----|-------------------|---------------------|----------------------|
| 1. | Msinga | 3,4,5,6,7,8,9,<br>10,11,12,13 | 1500 | Eradication of<br>Msinga<br>Sanitation<br>Backlog | MIG | 15 869 503        | 286 585.21          | 15 582 644.79        |
| 2. | Nquthu |                               | 300  | Eradication of<br>Nquthu<br>Sanitation<br>Backlog | MIG | 1 684 467         | 1 517 743.78        | 166 723.22           |
|    |        |                               |      | <b>TOTAL<br/>SANITATION</b>                       |     | <b>17 553 970</b> | <b>1 804 328.99</b> | <b>15 749 368.01</b> |

### 3.3 Other Infrastructure Projects

During 2024/25 financial year, the municipality obtained grant funding through the Municipal Disaster Response Grant for repairs of the damaged infrastructure due floor storm.

Other infrastructure projects are as follows:

**Table 21:** Other Infrastructure projects

| No. | LM       | Ward No. | No. of<br>Households | Project Name        | Funding<br>source | Budget<br>2024-2025 | Expenditure 2024-<br>2025 | Variance     |
|-----|----------|----------|----------------------|---------------------|-------------------|---------------------|---------------------------|--------------|
| 1.  | Various  | N/A      | N/A                  | PMU Support         | MIG               | 11 342 200          | 8 860 983.01              | 2 481 216.99 |
| 2.  | Endumeni | 4        |                      | uMzinyathi Disaster | MIG               | 1 276 250.00        | 1 499 157.00              | 222 907      |

|    |                       |              |  |                                   |      |                   |                      |                     |
|----|-----------------------|--------------|--|-----------------------------------|------|-------------------|----------------------|---------------------|
|    | LM                    |              |  | Management Centre                 |      |                   |                      |                     |
| 3. | Various               |              |  | Municipal Disaster Response Grant | MDRG | 6 525 000         | 0                    | 6 525 000           |
| 4. | Msinga LM<br>Mvoti LM | 17,19<br>1,2 |  | Spring Protection                 | EPWP | 1 000 000.00      | 1 000 000.00         | 0.00                |
|    |                       |              |  | <b>TOTAL OTHER PROJECTS</b>       |      | <b>20 143 250</b> | <b>11 360 140.01</b> | <b>9 229 123.99</b> |

### 3.4 Expanded Public Works Programme (EPWP)

The EPWP program is one of government's shining light, where job opportunities are being created each and every financial year. UMzinyathi District Municipality is one of the most rural and poor districts in the province, work opportunities are few and far between, our people depend on programs such as EPWP to sustain themselves.

The EPWP program is a twelve-month contract. EPWP office in the district strives to make sure participants are being capacitated with skills that will help them to create job opportunities after the program.

This program has employed **Two hundred twenty-six (226)** participants during the 2024/25 financial year through EPWP grant and currently running eight (8) projects, with a budget of R5 349.000 under Integrated Grant (IG).

The programme has introduced Skills Development project where participants are being trained in skills development so that they will be able to created job opportunities for themselves. Also, there is a wheel barrow project where participants are also capacitated with a skill to manufacture wheel barrow using their hands instead of the machines. This project will also help in creating job opportunities in the district.

Umzinyathi strives to create EPWP Programmes that will provide the participants with life time skills that will help them in sustaining the bright future for themselves through usage of the skills they gained. The Municipality recognizes the fact that the unemployment rate is very high therefore equipping the youth with rightful skills can be used as the weapon against unemployment.

Table 22: EPWP participants

| Project Name             | Number of Participants |
|--------------------------|------------------------|
| Spring Protection        | 12                     |
| Artisan                  | 13                     |
| UMzinyathi Cleaning      | 26                     |
| Grass Cutting            | 31                     |
| Car Wash                 | 14                     |
| Skills Development Craft | 20                     |

| Project Name | Number of Participants |
|--------------|------------------------|
| Wheel Barrow | 5                      |
| Dairy Farm   | 5                      |

#### Skills Development project



Participants are being encouraged to make sure that they use each and every opportunity that they have been given. Also, the office makes sure that the participant stays only twelve months on the programme so that more people will get opportunities.

**Wheel Barrow** - Participants are trained in manufacturing wheel barrow from stretch. This training will assist participants even after 12 months training to be able to open there own businesses.



### 3.5 Environmental Management

Manage the strategic direction for the provision of environmental planning, coordination and management in the District; waste management, greening of open spaces and public facilities management. Close preparation and management of waste section budget.

During the financial year under review the municipality conducted landfill sites assessment in all four landfill sites across the District. The assessment is essential for the purposes of monitoring that compliance is upheld with their legislated waste management licenses that govern activities on these facilities.

Regarding the review of the District Integrated Waste Management Plan , SALGA has been engaged in the effort to get an opportunity to update this sector planning tool. As this would help in ensuring that waste management issues for the district as a whole are up to date and also get reflected or translated in other Municipal planning instruments such as the IDP, as a way of keeping the general public updated on matters of waste.

The District has been making sure that during cleanup campaigns it creates a slot, where it talks about climate change because if communities manage waste properly this has positive knock-on effect indirectly. Waste management forum have been conducted, as this IGR Structure has the purpose providing technical support in waste management matters, play a monitoring role on the functioning of waste disposal facilities and convening stakeholders from all spheres of government, commercial and industrial sectors to share knowledge.



Nquthu cleanup-campaign; Involving EDTEA, DDFFE, Nquthu By-back Centre and the District and Local Municipalities.



The District was able to participate in clean up campaigns in partnership with EDTEA and the Local Municipalities, allowing it an opportunity to reflect in **climate change** and its impact on our communities.

In the 2024/2025 financial year the District managed to establish the District waste Management Forum which is an intergovernmental sub-forum that seeks to:

- Provide Technical Support for local government structures in matters of waste management best practices.
- To play a monitoring role on the functioning of waste disposal facilities across the district.
- To convene the stakeholders from all spheres of government , commercial and industrial sectors to share knowledge on how to improve waste management best practices that ensures environmental protection.

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### 3.6 Road Asset Management System

The Department of Transport in partnership with UMzinyathi District Municipality, embarked on the process of implementing Road Asset Management Systems (RAMS). Its aim to ensure efficient and effective investment in rural roads and the collection of associated road and bridge inventory data condition assessments and traffic information.

Improved data on rural roads will guide infrastructure investment, improve accessibility to and mobility of rural communities. The Department of Transport provided funding to the value of

R2 550 000.00 for the implementation of the project during the year under review, there was a stoppage allocation of R756 000 due to late appointment of service provider and non-performance, the adjustment allocation of R1 791 000 was fully utilized.

During the year under review, the following phases were undertaken as part of the project, a 1<sup>st</sup> round road visual condition assessment, License renewal, Geographical information system data reconciliation and refinement, reporting, training of graduates/technicians, data processing and consolidation (TMH 18 format), Prioritization and Reporting to Department of Transport

In the new financial year, we are planning to undertake the traffic count, 2<sup>nd</sup> round of Road visual condition assessment, Bridges Condition assessment, License renewal, Training for Graduates, hire vehicles for assessment, Geographical information system data reconciliation and refinement, training of graduates / technicians, Prioritization and Reporting to the Department of Transport, data processing and consolidation (TMH 18 format), Preparation of Business Plan.

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### **3.7 Operation and Maintenance**

As the Water Service Authority, uMzinyathi District Municipality has the duty to all its customers or potential customers in its area of jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to Water Services (Water Services Act of 1997 Section 11). Operations and Maintenance unit is used as a tool to ensure that this goal is met by means of the following:

- ▶ Responsible for 13 Water Treatment Works and 5 Waste Water Treatment Plants/Works,
- ▶ Production Boreholes Schemes and Stand Alone Schemes,
- ▶ Water Services Networks and related pump station (Water and Sewer),
- ▶ Hand Pump Boreholes (Rudimentary Schemes)
- ▶ Eradicating backlogs for Water and Sanitation.
- ▶ Development of Bulk Water Master Plan and Regional Schemes to ensure sustainable water services delivery.
- ▶ Ensure that all villages of the district have running water

## **OVERVIEW REPORT ON THE STATUS OF WATER TREATMENT PLANTS**

### **SOUTH REGION**

| Name of Asset                                                                    | Ward and Area Supplied                                                                                                          | Status and Challenges                                                                                                                                                                                                                                                                                                                                                              | Intervention                                                                                                                                                                                        |
|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Sampofu Water Treatment Works</p> <p>-28.744562, 30.382377</p>             | <p>3,4,5</p> <p>Ngcengi</p> <p>Ngubo</p> <p>Paraffin</p> <p>Tugela Ferry</p> <p>Mshayazaf</p> <p>Mantseleni</p> <p>Ebomvini</p> | <p>The plant has a capacity of 3ML per day but it is currently operating beyond capacity at 3.6ML per day</p> <p>The plant is functional</p> <p>There was a package plant that was constructed that is expected to increase the capacity of the plant by an additional 8ML/d however the plant is currently non operational but commissioning of the bulk pipeline is underway</p> | <p>Commissioning of the new package plant will eradicate all water challenges in Tugela Ferry and Pomeroy areas.</p> <p>Short term:drilling of additional borehole to augment supply</p>            |
| <p>2. Sampofu Weir Treatment Works (In Pomeroy)</p> <p>-28.580404, 30.449925</p> | <p>17,18</p> <p>Pomeroy</p>                                                                                                     | <p>This is a borehole package plant has a capacity of 0.5 ML per day</p> <p>Relying on 3 boreholes supply is Inadequate</p> <p>The main challenge is that there are a lot of illegal connections connected to the rising main from Sampofu weir plant which makes it impossible for the water to reach Pomeroy town.</p>                                                           | <p>Commissioning of the new package plant in Sampofu will eradicate all water challenges in Tugela Ferry and Pomeroy areas.</p> <p>Short term:drilling of additional borehole to augment supply</p> |

|                                                                   |                                                                                            |                                                                                                                                                                                                                              |                                                                                                                                                                                                           |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. Ngubukazi Water Treatment Works<br>-28.646239,<br>30.462010    | 17<br>Ngubukazi                                                                            | <p>The plant is not currently operating at full capacity 0.432ML as there is only one borehole operating</p> <p>There is not enough water to supply the area.</p>                                                            | <ul style="list-style-type: none"> <li>Commissioning of Sampofu package will assist with increasing capacity of the plant.</li> </ul> <p>Short term:drilling of additional borehole to augment supply</p> |
| 4. Fabeni Water Treatment Works<br>-28.823794,<br>30.485862       | 11<br>Fabeni                                                                               | <p>This is a borehole package plant with a design capacity 0,041 ML (41kl a day but we are operating at 54k/l a day.</p> <p>There is not enough water to supply the area because of illegal connections and high demand.</p> | There's a proposal to see if we can get water from KwaKopi Water Schemi to Fabeni.                                                                                                                        |
| 5. Keates Drift Water Treatment Works<br>-28.861646,<br>30.495293 | 11,12<br>Keates Drift<br>KwaLatha<br>eMahhozin i<br>eNyonini<br>eMachunwini<br>eSphongweni | The design capacity of the package plant is 0.5 ML. We are treating an average of 0.48 ML Currently our supply cannot meet demand bearing in mind the illegal connection and the intended supply from the Muden project.     | Plant to be prioritised in the refurbishment plan for 2025/2026                                                                                                                                           |

|                                                                         |                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                   |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
|                                                                         | Ngqungqu<br>lwini<br><br>Ndondwa<br>ne<br><br>Mvundleni                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                   |
| 6. Muden<br>Water<br>Treatment<br>Works<br><br>-28.980209,<br>30.379429 | 8,10,11<br><br>Oshikshini<br><br>Pholani<br><br>KwaLeje<br><br>eMsamo<br><br>Mjintini<br><br>Nkanini<br><br>Vondela<br><br>Ophathe<br><br>Msamo<br><br>eMakhuze<br>ni | <p>We have a limited supply of raw water at the canal. Old plant design capacity is 3ML per day we are currently not using the old plant because there are problems with the filters.</p> <p>We are using the new plant with a design capacity of 8Mega Litres but treating an average of 4.3Mega litres a day.</p> <p>On the 31/01/2025 High Lift Pump No. 3 was taken out for repairs by the service provide. Pump replaced on 14/03/2025</p> <p>A New High Lift Pumpsand Motor for pump No 3, was brought by Umzinyathi on the 26/03/2025, need to install after fixing the base.</p> | Muden Canal Project will allow us to operate at 100% capacity                                                     |
| 7. Greytown<br>Water<br>Treatment<br>Works<br><br>-29.070103,           | 7<br><br>Greytown<br><br>Nhlalakahl<br>e                                                                                                                              | <p>Design capacity is 6ML/d, and the plant is operating at full capacity.</p> <p>Lake Merthley Dam wall is due for the safety inspection.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                            | Long term:Completion of Umvoti Bulk Project will ensure sufficient supply of water in the entire area of Greytown |

|                                                                              |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                           |
|------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| 30.576995                                                                    | Gugulethu<br>Solomon                    | <p>Supply cannot meet demand. The plant design capacity is 6M/d and the plant is operating at 6M/d.</p> <p>Top Section of Greytown and parts of Nhlalakahle runs out of water when the plant reservoirs are low.</p> <p>All Townlands Boreholes were vandalised (Needs to rehabilitate Townlands Boreholes in order to get more water in the system as the issue of Craig burn pipe line and new water works is still not yet sorted out).</p> <p>- As of 30/01/2025 due to low reservoir levels, the water closed at 23h00 and opened at 03h00.</p> |                                                           |
| <p>8. Emakhabeleni Water Treatment Works</p> <p>28.775953,<br/>30.898863</p> | 6<br>Emakhabeleni Water Treatment Works | <p>The plant has a design capacity of 4ML per day however we are restricted with the abstraction of the raw water.</p> <p>There are challenges with the sand filter system and Umzinyathi High Lift Pumps.</p> <p>We are currently using Uthungulu high lift pumps to pump water to the Umzinyathi side.</p>                                                                                                                                                                                                                                         | Plant to be prioritised in the 2025/26 refurbishment plan |

## NORTH REGION

| Name of Asset      | Co-ordinates                    | Plant Capacity   | Problem Identified                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Proposed Solutions                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------|---------------------------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9. Biggarsberg WTP | 28°14'37.66"S,<br>30°30'52.29"E | 14<br>Megalitres | <ul style="list-style-type: none"> <li>The plant is currently experiencing problems with the rapid gravity filters.</li> <li>The plant cannot run the large pumps to pump water to the Glencoe reservoirs which provide water to all of Glencoe, Sithembile, Wasbank and the Ruigterfontein/Ebusi areas due to the lack of cashflow needed for the higher-than-normal diesel consumption during the Eskom loadshedding.</li> <li>The Tayside high lift pump volumes are down.</li> </ul> | <ul style="list-style-type: none"> <li>The repairs of the filters are currently in progress again.</li> <li>The operator of the plant has indicated that they require funding to enable them to run the large pumps in order to pump sufficient volumes of water to the Glencoe and Wasbank areas.</li> <li>The existing pump is functional and the standby pump has been sent for repair.</li> </ul> |

|                                    |                                          |                   |                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------|------------------------------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10. Nondweni Water Treatment Works | 30°48'14.005'' E<br><br>28°11'58.830'' S | 2 Megalitre Plant | <ul style="list-style-type: none"> <li>The borehole pump augmenting water supply to the plant failed.</li> <li>The raw water abstraction pipes in the riverbed are problematic</li> <li>The sand weir in the river washed away.</li> </ul> | <ul style="list-style-type: none"> <li>The line shaft pump is stuck in the sleeve. The faulty pump was attended to by Khunjalo and thereafter it went faulty and now the pump is faulty and stuck in the sleeve.</li> <li>There is a need for a permanent concrete weir as there is always a need to put sand in the river to ensure that the suction pipes is under water in order to attend further burst pipes on the rising main to the plant.</li> <li>There is a need to place the sand weir again in the river in order to prevent the pumps from sucking air. Excavator placed the sand</li> </ul> |
|------------------------------------|------------------------------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



|                                      |                                          |                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------|------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      |                                          |                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | in the river.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 11. Isandlwana Water Treatment Works | 30°37'55.458'' E<br><br>28°21'24.823'' S | 350 Kilolitre Plant | <ul style="list-style-type: none"> <li>• Structural repairs required such as leaking roof, etc.</li> <li>• The chlorine dosing pipes is leaking.</li> <li>• Bot the chlorine pumps are faulty.</li> <li>• The high lift pump no:1 not returned from repairs.</li> <li>• There are lights on this plant that is not operational.</li> <li>• The plant has no power due to an electrical fault on the transformer belonging to the uMzinyathi DM.</li> <li>• The bulk transfer pump station is not operational due to a burnt cable from the Eskom electrical meter box to the electrical panel in the pump house.</li> </ul> | <ul style="list-style-type: none"> <li>• The structures need to be repaired.</li> <li>• The chlorine dosing pipes needs to be replaced.</li> <li>• Both the chlorine pumps need to be replaced.</li> <li>• The pump was removed for repairs.</li> <li>• The lights need to be attended to in order to ensure a safe working environment.</li> <li>• The transformer was taken on the 20<sup>th</sup> of December 2024 for repairs and a 150 KVA generator was placed at this plant to provide power.</li> <li>• We are awaiting the service provider to</li> </ul> |

|                                   |                                          |                     |                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------|------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                   |                                          |                     |                                                                                                                                                                                                                                                                                                                                                                                                                       | respond as they were called in December 2024.                                                                                                                                                                                                                                                                                                                                     |
| 12. Qhudeni Water Treatment Works | 28.5763149261475<br><br>30.7799320220947 | 350 Kilolitre Plant | <ul style="list-style-type: none"> <li>• This plant is not operational as the weir is silted up.</li> <li>• The high lift pumps no 2 has an electrical fault.</li> <li>• The chlorine dosing lines is leaking.</li> <li>• Both the chlorine dosing pumps is faulty.</li> <li>• There is a need for structural repairs at this plant such as ceilings, etc.</li> <li>• The raw water flow switch is faulty.</li> </ul> | <ul style="list-style-type: none"> <li>• The weir needs to be cleared in order to proceed with water purification.</li> <li>• The fault needs to attended to.</li> <li>• The chlorine dosing lines needs to be changed.</li> <li>• The pumps need to be replaced.</li> <li>• The structural repairs need to be attended to.</li> <li>• The flow switch needs to be rep</li> </ul> |

## PLANT PRODUCTION FIGURES

| Name of Plant                     | Design   | Jul-24         | Aug-24         | Sep-24        | Oct-24         | Nov-24        | Dec-24        | Jan-25         | Feb-25        | Mar-25         | Apr-25        | May-25          | Jun-25        | 2024/2025       |                             |
|-----------------------------------|----------|----------------|----------------|---------------|----------------|---------------|---------------|----------------|---------------|----------------|---------------|-----------------|---------------|-----------------|-----------------------------|
| Monthly Volumes                   | Capacity | m³             | m³             | m³            | m³             | m³            | m³            | m³             | m³            | m³             | m³            | m³              | m³            | m³              |                             |
| Fabeni WTW                        | 0,041 M  | 1066           | 1226           | 1188          | 1288           | 1005          | 1494          | 1741           | 1615          | 1199           | 0             | 177             | 33376         | 45375           |                             |
| Keats Drift & Intaka WTW          | 0,5 M    | 0              | 0              | 0             | 0              | 0             | 0             | 4671           | 3076          | 3028           | 3094          | 4971            | 5876          | 24716           | We add intaka tank values   |
| Sampotu (Tugela Ferry) WTW        | 3 M      | 110407         | 107446         | 116267        | 112754         | 86557         | 53056         | 92449          | 87079         | 96436          | 60813         | 116449          | 109825        | 1149538         | We add the gooseneck values |
| Sampotu Weir (Pomeroy) WTW        | 0,5 M    | 61             | 44             | 0             | 1              | 1             | 100           | 0              | 130           | 0              | 4             | 0               | 11            | 352             |                             |
| Makhabeleni WTW                   | 4 M      | 36989          | 51098          | 40396         | 14035          | 24954         | 22939         | 19571          | 16852         | 17472          | 7590          | 3777            | 6688          | 262361          |                             |
| Greytown WTW                      | 6 M      | 165151         | 167369         | 166443        | 173897         | 168138        | 168359        | 163979         | 144504        | 167306         | 163819        | 170698          | 165187        | 1984850         |                             |
| Muden WTW                         | 8 M      | 87743          | 90457          | 70922         | 70465          | 63197         | 62363         | 46732          | 12554         | 52202          | 66373         | 84000           | 72111         | 779119          | We add the gooseneck values |
| Kranskop WTW                      | 0,8 M    | 18438          | 17757          | 17485         | 16970          | 15195         | 12370         | 20630          | 17027         | 19323          | 20383         | 21102           | 18954         | 215634          |                             |
| Isandlwana WTW                    | 0,35 M   | 13095          | 11648          | 11446         | 0              | 0             | 1159          | 5386           | 1647          | 366            | 46            | 6996            | 10501         | 62290           |                             |
| Nondweni WTW                      | 2 M      | 38610          | 37080          | 9270          | 23180          | 10190         | 17560         | 4020           | 16790         | 19390          | 12490         | 28120           | 17440         | 234140          |                             |
| Nquthu/Van's Drift WTW            | 9 M      | 153950         | 128919         | 118458        | 110260         | 106181        | 114813        | 96304          | 119156        | 146961         | 60912         | 123041          | 153154        | 1432109         |                             |
| Qhudeneni WTW                     | 0,35 M   | 8128           | 9892           | 9100          | 6354           | 81            | 2722          | 0              | 0             | 0              | 657           | 213             | 0             | 37147           |                             |
| Biggersburg Water Treatment Works | 14 M     | 511445         | 527840         | 402210        | 472363         | 451587        | 396536        | 464996         | 407156        | 482426         | 481912        | 381624          | 288821        | 5268916         |                             |
| <b>Total</b>                      |          | <b>1145083</b> | <b>1150776</b> | <b>963185</b> | <b>1001567</b> | <b>927086</b> | <b>853471</b> | <b>920479</b>  | <b>827586</b> | <b>1006109</b> | <b>878093</b> | <b>941168</b>   | <b>881944</b> | <b>11496547</b> |                             |
|                                   |          |                | <b>3259044</b> |               | <b>2782124</b> |               |               | <b>2754174</b> |               | <b>2701205</b> |               | <b>11496547</b> |               |                 |                             |

5.1 The department targeted 11 566 760 m³ and produced a combined total of 11 496 547m³. This is due to the operational challenges at Isandlwana, Nondweni, Qhudeneni, Mudeni, Pomeroy and Keates Drift Water Treatment Plants.

### a. Targeted values vs Actual per Quarter

| Quarter      | Targeted Volume to be produced (m³) | Actual Volume Achieved (m³) |
|--------------|-------------------------------------|-----------------------------|
| 1            | 3 000 000                           | 3 259 044                   |
| 2            | 3 000 000                           | 2 782 124                   |
| 3            | 3 000 000                           | 2 754 174                   |
| 4            | 3 000 000                           | 2 701 205                   |
| <b>Total</b> | <b>12 000 000</b>                   | <b>11 496 547</b>           |

# WATER BALANCE SPREADSHEET

|                                                                                                           |                                           |                                 |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
|-----------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------|-----------|-----------|---------|-----------|---------|---------|---------|---------|-----------|---------|---------|---------|--|--|
| District Municipality                                                                                     |                                           | UMZINYATH DISTRICT MUNICIPALITY |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
| Municipal Code                                                                                            |                                           | DC24                            |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
| Municipality                                                                                              |                                           | UMZINYATH DISTRICT MUNICIPALITY |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
| Water Supply System                                                                                       |                                           | All Systems                     |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
| Settlements                                                                                               |                                           |                                 |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
| Water Balance Calculations                                                                                |                                           | Month                           | Jul-24    | Aug-24    | Sep-24  | Oct-24    | Nov-24  | Dec-24  | Jan-25  | Feb-25  | Mar-25    | Apr-25  | May-25  | Jun-25  |  |  |
|                                                                                                           | System input volume                       | kl/month                        | 1 140 083 | 1 150 776 | 963 185 | 1 001 567 | 927 086 | 853 471 | 920 479 | 827 586 | 1 006 109 | 878 093 | 941 168 | 881 944 |  |  |
|                                                                                                           | Own sources                               | kl/month                        | 1 140 083 | 1 150 776 | 963 185 | 1 001 567 | 927 086 | 853 471 | 920 479 | 827 586 | 1 006 109 | 878 093 | 941 168 | 881 944 |  |  |
|                                                                                                           | Other sources                             | kl/month                        | 0         | 0         | 0       | 0         | 0       | 0       | 0       | 0       | 0         | 0       | 0       | 0       |  |  |
|                                                                                                           | Authorised Consumption                    | kl/month                        | 383 532   | 521 478   | 380 592 | 166 646   | 311 868 | 271 068 | 411 709 | 401 314 | 320 925   | 141 474 | 156 993 | 83 948  |  |  |
|                                                                                                           | Billed authorised                         | kl/month                        | 383 532   | 521 478   | 380 592 | 166 646   | 311 868 | 271 068 | 411 709 | 401 314 | 320 925   | 141 474 | 156 993 | 83 948  |  |  |
|                                                                                                           | Billed metered                            | kl/month                        | 383 532   | 521 478   | 380 592 | 166 646   | 311 868 | 271 068 | 411 709 | 401 314 | 320 925   | 141 474 | 156 993 | 83 948  |  |  |
|                                                                                                           | Domestic (and non-domestic)               | kl/month                        | 273 656   | 295 363   | 256 160 |           |         |         | 289 419 | 224 327 | 237 408   | 44 955  | 50 264  | 23 187  |  |  |
|                                                                                                           | Non-domestic                              | kl/month                        | 109 876   | 226 115   | 124 432 |           |         |         | 122 290 | 176 987 | 83 517    | 96 519  | 106 729 | 60 761  |  |  |
|                                                                                                           | Export volume                             | kl/month                        | 0         | 0         | 0       | 0         | 0       | 0       | 0       | 0       | 0         | 0       | 0       | 0       |  |  |
|                                                                                                           | Billed unmetered                          | kl/month                        | 0         | 0         | 0       | 0         | 0       | 0       | 0       | 0       | 0         | 0       | 0       | 0       |  |  |
|                                                                                                           | Unbilled authorised                       | kl/month                        | 0         | 0         | 0       | 0         | 0       | 0       | 0       | 0       | 0         | 0       | 0       | 0       |  |  |
|                                                                                                           | Unbilled metered                          | kl/month                        | 0         | 0         | 0       | 0         | 0       | 0       | 0       | 0       | 0         | 0       | 0       | 0       |  |  |
|                                                                                                           | Unbilled unmetered                        | kl/month                        | 0         | 0         | 0       | 0         | 0       | 0       | 0       | 0       | 0         | 0       | 0       | 0       |  |  |
|                                                                                                           | Water Losses                              | kl/month                        | 756 551   | 629 298   | 582 593 | 834 921   | 615 218 | 582 403 | 508 770 | 426 272 | 685 184   | 736 619 | 784 175 | 797 996 |  |  |
|                                                                                                           | Commercial / Apparent losses              | kl/month                        | 287 489   | 239 133   | 221 385 | 317 270   | 233 783 | 221 313 | 193 333 | 161 983 | 260 370   | 279 915 | 297 987 | 303 238 |  |  |
|                                                                                                           | Physical / Real losses                    | kl/month                        | 469 062   | 390 165   | 361 208 | 517 651   | 381 435 | 361 090 | 315 437 | 264 289 | 424 814   | 456 704 | 486 189 | 494 758 |  |  |
|                                                                                                           | UARL                                      | kl/month                        | 100 489   | 100 489   | 100 489 | 100 489   | 100 489 | 100 489 | 100 489 | 100 489 | 100 489   | 100 489 | 100 489 | 100 489 |  |  |
|                                                                                                           | Potential real loss saving                | kl/month                        | 368 573   | 289 676   | 260 719 | 417 162   | 280 946 | 260 601 | 214 948 | 163 800 | 324 325   | 356 215 | 385 700 | 394 269 |  |  |
|                                                                                                           | Revenue water                             | kl/month                        | 383 532   | 300 079   | 380 592 | 166 646   | 311 868 | 271 068 | 411 709 | 401 314 | 320 925   | 141 474 | 156 993 | 83 948  |  |  |
|                                                                                                           | Non-Revenue water                         | kl/month                        | 756 551   | 629 298   | 582 593 | 834 921   | 615 218 | 582 403 | 508 770 | 426 272 | 685 184   | 736 619 | 784 175 | 797 996 |  |  |
|                                                                                                           | Projected SIV without WDM                 | kl/month                        | 627 913   | 629 169   | 630 427 | 630 427   | 630 427 | 630 427 | 630 427 | 630 427 | 630 427   | 630 427 | 630 427 | 630 427 |  |  |
| Projected SIV with WDM                                                                                    | kl/month                                  | 0                               | 0         | 0         | 0       | 0         | 0       | 0       | 0       | 0       | 0         | 0       | 0       |         |  |  |
| Source of information                                                                                     |                                           |                                 |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
| Comments                                                                                                  |                                           |                                 |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
| Note : All underlined values have been calculated using trends and / or averages based on previous years. |                                           |                                 |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
| Key performance indicators                                                                                |                                           | Month                           | Jul-24    | Aug-24    | Sep-24  | Oct-24    | Nov-24  | Dec-24  | Jan-25  | Feb-25  | Mar-25    | Apr-25  | May-25  | Jun-25  |  |  |
|                                                                                                           | Indicator as % of system input volume     |                                 |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
|                                                                                                           | % Revenue water                           |                                 | 33,6%     | 45,3%     | 39,5%   | 16,6%     | 33,6%   | 31,8%   | 44,7%   | 48,5%   | 31,9%     | 16,1%   | 16,7%   | 9,5%    |  |  |
|                                                                                                           | % Non-revenue water                       |                                 | 66,4%     | 54,7%     | 60,5%   | 83,4%     | 66,4%   | 68,2%   | 55,3%   | 51,5%   | 68,1%     | 83,9%   | 83,3%   | 90,5%   |  |  |
|                                                                                                           | % Water Losses                            |                                 | 66,4%     | 54,7%     | 60,5%   | 83,4%     | 66,4%   | 68,2%   | 55,3%   | 51,5%   | 68,1%     | 83,9%   | 83,3%   | 90,5%   |  |  |
|                                                                                                           | System input volume unit consumption      |                                 |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
|                                                                                                           | Litres / capita / day                     |                                 | 57        | 67        | 45      | 45        | 45      | 45      | 45      | 45      | 45        | 45      | 45      | 45      |  |  |
|                                                                                                           | m³ / household / month                    |                                 | 9         | 10        | 7       | 7         | 7       | 7       | 7       | 7       | 7         | 7       | 7       | 7       |  |  |
|                                                                                                           | m³ / connection / month                   |                                 | 10        | 12        | 8       | 8         | 8       | 8       | 8       | 8       | 8         | 8       | 8       | 8       |  |  |
|                                                                                                           | Authorised Unit Consumption               |                                 |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
|                                                                                                           | Litres / capita / day                     |                                 | 25        | 26        | 29      | 29        | 29      | 29      | 29      | 29      | 29        | 29      | 29      | 29      |  |  |
|                                                                                                           | m³ / household / month                    |                                 | 4         | 4         | 4       | 4         | 4       | 4       | 4       | 4       | 4         | 4       | 4       | 4       |  |  |
|                                                                                                           | m³ / connection / month                   |                                 | 4         | 5         | 5       | 5         | 5       | 5       | 5       | 5       | 5         | 5       | 5       | 5       |  |  |
|                                                                                                           | Domestic (& ND) m³ / connection / month   |                                 | 3         | 3         | 3       | 3         | 3       | 3       | 3       | 3       | 3         | 3       | 3       | 3       |  |  |
|                                                                                                           | Non-domestic m³ / connection / month      |                                 | 76        | 99        | 128     | 128       | 128     | 128     | 128     | 128     | 128       | 128     | 128     | 128     |  |  |
|                                                                                                           | Water loss indicators                     |                                 |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
|                                                                                                           | Litres / capita / day                     |                                 | 33        | 41        | 16      | 16        | 16      | 16      | 16      | 16      | 16        | 16      | 16      | 16      |  |  |
|                                                                                                           | m³ / household / month                    |                                 | 5         | 6         | 2       | 2         | 2       | 2       | 2       | 2       | 2         | 2       | 2       | 2       |  |  |
|                                                                                                           | m³ / connection / month                   |                                 | 6         | 7         | 3       | 3         | 3       | 3       | 3       | 3       | 3         | 3       | 3       | 3       |  |  |
|                                                                                                           | UARL : Losses (litres / connection / day) |                                 | 3         | 3         | 3       | 3         | 3       | 3       | 3       | 3       | 3         | 3       | 3       | 3       |  |  |
|                                                                                                           | CARL : Losses (litres / connection / day) |                                 | 10        | 12        | 5       | 5         | 5       | 5       | 5       | 5       | 5         | 5       | 5       | 5       |  |  |
|                                                                                                           | Infrastructure Leakage Index (ILI)        |                                 | 3,4       | 4,3       | 1,7     | 1,7       | 1,7     | 1,7     | 1,7     | 1,7     | 1,7       | 1,7     | 1,7     | 1,7     |  |  |
|                                                                                                           | CARL : Losses (m³ / km mains / day)       |                                 | 4,4       | 5,4       | 2,1     | 2,1       | 2,1     | 2,1     | 2,1     | 2,1     | 2,1       | 2,1     | 2,1     | 2,1     |  |  |
|                                                                                                           | Monthly % population growth               |                                 | 0,00%     | 0,00%     | 0,00%   | 0,00%     | 0,00%   | 0,00%   | 0,00%   | 0,00%   | 0,00%     | 0,00%   | 0,00%   | 0,00%   |  |  |
|                                                                                                           | Monthly % water demand growth             |                                 | -3,13%    | 16,81%    | -32,29% | -32,29%   | -32,29% | -32,29% | -32,29% | -32,29% | -32,29%   | -32,29% | -32,29% | -32,29% |  |  |
|                                                                                                           | % Water demand growth without WDM         |                                 | 0,20%     | 0,20%     | 0,20%   | 0,20%     | 0,20%   | 0,20%   | 0,20%   | 0,20%   | 0,20%     | 0,20%   | 0,20%   | 0,20%   |  |  |
|                                                                                                           | % Water demand growth with WDM            |                                 |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
|                                                                                                           | 5 Year Annualised Population Growth       |                                 |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
| 5 Year Annualised Water Growth                                                                            |                                           |                                 |           |           |         |           |         |         |         |         |           |         |         |         |  |  |
| Finances                                                                                                  | Production and or purchase cost           | R/month                         | R 0,00    | R 0,00    | R 0,00  | R 0,00    | R 0,00  | R 0,00  | R 0,00  | R 0,00  | R 0,00    | R 0,00  | R 0,00  | R 0,00  |  |  |
|                                                                                                           | Revenue water service charges             | R/month                         | R 0,00    | R 0,00    | R 0,00  | R 0,00    | R 0,00  | R 0,00  | R 0,00  | R 0,00  | R 0,00    | R 0,00  | R 0,00  | R 0,00  |  |  |
|                                                                                                           | Surplus / deficit                         | R/month                         | R 0,00    | R 0,00    | R 0,00  | R 0,00    | R 0,00  | R 0,00  | R 0,00  | R 0,00  | R 0,00    | R 0,00  | R 0,00  | R 0,00  |  |  |
|                                                                                                           | Average supply cost                       | R/kl                            | R -       | R -       | R -     | R -       | R -     | R -     | R -     | R -     | R -       | R -     | R -     | R -     |  |  |
|                                                                                                           | Average revenue                           | R/kl                            | R -       | R -       | R -     | R -       | R -     | R -     | R -     | R -     | R -       | R -     | R -     | R -     |  |  |
|                                                                                                           | Supply cost / connection / month          | R/conn/m                        | R -       | R -       | R -     | R -       | R -     | R -     | R -     | R -     | R -       | R -     | R -     | R -     |  |  |
|                                                                                                           | Revenue / connection / month              | R/conn/m                        | R -       | R -       | R -     | R -       | R -     | R -     | R -     | R -     | R -       | R -     | R -     | R -     |  |  |

## WATER LOSS CALCULATION FROM THE WATER BALANCE ABOVE

| Water losses calculation                         |        |        |        |        |        |        |        |        |        |        |        |        |        |         |
|--------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Months                                           | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 | Total  | Average |
| Previous year water loss percentages (2023/2024) | 63,3%  | 70,4%  | 67,2%  | 65,8%  | 63,9%  | 61,3%  | 55,7%  | 59,5%  | 59,6%  | 44,1%  | 70,8%  | 59,3%  | 740,8% | 61,74%  |
|                                                  | 67     |        |        | 64     |        |        | 58     |        |        | 58     |        |        |        |         |
| Months                                           | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 |        | Average |
| Current year water loss percentages (2023/2024)  | 66,4%  | 54,7%  | 60,5%  | 83,4%  | 66,4%  | 68,3%  | 55,3%  | 51,5%  | 68,1%  | 83,9%  | 83,3%  | 90,5%  | 832,3% | 69,36%  |
|                                                  | 61     |        |        | 73     |        |        | 58     |        |        | 86     |        |        |        | -8%     |

- For the previous financial year we had an average of 62% in Non Revenue Water, for this financial year we have an average of 70% (61.74-69.36= -8%) which means we regressed by 8% . This is largely due a drastic regression in revenue collection in the last quarter of the year, we were at 87% in non revenue ,the highest in the last 5 years.

## NO OF BOREHOLES REPAIRED

Q1- 121

Q2-116

Q3-60

Q4-61

There is a total number of 358 boreholes repaired in 2024/25.

## OVERVIEW ON CHALLENGES AND RECOMMENDED SOLUTIONS

| No. | CHALLENGES                                                                                                                                      | PROPOSED SOLUTION 2                                                                                           |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| 1.  | <b>Water Tankers:</b><br><br>Shortage of water tankers and remote communities complaining of not getting any access to water tanker deliveries. | A water tanker schedule is being developed and will now be shared with community representatives and leaders. |
| 2.  | <b>Staff Overtime:</b><br><br>A council resolution was taken to halt all overtime without a contingency plan.                                   | A resolution needs to be reached. A proposal has been drafted and to be presented for council                 |

|           |                                                                                                                                                                                                                           |                                                                                                                                                        |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
|           |                                                                                                                                                                                                                           | approval.                                                                                                                                              |
| <b>3.</b> | <b>Materials:</b><br>We are currently affected by the delay of procuring material for required urgent work in order to guarantee service delivery.                                                                        | A panel has been developed from which materials and fittings will be sourced from.                                                                     |
| <b>4.</b> | <b>Plant and Equipment:</b><br>The lack of these resource is also impacting on water provision and service delivery on both water and sanitation.                                                                         | That it will be beneficial for the institution to acquire the required equipment which can be utilized in-house in order to speed up service delivery. |
| <b>5.</b> | <b>Vehicles break downs and repairs:</b><br>Repairs to the vehicle is a current challenge due to the lack of an adequate budget which in turn is affecting service delivery.                                              | That the planned services and break downs of vehicle be prioritized as vehicles is part of the tools of the trade.                                     |
| <b>6.</b> | <b>Tools required for the day-to-day operations:</b><br>There is an urgent need for resources to obtain the required tools of the trade in order to capacitate and to enable the work force to do more functions inhouse. | To make budget available in order to capacitate and enable the work force in order to improve service delivery.                                        |
| <b>7.</b> | <b>Back up generators due to Eskom Load Shedding:</b><br>There is also a need for generator back up due to the Eskom Load Shedding, which is causing water outages and sewer spillages.                                   | The back up generators will assist with the core function of water and sanitation to minimize water outages and sewer spillages.                       |
| <b>8.</b> | <b>Aging Infrastructure – Networks</b><br>Ageing of the asbestos cement reticulation networks                                                                                                                             | There is an urgent need to do an assessment on the ageing networks as to prepare for upgrading of it. Business                                         |

|     |                                                                  |                                                                                                                                                |
|-----|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                                                  | plans to be submitted to Cogta for special interventions programmes.                                                                           |
| 9.  | <b>Plant assessment for green drop and blue drop assessment:</b> | This process is currently underway<br>Repairs to the different plants and pump stations are required in order to optimize the scoring thereof. |
| 10. | <b>Fuel Theft</b>                                                | Introduction of internal control measures.                                                                                                     |

### 3.8 Free Basic Services

The municipality has a policy in place, which provides for provision of free basic services to the households in terms of water. Indigent households within the district receive 6 kiloliters (6000 liters) of free basic water. The current costs of providing free basic services are R 1 968 108.20 while the budgeted amount for 2024/25 is R 3 000 000.

## COMPONENT B: PLANNING AND ECONOMIC DEVELOPMENT

### 3.9 Spatial Planning

#### uMZINYATHI DISTRICT DEVELOPMENT PLAN (DDM)

The annual review of uMzinyathi One Plan was undertaken by the District Municipality internally, and presented to all four local municipalities for endorsement and adopted by uMzinyathi Council on the 25<sup>th</sup> of February 2025.

The District Development Model (DDM) is fully operational within uMzinyathi District and all the reporting structures were sitting as per scheduled of meetings during the financial year under review. The reporting structures facilitates seamless coordination and monitoring of catalytic projects or/and programmes through key clusters that align stakeholders and resources at all levels, and report to DDM Technical and Political Hub.

Hence, the table below indicate how the DDM Hubs & Clusters are configured and their objectives in the implementation of the uMzinyathi One Plan & One Budget.

| NAME OF CLUSTER/HUB                                            | COMPOSITION                                                                           | OBJECTIVE OF THE FUNCTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DDM Political Hub                                              | District and local mayors, traditional leaders, and senior political representatives. | <p>The objective of the Political Hub is to promote and facilitate intergovernmental relations and cooperative government between the district and local municipalities. It further <b>offers strategic political oversight and leadership</b> as follows;</p> <ul style="list-style-type: none"> <li>Align project implementation with community needs and district development goals.</li> <li>Resolve political or community-level challenges impacting project delivery.</li> <li>Report progress and advocate for resources and support at Provincial Structures</li> </ul> |
| DDM Technical Hub                                              | Senior municipal officials and sector-specific experts.                               | <p>The technical hub provides technical oversight and addresses operational challenges in project implementation. It further ensures the following responsibilities;</p> <ul style="list-style-type: none"> <li>Receive, consolidate, and analyze Cluster Reports.</li> <li>Address technical bottlenecks to ensure smooth project execution.</li> <li>Monitor alignment with the One Plan and district priorities.</li> <li>Provide detailed progress reports and recommendations to the Political Hub.</li> </ul>                                                              |
| Economic Sector and Infrastructure Development Cluster (ESIED) | DM Officials<br>LM Officials<br>Sector Departments<br>Development Agency              | <p>The objective of the cluster is to convene an engagement with relevant stakeholders (public, private, and civil society) to coordinate catalytic projects that <b>drives economic growth, facilitates job creation, and supports infrastructure development.</b></p> <p>It further ensures the integration and alignment of Infrastructure projects being implemented within the district through;</p>                                                                                                                                                                        |



| NAME OF CLUSTER/HUB                                                       | COMPOSITION                                        | OBJECTIVE OF THE FUNCTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                           |                                                    | <ul style="list-style-type: none"> <li>• Foremost, information sharing to ensure plans are implemented accordingly, where they actually needed and useful for the community at large in a sustainable manner (Smart Growth).</li> <li>• To ensure that these catalytic projects allow the municipalities to generate revenue to maintain these services to prolong its existence while it services the community.</li> <li>• Provide regular updates and recommendations on <u>project implementation</u> to the Technical Hub.</li> </ul> |
| Justice, Crime Prevention, and Security Cluster (JCPS)                    | DM Officials<br>LM Officials<br>Sector Departments | <ul style="list-style-type: none"> <li>• The objective of the cluster is to convene an engagement with relevant stakeholders (public, private, and civil society) to <b>addresses community safety, justice services, and crime prevention.</b></li> <li>• Provide regular updates and strategies on <u>crime-prevention matters</u> to the Technical Hub.</li> </ul>                                                                                                                                                                      |
| Governance, State Capacity, and Institutional Development Cluster (GSCID) | DM Officials<br>LM Officials<br>Sector Departments | <ul style="list-style-type: none"> <li>• The objective of the cluster is to convene an engagement with relevant stakeholders (public, private, and civil society) that <b>focuses on strengthening governance, improving institutional capacity, and ensuring efficient service delivery.</b></li> <li>• Provide regular updates and recommendations on <u>sound financial management matters</u> to the Technical Hub.</li> </ul>                                                                                                         |
| Social Protection, Community, and Human Settlement Cluster                | DM Officials<br>LM Officials<br>Sector Departments | <ul style="list-style-type: none"> <li>• The objective of the cluster is to convene an engagement with relevant stakeholders (public, private, and civil society) that <b>focuses on social welfare, housing, health, education, and community development.</b></li> </ul>                                                                                                                                                                                                                                                                 |

| NAME OF CLUSTER/HUB | COMPOSITION | OBJECTIVE OF THE FUNCTION                                                                                                                    |
|---------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| (Social Cluster)    |             | <ul style="list-style-type: none"> <li>Provide regular updates and recommendations on <u>social matters</u> to the Technical Hub.</li> </ul> |

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## **SPATIAL DEVELOPMENT FRAMEWORK (SDF)**

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Section 26 (e) of the Local Government: Municipal Systems Act, No. 32 of 2000 (MSA) and Chapter 4, Part E of the Spatial Planning and Land Use Management Act (SPLUMA), require a municipality to prepare and adopt an SDF as a component of its Integrated Development Plan (IDP).

The District Municipality has reviewed its Spatial Development Framework (SDF) and it was adopted by Council on the 27<sup>th</sup> of February 2025. It was further shared with KZN Cooperative Governance and Tradition Affairs (CoGTA) as an attachment to the Draft IDP 2025-2026 as guided by the legislation.

The framework is available and accessible on the municipal website (<https://www.umzinyathi.gov.za/>).

## **DEVELOPMENT PLANNING SHARED SERVICES (DPSS)**

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The District Municipality continue with providing support to local municipalities as follows;

- Through hosting Planning and Development Forum Meetings on quarterly basis with Sector departments representatives to provide additional support to the district as well as local municipalities. The forum focuses on key challenges facing the municipalities when formulating and implementing all spatial planning matters as follows;
  - SDF – 20year plan and Spatial Development Plan (SDP) – 5year plan;
  - Integrated Development Plans (IDPs) – 5year plan;
  - Performance Management System – a year plan; and
  - Integrated Transport Plans (ITPs) – 5year plan.
  - Local Area Plans e.g. Nquthu Investment Prioritization Strategy and Solomon Linda Urban Design Framework with Implementation Plan.
- The district further provide provides support through Environmental Management to local municipalities and hosting a Waste Management Forum. This will assist the district to formulate interventions and develop programs that which will better respond to climate change.
- The district further provide provides support through Geographic Information System (GIS) to local municipalities and hosting a GIS Steering Committee.

- The district further provide provides support through Agriculture and Local Economic Development (LED) to local municipalities and hosting an Agriculture and LED Forum. There is also a Tourism Forum hosted on quarterly basis.

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### 3.10 Geographical Information System

The Geographic Information Systems (GIS) unit is wholly responsible for maintaining, sourcing and updating of geo-spatial information for the municipality. To achieve this, the unit implements projects and programs which are executed within each financial year through municipal equitable share or grant funding where it is available.

Technical support to internal departments such as Technical Services (Water Services), Disaster Management, Spatial planning and Community Services as part of the unit's internal clients is ongoing. The following are some of the Key geo-spatial projects which took place in this financial year:

- Improved field data capturing methods by investing in a high accuracy data capturing devices which use terraflex and survey 123 applications.
- Coordinated and captured spatial data of Sanitation infrastructure in four local municipalities as a mapping exercise to update our sanitation geo-database for future backlog analysis.
- Developed a municipal GIS web-portal for internal and external clients where spatial data and webservices are hosted and deployed. The maintenance of such a website is ongoing and related updated are as and when they are required. The portal is accessible at <https://gis.umzinyathi.gov.za/portal/apps/sites/#/umzinyathi-district-municipality-geospatial-site>
- Provided spatial data required for the Spatial Development Framework (SDF) review by the service provider in accordance with legislation.
- Continued customer service support to consultants and contractors providing services to the municipality where day to day spatial data queries in the form of requests (Maps, raw data) are attended to and resolved.
- Migrated our GIS platform from ArcMap 10.8 to ArcGIS Pro, enhancing our mapping and analysis capabilities.
- Provided GIS support to local municipalities (Msinga, Nquthu, Mvoti, and Endumeni) through targeted training and ongoing monitoring of their GIS implementation.

- Conducted a comprehensive signage inspection across the district municipality, assessing the condition of both minor and major signages, including those that were damaged, removed, or in good condition.
- Coordinated and captured UDDA capital projects in collaboration with the uMzinyathi District Development Agency.
- The uMzinyathi District Municipality GIS unit established a GIS steering committee, which facilitated the sharing of GIS data amongst various departments within the municipality and external stakeholders.
- The uMzinyathi District Municipality GIS unit continues to attend the GIS regional committee which comprises Amajuba, uThukela and uMzinyathi municipalities to share best practices and to further enhance the usage of GIS by end users.

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### **3.11 Environmental Health**

The main objective of the Environmental Health Unit is to safeguard and promote public health by ensuring strict compliance with the National Health Act, particularly the National Environmental Health Norms and Standards for premises, as well as acceptable monitoring standards for Environmental Health Practitioners. To achieve this mandate, the unit actively implements a wide range of initiatives that contribute to improved environmental conditions, safe living environments, and enhanced community health outcomes. During the 2024/2025 financial year. The following activities were carried out across the district, as outlined below:

#### **1. Health surveillance of premises**

- **Early Childhood Development (ECD) Centres**

A total of seventy-one (71) ECD centres were inspected to ensure that facilities where children spend the majority of their time meet minimum health and safety requirements. These inspections focused on structural conditions, sanitation facilities, safe food handling practices, and the general hygiene of the learning environment. The inspections contributed to safeguarding the health of young children, who are among the most vulnerable groups in the community. The partnership Assupol assisted

Msinga and Nquthu ECD centres to renovate existing facilities and built new ECD centres to improve compliant with health standards.

- **Building Plan Assessments**

Forty (40) building plans were scrutinized and inspected to verify compliance with health standards before construction approvals were granted. This proactive approach ensures that new structures incorporate proper ventilation, sanitation systems, waste disposal mechanisms, and other public health safeguards at the design stage, thereby reducing long-term risks to human health.

## **2. Water Quality Monitoring**

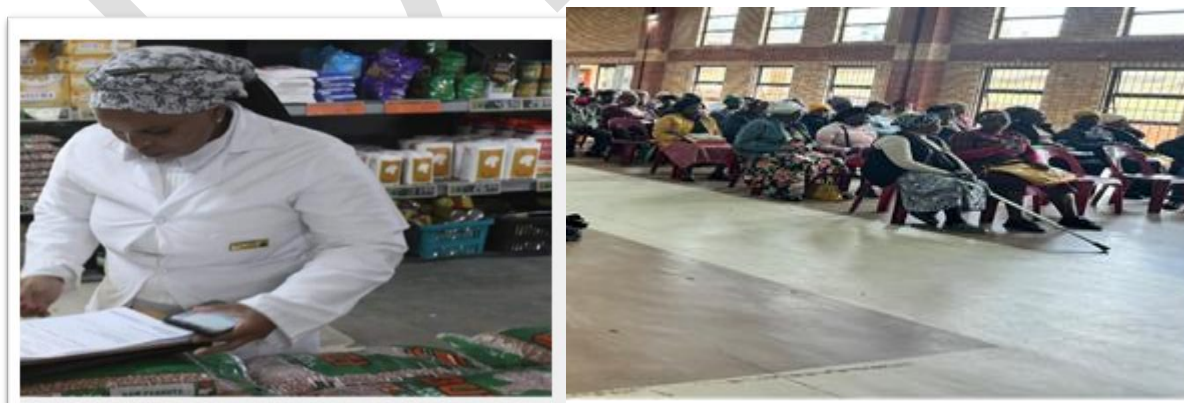
One hundred and fifty-two (152) water samples were collected and tested to monitor water intended for domestic use. This activity was crucial in ensuring that households have access to clean and safe drinking water, reducing the risks of waterborne diseases. The results provided valuable information for both the municipality and the Department of Health in taking corrective actions where contamination was detected.

## **3. Food control**

### **3.1 Food Premises Inspections**

Sixty-three (63) food outlets were inspected to ensure compliance with hygiene regulations and food safety standards. Following these inspections, thirty (30) Certificates of Acceptability were issued to compliant establishments. This process is vital in protecting consumers from foodborne illnesses and ensuring that only safe and hygienically prepared food is sold to the public. Food safety awareness was conducted to community for promotion and instilling proper food hygiene practices

**Figure 1 EHP conducting inspection form food premises at Nquthu town.**



**Figure 2 Spaza shops owner food safety training and awareness**

### **3.2 Joint Food Inspections**

In partnership with other stakeholders, seven (7) joint food inspections were conducted across Nquthu, Umvoti, Msinga, and Umvoti local municipalities within the district. These collaborative efforts not only strengthened enforcement of multiple pieces of legislation governing food premises but also fostered inter-agency cooperation, improving the overall efficiency of regulatory oversight.



**Figure 3 Joint inspection to spaza shops at Dundee**





*Figure 4 Joint inspections conducted to food premise at Nquthu*

## **4 Prevention and control of communicable diseases**

### **4.1 Food Poisoning Investigations**

The unit investigated five (5) reported cases of food poisoning.

#### **Report on suspected food poisoning Incident – Sithole Family, Sigubudu Area**

On 11 August 2024, the Sithole family in Sigubudu area slaughtered a cow as part of their cultural practice. According to the family, the cow appeared healthy and showed no signs of illness prior to slaughter. After slaughtering, the meat was not refrigerated but stored in a traditional rondavel. This storage method did not provide adequate temperature control or protection from contamination, creating conditions favourable for bacterial growth.

The meat was then distributed on the same day to extended family members and neighbouring households. While most families received the raw meat and prepared it themselves, it is reported that a portion of the cooked meat was specifically given to the Mbatha family on 16 August 2024, five days after slaughter. At the time of distribution, the Mbatha household's refrigerator was not functioning, and therefore the cooked meat was stored in a plastic bag at room temperature.

The Mbatha family consumed the meat on the same evening (16 August 2024) during supper. Soon after consumption, several family members reported experiencing symptoms consistent with food poisoning, such as abdominal pain, diarrhoea, nausea, and vomiting. It is suspected that the

prolonged storage without refrigeration allowed harmful microorganisms, such as *Salmonella* spp., *Clostridium perfringens*, or *Staphylococcus aureus*, to multiply to dangerous levels, leading to illness.

Key risk factors identified in this incident include:

- **Lack of refrigeration:** Both raw and cooked meat were stored at unsafe temperatures for extended periods.
- **Delayed consumption of cooked meat:** The cooked meat was distributed and consumed after five days, significantly increasing the risk of bacterial contamination.
- **Improper storage container:** Use of a plastic bag without refrigeration created a closed, moist environment that favours bacterial growth.
- **Wider community exposure:** Since the raw meat was shared with multiple families, there is a potential risk of more cases if other households did not practice safe food handling.

## Conclusion and Recommendations

The incident highlights the dangers of inadequate food storage and delayed consumption of perishable foods. To prevent similar outbreaks, the following measures are recommended:

1. Families engaging in cultural slaughtering practices should be educated on safe meat handling, storage, and distribution.
2. Meat should be refrigerated or consumed immediately after cooking. If refrigeration is not available, it should not be stored beyond a few hours.
3. Health promotion campaigns should emphasize the risks of using unsuitable containers such as plastic bags for storing cooked meat without temperature control.
4. Follow-up should be made to check if other families who received meat experienced similar symptoms, to determine the extent of the outbreak.

This case serves as a reminder that while traditional practices are important, food safety precautions must be observed to protect families and communities from preventable illnesses.

## Sihayo high school food poisoning

On the 10th of October 2024, the Infection Control Coordinator from CJM Hospital reported the second incidence of food poisoning involving learners from Sihayo High School. A total of sixty (60) children were affected after consuming a meal prepared at the school. Out of the sixty, twenty-seven

(27) learners required medical attention and were transported to CJM Hospital, where they were treated at the Out-Patients Department. They received medication and supportive treatment, and all were found to be stable before being discharged. Fortunately, no fatalities occurred during this incident.

Investigations revealed that the affected learners had consumed fried chicken and potato chips that were served as supper. A critical contributing factor identified was the improper handling of chicken prior to cooking. The chicken had been left to defrost a day before and was only prepared the following day. Such prolonged exposure of raw poultry at room temperature created favourable conditions for the multiplication of harmful microorganisms, specifically *Salmonella* bacteria. *Salmonella* is a well-known pathogen associated with foodborne illnesses, causing salmonellosis, which is characterized by symptoms such as diarrhoea, abdominal cramps, fever, nausea, and vomiting. The presence of these bacteria in food should be strictly avoided through proper storage, handling, and cooking practices.

The root cause of the incident was linked to poor defrosting procedures and inadequate temperature management of poultry products. Defrosting chicken at ambient temperature allows bacteria to grow to unsafe levels before cooking. Safe practices require poultry to be thawed in a refrigerator, under cold running water, or in a microwave if it is to be cooked immediately thereafter. Additionally, it is essential that chicken be cooked to an internal temperature of at least 74°C to ensure that all bacteria are destroyed.

It was also established that this was not the first incident of foodborne illness reported at Sihayo High School, which raises concerns about repeated non-compliance with food safety standards. As a corrective measure, the food handler responsible for preparing the meal was provided with targeted education and training on safe food handling practices. Emphasis was placed on the importance of proper defrosting techniques, maintaining appropriate storage temperatures, cross-contamination prevention, and thorough cooking of poultry. School management was also engaged and trained to ensure oversight and accountability in food preparation processes.

The Environmental Health Practitioners further recommended routine monitoring and regular food safety training for all school food handlers to prevent recurrence. Clear guidelines on hygiene, sanitation, and food safety procedures were shared with the school to strengthen compliance. The incident highlights the need for stricter supervision of school feeding programs, as foodborne outbreaks pose a serious risk to learners' health and wellbeing.

In conclusion, the Sihayo High School outbreak was primarily caused by poor defrosting and temperature control of chicken, which led to the growth of *Salmonella* bacteria and subsequent food poisoning among learners. Immediate interventions, including treatment of affected learners, training of food handlers, and engagement with school management, were undertaken to prevent similar incidents in the future. Strengthening adherence to food safety standards remains essential to safeguard the health of learners and reduce the risk of repeated outbreaks.

#### **Food Poisoning Incident Report: Amakhemfundo Primary School, Glencoe**

On the 04<sup>th</sup> of November 2024, the Environmental Health Office received a notification regarding a suspected food poisoning incident at Amakhemfundo Primary School in Glencoe. An immediate investigation was initiated by Environmental Health Practitioners to establish the source and nature of the outbreak.

The investigation revealed that a total of ninety-seven (97) learners from the school presented with acute gastrointestinal symptoms, including stomach cramps, vomiting, **and diarrhoea**, on the morning of the 04<sup>th</sup> of November 2024. The onset of symptoms was sudden and affected learners across multiple grades, raising concerns about a common food source.

Upon interviews with affected learners and teachers, it was discovered that the learners had consumed chocolates purchased from a street vendor stationed outside the school gate prior to the outbreak. The vendor confirmed that the chocolates were sourced from a supplier known as Sweet Talk, based in Dundee, and the product had originally been distributed by Yabil Distributors, located in Stanger.

A physical inspection of the chocolate packets was conducted. The product packaging indicated a **“Best Before Date” of 04 December 2024**, which was still valid at the time of consumption. A sample of the suspect chocolate was collected and submitted to the accredited laboratory for microbiological and chemical analysis. **Laboratory results indicated that the chocolate was within acceptable safety limits**, suggesting that the illness may not have been directly linked to product contamination, but possibly to other factors such as handling, storage, or secondary contamination during distribution and vending.

As part of the response, Environmental Health Practitioners conducted **awareness sessions on food safety and hygiene practices** with street vendors operating around the school premises, emphasizing the importance of safe storage, prevention of cross-contamination, and maintaining proper hygiene when handling food. Learners were also educated on the dangers of purchasing foodstuffs from unregulated sources and the importance of checking product packaging before consumption.

All ninety-seven affected learners were **transported to local healthcare facilities**, where they received prompt medical attention. Treatment consisted mainly of rehydration and symptomatic relief. **No fatalities were reported**, and all learners were discharged in stable condition after treatment.

The incident underscores the importance of **strict monitoring of informal food vendors** operating near schools, ensuring that only safe, hygienic, and traceable food products are sold to learners. The Environmental Health Office will continue to monitor the situation closely, engage with suppliers and distributors involved in this case, and strengthen community awareness to prevent recurrence of similar incidents in the future.

### **Report on Suspected Food Poisoning Incident – Emasangweni amahophe area (Wild Mushrooms)**

On 11 November 2024, the Environmental Health Practitioners (EHPs) received an official notification from Mr. X.S. Mtolo, the Infection Prevention Coordinator at Charles Johnson Memorial Hospital, regarding a suspected case of food poisoning linked to the consumption of wild mushrooms (amakhowe). The incident involved three children from the same household who had consumed the mushrooms on Saturday, 09 November 2024. Shortly after ingestion, the children reportedly experienced symptoms consistent with food poisoning, which necessitated medical attention.

Upon investigation, it was established that the mushrooms had been collected from the surrounding bush areas. Unfortunately, no leftover samples of the food consumed by the children were available for laboratory testing, which limited the ability to confirm the causative agent. The absence of physical samples also prevented toxicological analysis to verify whether the mushrooms were of a poisonous variety, which is often a challenge in such cases.

The EHPs conducted a household inspection and engaged with the affected family to gather more detailed information about the source and preparation of the mushrooms. It was confirmed that the mushrooms were not purchased from a regulated outlet but were foraged traditionally, as is common practice in rural communities. This practice carries a high risk of misidentifying poisonous mushrooms as edible ones, which can result in severe health outcomes or fatalities, particularly among children.

As part of the immediate response, health education sessions were conducted with the family and extended to nearby households in the community. The focus of these sessions was to raise awareness about the dangers of consuming wild mushrooms without proper identification, the symptoms of mushroom poisoning (such as nausea, vomiting, abdominal pain, diarrhea, and in severe cases, liver or kidney failure), and the importance of seeking urgent medical care if ingestion is suspected. Families were strongly advised to avoid collecting and consuming wild mushrooms and instead rely on safer, regulated sources of food.

The case has been documented for monitoring and surveillance purposes. While the incident was contained within one household, the potential for recurrence remains high in the area due to cultural practices and limited access to health information. Continuous community education, coupled with collaboration between health facilities and environmental health services, will be critical in preventing similar outbreaks in the future.

## **Conclusion**

The suspected food poisoning outbreak at Emasangweni amhlophe area highlights the ongoing public health risks associated with the consumption of wild mushrooms. Preventive measures through education, awareness campaigns, and strengthening community reporting systems are essential to mitigate such incidents and protect vulnerable populations, especially children.

## **4.2 Other communicable disease**

### **4.2.1 Imported Malaria Case Investigation Report – Dundee Hospital**

On 28 February 2025, the Environmental Health and Infection Control team conducted an investigation into a confirmed malaria case reported at Dundee Hospital. The patient, a 29-year-old Ethiopian male, was admitted to the hospital on 27 February 2025 presenting with mild fever, headache, and general malaise. Upon testing on 28 February 2025, the patient was confirmed positive for malaria through rapid diagnostic testing and microscopy.

#### **Travel and Exposure History**

The patient reported a recent travel history from Ethiopia, a region endemic for malaria. He arrived in South Africa on 31 January 2025, initially traveling to Mpumalanga before relocating to Dundee on 26 February 2025. Based on the timeline of symptom onset and known incubation periods for malaria, the case falls within the 7–60 day incubation period typical for *Plasmodium falciparum*, suggesting that the infection was acquired abroad.

#### **Clinical Management**

Treatment for malaria was initiated on 28 February 2025 according to national treatment guidelines. The patient responded well to therapy, with gradual resolution of symptoms. He was discharged in stable condition on 3 March 2025 with instructions for follow-up and monitoring for any recurrence or complications.



## **Family and Community Assessment**

Investigation included screening of household contacts and close family members who had not travelled outside South Africa. All tested individuals were negative for malaria, supporting the conclusion that this case was imported rather than locally transmitted.

## **Public Health Considerations**

This case underscores the importance of considering travel history in the diagnosis of febrile illnesses, particularly in regions where malaria is not endemic. Continued surveillance, prompt diagnosis, and timely treatment are crucial to prevent secondary transmission. Health education was provided to the patient regarding malaria prevention and the importance of seeking immediate medical attention if symptoms recur.

The case was classified as an imported malaria case due to travel from an endemic region and symptom onset within the expected incubation period. No evidence of local transmission was found, and appropriate clinical management ensured full recovery. Ongoing monitoring and reporting remain essential to prevent potential outbreaks associated with imported cases.

In each case, affected individuals, families, community and learners received immediate health education on proper food storage, preparation, and handling practices to prevent recurrence. These interventions also served as community awareness campaigns, empowering residents with knowledge to protect themselves from foodborne illnesses. Through these comprehensive activities, the Environmental Health Unit contributed significantly to promoting a safe and healthy environment across the district. By combining inspections, monitoring, education, and enforcement, the unit ensured that both institutional facilities and private entities adhered to national health standards. This work directly supports the municipality's broader mandate of protecting public health and creating sustainable, hygienic living conditions for all communities under its jurisdiction.

## **1. TOURISM DEVELOPMENT**

### **1.1 SUPPORT OF THE TOURISM INSTITUTIONS**

The district municipality, as part of the institutional support and strengthening of the marketing and promotion of Tourism in the district had successfully managed to disburse grants to the two Community Tourism Offices viz Endumeni and Nquthu as well as the Battlefields Route Association with grants to the total of R90 000, with CTOs received R25 000 each and R40 000 in the Battlefields Route Association.

The disbursement of these grants was the results of the proposals submitted by the institutions on detailed activities to market the district in the financial year in question. The close-out reports on grant expenditure were received by the municipality as part of accounting for the grant received.

Such initiative assists a great deal in tourism organizations to promote tourism, while marketing the destinations in the region. It is, however, noted that the two municipalities (Msinga and Umvoti) did not benefit from the grant disbursements due to non-submission of the proposals amid challenges in the functionality of their CTOs which the district had intervened to resuscitate the structures in the coming financial year.

Progress has been made, and positive feedback is the establishment of uMvoti CTO in November 2024, and their stricture is sitting on quarterly basis through the intervention of the District LED & Tourism Unit. The resuscitation of Msinga CTO is ongoing and it will be established on the 2025/26 financial year.

### **1.2 PARTICIPATION IN THE TRADE SHOWS AND EXHIBITION**

#### **1.2.1 Dundee July 2024**

##### **Event background**

The Dundee July was initiated by the KZN Department of Sport and Recreation in partnership with the northern KZN independent horse owners in 2005. it was initially called Rural Horse Racing Festival. The first evet was hosted in August 2005.



Over the years, the Dundee July has gained tremendous growth and is now the most renowned traditional horseracing event in KwaZulu-Natal and across South Africa (KZN Department of Sport, Arts and Culture)

This is supported by the fact that the Dundee July provides a national benchmark in tripling horseracing disciplines. At the conception phase, the Dundee July was called the Rural Horse-Riding Festival and was staged with four districts in attendance: uMzinyathi, uThukela, Amajuba, and Zululand.

The Dundee July is a collaborative effort amongst the different government departments and private sector stakeholders to explore and develop the value chain of economic opportunities that are linked to the ever-growing traditional horse racing.

Annually, the Provincial Department of Sport, Art & Culture (DSAC) coordinates and facilitates the planning and execution of the Dundee July horse racing event which is hosted by Endumeni Local Municipality under uMzinyathi District Municipality at Dundee Racecourse/ Racetrack.

uMzinyathi DM is one of the critical stakeholders in the planning and execution of the event hence the DSAC had convened number of planning meetings with stakeholders and key municipalities to plan and share a detailed presentation of the project, deliverables and expected outcomes.

#### **Equine Industry Progress– As the Thriving Sector In uMzinyathi**

- The inaugural Traditional Equine Indaba was successfully held on the 22 May 2024 in Durban. This will be held annually.
- A provincial research study by Moses Kotane Institute to ascertain the full potential of this sector as well as a masterplan on traditional equine have been concluded and outline the full potential of this sector in contributing towards economic growth.
- 700 horses are currently microchipped; this programme is conducted in partnership with National Horse Authority.
- The Master Plan has been adopted taking into consideration research on Traditional Horse Racing and the economic impact on the current state of the Traditional Horse Racing sector, citizen involvement and sector players.
- The KZN Gaming and Betting Board and KZN department of Sport, Arts and Culture has issued racecourse license operator certificate to 15 traditional horse racing associations.

- This will enable the traditional equine to benefit from the transformation fund and other private investments.
- A process of amending the current KZN Gaming and Betting Act no 4 of 2017 is ongoing with the first draft presented.

#### **Specific Dundee July Event Opportunities Were:**

- Accommodation (Hotels, BnB, Homestays)
- Fashion, Art & Craft
- Hospitality Marquees and furnisher
- Stage, Sound and screens
- Catering
- Speed fencing
- Event Posters
- Scaffolding
- Mobile grandstands
- Transport
- Stationary, i.e. accreditations
- Insurance, medical and security services
- Emergency lighting

#### **Socio Economic Impact**

The Moses Kotane Research Institute (MKRI) was appointed by the KwaZulu-Natal Department of Sports, Arts and Culture (DSAC) to perform a socio-economic impact assessment pertaining to the Dundee July 2024 Traditional Horse Racing (THR) event. This THR event, is a key event in the KwaZulu – Natal sporting calendar which takes place at Endumeni Racetrack in Dundee.

The economic impacts of events on the macro-economy of a region are categorized into primary and secondary economic impacts. The primary impact is the direct economic impact of the event measured by surveying participants or measuring business sales. Secondary impacts are those that result from the introduction of new money into the economy.

Undertaking the economic impact of events forms an integral part of socio-economic impact research since the economic impacts entail economic growth and this economic growth influences quality of life, which includes non-economic aspects.

To calculate the total impact of the Dundee July THR event, the leakages in each spending sector and the multiplier effect were calculated. After these effects are considered, the total economic impact (including indirect and induced spending) was calculated.

Among the methods to quantify the increase of economic impact applicable to an event, multiplier analysis, is still predominantly applied.

The multiplier concept was initially established to indicate public spending but is today rather applied to determine the effect of events or industries to the economy.

The Dundee July event generated approximately R 96.9 million in additional GDP; of which just over 23% is generated indirectly.

The induced impact refers to the sectors positively affected by the additional payment of salaries and wages.

- I. The event contributes to total capital formation of R220.2 million.
- II. An additional 386 job opportunities are supported, of which just over 124 are for unskilled workers: thereby significantly contributing to the city's job creation targets.
- III. Just over R 50.6 million in additional household income is generated, of which is R13.9 million will accrue to low-income households and therefore contributes significantly to poverty alleviation; and
- IV. An additional Fiscal Impact of R 17.4 million will be collected by Fiscal Authorities.

The following provides a brief conclusion of the outcomes of the 2024 Dundee July THR Event.:

- a. With a GDP of almost **R96.9 million**, it is evident that this event is very important as an independent sector within the Endumeni / Dundee area
- b. About 500 people work around "business-related events" alone in aggregate. The events industry is (in comparison with other industries as well) a large and important employer (for companies in "public" ownership, the employer is indirectly the community, city, region, country)
- c. The catering industry generates decent revenues during the hosting of the event.
- d. The accommodation industry generates substantial revenues during the hosting of the event.
- e. Tourist modes of transport (ubers, taxi) and tour operators generate substantial revenues during the hosting of the event.
- f. Local authority, municipalities, Dundee City, and surrounding regions generate decent portions of their (tax) revenues during the hosting of the event.

- g. Events are associated with economic effects that have a positive impact on other economic sectors. It is for this reason that in this study the sectoral impacts of the Dundee July 2024 event were also calculated.

### **District Event Features**

The District Event Features of Dundee July included the following:

- Launch of Dundee July – 02 July 2024 at Endumeni Municipality by 15h00
- Dundee July Selections, 06 July 2024 @ Racecourse
- Mr & Miss Dundee July – 13 July 2024 – Moth Hall, Dundee by 12h00-16h00
- Dundee July Comedy Show – 14 July 2024 at Majuba TVET Hall
- Equine Workshop – 14 - 15 July 2024 at Moth Hall
- Dundee July event – 19 July 2024 at Endumeni Racecourse
- Dundee July Experience (Music) – 19 July 2024 at Battlefields Country Lodge

### **uMzinyathi DM – Marquee**

The District Municipality had erected a Marquee in the Dundee July where the Mayoral Guests and Stakeholders were hosted. About 300-seater marquee were provided with décor and stage.

Tourism was afforded a Corner display to market and display Tourism Products. The Joint table manning of the tourism stand between LED Unit and UDDA Tourism Section successfully manned the take and displays on various tourism products.

## **2. LED (AGRI-PARKS PROGRAMME)**

While agriculture is not the core mandate of the municipality, the agricultural sector is one of the key economic contributors to the local economy of uMzinyathi District hence agricultural development and support programmes are critical to ensuring that the local emerging entrepreneurs become active participants in the value chain activities within the local agricultural sector.

It is against this background that the municipality has budgeted for and is implementing projects which support primary agriculture to improve the supply of the identified commodities and ultimately serve as a catalyst for value adding within the district.

### **2.1 Previous Years project Audits**

Financial year 2024/2025 district has audited 08 cooperatives in 4 (four) local municipalities, which is located as follows: Umvoti 1(one), Umsinga 3 (three), Endumeni 2 (two) and Nquthu 2 (two). Audit findings are presented to the Council oversight structures for consideration.

## **2.2 District Support**

Agriculture is well-established in the Umzinyathi Region as suggested by the Regional economic assessments and that beneficiation in the sector is under-developed hence a continued support and monitoring of Agri-Parks projects with inputs and Mechanization

We are continuously attending to ad-hoc requests from Small Scale Farmers with tractor services and market referrals especially in Agrarian

As part of support to the small-scale farmer's programme, the district LED had recruited the three tractor drivers to implement the Agri-Parks programme to deliver the project implementation in the district. Tractor drivers were recruited on the 10-month contract specifically during the planting season.

## **2.3 Farmers Imbizo**

The district municipality through Office of the Mayor and LED Unit coordinated the Mayoral Farmers Imbizo which was a second edition, hosted by Endumeni Local Municipality on the 20<sup>th</sup> of December 2024 in Vel & Sons Farm (Kwa Sithole). Participants were from all local municipalities and more especially about 8 farms within Ward 01 of Endumeni under the Tangeni Farm. At least eight (8) major projects supported with inputs in the district, with each municipality getting different production inputs which ranges from Seeds and Fertilizers.

## **2.4 Review of Agri-Parks Master Plan**

The municipality is in the process of reviewing the Agri-Parks Master plan, this is ongoing discussion in the LED & Agric Forum. Local municipalities are also on the same mission as uMvoti lead in terms of reviewing and adoption of their agricultural master plan which will feed into the District Plan. It is anticipated that the district plan will be finalized in the 2025/25 financial year together with its implementation plan.

## **3. SMME DEVELOPMENT**

### **3.1 SME Business Support and Aftercare**

Continued provision of aftercare and business referrals on funding and other opportunities of the small businesses within uMzinyathi.

The following are the DFIs and entities which the district SMMEs were referred to in the 2024/25 financial year:

- a. SEDA Asset Assist – assisting SMMEs with asset procurement via online applications
- b. KZN Youth Fund – by the provincial government in all district municipalities. At least three young people reported benefiting from the funding opportunity.
- c. Operation Vula Funding referrals – This has yielded positive investment in the district. To date only Tier 1 beneficiaries have been called to sign the documentation. At least 140
- d. KZN Woman Advancement Fund – district roadshows for funding targeting women in business
- e. Small Business Enrichment Programme – which is a skills program targeting small businesses offered by Johannesburg Business School
- f. Linkages of SMME on the Stakeholders engagement by EDTEA KZN on Liquor Licensing amendments. Umzinyathi held its engagement in February 2025 at McKenzie Hall in Dundee
- g. Tourism Enterprise Development Call for Funding by Tourism KZN/ KZNTAFA
- h. Continued referral of SMMEs on the Red tape reduction webinars conducted by the KZN EDTEA and UKZN to create an enabling environment for local business growth. The recent one was in April 2025.
- i. Department of Small Business & Development (DSBD) – Good working relationship in referral of small businesses for funding and capacity building.

#### **District & Provincial LED Forum**

- The DEDF which was resuscitated is having challenges and a second attempt is being made to resuscitate the LED Structures (Forum and Business Chamber). The Forum has been emerged with the Agricultural Forum after engagement with relevant municipalities and structures in the Economic Development Sector.
- The structure is functional and is fairly represented by family of municipalities and key sectors like EDTEA and COGTA
- Continuous attending the Provincial LED Forum and coordinating the reports on Spaza Shop information which is being presented in the Provincial Forum. Forums sits bi-monthly since October 2024.

#### **uMzinyathi Business Chamber**

The District Municipality intends to facilitate the establishment of the uMzinyathi Chamber of Business (UCB) which would provide various sectors of the business community with the opportunity to interact with the Municipality on a more recognized basis.

uMzinyathi District Municipality intends to close the gap between business and the municipality by providing a platform where the leadership and senior management of the uMzinyathi District Municipality can adequately engage with the business fraternity.

The Structure will report to LED and subsequently LED will report to Council on the work of the Structure.

#### Purpose and objectives of the Chamber of Business

- I. To interact with the representatives of the business community on matters that affect business in uMzinyathi
- II. To utilize this platform for soliciting inputs/ comments from the business sector on various issues relating to the uMzinyathi Municipality
- III. To assist business where necessary and within the confines of the law
- IV. To promote transparency in uMzinyathi's strategic and operational plans and processes of the Municipality
- V. To review progress made in achieving objectives within the uMzinyathi Municipality
- VI. To provide avenues for partnerships between public and private sector to advance the Municipality's development objectives
- VII. To further Local Economic Development objectives in uMzinyathi District Municipality

#### **The Municipal Investment Directories**

The Municipal investment directories have become a resource for guiding investor to the available opportunities within each municipality. These directories serve as convenient reference highlighting key economic sectors open for development, land and buildings that are available for investment and development and also indicate the municipal official responsible for all the investment facilitation at the municipality.

SALGA provided a template to guide the development of the municipal investment directories which must be adopted by the municipal councils for inclusion in the Provincial Investment and Development Book.

The LED unit worked on the Municipal Investment Directories which was facilitated by SALGA KZN and all family of uMzinyathi District Municipalities were requested to develop the investment directories together with adverts marketing their respective municipal spaces. The district LED Unit coordinated and facilitated the development of the Municipal Investments directories for all Local

Municipalities, which were successfully achieved by the 14<sup>th</sup> of February 2025 as per SALGA requirements and deadline.

The adoption of the Investment directories is ongoing as three of municipalities had successfully adopted

DRAFT



### 3.13 Disaster Management

The Disaster Risk Management Act 2002, (Act No.57 of 2002), Section 43 and 50 outlines the establishment and functions of the Centre in order to ensure an integrated and coordinated approach to Disaster Risk Management within the district. uMzinyathi District Municipality Disaster Management Risk Centre was established in August 2003 and is fully functional and operating 24 hours a day, 7 days a week.

The MIG application was presented to the MIG Unit within COGTA during February 2015 and on the 28<sup>th</sup> February 2015 grant funding to the amount of R33m was approved for the uMzinyathi District Disaster Management Centre. An additional amount of R10m was approved by COGTA. During the month of June 2023 an additional amount of R5 m was approved. The last PSC meeting was held on the 27<sup>th</sup> June 2023 on the site. The estimated actual expenditure to date is an estimated at R43 000 000.

A new service provider was appointed to commence with the construction of phase two on the month of October 2023 which is Mariekenta Consulting to finish the interior section, installation of electricity and water as well as painting outside. The service provider has finished his scope of work during the month of June 2025.

#### **uMzinyathi Disaster Centre**



DISASTER MANAGEMENT VOLUNTEERS

In terms of section 58(1) of the Disaster Management Act No. 57 of 2002, Chapter 7 says a District Municipality may establish a unit of volunteers to participate in disaster management in the municipality.

The uMzinyathi District Municipality currently don't have Volunteers Unit that was established.

DISASTER RISKS REDUCTION

The municipality also undertook eighty -six (86) public awareness campaigns in various schools and communities around the district, this was to sensitize the learners and public of the precautions during a disaster and important contact numbers in the event where there is a disaster or hazard. There were fifty- eight lightning conductors installed to reduce the risks of lightning strikes in our district.

Awareness campaign conducted at Muden Secondary in ward 08 at uMvoti



Awareness campaign conducted at Sinozwelo Care Centre at Msinga



Lightning conductor installed at Muden in ward 11 at uMvoti



Lightning conductor installed at Wasbank in ward 1 at Endumeni



A total of two thousand two hundred and seventy-one **(2271)** households with fourteen thousand two hundred and forty-four **(14244)** people were affected throughout the district during the year 2024/2025 from three hundred and fifty **(350)** incidents. This was due to severe weather in the form of heavy rains, lightning, structural fires and strong winds, etc. The main factor to consider was climate change impact experienced by all local municipalities during the third and fourth quarter of 2024/2025, where very rough weather conditions accompanied by hailstorm resulted in the loss of lives and caused damage to property.

During the year 2024/2025 eighteen **(18)** fatalities occurred with twelve **(12)** being injured as a result of house fires, drowning and lightning strikes.

Table 23: Summary Statistics of Incidents

| Local Municipalities                                                                                                                                  | Types of Incidents | Number of Incidents | Households Affected | Houses Destroyed  |                   | People Affected | Homeless People | Fatalities | Injuries | Missing Persons |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|---------------------|-------------------|-------------------|-----------------|-----------------|------------|----------|-----------------|
|                                                                                                                                                       |                    |                     |                     | Totally destroyed | Partially Damaged |                 |                 |            |          |                 |
| SW – Strong Winds, VF – Fires, FL – Floods, HR – Heavy Rains, L –Lightning, HF – House fires, HS – Hailstorm, SC – Structural Collapse, DR - Drowning |                    |                     |                     |                   |                   |                 |                 |            |          |                 |
| Total                                                                                                                                                 |                    | 34                  | 80                  | 43                | 60                | 431             | 01              | 02         | 01       | 00              |
| Overall Totals                                                                                                                                        | HF                 | 194                 | 2271                | 847               | 2272              | 14244           | 354             | 18         | 12       | 00              |
|                                                                                                                                                       | D                  | 03                  |                     |                   |                   |                 |                 |            |          |                 |
|                                                                                                                                                       | HR                 | 88                  |                     |                   |                   |                 |                 |            |          |                 |
|                                                                                                                                                       | SW                 | 43                  |                     |                   |                   |                 |                 |            |          |                 |
|                                                                                                                                                       | HS                 | 11                  |                     |                   |                   |                 |                 |            |          |                 |
|                                                                                                                                                       | L                  | 10                  |                     |                   |                   |                 |                 |            |          |                 |
|                                                                                                                                                       | SC                 | 01                  |                     |                   |                   |                 |                 |            |          |                 |
| Total                                                                                                                                                 |                    | 350                 | 2271                | 847               | 2272              | 14244           | 354             | 18         | 12       | 00              |



The below pictures illustrate the servirity of the damage caused by the diaaster that affected our citizens greatly:

Heavy rainfall at Ntuthela area in ward 06 at uMvoti



Heavy rainfall at Hholwane area in ward 15 at Msinga



Strong wind at Mbulwane in ward 01 at uMvoti



Strong wind at Mabomvini in ward 12 at uMvoti



Table 24: Summary of assistance provided

| LM           | Blankets   | Salvage Sheets | Plastic Sheets | Mattresses | Box-B     | Tent      | Food Parcels | Building Material |
|--------------|------------|----------------|----------------|------------|-----------|-----------|--------------|-------------------|
| UMVOTI       | 249        | 00             | 43             | 63         | 00        | 00        | 00           | 00                |
| MSINGA       | 135        | 00             | 65             | 02         | 00        | 00        | 29           | 00                |
| NQUTHU       | 279        | 00             | 215            | 03         | 48        | 00        | 37           | 00                |
| ENDUMENI     | 27         | 01             | 36             | 31         | 10        | 00        | 18           | 16                |
| <b>TOTAL</b> | <b>690</b> | <b>01</b>      | <b>359</b>     | <b>99</b>  | <b>58</b> | <b>00</b> | <b>84</b>    | <b>16</b>         |

## CLIMATE CHANGE INITIATIVES

South Africa faces many social and economic challenges, such as food insecurity and high unemployment rates, agriculture and biodiversity remain vital assets of the country. South Africa is a well-resourced country, with a strong agricultural and biodiversity heritage. Climate change and socioeconomic risks threaten to bring about a huge change to this status. Agricultural exports and ecotourism are significant contributors to the South African economy, while small-scale farming plays a vital role in supporting a substantial portion of the population. Climate change threatens these assets with increased frequency and intensity of droughts, heatwaves and severe flooding in some parts of the country. These extreme weather events are likely to damage crops and infrastructure, and threaten plants and animals that attract tourism. The impacts of climate change are likely to affect livelihoods, food and water security and ultimately increase the cost of living for South Africans.

The following interventions by local municipalities can be very useful.

- The average level of major dams has decreased in all provinces and Municipalities need to urge communities to use water sparingly
- There is also uncertainty in the forecasting system. Higher than normal temperatures are expected from early-spring through to mid-summer. Below-normal rainfall over the central to south-eastern parts of the country are common, while above-normal rainfall for the central and eastern parts continues (Dec-Jan-Feb). Municipalities are urged advise communities of these changes in weather patterns

- Municipalities are urged to strengthen their disaster risk reductions strategies and ensure that the Early Warning System (EWS) for Climate Change and Disaster Risk Management Information System are developed for dissemination to locals.
- Public awareness and capacity building/ training should provide, and the coping strategy booklets must be issued in all official languages with regard to drought, floods, veld fires, extreme temperatures (cold spells and heat waves) and migratory pests.

## FIRE SERVICES

During the financial year (July 2024 to June 2025) the Fire Departments within uMzinyathi responded to six hundred and twenty-two (622) incidents by various fire stations; three hundred and two (302) building fires, sixty (60) motor vehicle incidents (mva's), two hundred and thirty - three (233) grass fires, four (4) commercial fires, nine (9) transport fires, eleven (11) drowning incident and seven (7) electric fires.

There were one hundred and one (101) injuries and nineteen (19) fatalities noted through motor vehicle incident and there were four (04) injuries and six (06) fatalities noted through fire incident throughout the district.

Structural fire at Mizpah in ward 10 at uMvoti



Structural fire at Othame area in ward 15 at Msinga



uMzinyathi District Municipality together with The South African Department of Forestry Fisheries and the Environment (DFFE) in partnership with the Government of Flanders has developed the “Department of Forestry, Fisheries and the Environment Adaptive Capacity Facility” (DFFE-ACF or ACF). The key challenge the ACF aims to address is the lack of effective climate change implementation at a local level in South Africa.

The Facility is intended to benefit those citizens and communities of South Africa that are most vulnerable to climate change impacts because of their exposure to various impacts and their lack of capacity to adapt to these impacts. These vulnerable groups are most reliant on effective institutional adaptation measures that can reduce their exposure to the impacts of climate change and increase their adaptive capacity to respond to climate change more effectively.

The co-creation workshop was held at Siqalo resort in Msinga Local Municipality. A range of stakeholders were present in both the workshops such as representatives from DFFE National and Local office, KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs, Office of the Mayor, uMzinyathi District Municipality, Endumeni Local Municipality, Msinga Local Municipality, Mvoti Local Municipality, Nquthu Local Municipality and local community ward leaders from each of the local municipalities. uMzinyathi District Municipality is hoping to be a recipient of this grant as its Climate Change Mitigation strategy.

## **FIRE SERVICES**

During the financial year (July 2023 to June 2024) the Fire Departments within uMzinyathi responded to seven hundred and fifty (750) incidents by various fire stations; three hundred and thirty-eight (338) building fires, fifty-five (55) motor vehicle incidents (mva`s), three hundred and twenty- five (325) grass fires, seven (7) commercial fires, ten (10) transport fires, nine (09) drowning incident and six (6) electric fires.

There were one hundred and thirty- two (132) injuries and twenty-six (26) fatalities noted through motor vehicle incident and there were two (02) injuries and four (04) fatalities noted through fire incident throughout the district.

|                                                                     |                                                                            |
|---------------------------------------------------------------------|----------------------------------------------------------------------------|
| Structural fire on the 15/08/2023 at Matimatolo in ward 2 at uMvoti | Structural fire on the 25th August 2023 at Esibongile in ward 11 at Nquthu |
|---------------------------------------------------------------------|----------------------------------------------------------------------------|





### 3.14 Occupational Health and Safety (OHS)

The main function of OHS is to promote and protect employees' health, improve working conditions in the working environment and maintain the health of the Human Resources component of the municipality.

During the year under review, the OHS section implemented the following OHS trainings:

|    | TYPE OF TRAINING                                   | DATE       |
|----|----------------------------------------------------|------------|
| 1. | Fire equipment use at Makhabeleni WTW.             | 26/07/2024 |
| 2. | Intoxication at work, at Qhudeni WTW               | 30/08/2024 |
| 3. | Risk Assessment, at Nondweni WTW                   | 23/09/2024 |
| 4. | Hepatitis Virus at Avon Depot                      | 17/01/2025 |
| 5. | Risk Assessments at Tugela Ferry (Old Water Works) | 14/02/2025 |
| 6. | Hepatitis Virus at Greytown WWTW                   | 10/04/2025 |
| 7. | Hepatitis Virus vaccine at Kranskop WWTW.          | 20/05/2025 |

- Compliance checks with OHS were also undertaken to ensure compliance with the OHS Act 85 of 1993, with four inspections conducted.
- There were 200 water and wastewater employees vaccinated for the Hepatitis virus.



- The OHS quarterly meetings were held on the following dates: 19/09/2024 (Q1), 04/12/2024 (Q2), 20/03/2025 (Q3) and 30/06/2025 (Q4), respectively, to discuss injuries on duty, occupational safety and the well-being of employees.
- The fire extinguishers installed in the Main Building, Satellite plants and Council vehicles are serviced annually (last serviced on the 30<sup>th</sup> of December 2024) to ensure the safety of occupants at all times.

### Occupational risks and mitigation

Injuries on duty – Ten (10) reported to the Department of Employment and Labour<sup>2</sup>.

|     | INJURY ON DUTY DESCRIPTION                                                                                                      | NATURE OF INJURY     | INCIDENT DATE |
|-----|---------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------|
| 1.  | She tripped and fell on her way out of the premises, where one of the concrete slabs was missing.                               | Right knee and arm   | 04/07/2024    |
| 2.  | While unblocking, he was rotating the rods, the rods dislocated, snapped and hit him on the face and left eye.                  | Left eye and face    | 18/07/2024    |
| 3.  | There was a malfunction with the screening, and spilt waste material on the body of the employee.                               | Whole body           | 24/07/2024    |
| 4.  | Slipped and fell whilst trying to get on the truck as the floor conditions were frosty.                                         | Right ankle and calf | 29/07/2024    |
| 5.  | While they were fixing the pump, the gas gate suddenly burst and spilt waste material onto an employee's body.                  | Whole body           | 11/09/2024    |
| 6.  | While inspecting the plant's reservoir level, she slipped on the snow-covered surface and fell off the reservoir.               | Left hand            | 23/09/2024    |
| 7.  | He hurt his finger whilst trying to fix the pump.                                                                               | Index finger         | 16/10/2024    |
| 8.  | He was untying the sewer rods that spun into his right eye.                                                                     | Right eye            | 17/12/2024    |
| 9.  | He was checking the valve when he stepped into a hole in the ground, which was not noticeable due to the long, overgrown grass. | Left arm and neck    | 06/02/2025    |
| 10. | While pouring sodium hypochlorite into a container/bin, some of the liquid splashed                                             | Left eye             | 13/05/2025    |

|  |               |  |  |
|--|---------------|--|--|
|  | into his eye. |  |  |
|--|---------------|--|--|

**Mitigating measures**

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- Trainings are routinely conducted.

Hazard Identification and Risk Assessment (HIRA)/Health Risk Assessment (HRA is conducted in the municipal building, satellite treatment plants and site offices to ensure compliance with OHS Act 85 of 1993.

- There were 2 HIRAs conducted during the 2024/2025 financial year.

**Planned programmes for the 2025/2026 financial year**

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**It should be noted that in the year under review, the proposed planned programmes were not achieved due to financial constraints.**

- Occupational Health screening (medicals) for all employees, with priority given to wastewater treatment plant-based employees.
- Emergency preparedness, such as evacuation mock drills assisted by the Fire Department, Disaster and external stakeholders.
- Installation of the mechanical ventilation system at the Billing and Customer Care section.
- Redrawing of building plans for the Princess Magogo Building.
- Installation of an environmentally friendly and energy-saving illumination system for the Main Building.
- Obtaining a Certificate of Compliance and the test report for electrical installations.

## COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

**Employee Total, Turn Over and Vacancies**

The HR system populated a statistical report which revealed that, during the financial year under review (2024/25), the municipality had a staff complement of 545. There are 6 section 54 and 56 Managers posts within the municipality, all 6 posts are filled namely, Community Services, Technical Services, Budget and Treasury Office, Corporate Services, Planning and Economic Development and The Office of the Municipal Manager.

**Occupation and Gender Equity Analysis**

The staff complement analysis by occupation and gender has been undertaken to monitor the achievement of targets set out in the Employment Equity Plan. The analysis applies to the staff distribution excluding vacant posts. Occupation and gender equity need to be considered in relation to the potential candidates for the new positions. The distribution of staff by occupation and gender is shown below:

Table 25: Occupational gender analysis

| Occupational Levels              | Male |    |    |    | Female |    |    |   | Total |
|----------------------------------|------|----|----|----|--------|----|----|---|-------|
|                                  | A    | C  | I  | W  | A      | C  | I  | W |       |
| Top Management                   | 05   |    |    |    | 01     |    |    |   | 06    |
| Middle Management                | 11   |    |    | 01 | 11     |    |    |   | 23    |
| Supervisor and Skilled Technical | 41   |    | 01 | 01 | 45     |    | 02 |   | 90    |
| Semi-skilled                     | 71   | 01 | 01 |    | 54     | 01 | 03 |   | 131   |
| Elementary Occupation            | 221  | 04 |    | 01 | 70     |    |    |   | 296   |
| Grand Total                      | 348  | 05 | 02 | 03 | 181    | 01 | 05 |   | 545   |

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

The municipality uses a top-down approach in its management style, the diagram below illustrates the hierarchy level within the municipality.



### **Employment Equity Plan**

The Employment Equity act has been reviewed and implemented to comply with the Employment Equity Act (No 55 of 1998). The plan seeks to address the numerical goals in terms of demographics within the municipality.

### **COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

Self-development as well as career development is of outmost importance to the municipality to ensure that the municipal workforce is in line with the respective changes in professions, the skills market and professional advancement.

In the 2024/25 financial year the municipality embarked on various trainings, skills enhancement programmes as well as bursaries for all employees that met the minimum requirements of the Bursary Policy.

## Workplace Skills Plan

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In accordance with the Skills Development Act and skills Levy Act, municipalities have to prepare and review the Workplace Skills Development Plan. During 2024/25, the municipality reviewed and implemented the Workplace Skills Development Plan as required by the said Act. The plan seeks to address employee's skills development, scarce skills and also skills audit of the municipality.

The municipality is registered with the Local Government Sector Education and Training Authority (LGSETA), and skills development relating to all levels of employees' functions have been undertaken and integrated into the plan. During the year under review, three hundred and seventy-five (375) employees and twenty-five (25) councilors were trained on various skills development as part of the Workplace Skills Plan. Skills audit has been undertaken to determine the employees training needs for the 2024/25 financial year, and these training needs have formed part of the Workplace Skills Plan. The municipality is committed in training and developing its employees thereby improving productivity levels. During the year under review, an amount of R 934 110.00 was spent on both the academic and functional development of staff and councilors.

## Cascading Performance Management to All Employees

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Implementation of cascading performance management process for the 2024/2025 financial year at uMzinyathi District Municipality focused on aligning employee performance with organisational goals. Key aspects included the planning phase for employees on levels E3–D1.

The planning phase for cascading performance management began in early May 2024. The Individual Performance Management System Office (IPMS) facilitated a structured process to ensure that performance agreements for employees on levels E3–D1 were developed, aligned, and signed before the commencement of Q1 of the 2024/2025 financial year.

Key activities included:

- **Drafting of Agreements:** Individual performance agreements were drafted based on job descriptions.
- **Signing Process:** Employees, their immediate supervisors and head of departments were required to sign the agreements before the 31 July 2024 deadline. Copies were retained by the IPMS office and filed.

During implementation, the following challenges were encountered:

| Challenge             | Description                                                                                          | Impact                                                       | Corrective Action                                                               |
|-----------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------------|
| Lack of Cooperation   | Several employees, delayed submitting or signing their performance agreements.                       | Delayed cascading of performance to the lowest levels.       | Follow-up emails, management intervention, and escalation to supervisors.       |
| Limited Understanding | Some employees did not fully understand how their roles contribute to the overall departmental KPAs. | Resistance to signing and lack of ownership of deliverables. | Additional one-on-one sessions held to explain role alignment and expectations. |

Mid-year performance assessments were successfully conducted in the 3rd quarter for managers and employees D4–D1. The process followed the approved Performance Management Framework and included:

- Self-Assessments: All participants completed self-evaluation forms.
- Performance Review Sessions: One-on-one reviews with employees was conducted, providing structured feedback on progress against targets.
- Documentation: Completed assessment forms were quality-checked and filed by the IPMS Office for auditing and reporting purposes.

Cascading performance management is an important tool to help improve accountability, service delivery, and ensure employees are working towards the municipality's goals. Good progress has been made during the 2024/2025 financial year.

**COMPONENT A: ORGANIZATIONAL PERFORMANCE TARGETS SUMMARY**

Performance monitoring underpins the implementation of the municipal Integrated Development Plan by reviewing performance of targets on a regular basis to detect under performance in order to implement remedial action timeously so that targets are achieved and value for money is easily identified in the services provided to the community.

Performance targets for the 2024/25 financial year were developed and outlined in Organisational Scorecard that was adopted together with the IDP on the 26<sup>th</sup> of May 2024. During the adjustment period the Organizational Scorecard was adjusted to be in line with the adjusted budget. The adjustment was approved by Council and uploaded on the municipal website for public viewing and information.

The draft Annual Performance Report provides an illustration on how uMzinyathi District performed against predetermined objectives and targets. The Annual Performance Report together with the Annual Financial Statements will be submitted to the Office of the Auditor General on the 29<sup>th</sup> of August 2025.

The performance results of the organization are summarized per Key Performance Area as follows:

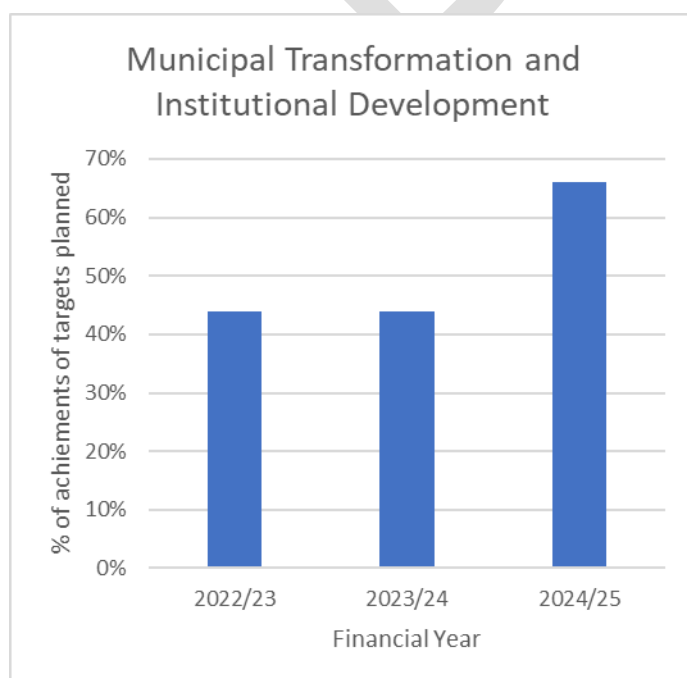
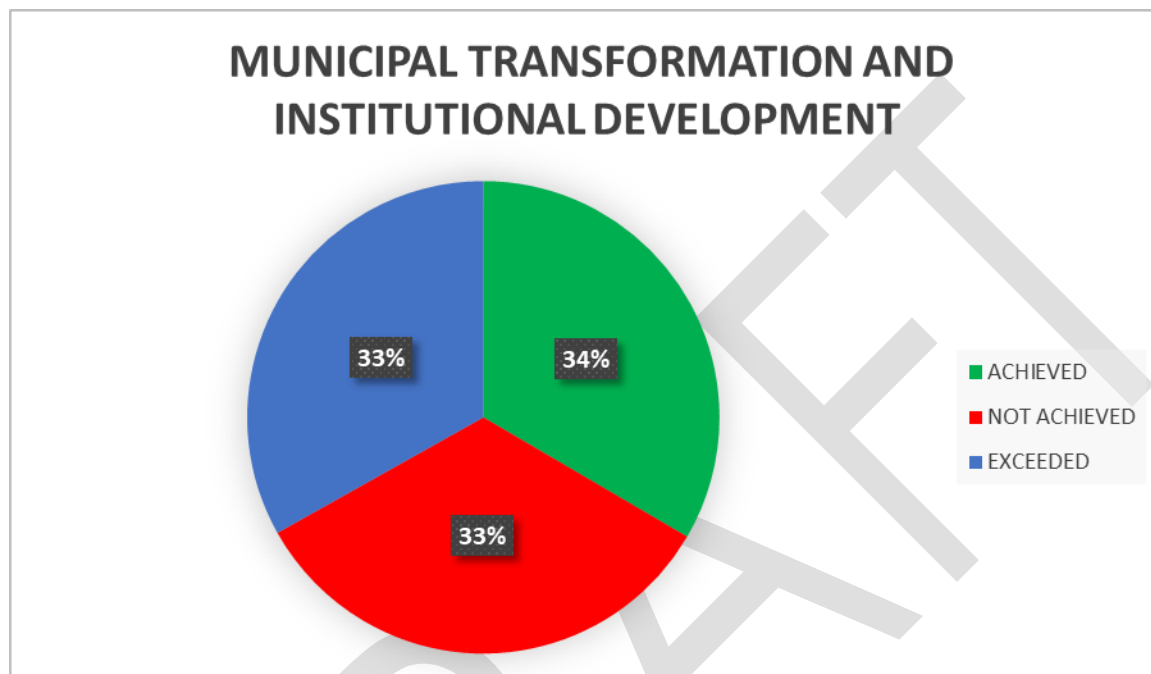
**Municipal transformation and Institutional development**

During the year under review the key performance area had a total of nine (09) planned targets of which three (3) were achieved, three (3) of the set targets exceeded required performance and three (3) were not achieved. Though the performance area has achieved performance that is acceptable, it should be noted that Percentage of budget spent on workplace skills plan was not spent fully during the financial year and is sitting at 93%, this accompanied by the Number of Strategic planning reports submitted to respective Portfolio Committee & EXCO (MM) contributed to targets not achieved.

It must be further noted though that compliance planning documents were prioritized as they were submitted to over site structures before the set target dates, resulting in the over

achievement of this KPA. Performance has improved by 22% when compared to the 2023/24 financial year.

**The graph below illustrates performance for the past three (3) financial years.**



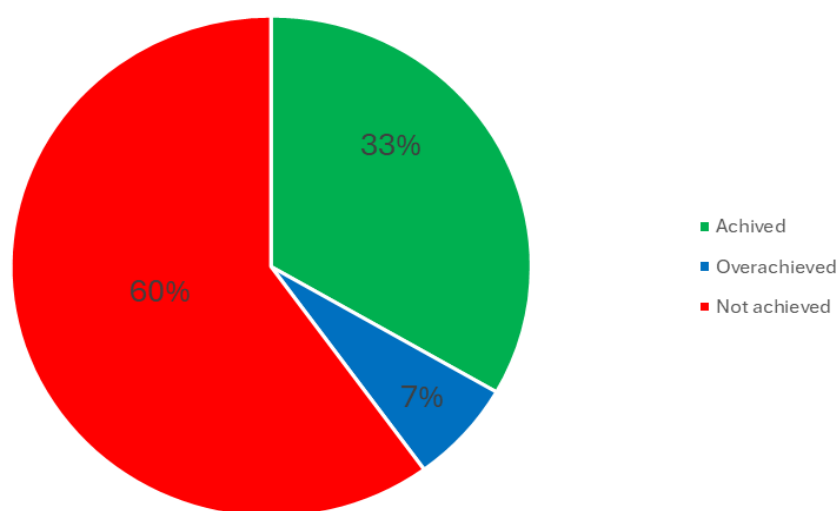


The Basic Services delivery Key Performance Area (KPA) is meant to record and measure the performance of the organization in ensuring the prioritization of the development and resilience of its community. Under this KPA the organization is set out to identify and address areas of lack of service delivery through water and sanitation provision. During the financial year under review the municipality had set out to have 42 water projects to be under construction, however managed to achieve 35, with the uMvoti and Sinyambothi project still being at a physibility study stage. The municipality was able to have 5 water projects completed of the 12 planned for the financial year under review, this was a due to slow progress on site for projects such as Douglass phase 3 and Ntinini Mfongomfongo amongst others (with slow progress meeting engagements being scheduled between the municipality and the contractor. This contributed to 1049 households benefitting from the completed water projects.

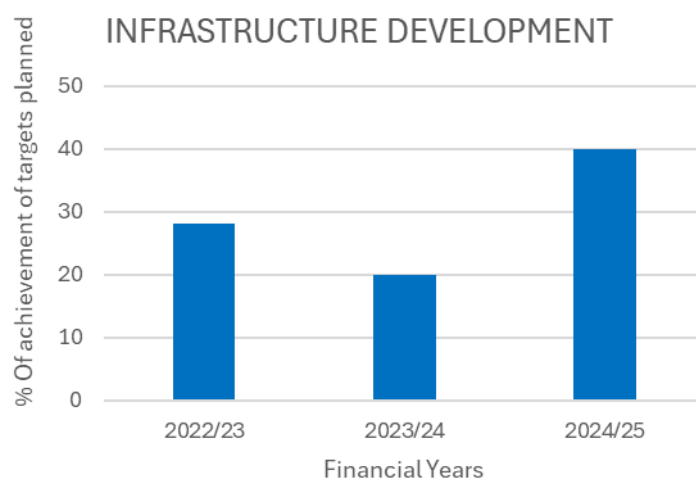
Under this KPA 2 sanitation projects were completed with 2468 households benefitting, with the Disaster centre phase 1 & 2 sitting at 100% completion. The municipality was however, unable to conduct water treatments for the monitoring of green drop as a result of non-acquiring of lab services. This KPA achievement shown a significant increase from 20% in the previous financial year to 40% during the year under review. Overall the KPA had 15 targets for the current financial year with five (5) achieved, nine (9) not achieved and one (1) over achieved.

**The graph below illustrates the performance of this KPA for the past three (3) financial years.**

## Basic Service Delivery and Infrastructure Development



## BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT



**Below is the table illustrating the progress of the projects that were implemented during the 2024/25 financial year.**

| No. | PROJECT NAME                               | GRANT FUNDING | TENDER NO. | CONTRACTOR        | CONSULTANT | START DATE | ORIGINAL COMPLETION DATE | REVISED COMPLETION DATE                                  | BUDGETED COSTS | VARIATION ORDER/ ADDITIONAL COST                                                              | ACTUAL EXPENDITURE AS AT 30 JUNE 2025                                                                                                                                                                                               | CHALLENGES                                                              | COMMENTS / ACTION PLAN                                                                                                      | COMPLETION AS AT 30 JUNE 2025 |
|-----|--------------------------------------------|---------------|------------|-------------------|------------|------------|--------------------------|----------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------|
|     |                                            |               |            |                   |            |            |                          |                                                          |                |                                                                                               |                                                                                                                                                                                                                                     |                                                                         |                                                                                                                             |                               |
| 1   | MAKHABELENI PHASE 6(ZONE E & F)            | MIG           | T2019-24   | MAKHELENI         | MSW        | 2020/10/20 | R34 960 800,93           | N/A                                                      | R30 882 695,83 | Identified defects in reticulation network. Contractor required to return to site to rectify. | Meetings between contracted parties conducted. Contractor returned to site to finalise as built information and provide standpipe forms. Discrepancies found in information submitted. MSW requested amendments, awaiting documents | 100%                                                                    | Completion certificate                                                                                                      | 100%                          |
| 2   | Douglas Water Supply Phase 3               | MIG           | T2018-16   | SWAZI - AVAX      | BVI        | 2018/08/31 | 2021/03/24               | Contractor has been terminated on the 13th of April 2023 | R42 462 336,01 | N/A                                                                                           | R42 462 336,01                                                                                                                                                                                                                      | - Slow Contractor Progress<br>- Contractor has de-established from site | Contractor has been terminated on the 13th of April 2023 and the new contractor was then appointed to complete this project | 98%                           |
| 3   | Completion of Douglas Water Supply Phase 3 | MIG           | REQ 03010  | Lunqobile Trading | BVI        | 01-Dec-23  | 17-Nov-24                | N/A                                                      | R3 714 470,10  | N/A                                                                                           | R3 714 470,10                                                                                                                                                                                                                       | N/A                                                                     | Project has been completed                                                                                                  | 100%                          |

|   |                                                              |     |          |                    |            |           |           |               |                 |     |               |                                                                                                                                                                                                                                                    |                                                                                                                                            |     |
|---|--------------------------------------------------------------|-----|----------|--------------------|------------|-----------|-----------|---------------|-----------------|-----|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 4 | MUDEN BULK WATER PHASE 4B (Keates Drift 4B)                  | MIG | T2016-06 | AVAX SA 181 CC     | HATCH GOBA | 30-Jun-19 | 30-Jun-20 | 30-May-25     | R6 900 115,00   | N/A | R6 541 948,49 | The contractor responded on the intention to terminate letter sent by the Client and has submitted the following: Letter to acknowledge the intention to terminate, Request for the extension of time. Construction programme and the Action Plan. | Intention To Termination was sent on the 29 May 2025, the contractor responded to the letter and promised to come back and finish the site | 90% |
| 5 | MUDEN BULK WATER PHASE 2A(Keates Drift 2A)                   | MIG | T2018-09 | TRICON ENGINEERING | HATCH GOBA | 11-Jan-21 | 30-Oct-21 | To be revised | R 12 742 583.35 | N/A | R7 136 235,60 | Project was delayed by the late payments by the Client but it is now progressing well, the contractor has abandoned the site and been given a letter of intention to terminate.                                                                    | This contract was terminated and new contractor has been appointed to finish the project                                                   | 92% |
| 6 | THE COMPLETION OF MUDEN BULK WATER PHASE 2A(Keates Drift 2A) | MIG | Q03854   | NGCEBO CONSULTING  | HATCH GOBA | 19-May-25 | 30-Jan-26 | N/A           | R7 771 853,49   | N/A | R0,00         | No challenges                                                                                                                                                                                                                                      | n/a                                                                                                                                        | 0%  |
| 7 | MUDEN BULK WATER PHASE 3B (Keates Drift 3B)                  | MIG | T2018-11 | SIPHO TRADING 24   | HATCH GOBA | 12-Feb-21 | 30-Jan-23 | 30-Jan-23     | R 7 015 000.00  | N/A | R5 674 026,43 | Project was delayed by the late payments by the Client but it is now progressing well, the contractor has abandoned                                                                                                                                | This contract was terminated and new contractor has been appointed to finish the project                                                   | 86% |

|    |                                                                                         |      |          |                                    |            |           |           |           |                 |                |                 |                                                                                                                                                                                                            |                                                                                                                                                                     |     |
|----|-----------------------------------------------------------------------------------------|------|----------|------------------------------------|------------|-----------|-----------|-----------|-----------------|----------------|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
|    |                                                                                         |      |          |                                    |            |           |           |           |                 |                |                 | the site and been given a letter of intention to terminate.                                                                                                                                                |                                                                                                                                                                     |     |
| 8  | COMPLETION OF MUDEN BULK WATER PHASE 3B (Keates Drift 3B)                               | MIG  | Q03853   | BO MHLONGO CIVILS                  | HATCH GOBA | 19-May-25 | 30-Jan-26 | N/A       | R4 956 648,64   | N/A            | R0,00           | No challenges                                                                                                                                                                                              | n/a                                                                                                                                                                 | 0%  |
| 9  | MUDEN BULK WATER PHASE 3C (Keates Drift 3C)                                             | MIG  | T2018-12 | VHUYAN NCABANE TRADING ENTERPRISE  | HATCH GOBA | 10-Apr-19 | 22-Feb-20 | 30-Jun-23 | R 38 567 511.06 | N/A            | R 37 716 381.83 | This contractor is not on site due to financial challenges to pay for local labour and suppliers as well as to procure materials to complete the project. Contractor was engaged via meetings and emails . | This contract was terminated and new contractor has been appointed to finish the project                                                                            | 96% |
| 10 | COMPLETION OF MUDEN BULK WATER PHASE 3C (Keates Drift 3C)                               | MIG  | Q03855   | MARINKENTA PROJECTS AND SECURITIES | HATCH GOBA | 19-May-25 | 30-Jan-26 | N/A       | R7 832 630,31   | N/A            | R2 149 933,56   | No challenges                                                                                                                                                                                              | n/a                                                                                                                                                                 | 0%  |
| 11 | GREYTOWN WATER BULK                                                                     | RBIG | T2019-14 | GREYTOWN WATER WORKS               | RHDHV      | 29-Nov-19 | 29-Nov-19 | N/A       | R493 568 209,54 | N/A            | R444 178,43 724 | Project is on hold due community demands                                                                                                                                                                   | The project is on hold and the matter is being addressed by Department of Land Affairs and DWS.Municipality will follow up on the progress made on a monthly basis. | 82% |
| 12 | NTININI (KWAZONDI) CONSTRUCTION OF RESERVOIR,PUMPSTATION, ELECTRICAL & MECHANICAL WORKS | MIG  | T2019-37 | MAKHELENI                          | PARADOX    | 03-Oct-19 | 30-Apr-21 | N/A       | R22 875 005,12  | R19 704 439,25 | R42 528 346,73  | The project is on practical completion as a result of an old leaking pipelines within the                                                                                                                  | This project will be finished by Ntinini Project that is on SCM process                                                                                             | 99% |

|    |                                                   |      |          |                                                     |          |            |            |            |                |                |                |                                                                                                                                                                                                                                                                                                       |                                                                                                                    |        |
|----|---------------------------------------------------|------|----------|-----------------------------------------------------|----------|------------|------------|------------|----------------|----------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------|
|    |                                                   |      |          |                                                     |          |            |            |            |                |                |                | project area.                                                                                                                                                                                                                                                                                         |                                                                                                                    |        |
| 13 | NTININI(SEVEN) WATER RETICULATION NETWORK         | MIG  | T2020-06 | VELEKUHLE GENERAL TRADING ENTERPRISE                | MNA      | 2021/08/13 | 14-Oct-22  | 2025/06/31 | R27 056 121,84 | R2 283 018,18  | R28 117 110,60 | The contractor is currently facing challenges with pouring concrete for the reservoir and treatment works base slabs on site due to heavy rains. These delays have delayed the project from being completed on time therefore the Contractor have submitted a draft extension of time claim number 2. | This project will be finished by Ntinini Project that is on SCM process                                            | 99%    |
| 14 | NTININI(VUMANKALA) RETICULATION NETWORK IN WARD 5 | MIG  | T2020-23 | SINETHEMBA CONSTRUCTION                             | CORHAVEN | 02-Mar-20  | 27-Aug-21  | 28-Aug-25  | R34 790 000,00 | N/A            | R31 331 586,17 | The project is on hold due to legal issues                                                                                                                                                                                                                                                            | The project is being handling by our internal team                                                                 | 99%    |
| 15 | NTININI(CASINO) RETICULATION NETWORK              | MIG  | T2019-35 | ASIZIQALELE                                         | ILIFA    | 2019/10/01 | 2020/10/07 | 2025/06/30 | R33 731 178,39 | R25 152 545,54 | R58 145 056.94 | There was a delay in payments which resulted in the Contractor abandoning site                                                                                                                                                                                                                        | The contractor was given an additional scope of work on the 30th of June 2025                                      | 99%    |
| 16 | KWAKOPI RETICULATION PHASE 3                      | WSIG | T2020-04 | OXIOR CIVIL ENTERPRISE JV KATSILLA LENALLA PROJECTS | BVI      | 15-Jan-20  | 08-Jun-21  | N/A        | R32 114 074,30 | N/A            | R30 964 330,68 | <ul style="list-style-type: none"> <li>- Slow progress on site</li> <li>- Cash Flow Challenges</li> <li>- Contractor has de-established from site</li> <li>- Contractor is</li> </ul>                                                                                                                 | Numerous community meetings and technical meetings have been held between all parties in an attempt to resolve the | 91,83% |

|    |                                                                      |     |            |                    |       |           |           |                 |               |     |               |                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                 |      |
|----|----------------------------------------------------------------------|-----|------------|--------------------|-------|-----------|-----------|-----------------|---------------|-----|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
|    |                                                                      |     |            |                    |       |           |           |                 |               |     |               | facing legal proceedings from multiple suppliers                                                                                                                                                                                                                                                                                                                                   | situation and allow the subcontractor to recommence.                                                                                                            |      |
| 17 | OPHATHE 3 NORTHERN SECTION CONSTRUCTION OF BULK WATER & RETICULATION | MIG | T2014-15/1 | THEMBALETHU CIVILS | ILIFA | 09-Jun-15 | 31-Oct-18 | 30-Jun-25       | R9 772 795,28 | N/A | R9 772 795,28 | The project reached practical completion however the project was not tested, due to the fact there was no water at that time to test the infrastructure, so we couldn't do the completion. So when we finally supplied with water and test the infrastructure, we identified some snags on the system. The contractor who was appointed for this project is no longer in business. | The snags identified in the project were completed by Oshikishini ext project in Muden.                                                                         | 100% |
| 18 | OPHATHE WATER SUPPLY SCHEME PHASE 3                                  | MIG | T2014-14   | LEEK CONSTRUCTION  | ILIFA | 09-Jun-15 | 31-Oct-18 | To be discussed | R6 110 507,78 | N/A | R6 110 507,78 | The project reached practical completion however the project was not tested, due to the fact there was no water at that time to test the infrastructure, so we                                                                                                                                                                                                                     | The snags identified in the project are plan to be completed when implementing Oshikishini ext project in Muden. The project has gone on advert, appointment is | 100% |



|    |                                                                                 |     |          |                               |     |           |           |           |                |     |                |                                                                                                                                                                                                                     |                                                                              |     |
|----|---------------------------------------------------------------------------------|-----|----------|-------------------------------|-----|-----------|-----------|-----------|----------------|-----|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-----|
|    |                                                                                 |     |          |                               |     |           |           |           |                |     |                | couldn't do the completion. So when we finally supplied with water and test the infrastructure, we identified some snags on the system. The contractor who was appointed for this project is no longer in business. | anticipated to take place in March 2023.                                     |     |
| 19 | RUIGTEFONTEIN EXTENSION AND KUNENE FARM WATER RETICULATION (THELAPHI SCHEME)    | MIG | T2021-35 | Tusani Development (Pty) LTD. | DLV | 30-Jul-23 | 30-Nov-24 | 30-May-25 | R11 409 671,72 | N/A | R10 950 848,48 | Payment delays                                                                                                                                                                                                      | Issue has been addressed with Umzinyathi and was sorted.                     | 98% |
| 20 | RUIGTEFONTEIN EXTENSION AND KUNENE FARM WATER RETICULATION (KUNENE FARM SCHEME) | MIG | RFQ04393 | MHV GROUP                     | DLV | 26-Feb-25 | 21-Feb-26 | N/A       | R9 401 186,06  | N/A | R6 946 093,90  | al individual wants to be compensated for x2 borehole drilled and x1 pump house already constructed, another one 1 to commence.                                                                                     | ISD is busy interacting the the individual and is yet to issue formal report | 34% |



|    |                                                                       |      |          |                                               |                                  |            |           |           |                    |     |                |                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                 |     |
|----|-----------------------------------------------------------------------|------|----------|-----------------------------------------------|----------------------------------|------------|-----------|-----------|--------------------|-----|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----|
| 21 | SAMPOFU REGIONAL:<br>COMMISSIONING OF<br>BULK WATER                   | MIG  | T2021-26 | LATIFAH                                       | CIVTECH<br>ENGINEERS<br>(PTY)LTD | 01-Apr-21  | 31-Oct-22 | 22-Sep-25 | R41 603<br>491,70  | N/A | R35 469 259,78 | The project was delayed from the start and the delays are as follows:<br>The WTW was locked by Aqua Plan, The two pumpstations were not connected to electrical supply, Mbono Pump station was vandalized and pumps were stolen, During Summer floods the source of was flooded and there was no water to commissioning the scheme and the electrical cables were stolen | An extension of time was requested and granted from the 15 February 2025 to 22 September 2025.                  | 88% |
| 22 | NKOBONGWENI WATER<br>RETICULATION<br>NETWORK PHASE 3B<br>RETICULATION | WSIG | T2024-01 | VELEKUHLE<br>GENERAL<br>TRADING<br>ENTERPRISE | MNA                              | 2021/08/13 | 31-Jan-23 | 30-Jul-25 | R 20 329<br>736,27 | N/A | R 689 428,97   | The contractor has experienced shutdown on site by the CPGs due to non payment, there has been a slow progress on site due to these issues. The Contractor is moving slow with pressure testing of the pipe as well as stream                                                                                                                                            | CPGs were paid and work resumed on site. The director for VGT was contacted and concerns communicated with her. | 95% |

|    |                                                      |      |        |                                    |                     |            |           |     |                 |     |               |            |                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                         |     |
|----|------------------------------------------------------|------|--------|------------------------------------|---------------------|------------|-----------|-----|-----------------|-----|---------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
|    |                                                      |      |        |                                    |                     |            |           |     |                 |     |               | crossings. |                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                         |     |
| 23 | NKOBONGWENI WATER RETICULATION NETWORK PHASE 3B BULK | WSIG | Q04056 | MARINKENTA PROJECTS AND SECURITIES | MNA                 | 2025/03/10 | 10-Jul-25 | N/A | R 11 124 166,77 | N/A | R 326 819,83  | 10         | Contractor is busy with pressure testing of the pipe, WTPP specialist is bust assembling the plant offsite, pipe and valve markers have been installed 100%.                                                    | Pressure Testing of 2km length was witnessed and approved by the Engineer                                                                                                                                                                                                                                                                                                                               | 81% |
| 24 | GUNJANA WATER SCHEME PHASE 3A                        | WSIG | Q04056 | BO CONSTRUCTIO N                   | JG AFRIKA (PTY) LTD | 27-Mar-25  | 27-Dec-25 | N/A | R17 972 278.03  | N/A | R5 748 270.66 |            | The contractor has raised that he has run out of materials to use on site and as a result, they have no further work to do until the material is delivered to site, which is causing delays to their programme. | JG Afrika has advised the contractor that the supplier has agreed to deliver the materials to site within less than a week. The contractor has further been advised to undertake other activities in the meantime, such as further pipeline excavation and laying of bedding material, excavation for the pump station foundation, laying and compacting of the G7 material on the reservoir foundation | 32% |

|    |                                                                                        |      |          |                                        |                     |           |           |           |                 |     |                |                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                  |      |
|----|----------------------------------------------------------------------------------------|------|----------|----------------------------------------|---------------------|-----------|-----------|-----------|-----------------|-----|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| 25 | GUNJANA WATER SCHEME PHASE 4                                                           | WSIG | Q04057   | ANCUMILE CIVILS                        | JG AFRIKA (PTY) LTD | 27-Mar-25 | 27-Feb-26 | N/A       | R 20 621 574.37 | N/A | R4 710 328.08  | A few of the community members affected by the project were refusing the pipeline crossing through their properties and demanded compensation to allow the contractor to excavate within their yards. | JG Afrika advised the contractor to organise a meeting with the PSC and the ISD consultant to resolve this matter with the community. The meetings were held with the councillor present and these issues were addressed so the contractor can carry on working. | 23%  |
| 26 | NQUTHU WATER SUPPLY SCHEME – VANTS DRIFT WTP AND NQUTHU RESERVOIRS UPGRADES            | MIG  | T2021-28 | MAKHELENI CONSTRUCTION                 | CORHAVEN CONSULTING | 31-Mar-21 | 31-May-23 | 30-May-25 | R58 408 421,43  | N/A | R58 408 389,90 | Delay in payments to the contractor.                                                                                                                                                                  | The project reached the practical completion on the 30th of May 2023 and was given the snag list to complete.                                                                                                                                                    | 100% |
| 27 | NQUTHU WATER SUPPLY SCHEME – SECTION A: NEW 600MM DIAMETER STEEL RISING MAIN CH 0-5052 | MIG  | T2023-31 | MELA OKUHLE JV SINETHEMBA CONSTRUCTION | CORHAVEN CONSULTING | 02-Apr-24 | 03-Dec-24 | 01-Jun-25 | R 60 673 790.85 | N/A | R51 446 716.92 | Some rock and boulder excavations delaying progress on site.                                                                                                                                          | EOT was given and approved                                                                                                                                                                                                                                       | 80%  |
| 28 | NQUTHU WATER SUPPLY SCHEME – SECTION A: NEW 600MM DIAMETER STEEL RISING MAIN CH 0-5052 | MIG  | T2023-32 | MELA OKUHLE JV SINETHEMBA CONSTRUCTION | CORHAVEN CONSULTING | 28-Nov-23 | 25-Aug-24 | 21-May-25 | R60 424 759.22  | N/A | R56 239 022.19 | delays caused by rain delays.                                                                                                                                                                         | The contractor has reached practical completion stage                                                                                                                                                                                                            | 100% |
| 29 | NQUTHU WATER SUPPLY SCHEME – SECTION A: NEW 600MM DIAMETER STEEL RISING MAIN CH 0-5052 | MIG  | T2023-32 | LETHOKUHLE INVESTMENTS                 | CORHAVEN CONSULTING | 28-Nov-23 | 25-Aug-24 | 21-May-25 | R 54 293 943.12 | N/A | R 7 921 134.21 | N/A                                                                                                                                                                                                   | N/A                                                                                                                                                                                                                                                              | 0%   |

|    |                                                     |      |          |                                  |                      |                  |                 |                  |                |                |                |                                                                                                                                                  |                                                                                                  |        |
|----|-----------------------------------------------------|------|----------|----------------------------------|----------------------|------------------|-----------------|------------------|----------------|----------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------|
| 30 | TAYSIDE UPSTRUCTION OF BULK WATER                   | WSIG | T2021-27 | MAKHELENI CONSTRUCTION           | MARISWE              | 28-Apr-21        | 28-May-22       | To be revised    | R36 498 520,30 | N/A            | R25 416 081,29 | Slow progress on site, contractor has been requested to develop turnaround strategy.                                                             | This project is still standstill, municipal to source funds to complete this project             | 41%    |
| 31 | THELEZINI WATER SUPPLY                              | MIG  | T2021-45 | UHLANGA TRADING ENTERPRISE       | WNA CONSULTING       | 22 October 2021  | 26 July 2022    | To be revised    | R26 397 055,36 | R5 151 017,64  | R31 454 233,98 | There were delay in payments to the contractor, which resulted in slow progress on site. The contractor was then terminated.                     | Waiting for SCM processes to be finalised to appoint the new contractor to complete the project. | 94%    |
| 32 | Upgrade of Nquthu - Thelezini Water Supply          | MIG  | T2021-46 | Nomcor Civil and Projects        | WNA CONSULTING       | 20 October 2022  | 31 January 2024 | 08 November 2024 | R18 216 929,66 | R15 295 632,50 | R33 511 907,58 | The project is finished                                                                                                                          | The contractor is progressing well on site. Geotechnical Investigation is underway.              | 100%   |
| 33 | Mayicentela, Vuyiza, Ntababomvu Water Supply Scheme | MIG  | T2023-28 | Msalela Transport                | Vuvamu Pty Ltd       | 07 November 2023 | 22 January 2025 | 02 July 2025     | R35 535 579,01 | N/A            | R27 884 190,83 | Work stoppage caused by Labour strike that has started on the 06th January 2025 due to unwages for subcontractors and the strike still on going. | Vuvamu sent notice of default on change of rate of progress.                                     | 81%    |
| 34 | Kwapharafini Water Supply Scheme Phase 1            | MIG  | T2022-11 | Mqhelewethu Trading and Projects | BVI                  | 21 July 2023     | 30 April 2025   | 10 October 2025  | R43 911 075,25 | N/A            | R28 214 962,78 | Slow progress on site and lack of the approved construction programme                                                                            | Approval of cession agreement to allow the contractor to procure valves and fittings.            | 64.59% |
| 35 | Kwapharafini Water Supply Scheme Phase 2A           | MIG  | T2023-19 | Tarcron Projects                 | Melokuhle Management | 18 June 2023     | 16 July 2024    | 30 April 2025    | R32 979 676,86 | N/A            | R27 463 040,08 | The contractor has not paid the professional service providers their full balance                                                                | The contractor paid all the outstanding invoices                                                 | 64.59% |

|    |                                                                             |     |          |                            |                            |              |              |                                                  |                |     |                |                                                                                                                                             |                                                                                                                                                                                                                                                       |      |
|----|-----------------------------------------------------------------------------|-----|----------|----------------------------|----------------------------|--------------|--------------|--------------------------------------------------|----------------|-----|----------------|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| 36 | Kwapharafini Water Supply Scheme Phase 2B                                   | MIG | T2023-20 | VMT Civils                 | Melokuhle Management       | 18 July 2023 | 16 July 2024 | 10 October 2025                                  | R32 174 280,58 | N/A | R29 642 118,82 | The contractor has not paid the professional service providers their full balance                                                           | The matter has been reported to the client                                                                                                                                                                                                            | 99%  |
| 37 | NQUTHU SANITATION, CONSTRUCTION OF VIP TOILETS                              | MIG | T2021-38 | ZNMS TRADING               | N/A                        | 20-Sep-21    | 20-Sep-22    | 20-Jan-23                                        | R18 193 000,00 | N/A | R15 063 252,00 | As result of the looting that took place there was a backlog in materials which slowed the progress made towards completing the project.    | Intention To Termination was sent on the 29 March 2023                                                                                                                                                                                                | 55%  |
| 38 | MSINGA SANITATION, CONSTRUCTION OF VIP TOILETS                              | MIG | T2021-37 | BIG MAC                    | N/A                        | 20-Jun-21    | 20-Jun-22    | To be discussed on the meeting will be scheduled | R21 427 202,50 | N/A | R17 336 857,89 | Business forums stopped the work to commence on time                                                                                        | Contract terminated                                                                                                                                                                                                                                   | 94%  |
| 39 | UDM DISASTER CENTRE                                                         | MIG | T2021-21 | MYALUZA CIVILS             | TCNS RESOURCES             | 26-May-21    | 11-May-21    | 30-Jun-25                                        | R1 894 114,69  | N/A | R2 250 066,34  | Project was delayed by the late payments by the Client but it is now progressing well and should be completed in the stipulated time frame. | The project is under construction and the municipality is under cost re-imbursement this is ensuring that all the contractors are all paid on time. An extension of time has been granted to the contractor from the 1st of June to 15 December 2022. | 100% |
| 40 | MTHEMBU WEST WATER SUPPLY: CONSTRUCTION OF INFRASTRUCTURE PHASE 1 (TURNKEY) | MIG | T2020-07 | CIVTECH ENGINEERS (PTY)LTD | CIVTECH ENGINEERS (PTY)LTD | 10-Oct-21    | 23-Mar-23    | 31-Jul-25                                        | R69 600 874,41 | N/A | R59 401 619,96 | Local CPG's delayed the project asking for subcontracting                                                                                   | 5 Local CPG's that were appointed                                                                                                                                                                                                                     | 86%  |

|    |                                                                                                               |            |          |                                    |                                           |           |           |           |                |     |                |                                                                                                                                                                                                           |                                                                                   |      |
|----|---------------------------------------------------------------------------------------------------------------|------------|----------|------------------------------------|-------------------------------------------|-----------|-----------|-----------|----------------|-----|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------|
| 41 | MTHEMBU WEST WATER SUPPLY: CONSTRUCTION OF INFRASTRUCTURE PHASE 2 (TURNKEY) MZISHO                            | MIG        | T2020-07 | CIVTECH ENGINEERS (PTY)LTD         | CIVTECH ENGINEERS (PTY)LTD                | 04-May-24 | N/A       | 15-Oct-25 | R89 686 794,78 | N/A | R59 401 619,96 | The Tugela Pumpstation earthworks were started but due to existing services wa                                                                                                                            | Operations and maintainance team to assist with relocation                        | 27%  |
| 42 | MTHEMBU WEST WATER SUPPLY: CONSTRUCTION OF INFRASTRUCTURE PHASE 2 (TURNKEY) SAMPOFU                           | MIG        | T2021-26 | CIVTECH ENGINEERS (PTY)LTD         | LATIFAH JV                                | 01-Apr-21 | 07-Sep-21 | 22-Sep-25 | R41 603 491,70 | N/A | R35 469 259,78 | The is illegal connection which is reducing the water supply from Sampofu Treatment works to comand reservoir. This problem was reported and the connection will be disconnected after the reinstallation | the contractor on site is busy fixing the leaks and the material haved purchased. | 88%  |
| 43 | UDM DISASTER CENTRE PHASE 2                                                                                   | MIG/COGT A | T2023-10 | TAFI TECHNOLOGI ES                 | N/A                                       | 03-Nov-22 | 30-Jun-23 | N/A       | R6 979 972,59  | N/A | R5 000 104,00  | Slow progress on site, contractor has been requested to develop turnaround strategy.                                                                                                                      | Contractor was terminated and municipality appointed a new contractor             | 76%  |
| 44 | THE COMPLETION OF UDM DISASTER CENTRE PHASE 2                                                                 | MIG        | Q03611   | MARINKENTA PROJECTS AND SECURITIES | N/A                                       | 06-May-24 | 30-Sep-24 | 30-Jun-25 | R1 499 157,00  | N/A | R1 499 157,00  | N/A                                                                                                                                                                                                       | Project has been completed                                                        | 100% |
| 45 | UMVOTI WATER SUPPLY SCHEME WATER SUPPLY: CONSTRUCTION OF INFRASTRUCTURE, BOREHOLES AND RETICULATION (TURNKEY) | WSIG       | T2023-21 | BHOSIBO DEVELOPMEN TS PROJECTS     | BHOSIBO DEVELOPMEN TS PROJECTS (TURN KEY) | 13-Sep-23 | 30-Jun-26 | N/A       | R41 603 491,70 | N/A | R7 270 706,81  | The project is in geodrologica l stage, the yield capacity of the drilled boreholes is still very low                                                                                                     | The consultant is busy checking on the existing boreholes                         | 15%  |
| 46 | SINYAMBOTHI WATER SUPPLY SCHEME WATER SUPPLY: CONSTRUCTION OF INFRASTRUCTURE, BOREHOLES                       | WSIG       | T2020-07 | MSW ENGINEERS                      | NOT YET APPOINTED                         | 04-Sep-24 | 04-Mar-26 | N/A       | R29 593 857,94 | N/A | R2 598 602,22  | MSW Consulting requires Employer Guidance regarding water                                                                                                                                                 | Recommend d to test existing community borehole and start exploratory             | 56%  |



|    |                    |      |          |       |                   |           |           |     |               |     |               |                                                                                                                                                                                                                                                    |                                        |     |
|----|--------------------|------|----------|-------|-------------------|-----------|-----------|-----|---------------|-----|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-----|
|    |                    |      |          |       |                   |           |           |     |               |     |               | treatment options for existing Mthiyawe Community borehole.                                                                                                                                                                                        | drilling locations at detailed in      |     |
| 47 | KRANSKOP BOREHOLES | RBIG | T2012-15 | RHDHV | MCHUMANE PROJECTS | 22-May-12 | 04-Mar-13 | N/A | R6 242 448,00 | N/A | R6 242 448,00 | Contract was terminated                                                                                                                                                                                                                            | Waiting for new business plan approval | 99% |
|    |                    |      |          |       |                   |           |           |     |               |     |               | The contractor responded on the intention to terminate letter sent by the Client and has submitted the following: Letter to acknowledge the intention to terminate, Request for the extension of time. Construction programme and the Action Plan. |                                        |     |

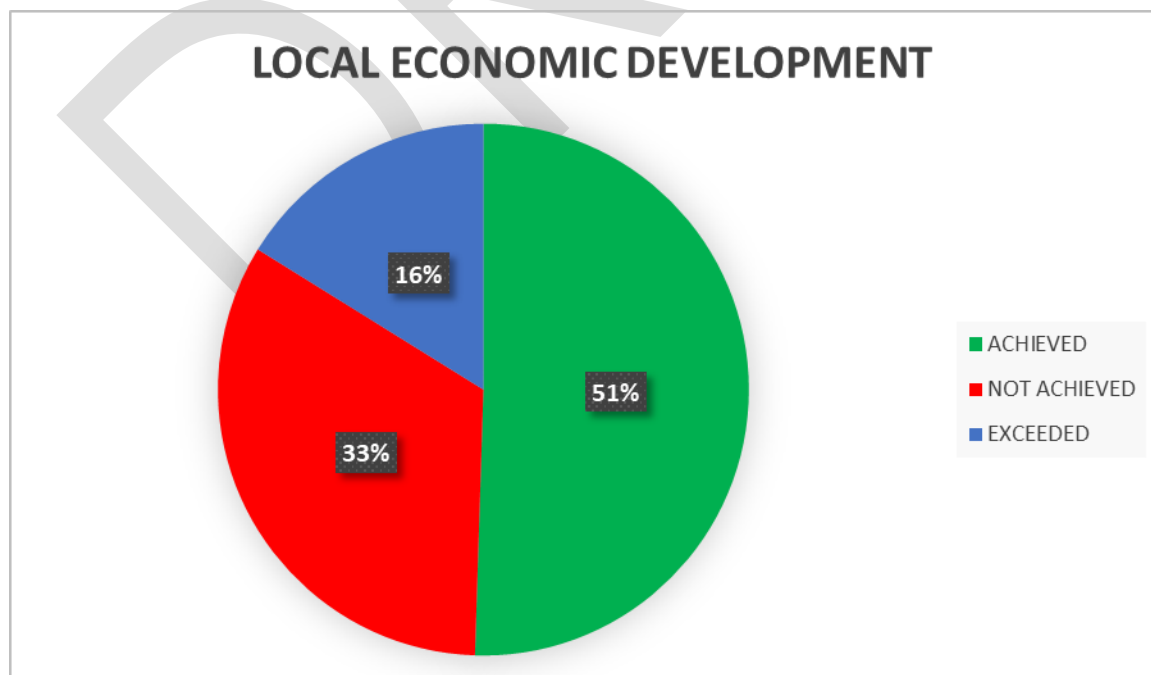
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## Local Economic Development

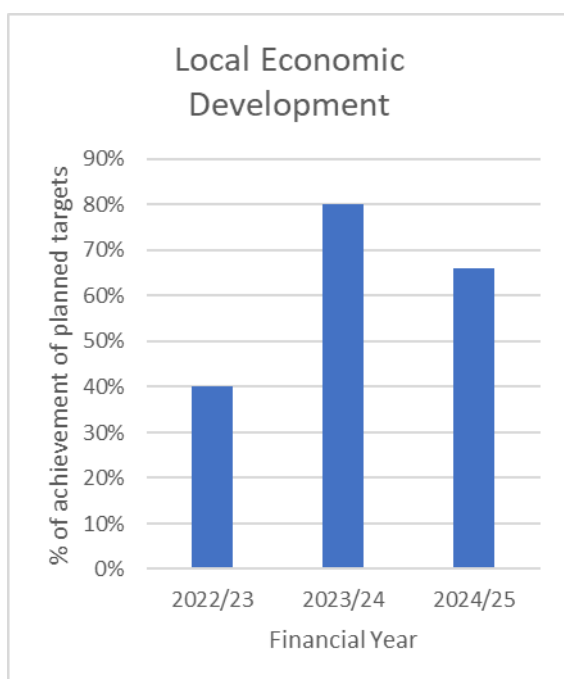
The local economic development KPA is one that is one of the top priorities within the uMzinyathi District Municipality, as the municipality is an area that is dependent more on agricultural development and is well vested on skills development and community empowerment. For the financial year under review, the KPA had a total of 6 targets planned, this was a result of an unavailable budget which required that some indicators for the previous financial year be removed as they would not be realized and further impacted the declined performance when compared to the previous financial year. Of the six targets, three (3) were achieved, these included the number of jobs created through LED initiatives, which saw 3 (three) tractor drivers being employed.

There was further a successful implementation of the Expanded Public Works Programme resulting in 226 employment opportunities created which included a women project, which involved skills development training and the crafting of wheel barrows. Two (2) targets were not achieved and One (1) target over achieved.

**The graph below illustrates the performance of this KPA for the past three (3) financial years.**



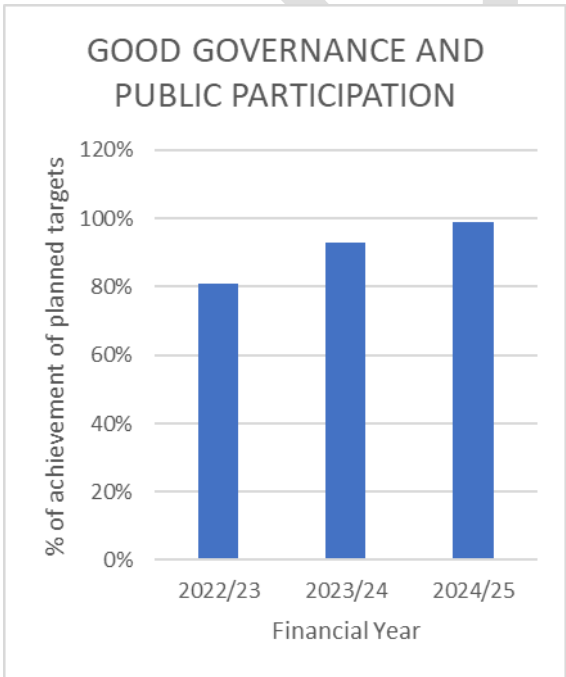
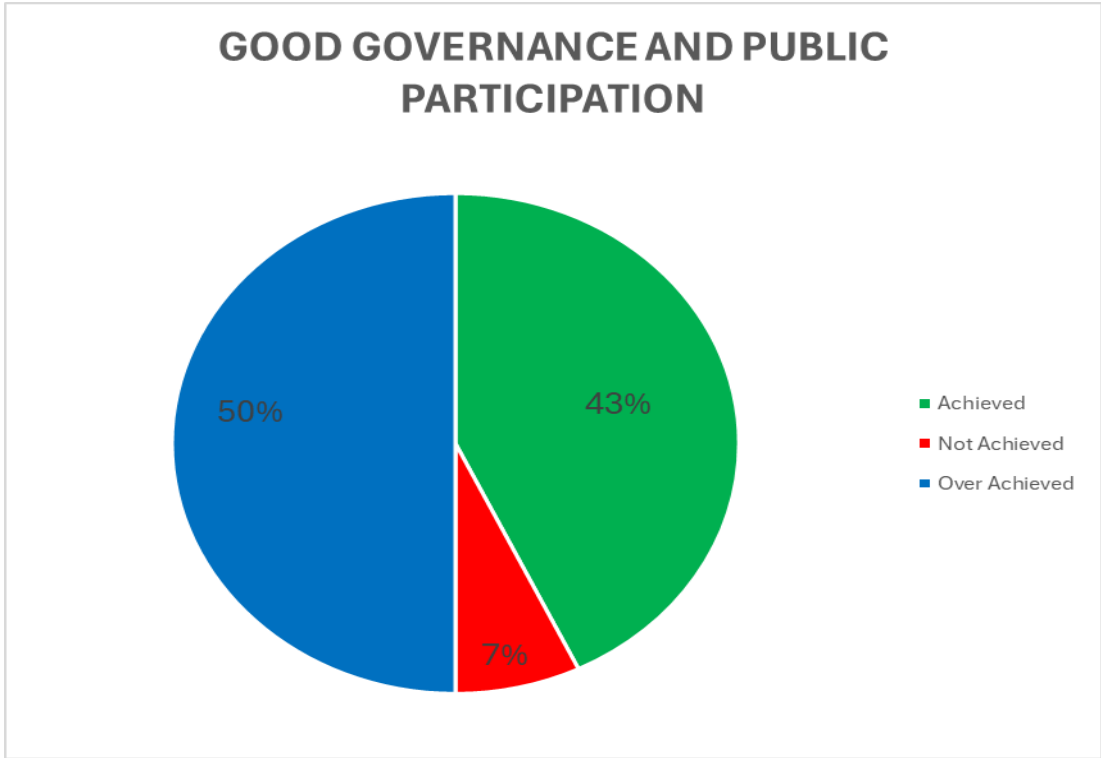




### Good Governance and Public Participation

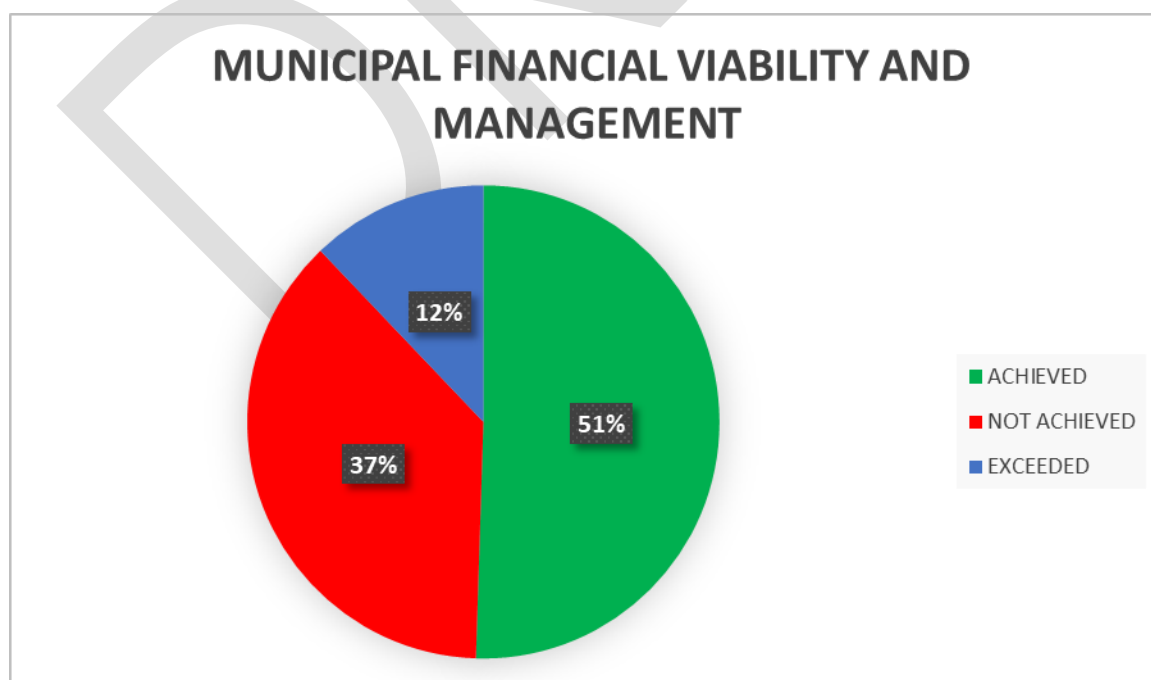
Under the financial year under review this KPA had a total of fourteen (14) targets, six (6) were achieved, seven (7) was over achieved and one (1) was not achieved. The achieved targets were inclusive of the number of public consultation meetings undertaken, which contributes to the municipal commitment of ensuring the prioritization of comments and contributions from the community of uMzinyathi, and further aligning service delivery with needs identified by the public. The date of conducting Organisational Risk Assessment and % of risk mitigation strategies implemented are some of the targets that were met this financial year which contribute to the municipality's vision to early detect areas of intervention for service delivery and develop strategies to address these areas.

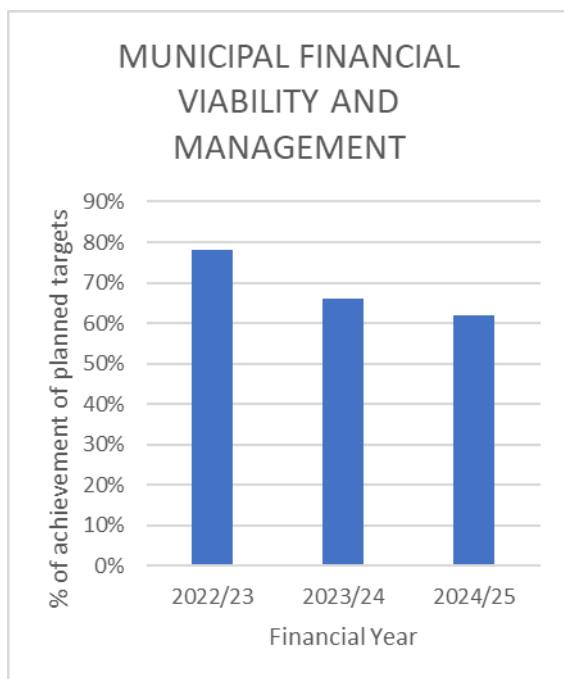
The graph below illustrates the performance of this KPA for the past three (3) financial years.



The Municipal Financial Viability and Management KPA, is that which guides and informs the municipality's financial performance, its ability to achieved approved annual financial statements and be able to implement strategies which will contribute towards municipal financial resilience and the achieving of a clean audit and funded budget. It is through this KPA that the municipality can measure its financial resources against its service delivery achievement. Under this KPA there were eight (8) set for the financial year under review, of these targets: four (4) was achieved; three (3) was not achieved and these included % of collection rate which was not achieved even though the municipality was able to penetrate the previously no go areas for meter reading, businesses and sector departments were unable to commit to their debt repayment agreements, the municipality was further unable to achieve an unqualified with matters of emphasis audit outcome, lastly with the % spent on free basic services being obserbant resulting to the declined performance of this KPA for the current financial when compared to the previous year & One (1) was over achieved.

The graph below illustrates the performance of this KPA for the past three (3) financial years.

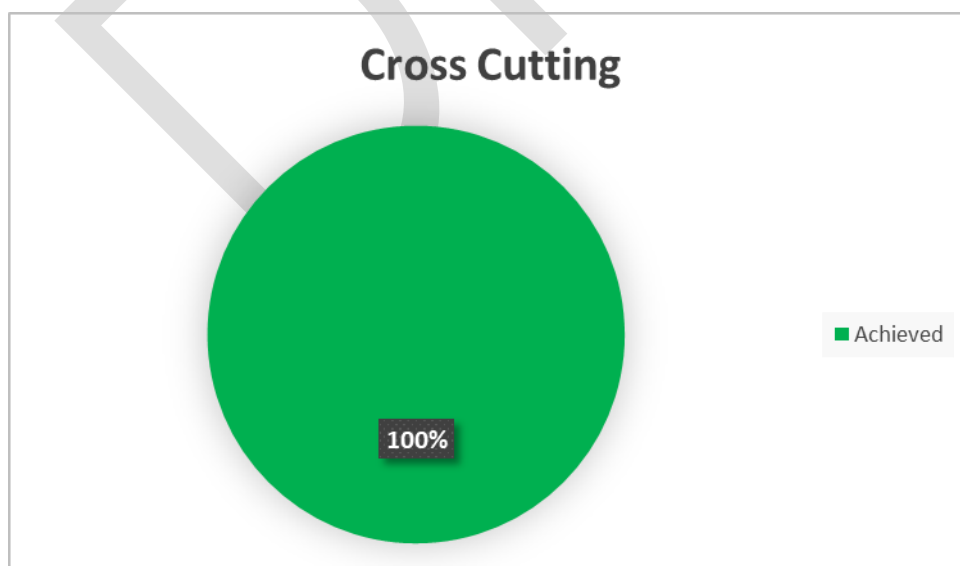


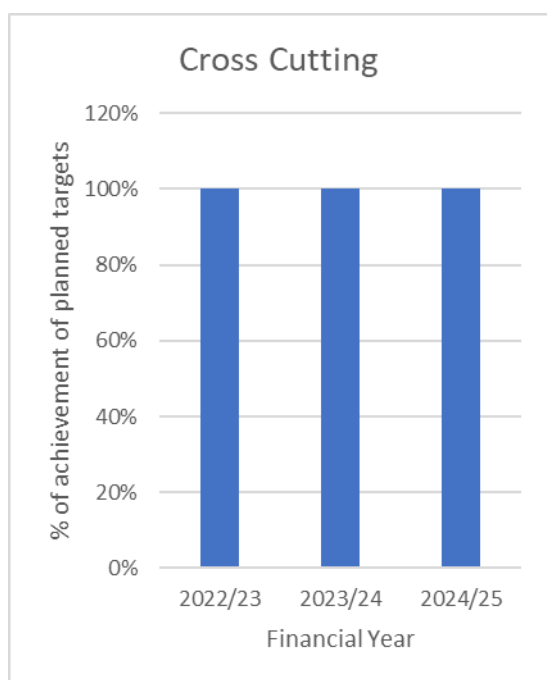


#### Cross cutting

The Key Performance Area had two (2) planned targets, and both met the required level of performance. These targets included the number of lightning conductors installed and further focused on the disaster cases addressed to ensure that those communities affected by disasters are attended to promptly.

**The graph below illustrates the performance of this KPA for the past three (3) financial years.**





### Overall Performance of the Municipality

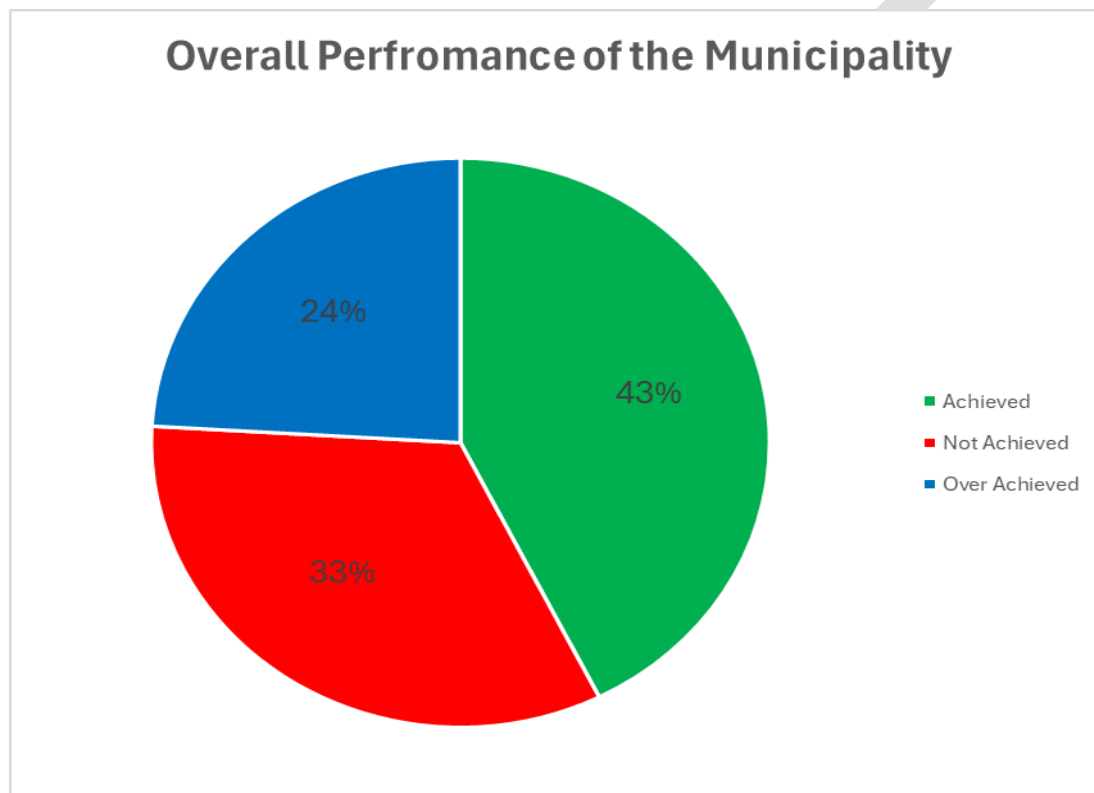
For the financial year under review the municipality had 54 planned targets, of which 36 of these were achieved, this resulted to an increase of performance in the Good governance and public participation KPA. The basic service delivery and infrastructure KPA decreased from 44% to 40% when compared to the previous financial year. Though the municipality was operating on an unfunded budget for the third consecutive year, under this KPA the municipality was able to complete five (5) water projects, four of which were reticulation and two which were bulk projects. The completion of these projects enabled for the provision of water to 1049 households which were preciously disadvantaged. Parallel to this, two sanitation projects were completed under this financial year, which contributed greatly in instilling dignity to the community members of eNdumeni & Nquthu.

Financial constrains act as a cancer that which cripples the efforts of service delivery, and the district is not prone to this. Due to cost containment measure introduced in the municipality during the cause of the financial year, the municipality was unable to fully implement some targets, these include SMMEs supported with enterprise development and project materials and agricultural projects assisted with land preparation (tillage) under the local economic development KPA which in turn affected community members within uMsinga negatively. The municipality has

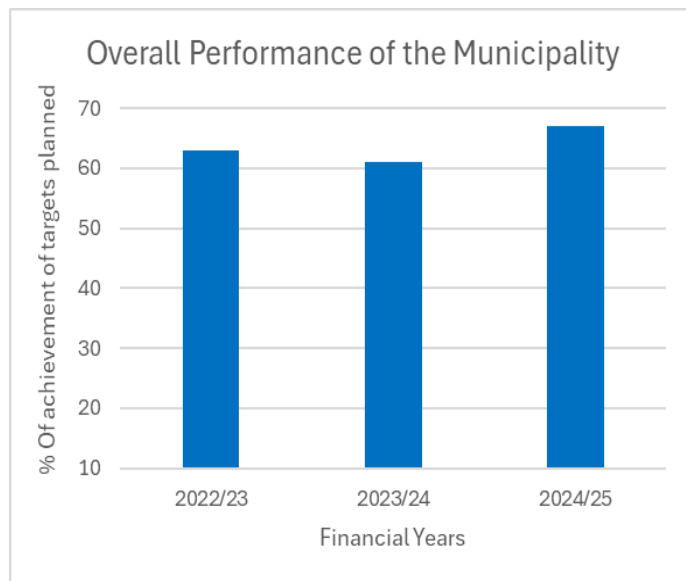
however planned to engage sector departments and form a partnership in order to realize these targets in the upcoming financial year.

When compared to the past two years organizational performance have improved from 61% (2024/23) to 67% current year.

**The graph below illustrates the overall performance of the municipality for the 2024/25 financial year.**



**Below is the overall performance of the municipality in the past three financial years.**



In terms of the Section 46 of the Municipal Systems Act (No. 32 of 2000) as amended, requires a municipality to prepare an annual performance report for the year under review, which becomes a component of the Annual Report. For the 2024/25 financial year, the municipality had a total of fifty-eight (58) key performance indicators, and they have been evaluated against the targets and the summary is indicated below:

| NATIONAL KEY PERFORMANCE AREAS                         | TOTAL NUMBER OF THE KEY PERFORMANCE INDICATORS | TARGETS EXCEEDED | TARGETS ACHIEVED | TARGETS NOT ACHIEVED | % Achievement per KPA |
|--------------------------------------------------------|------------------------------------------------|------------------|------------------|----------------------|-----------------------|
| MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT | 9                                              | 3                | 3                | 3                    | 67%                   |
| BASIC SERVICES DELIVERY                                | 15                                             | 1                | 5                | 9                    | 40%                   |

|                                              |           |            |            |            |             |
|----------------------------------------------|-----------|------------|------------|------------|-------------|
| LOCAL ECONOMIC DEVELOPMENT                   | 6         | 1          | 3          | 2          | 67%         |
| GOOD GOVERNANCE AND PUBLIC PARTICIPATION     | 14        | 7          | 6          | 1          | 92%         |
| MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT | 8         | 1          | 4          | 3          | 63%         |
| CROSS CUTTING                                | 2         | 0          | 2          | 0          | 100%        |
| <b>TOTAL</b>                                 | <b>54</b> | <b>13</b>  | <b>23</b>  | <b>18</b>  | <b>67%</b>  |
| <b>% STATUS</b>                              |           | <b>24%</b> | <b>43%</b> | <b>33%</b> | <b>100%</b> |

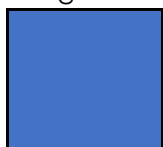
From the above, **24%** of planned targets exceeded the required performance, **43%** reached the required level of performance thus giving us **33%** targets under achieved in the 2024/25 financial year, with an overall performance of **67%**.

Below is the unaudited Annual Performance Report for the year under review which provides more details in terms of the successes achieved by the municipality (targets exceeded and met), the challenges experienced by the municipality in not achieving set targets (reasons for variance) and remedial action to address the underachievement going forward (corrective measures):

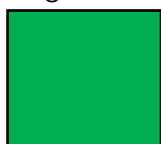


### **Dashboard Legend**

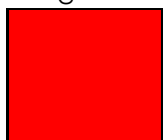
Target exceeded



Target met



Target not achieved



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| UMZINYATHI DISTRICT MUNICIPALITY          |                                                        |                                                       |                |                            |                          |                         |                            |              |                                                                                                              |                                                   |                                                                         |                        |                        |
|-------------------------------------------|--------------------------------------------------------|-------------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|--------------|--------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------------------|------------------------|------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                                                        |                                                       |                |                            |                          |                         |                            |              |                                                                                                              |                                                   |                                                                         |                        |                        |
| No.                                       | KEY PERFORMANCE AREA                                   | KPI                                                   | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                     | Corrective Measures on under performance          | 2025/26 Performance Target                                              | Means of verification  | Responsible Department |
|                                           |                                                        |                                                       | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                                              |                                                   |                                                                         |                        |                        |
| 1.1                                       | MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT | Date of submission of Workplace Skills Plan to LGSETA | New Indicator  | New Indicator              | 30-Apr-25                | 30-Apr-25               | 30-Apr-25                  | Achieved     |                                                                                                              |                                                   | Submission of Workplace Skills Plan to LGSETA by the 30th of April 2026 | Bursary Agreements MOU | Corporate Services     |
| 1.2                                       |                                                        | Percentage of budget spent on workplace skills plan   | 100%           | 100%                       | 100%                     | 100%                    | 93%                        | Not Achieved | Trainings planned for 2024/2025 FY could not all be procured due to suspension of all procurement processes. | The municipality developed and adopted the budget | 100% budget spent on workplace skills plan                              | Expenditure report     | Corporate Services     |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                                                          |                |                            |                          |                         |                            |               |                                                                          |                                                                                                              |                                                               |                                             |                        |
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| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                                                          |                |                            |                          |                         |                            |               |                                                                          |                                                                                                              |                                                               |                                             |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI                                                                      | Previous Year  |                            | Current year performance |                         |                            | Dashboard     | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance                                                                     | 2025/26 Performance Target                                    | Means of verification                       | Responsible Department |
|                                           |                      |                                                                          | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |               |                                                                          |                                                                                                              |                                                               |                                             |                        |
|                                           |                      |                                                                          |                |                            |                          |                         |                            |               |                                                                          | † funding plan to recover the financial status of the municipality and ensure implementation of all projects |                                                               |                                             |                        |
| 1.3                                       |                      | Date of submission of Employment equity plan to the department of Labour | 15-Jan-24      | 08-Jan-24                  | 15-Jan-25                | 15-Jan-25               | 19-Dec-24                  | Over Achieved | The employee equity paln was submitted earlier than the targeted date    | n/a                                                                                                          | Employment equity plan submission by the 15th of January 2026 | Proof of submission to Department of Labour | Corporate Services     |

UMZINYATHI DISTRICT MUNICIPALITY

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| No. | KEY PERFORMANCE AREA | KPI                                                     | Previous Year                                                                                         |                                                                                                                      | Current year performance                                                                              |                                                                                                       |                                                                                                                                       | Dashboard     | Reasons for variance between the Target and Actual Performance /Comments                        | Corrective Measures on under performance                                     | 2025/26 Performance Target                                                                                                                                        | Means of verification                             | Responsible Department            |
|-----|----------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------|
|     |                      |                                                         | 2023/24 Target                                                                                        | 2023/24 Actual Performance                                                                                           | 2024/25 Target                                                                                        | 2024/25 Adjusted Target                                                                               | 2024/25 Actual Performance                                                                                                            |               |                                                                                                 |                                                                              |                                                                                                                                                                   |                                                   |                                   |
| 1.4 |                      | Date of adoption and submission of draft and final IDP  | <b>Adoption</b><br>31 March 2024<br>31 May 2024<br><b>Submission</b><br>10 April 2024<br>10 June 2024 | <b>Adoption</b><br>28 March 2024 (Draft)<br>23 May 2024 (Final)<br><b>Submission</b><br>02 April 2024<br>31 May 2024 | <b>Adoption</b><br>31 March 2025<br>31 May 2025<br><b>Submission</b><br>10 April 2025<br>10 June 2025 | <b>Adoption</b><br>31 March 2025<br>31 May 2025<br><b>Submission</b><br>10 April 2025<br>10 June 2025 | <b>Adoption</b><br>31 March 2025 (Draft)<br>29 May 2025 (Final)<br><b>Submission</b><br>01 April 2025 (Draft)<br>04 June 2025 (Final) | Over Achieved | The adoption and submission of draft and final IDP was achieved earlier than the targeted dates | n/a                                                                          | Draft IDP adopted by the 31st of March 2026, submitted by the 10th of April 2026. Final IDP adopted by the 31st of May 2026, submission by the 10th of June 2026. | Council Resolution. Acknowledgement from Cogta    | Planning and Economic Development |
| 1.5 |                      | Percentage of Organisational Scorecard targets achieved | 95-100%                                                                                               | 61%                                                                                                                  | 95-100%                                                                                               | 95-100%                                                                                               | 67%                                                                                                                                   | Not Achieved  | The reasons for non achievement are provided on individual indicator                            | Corrective measure on under performance are provided on individual indicator | 95-100% Organisational Scorecard targets achieved                                                                                                                 | Actual Organisational Scorecard Quarterly reports | Planning and Economic Development |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                                                                              |                |                            |                          |                         |                            |              |                                                                                                                                                                  |                                                                                                                 |                                                                                        |                                                                                    |                        |
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| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                                                                              |                |                            |                          |                         |                            |              |                                                                                                                                                                  |                                                                                                                 |                                                                                        |                                                                                    |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI                                                                                          | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                                                                         | Corrective Measures on under performance or that did not meet the target                                        | 2025/26 Performance Target                                                             | Means of verification                                                              | Responsible Department |
|                                           |                      |                                                                                              | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                                                                                                  |                                                                                                                 |                                                                                        |                                                                                    |                        |
|                                           |                      |                                                                                              |                |                            |                          |                         |                            |              |                                                                                                                                                                  |                                                                                                                 |                                                                                        |                                                                                    |                        |
| 1.6                                       |                      | Number of Strategic planning reports submitted to respective Portfolio Committee & EXCO (MM) | 24             | 12                         | 24                       | 24                      | 21                         | Not Achieved | Two departments had no HODs during the financial year under review for certain period which delayed the submission of reports to respective portfolio committees | All vacant senior managerial positions were filled inclusive of director technical services and acting director | Twenty-four(24)strategic planning reports submitted to respective Portfolio Committees | Quarterly Strategic Plan report Resolution register Portfolio Committee resolution | All departments        |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                      |                |                            |                          |                         |                            |           |                                                                          |                                                                                              |                                                     |                       |                        |
|-------------------------------------------|----------------------|--------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------|------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                      |                |                            |                          |                         |                            |           |                                                                          |                                                                                              |                                                     |                       |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI                                  | Previous Year  |                            | Current year performance |                         |                            | Dashboard | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance                                                     | 2025/26 Performance Target                          | Means of verification | Responsible Department |
|                                           |                      |                                      | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |           |                                                                          |                                                                                              |                                                     |                       |                        |
|                                           |                      |                                      |                |                            |                          |                         |                            |           |                                                                          | appointed for community services which enabled continued performance within the departments. |                                                     |                       |                        |
| 1,7                                       |                      | No. of policies reviewed and adopted | 67             | 64                         | 67                       | 68                      | 68                         | Achieved  |                                                                          |                                                                                              | Indicator changed to date of reviewing in June 2026 | Council Resolution.   | Corporate Services     |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                          |                |                            |                          |                         |                            |               |                                                                                                                        |                                          |                                                       |                       |                        |
|-------------------------------------------|----------------------|------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|---------------|------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------------|-----------------------|------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                          |                |                            |                          |                         |                            |               |                                                                                                                        |                                          |                                                       |                       |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI                                      | Previous Year  |                            | Current year performance |                         |                            | Dashboard     | Reasons for variance between the Target and Actual Performance /Comments                                               | Corrective Measures on under performance | 2025/26 Performance Target                            | Means of verification | Responsible Department |
|                                           |                      |                                          | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |               |                                                                                                                        |                                          |                                                       |                       |                        |
| 1.8                                       |                      | Date of adoption of municipal organogram | 30-Jun-24      | 23-May-24                  | 30-Jun-25                | 30-Jun-25               | 29-May-25                  | Over Achieved | All structures able to sit earlier and the success of consultation processes with no hold backs especially from unions |                                          | Municipal organogram adopted by the 30th of June 2026 | Council Resolution.   | Corporate Services     |
| 1.9                                       |                      | Cascading IPMS to all employment levels  | E1-E3          | E1-E3                      | D1-D4                    | D1-D4                   | D1-D4                      | Achieved      |                                                                                                                        |                                          | Cascading IPMS D1-D4 employment levels                | Work Plans            | Corporate Services     |

UMZINYATHI DISTRICT MUNICIPALITY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No. | KEY PERFORMANCE AREA                                   | KPI                                              | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                                                                                                                                                  | Corrective Measures on under performance                                                   | 2025/26 Performance Target                     | Means of verification                 | Responsible Department |
|-----|--------------------------------------------------------|--------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------|---------------------------------------|------------------------|
|     |                                                        |                                                  | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                                                                                                                                                                           |                                                                                            |                                                |                                       |                        |
| 2.1 | BASIC SERVICES DELIVERY AND INFRASTRUCTURE DEVELOPMENT | Number of water projects under construction      | 37             | 22                         | 42                       | 42                      | 35                         | Not Achieved | Five of the forty-Two projects were completed during the financial year under review and are reported under water projects completed indicator. And two Projects (Sinyambothi and umvoti water supply ) are still under feasibility study | Project s anticipated to go on tender stage stage in quarter one of 2025.26 financial year | Forty-two(42)water projects under construction | Site meeting minutes Progress reports | Technical Services     |
| 2.2 |                                                        | Number of sanitation projects under construction | 4              | 4                          | 2                        | 2                       | 1                          | Achieved     | One (nquthu Sanitation) of the two projects targeted for the financial year was completed during the financial year under review and is reported under sanitation projects completed                                                      |                                                                                            | One(1)sanitation projects under construction   | Site meeting minutes Progress reports | Technical Services     |



UMZINYATHI DISTRICT MUNICIPALITY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No. | KEY PERFORMANCE AREA | KPI                                              | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                                                                                                                                                                                                    | Corrective Measures on under performance                                                       | 2025/26 Performance Target              | Means of verification                    | Responsible Department |
|-----|----------------------|--------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------|------------------------|
|     |                      |                                                  | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                                                                                                                                                                                                                             |                                                                                                |                                         |                                          |                        |
| 2.3 |                      | Number of building structures under construction | 1              | 1                          | 1                        | 1                       | 1                          | Achieved     |                                                                                                                                                                                                                                                                                             |                                                                                                | n/a                                     | Site meeting minutes Progress reports    | Technical Services     |
| 2.4 |                      | Number of water projects completed               | 5              | 4                          | 26                       | 12                      | 5                          | Not Achieved | Seven of the twelve projects that were planned to be completed during 24/25 financial year had slow progress and were not finished on time. Delayed projects are: 1. Douglas Phase 3 2. Ntinini KwaZondi 3. Nquthu Bulk Water supply 2B 4.Parafin Phase 2B 5. Thelaphi Bulk water supply 6. | All issues that caused delay per projects were attended to projects will be completed in Q3 of | Twenty five(25)water projects completed | Completion certificate Close out reports | Technical Services     |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                         |                |                            |                          |                         |                            |           |                                                                          |                                          |                                    |                       |                        |
|-------------------------------------------|----------------------|-----------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------|--------------------------------------------------------------------------|------------------------------------------|------------------------------------|-----------------------|------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                         |                |                            |                          |                         |                            |           |                                                                          |                                          |                                    |                       |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI                                     | Previous Year  |                            | Current year performance |                         |                            | Dashboard | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance | 2025/26 Performance Target         | Means of verification | Responsible Department |
|                                           |                      |                                         | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |           |                                                                          |                                          |                                    |                       |                        |
|                                           |                      |                                         |                |                            |                          |                         |                            |           | Nkubungwini Phase 3B                                                     | 2025/26 financial year                   |                                    |                       |                        |
| 2.5                                       |                      | Number of sanitation projects completed | 3              | 3                          | 3                        | 2                       | 2                          | Achieved  |                                                                          |                                          | One(1)sanitation project completed |                       | Technical Services     |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                         |                |                            |                          |                         |                            |           |                                                                          |                                          |                            |                                          |                        |
|-------------------------------------------|----------------------|-----------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------|--------------------------------------------------------------------------|------------------------------------------|----------------------------|------------------------------------------|------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                         |                |                            |                          |                         |                            |           |                                                                          |                                          |                            |                                          |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI                                     | Previous Year  |                            | Current year performance |                         |                            | Dashboard | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance | 2025/26 Performance Target | Means of verification                    | Responsible Department |
|                                           |                      |                                         | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |           |                                                                          |                                          |                            |                                          |                        |
| 2.6                                       |                      | % Completion of Disaster Centre phase 1 | 100%           | 100%                       | 100%                     | 100%                    | 100%                       | Achieved  |                                                                          |                                          | n/a                        | Completion certificate Close out reports | Technical Services     |
| 2.7                                       |                      | % Completion of Disaster Centre phase 2 | 80%            | 80%                        | 100%                     | 100%                    | 100%                       | Achieved  |                                                                          |                                          | n/a                        | Completion certificate Close out reports | Technical Services     |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                                                            |                |                            |                          |                         |                            |               |                                                                                                                                                                                                                                                                                                                |                                                                                                                       |                                                                                                                        |                       |                        |
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| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                                                            |                |                            |                          |                         |                            |               |                                                                                                                                                                                                                                                                                                                |                                                                                                                       |                                                                                                                        |                       |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI                                                                        | Previous Year  |                            | Current year performance |                         |                            | Dashboard     | Reasons for variance between the Target and Actual Performance /Comments                                                                                                                                                                                                                                       | Corrective Measures on under performance                                                                              | 2025/26 Performance Target                                                                                             | Means of verification | Responsible Department |
|                                           |                      |                                                                            | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |               |                                                                                                                                                                                                                                                                                                                |                                                                                                                       |                                                                                                                        |                       |                        |
| 2.8                                       |                      | No. of households to be provided with access to water within RDP standards | 2155           | 337                        | 7798                     | 5854                    | 1049                       | Not Achieved  | Six of the twelve projects that were planned to be completed during 24/25 financial year had slow progress and were not finished on time. Delayed projects are: 1. Douglas Phase 3 2. Ntinini KwaZondi 3. Nquthu Bulk Water supply 2B 4.Parafin Phase 2B 5. Thelaphi Bulk water supply 6. Nkubungwini Phase 3B | All issues that caused delay per projects were attended to projects will be completed in Q3 of 2025/26 financial year | Seven thousand, four hundred and ninety-three(7493)households to be provided with access to water within RDP standards | Beneficiary lists     | Technical Services     |
| 2.9                                       |                      | No. of households provided with sanitation facilities                      | 4138           | 4138                       | 3098                     | 2448                    | 2468                       | Over Achieved | There were additional special units built for people living with disability                                                                                                                                                                                                                                    |                                                                                                                       | One thousand, six hundred and fifty (1650)households provided with sanitation facilities                               | Beneficiary lists     | Technical Services     |

UMZINYATHI DISTRICT MUNICIPALITY

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| No.  | KEY PERFORMANCE AREA | KPI                                                                      | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                                                                                                                   | Corrective Measures on under performance                                                                                                                           | 2025/26 Performance Target                                                | Means of verification                                                               | Responsible Department |
|------|----------------------|--------------------------------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------|
|      |                      |                                                                          | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                                                                                                                                            |                                                                                                                                                                    |                                                                           |                                                                                     |                        |
| 2.10 |                      | Number of treated waste water samples taken to monitor green drop status | 240            | 132                        | 240                      | 150                     | 0                          | Not Achieved | There was a delay in appointment of service provider due to financial constraints. Also there were challenges with fuel in June after service provider was appointed therefore there were no samples taken | Integral laboratory was appointed to provide the laboratory services to the municipality. Samples will be taken on a monthly basis as of July 2025. Target will be | Sixty (60) treated waste water samples taken to monitor green drop status | Department of Water and Sanitation Waste Water quality monitoring quarterly reports | Technical Services     |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                                                                |                |                            |                          |                         |                            |              |                                                                                                                                                                                                            |                                                                                                        |                                                                      |                                                                                     |                        |
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| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                                                                |                |                            |                          |                         |                            |              |                                                                                                                                                                                                            |                                                                                                        |                                                                      |                                                                                     |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI                                                                            | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                                                                                                                   | Corrective Measures on under performance                                                               | 2025/26 Performance Target                                           | Means of verification                                                               | Responsible Department |
|                                           |                      |                                                                                | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                                                                                                                                            |                                                                                                        |                                                                      |                                                                                     |                        |
|                                           |                      |                                                                                |                |                            |                          |                         |                            |              |                                                                                                                                                                                                            | achieved in 2025/26 financial year                                                                     |                                                                      |                                                                                     |                        |
| 2.11                                      |                      | % compliance of wastewater samples to water use license conditions(green drop) | 75%            | 33%                        | 75%                      | 75%                     | 0                          | Not Achieved | There was a delay in appointment of service provider due to financial constraints. Also there were challenges with fuel in June after service provider was appointed therefore there were no samples taken | Integral laboratory was appointed to provide the laboratory services to the municipality, Samples will | 70% compliance of wastewater samples to water use license conditions | Department of Water and Sanitation Waste Water quality monitoring quarterly reports | Technical Services     |

UMZINYATHI DISTRICT MUNICIPALITY

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| No.  | KEY PERFORMANCE AREA | KPI                                                                    | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                                                                                                             | Corrective Measures on under performance                                                       | 2025/26 Performance Target                                                                     | Means of verification                                                                                              | Responsible Department |
|------|----------------------|------------------------------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|------------------------|
|      |                      |                                                                        | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                                                                                                                                      |                                                                                                |                                                                                                |                                                                                                                    |                        |
|      |                      |                                                                        |                |                            |                          |                         |                            |              |                                                                                                                                                                                                      | be taken on a monthly basis as of July 2025. Target will be achieved in 2025/26 financial year |                                                                                                |                                                                                                                    |                        |
| 2.12 |                      | Number of treated water samples taken to monitor the blue drop status. | 624            | 1098                       | 941                      | 784                     | 59                         | Not Achieved | There was a delay in appointment of service provider due to financial constraints. Also there were challenges with fuel in June after service provider was appointed therefore there were no samples | Integral laboratory was appointed to provide the laboratory service                            | Six hundred and twenty-four (624) treated water samples taken to monitor the blue drop status. | Department of Water and Sanitation Water quality monitoring quarterly reports Control Sheets from Treatment Plants | Technical Services     |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |     |                |                            |                          |                         |                            |           |                                                                          |                                                                                                                                    |                            |                       |                        |
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| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |     |                |                            |                          |                         |                            |           |                                                                          |                                                                                                                                    |                            |                       |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI | Previous Year  |                            | Current year performance |                         |                            | Dashboard | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance                                                                                           | 2025/26 Performance Target | Means of verification | Responsible Department |
|                                           |                      |     | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |           |                                                                          |                                                                                                                                    |                            |                       |                        |
|                                           |                      |     |                |                            |                          |                         |                            |           | taken, only biggarsberg plant had samples taken                          | s to the municipality, Samples will be taken on a monthly basis as of July 2025. Target will be achieved in 2025/26 financial year |                            |                       |                        |



UMZINYATHI DISTRICT MUNICIPALITY

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| No.  | KEY PERFORMANCE AREA | KPI                                                       | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                                                                                                                                                             | Corrective Measures on under performance                                                                                                                           | 2025/26 Performance Target                                  | Means of verification | Responsible Department |
|------|----------------------|-----------------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------|------------------------|
|      |                      |                                                           | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                                                                                                                                                                                      |                                                                                                                                                                    |                                                             |                       |                        |
| 2.13 |                      | % of compliance to SANS 241 of Drinking Water (Blue drop) | 95%            | 93%                        | 95%                      | 95%                     | 69%                        | Not Achieved | There was a delay in appointment of service provider due to financial constraints. Also there were challenges with fuel in June after service provider was appointed therefore there were no samples taken, only Biggarsberg plant had samples taken | Integral laboratory was appointed to provide the laboratory services to the municipality, Samples will be taken on a monthly basis as of July 2025. Target will be | 95% of compliance to SANS 241 of Drinking Water (Blue drop) | Lab results           | Technical Services     |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                          |                |                            |                          |                         |                            |              |                                                                                                                                                   |                                                                                                                      |                                                     |                              |                        |
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| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                          |                |                            |                          |                         |                            |              |                                                                                                                                                   |                                                                                                                      |                                                     |                              |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI                                      | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                                                          | Corrective Measures on under performance                                                                             | 2025/26 Performance Target                          | Means of verification        | Responsible Department |
|                                           |                      |                                          | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                                                                                   |                                                                                                                      |                                                     |                              |                        |
|                                           |                      |                                          |                |                            |                          |                         |                            |              |                                                                                                                                                   | achieved in 2025/26 financial year                                                                                   |                                                     |                              |                        |
| 2.14                                      |                      | Volume of water purified and distributed | 12 000 000     | 12 138 335                 | 12 000 000               | 11 566 760              | 11 496 547                 | Not Achieved | The target was not achieved due to five water treatment plants(Fabeni, Keates Drift, Pomeroy, Qhudeni and Isandlwana) having breakdown challenges | The turnaround will be earmarking of the schemes with challenges on the Operations and Maintenance business plan for | 12 000 000 Volume of water purified and distributed | Quarterly Production Reports | Technical Services     |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                  |                |                            |                          |                         |                            |              |                                                                                   |                                                                                                                                 |                                   |                       |                        |
|-------------------------------------------|----------------------|----------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|--------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------|------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                  |                |                            |                          |                         |                            |              |                                                                                   |                                                                                                                                 |                                   |                       |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI                              | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments          | Corrective Measures on under performance                                                                                        | 2025/26 Performance Target        | Means of verification | Responsible Department |
|                                           |                      |                                  | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                   |                                                                                                                                 |                                   |                       |                        |
|                                           |                      |                                  |                |                            |                          |                         |                            |              |                                                                                   | refurbishments 2025/2026.                                                                                                       |                                   |                       |                        |
| 2.15                                      |                      | % reduction of non-revenue water | 1%             | ↑ 12%                      | 1%                       | 1%                      | -8%                        | Not Achieved | The increase in percentage for non revenue water is caused by low collection rate | The municipality developed the revenue enhancement strategy that will assist in improving the collection rate for the district. | 1% reduction of non-revenue water | Water loss balances   | Technical Services     |

| UMZINYATHI DISTRICT MUNICIPALITY          |                            |                                                                         |                |                            |                          |                         |                            |              |                                                                                                                                                                         |                                                                  |                                                                                   |                                           |                                                                         |
|-------------------------------------------|----------------------------|-------------------------------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                            |                                                                         |                |                            |                          |                         |                            |              |                                                                                                                                                                         |                                                                  |                                                                                   |                                           |                                                                         |
| No.                                       | KEY PERFORMANCE AREA       | KPI                                                                     | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                                                                                | Corrective Measures on under performance                         | 2025/26 Performance Target                                                        | Means of verification                     | Responsible Department                                                  |
|                                           |                            |                                                                         | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                                                                                                         |                                                                  |                                                                                   |                                           |                                                                         |
| 3.1                                       | LOCAL ECONOMIC DEVELOPMENT | No of jobs opportunities created through EPWP                           | 200            | 669                        | 200                      | 200                     | 226                        | Overachieved | 26 more opportunities were provided to assist the youth of uMzinyathi                                                                                                   |                                                                  | Two Hundred and fifty (250) jobs opportunities created through EPWP               | Employment contracts                      | Technical Services Planning and Economic Development Community Services |
| 3.2                                       |                            | No. of jobs created through municipality's LED initiatives.             | 3              | 3                          | 3                        | 3                       | 3                          | Achieved     |                                                                                                                                                                         |                                                                  | n/a                                                                               | Business Plan                             | Planning and Economic Development                                       |
| 3.3                                       |                            | No. of SMME projects audited                                            | 8              | 8                          | 18                       | 18                      | 18                         | Achieved     |                                                                                                                                                                         |                                                                  | Eighteen(18) SMME projects inspected                                              | Signed Close Out report by Senior Manager | Planning and Economic Development                                       |
| 3.4                                       |                            | No of SMMEs supported with enterprise development and project materials | New Indicator  | New Indicator              | 4                        | 4                       | 0                          | Not Achieved | The service provider couldn't deliver all projects materials on time; at the end of the financial year it was at 60% which resulted in project materials not delivered. | The SCM Unit liaised with the service provider to ascertain date | One(1) SMME supported with enterprise development and none with project materials | Signed receipt form by Co-operatives      | Planning and Economic Development                                       |

UMZINYATHI DISTRICT MUNICIPALITY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No. | KEY PERFORMANCE AREA | KPI                                                                  | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                                                                   | Corrective Measures on under performance                                                                 | 2025/26 Performance Target                                                                       | Means of verification | Responsible Department            |
|-----|----------------------|----------------------------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------|-----------------------------------|
|     |                      |                                                                      | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                                                                                            |                                                                                                          |                                                                                                  |                       |                                   |
|     |                      |                                                                      |                |                            |                          |                         |                            |              |                                                                                                                                                            | of delivery. The project materials will be delivered in September, quarter two of 2025/26 financial year |                                                                                                  |                       |                                   |
| 3.5 |                      | No of agricultural projects assisted with land preparation (tillage) | 12             | 5                          | 4                        | 4                       | 0                          | Not Achieved | The Projects only received the production inputs as the mechanisation plan had number of challenges which range from the lack of diesel and maintenance of | The applicants will be referred to the department of                                                     | Eight (8) projects received production inputs during the Mayoral Farmers Imbizo in December 2024 | Attendance register   | Planning and Economic Development |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |     |                |                            |                          |                         |                            |           |                                                                          |                                                                                                                                                           |                            |                       |                        |
|-------------------------------------------|----------------------|-----|----------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------|------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |     |                |                            |                          |                         |                            |           |                                                                          |                                                                                                                                                           |                            |                       |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI | Previous Year  |                            | Current year performance |                         |                            | Dashboard | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance                                                                                                                  | 2025/26 Performance Target | Means of verification | Responsible Department |
|                                           |                      |     | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |           |                                                                          |                                                                                                                                                           |                            |                       |                        |
|                                           |                      |     |                |                            |                          |                         |                            |           | the tractors.                                                            | Agriculture since the council is considering repackaging the agri-parks programme aiming at calling off the mechanisation support in the coming financial |                            |                       |                        |

| UMZINYATHI DISTRICT MUNICIPALITY          |                                          |                                                            |                |                            |                          |                         |                            |           |                                                                          |                                                 |                                                             |                       |                                                     |
|-------------------------------------------|------------------------------------------|------------------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------|--------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------|-----------------------|-----------------------------------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                                          |                                                            |                |                            |                          |                         |                            |           |                                                                          |                                                 |                                                             |                       |                                                     |
| No.                                       | KEY PERFORMANCE AREA                     | KPI                                                        | Previous Year  |                            | Current year performance |                         |                            | Dashboard | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance years. | 2025/26 Performance Target                                  | Means of verification | Responsible Department                              |
|                                           |                                          |                                                            | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |           |                                                                          |                                                 |                                                             |                       |                                                     |
|                                           | GOOD GOVERNANCE AND PUBLIC PARTICIPATION |                                                            |                |                            |                          |                         |                            |           |                                                                          |                                                 |                                                             |                       |                                                     |
| 3.6                                       |                                          | No. of Tourism attractions, activities and events attended | 4              | 4                          | 4                        | 3                       | 3                          | Achieved  |                                                                          |                                                 | Four(4) tourism attractions, activities and events attended | Database Spreadsheet  | Planning and Economic Development                   |
| 4.1                                       |                                          | No of public consultation meetings undertaken              | 4              | 4                          | 4                        | 4                       | 4                          | Achieved  |                                                                          |                                                 | Four(4)public consultation meetings undertaken              | IDP Roadshow minutes  | Planning and Economic Development file -Annexure 23 |
| 4.2                                       |                                          | No of External newsletters published                       | 4              | 4                          | 4                        | 4                       | 4                          | Achieved  |                                                                          |                                                 | Four(4)External newsletters published                       | UMzinyathi Newsletter | Office of the Municipal Manager                     |

UMZINYATHI DISTRICT MUNICIPALITY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No. | KEY PERFORMANCE AREA | KPI                                                                                    | Previous Year  |                            | Current year performance |                         |                            | Dashboard     | Reasons for variance between the Target and Actual Performance /Comments                | Corrective Measures on under performance | 2025/26 Performance Target                                                                                   | Means of verification                                                | Responsible Department |
|-----|----------------------|----------------------------------------------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|---------------|-----------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------|
|     |                      |                                                                                        | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |               |                                                                                         |                                          |                                                                                                              |                                                                      |                        |
| 4.3 |                      | No. of recreational sports programmes supported with financial, mentoring and coaching | 2              | 2                          | 2                        | 2                       | 2                          | Achieved      |                                                                                         |                                          | Two(2)recreational sports programmes provided with financial support, mentoring and coaching to sport codes. | Signed Close out report by HOD to be endorsed by Portfolio Committee | Community Services     |
| 4.4 |                      | No. of water samples to be taken from sources used for human consumption               | 180            | 151                        | 160                      | 160                     | 229                        | Over Achieved | The municipality had to perform more water test due to public complain on water quality |                                          | Two hundred(200)water samples to be taken from sources used for human consumption                            | Water samples results                                                | Community Services     |



| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                                                    |                |                            |                          |                         |                            |               |                                                                                                                                                |                                          |                                                                       |                                             |                        |
|-------------------------------------------|----------------------|--------------------------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------|------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                                                    |                |                            |                          |                         |                            |               |                                                                                                                                                |                                          |                                                                       |                                             |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI                                                                | Previous Year  |                            | Current year performance |                         |                            | Dashboard     | Reasons for variance between the Target and Actual Performance /Comments                                                                       | Corrective Measures on under performance | 2025/26 Performance Target                                            | Means of verification                       | Responsible Department |
|                                           |                      |                                                                    | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |               |                                                                                                                                                |                                          |                                                                       |                                             |                        |
| 4.5                                       |                      | No. of food outlets visited and inspected both formal and informal | 60             | 87                         | 60                       | 60                      | 75                         | Over Achieved | Target was overachieved due to the directive to register all spaza shops or informal food outlets                                              |                                          | Sixty(60) food outlets visited and inspected both formal and informal | Certificate issued Health Inspection report | Community Services     |
| 4.6                                       |                      | No of business enterprises inspected for EHR compliance            | 60             | 64                         | 60                       | 60                      | 76                         | Over Achieved | More inspections were conducted due to early childhood development centre registration that were conducted by department of social development |                                          | Eighty(80) business enterprises inspected for EHR compliance          | Inspection Report                           | Community Services     |

UMZINYATHI DISTRICT MUNICIPALITY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No. | KEY PERFORMANCE AREA | KPI                                                                  | Previous Year  |                            | Current year performance |                         |                            | Dashboard     | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance | 2025/26 Performance Target                                                                | Means of verification   | Responsible Department          |
|-----|----------------------|----------------------------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|---------------|--------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------------------------------------------------|-------------------------|---------------------------------|
|     |                      |                                                                      | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |               |                                                                          |                                          |                                                                                           |                         |                                 |
| 4.7 |                      | No of the Audit Committee meetings provided with secretariat support | 4              | 6                          | 4                        | 4                       | 4                          | Achieved      |                                                                          |                                          | Four(4) Audit Committee meetings provided with secretariat support                        | Audit Committee minutes | Office of the Municipal Manager |
| 4.8 |                      | No of the Council meetings provided with secretariat support         | 6              | 14                         | 4                        | 4                       | 8                          | Over Achieved | Special council meetings were convened due to pressing municipal matters |                                          | Four(4) Council meetings provided with secretariat support                                | Council minutes         | Corporate Services              |
| 4.9 |                      | No of ExCo meetings to be provided with secretariat support          | 12             | 19                         | 12                       | 12                      | 14                         | Over Achieved | Special EXCO meetings were convened due to pressing municipal matters    |                                          | Twelve(12) ExCo meetings to be provided with secretariat support with secretariat support | ExCo minutes            | Corporate Services              |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                                                                                |                |                            |                          |                         |                            |               |                                                                          |                                          |                                                                                             |                                      |                                 |
|-------------------------------------------|----------------------|------------------------------------------------------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|---------------|--------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                                                                                |                |                            |                          |                         |                            |               |                                                                          |                                          |                                                                                             |                                      |                                 |
| No.                                       | KEY PERFORMANCE AREA | KPI                                                                                            | Previous Year  |                            | Current year performance |                         |                            | Dashboard     | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance | 2025/26 Performance Target                                                                  | Means of verification                | Responsible Department          |
|                                           |                      |                                                                                                | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |               |                                                                          |                                          |                                                                                             |                                      |                                 |
| 4.10                                      |                      | No of the Municipal Public Accounts Committee meetings to be provided with secretariat support | 4              | 5                          | 4                        | 4                       | 5                          | Over Achieved | Special MPAC meeting were convened due to pressing municipal matters     |                                          | Four(4)Municipal Public Accounts Committee meetings to be provided with secretariat support | MPAC minutes                         | Corporate Services              |
| 4.11                                      |                      | Date of adoption of Internal audit plan                                                        | 30-Jun-24      | 19-Jun-24                  | 30-Jun-25                | 30-Jun-25               | 30-Jun-25                  | Achieved      |                                                                          |                                          | Internal audit plan adopted by the 30th of June 2026                                        | Audit Committee adopting the IA plan | Office of the Municipal Manager |
| 4.12                                      |                      | Date of conducting Organisational Risk Assessment                                              | 15-Jun-24      | 30-May-24                  | 30-May-25                | 30-May-25               | 20-22 May 2025             | Over Achieved | The risk assessment was conducted earlier due to proper planning.        |                                          | Organisational Risk Assessment conducted by the 30th of May 2026                            | Risk Register                        | Office of the Municipal Manager |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                                   |                |                            |                          |                         |                            |              |                                                                                                                                         |                                                                                                             |                                                     |                                |                                 |
|-------------------------------------------|----------------------|---------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------|---------------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                                   |                |                            |                          |                         |                            |              |                                                                                                                                         |                                                                                                             |                                                     |                                |                                 |
| No.                                       | KEY PERFORMANCE AREA | KPI                                               | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                                                | Corrective Measures on under performance                                                                    | 2025/26 Performance Target                          | Means of verification          | Responsible Department          |
|                                           |                      |                                                   | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                                                                         |                                                                                                             |                                                     |                                |                                 |
| 4.13                                      |                      | % of risk mitigation strategies implemented       | 70-100%        | 92%                        | 75-100%                  | 75-100%                 | 89%                        | Achieved     |                                                                                                                                         |                                                                                                             | 75-100% of risk mitigation strategies implemented   | Risk Management report         | Office of the Municipal Manager |
| 4.14                                      |                      | % of AG queries cleared as per the AG action plan | 50-75%         | 53%                        | 75%                      | 75%                     | 67%                        | Not Achieved | Some of the findings were the year end processes, therefore will be resolved during the preparation of the Annual financial statements. | The Annual Financial Statements plan, review of AFS and Interim AFS to address the opening balances issues. | 75% of AG queries cleared as per the AG action plan | AG Action Plan Progress Report | Office of the Municipal Manager |

| UMZINYATHI DISTRICT MUNICIPALITY          |                                              |                                                                      |                              |                              |                              |                              |                              |               |                                                                          |                                          |                                                                                                 |                       |                                   |
|-------------------------------------------|----------------------------------------------|----------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|---------------|--------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------------------------------------------------------|-----------------------|-----------------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                                              |                                                                      |                              |                              |                              |                              |                              |               |                                                                          |                                          |                                                                                                 |                       |                                   |
| No.                                       | KEY PERFORMANCE AREA                         | KPI                                                                  | Previous Year                |                              | Current year performance     |                              |                              | Dashboard     | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance | 2025/26 Performance Target                                                                      | Means of verification | Responsible Department            |
|                                           |                                              |                                                                      | 2023/24 Target               | 2023/24 Actual Performance   | 2024/25 Target               | 2024/25 Adjusted Target      | 2024/25 Actual Performance   |               |                                                                          |                                          |                                                                                                 |                       |                                   |
| 5.1                                       | MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT | Date of adoption of Service Delivery and Budget Implementation Plan. | 28-Jun-24                    | 20-Jun-24                    | 28-Jun-25                    | 28-Jun-25                    | 26-Jun-25                    | Over Achieved | SDBIP was adopted earlier than the targeted date                         | n/a                                      | Service Delivery and Budget Implementation Plan adopted by the 28th of June 2026                | Signed SDBIP by Mayor | Planning and Economic Development |
| 5.2                                       |                                              | Date of adoption of draft and final budget                           | 31 March 2024<br>31 May 2024 | 28 March 2024<br>23 May 2024 | 31 March 2025<br>31 May 2025 | 31 March 2025<br>31 May 2025 | 31 March 2025<br>29 May 2025 | Achieved      |                                                                          |                                          | Draft budget adopted by the 31st of March 2026 and final budget adopted by the 31st of May 2026 | Council Resolution    | Budget and Treasury Office        |
| 5.3                                       |                                              | Date of adoption of section 72 report.                               | 30-Jan-24                    | 31-Jan-24                    | 31-Jan-25                    | 31-Jan-25                    | 31-Jan-25                    | Achieved      |                                                                          |                                          | Section 72 report adopted by Council on the 30th of January 2026                                | Council Resolution    | Budget and Treasury Office        |

UMZINYATHI DISTRICT MUNICIPALITY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No. | KEY PERFORMANCE AREA | KPI                                                 | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                                           | Corrective Measures on under performance                                | 2025/26 Performance Target                             | Means of verification        | Responsible Department     |
|-----|----------------------|-----------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------|------------------------------|----------------------------|
|     |                      |                                                     | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                                                                                    |                                                                         |                                                        |                              |                            |
| 5.4 |                      | % of the collection rate                            | 50%            | 41%                        | 50%                      | 50%                     | 48%                        | Not Achieved | High number of metre problem and zero consumption. Delayed payment on government department due to non allocation of funds in time | Metre replacement. Engagement with departments for the outstanding debt | 50% of the collection rate                             | System print out             | Budget and Treasury Office |
| 5.5 |                      | Cost Coverage Ratio                                 | 1-3 months     | 1 month                    | 1-3 months               | 1-3 months              | 1 month                    | Achieved     |                                                                                                                                    |                                                                         | Cost Coverage Ratio of 1-3 months by 30 June 2026      | Extract of Section 71 Report | Budget and Treasury Office |
| 5.6 |                      | % of expenditure on infrastructure programmes( MIG) | 100%           | 100%                       | 100%                     | 100%                    | 100%                       | Achieved     |                                                                                                                                    |                                                                         | 100% of expenditure on municipal infrastructure grants | System print out             | Technical Services         |

UMZINYATHI DISTRICT MUNICIPALITY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No. | KEY PERFORMANCE AREA | KPI                                        | Previous Year                        |                            | Current year performance             |                                      |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments                                                                    | Corrective Measures on under performance                                                           | 2025/26 Performance Target                  | Means of verification | Responsible Department          |
|-----|----------------------|--------------------------------------------|--------------------------------------|----------------------------|--------------------------------------|--------------------------------------|----------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------|---------------------------------|
|     |                      |                                            | 2023/24 Target                       | 2023/24 Actual Performance | 2024/25 Target                       | 2024/25 Adjusted Target              | 2024/25 Actual Performance |              |                                                                                                                                             |                                                                                                    |                                             |                       |                                 |
| 5.7 |                      | Outcome of Auditor General's audit opinion | Unqualified with matters of emphasis | Adverse                    | Unqualified with matters of emphasis | Unqualified with matters of emphasis | Adverse                    | Not Achieved | Uncorrected material misstatements on the annual financial statements                                                                       | To strengthen the review processes on the financial statements                                     | Qualified                                   | Audit Report          | Office of the Municipal Manager |
| 5.8 |                      | % of budget spent on free basic services   | 100%                                 | 84%                        | 100%                                 | 100%                                 | 181%                       | Not Achieved | Due to high plant breakdown the municipality had to utilize water tanker trucks which most are contracted to provide water to the community | The turnaround will be earmarking of the schemes with challenges on the Operations and Maintenance | 100% of budget spent on free basic services | System print out      | Budget and Treasury Office      |

| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                         |                |                            |                          |                         |                            |           |                                                                          |                                                                                                                         |                                     |                       |                        |
|-------------------------------------------|----------------------|-----------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------|------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                         |                |                            |                          |                         |                            |           |                                                                          |                                                                                                                         |                                     |                       |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI                                     | Previous Year  |                            | Current year performance |                         |                            | Dashboard | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance                                                                                | 2025/26 Performance Target          | Means of verification | Responsible Department |
|                                           |                      |                                         | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |           |                                                                          |                                                                                                                         |                                     |                       |                        |
|                                           |                      |                                         |                |                            |                          |                         |                            |           |                                                                          | nance business plan for refurbishments 2025/2026 that will assist in reducing the distribution of water by water trucks |                                     |                       |                        |
| 6.1                                       |                      | Number of lighting conductors installed | New Indicator  | New Indicator              | 25                       | 25                      | 25                         | Achieved  | 22                                                                       |                                                                                                                         | 25 of lighting conductors installed | Beneficiary Forms     | Community Services     |



| UMZINYATHI DISTRICT MUNICIPALITY          |                      |                                |                |                            |                          |                         |                            |           |                                                                          |                                          |                                   |                                      |                        |
|-------------------------------------------|----------------------|--------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------|--------------------------------------------------------------------------|------------------------------------------|-----------------------------------|--------------------------------------|------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                      |                                |                |                            |                          |                         |                            |           |                                                                          |                                          |                                   |                                      |                        |
| No.                                       | KEY PERFORMANCE AREA | KPI                            | Previous Year  |                            | Current year performance |                         |                            | Dashboard | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance | 2025/26 Performance Target        | Means of verification                | Responsible Department |
|                                           |                      |                                | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |           |                                                                          |                                          |                                   |                                      |                        |
| 6.2                                       |                      | % of disaster cases addressed. | 100%           | 100%                       | 100%                     | 100%                    | 100%                       | Achieved  | 18                                                                       |                                          | 100% of disaster cases addressed. | Disaster Quarterly and Annual Report | Community Services     |

Below are the consolidated statements that illustrate uMzinyathi's financial performance as well as narratives that give a comparison to the previous financial year.

### 6.1 CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

#### uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

#### Statement of Financial Performance as at 30 June 2025

|                                                                                                        |         | Economic entity      |                      | Controlling entity   |                      |
|--------------------------------------------------------------------------------------------------------|---------|----------------------|----------------------|----------------------|----------------------|
| Figures in Rand                                                                                        | Note(s) | 2025                 | 2024<br>Restated*    | 2025                 | 2024<br>Restated*    |
| <b>Revenue</b>                                                                                         |         |                      |                      |                      |                      |
| <b>Revenue from exchange transactions</b>                                                              |         |                      |                      |                      |                      |
| Service charges                                                                                        | 22      | 43 696 164           | 17 055 475           | 43 696 164           | 17 055 475           |
| Rendering of services                                                                                  | 23      | 600 000              | 603 778              | -                    | -                    |
| Rental of facilities and equipment                                                                     | 24      | 426 795              | 499 109              | 426 795              | 499 109              |
| Interest earned on outstanding debtors                                                                 | 25      | 63 736 549           | 69 838 515           | 63 736 549           | 69 838 515           |
| Actuarial gain on post retirement benefit                                                              | 19      | 981 153              | 2 476 057            | 981 153              | 2 476 057            |
| Insurance refund                                                                                       |         | 2 695                | 2 748                | -                    | -                    |
| Other income                                                                                           | 26      | 141 307              | 1 148 377            | 141 307              | 1 148 377            |
| Gain on disposal of assets and liabilities                                                             |         | 179 014              | -                    | 179 014              | -                    |
| Interest received on investment                                                                        | 27      | 6 228 583            | 8 857 469            | 6 207 416            | 8 675 343            |
| Gain on biological assets and agricultural produce                                                     | 28      | -                    | 86 000               | -                    | -                    |
| Fair value adjustments                                                                                 | 29      | -                    | 22 000               | -                    | -                    |
| Share of surpluses or deficits from associates or joint ventures accounted for using the equity method |         | -                    | 3 444 177            | -                    | 3 444 177            |
| <b>Total revenue from exchange transactions</b>                                                        |         | <b>115 992 260</b>   | <b>104 033 705</b>   | <b>115 368 398</b>   | <b>103 137 053</b>   |
| <b>Revenue from non-exchange transactions</b>                                                          |         |                      |                      |                      |                      |
| <b>Transfer revenue</b>                                                                                |         |                      |                      |                      |                      |
| Government grants & subsidies                                                                          | 30      | 799 233 393          | 757 442 621          | 799 218 561          | 756 094 888          |
| <b>Total revenue</b>                                                                                   |         | <b>915 225 653</b>   | <b>861 476 326</b>   | <b>914 586 959</b>   | <b>859 231 941</b>   |
| <b>Expenditure</b>                                                                                     |         |                      |                      |                      |                      |
| Employee related costs                                                                                 | 31      | (289 433 380)        | (256 492 039)        | (283 833 263)        | (250 757 429)        |
| Remuneration of councillors and Directors                                                              | 32      | (9 182 380)          | (8 064 601)          | (8 023 604)          | (6 930 888)          |
| Depreciation and amortisation                                                                          | 33      | (63 652 389)         | (64 208 580)         | (63 322 839)         | (63 820 561)         |
| Impairments loss                                                                                       | 34      | (28 136 149)         | (8 784 624)          | (28 136 149)         | (8 784 624)          |
| Finance costs                                                                                          | 35      | (13 317 283)         | (12 905 820)         | (13 317 283)         | (12 905 820)         |
| Lease rentals on operating lease                                                                       | 36      | (2 133 256)          | (1 930 871)          | (1 732 545)          | (1 700 784)          |
| Debt Impairment                                                                                        | 37      | (27 887 291)         | (144 545 060)        | (27 887 291)         | (144 545 060)        |
| Contracted services                                                                                    | 38      | (165 986 011)        | (223 227 832)        | (165 824 948)        | (220 830 142)        |
| Transfers and Subsidies                                                                                | 39      | -                    | -                    | (11 700 000)         | (10 000 000)         |
| Loss on disposal of assets and liabilities                                                             | 9&13    | -                    | (39 448)             | -                    | (39 448)             |
| Fair value adjustments                                                                                 | 29      | (62 703)             | -                    | -                    | -                    |
| Loss on biological assets and agricultural produce                                                     | 28      | (25 000)             | -                    | -                    | -                    |
| Share of surpluses or deficits from associates                                                         | 14      | (17 151 182)         | -                    | (17 151 182)         | -                    |
| General Expenses                                                                                       | 40      | (153 863 562)        | (199 081 427)        | (151 374 173)        | (196 951 777)        |
| <b>Total expenditure</b>                                                                               |         | <b>(770 830 586)</b> | <b>(919 280 302)</b> | <b>(772 303 277)</b> | <b>(917 266 533)</b> |
| <b>Surplus (deficit) for the year</b>                                                                  |         | <b>144 395 067</b>   | <b>(57 803 976)</b>  | <b>142 283 682</b>   | <b>(58 034 592)</b>  |

The consolidated financial performance by the municipality has worsened, this is shown by an

increase in deficit from R57m in 2023/24 financial year to surplus of R144m in 2024/25 financial year. The total expenditure has a decrease of 19% from the previous year. The service charges have increased by R26m, and interest earned on outstanding debtors by R6m. These are the major activities within the statement that are worth reporting.

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## 6.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

#### Statement of Financial Position as at 30 June 2025

| Figures in Rand                                              | Note(s) | Economic entity      |                      | Controlling entity   |                      |
|--------------------------------------------------------------|---------|----------------------|----------------------|----------------------|----------------------|
|                                                              |         | 2025                 | 2024<br>Restated*    | 2025                 | 2024<br>Restated*    |
| <b>Assets</b>                                                |         |                      |                      |                      |                      |
| <b>Current Assets</b>                                        |         |                      |                      |                      |                      |
| Cash and cash equivalents                                    | 3       | 10 444 954           | 4 723 668            | 10 175 789           | 4 201 254            |
| Inventories                                                  | 4       | 4 934 498            | 968 135              | 4 934 498            | 968 135              |
| Vat Receivables                                              | 5       | 38 615 493           | 38 997 306           | 38 615 493           | 38 997 306           |
| Receivables from exchange transaction                        | 6       | 81 227 096           | 101 012 305          | 80 912 081           | 100 412 305          |
| Receivables from non-exchange transactions                   | 7       | 140 870              | 28 063               | 140 870              | 27 959               |
| Prepayments                                                  | 8       | 35 395               | 33 393               | -                    | -                    |
| Statutory Receivables                                        | 59      | 8 283 433            | 1 315 589            | 8 283 433            | 1 315 589            |
|                                                              |         | <b>143 681 739</b>   | <b>147 078 459</b>   | <b>143 062 164</b>   | <b>145 922 548</b>   |
| <b>Non-Current Assets</b>                                    |         |                      |                      |                      |                      |
| Property, plant and equipment                                | 9       | 3 140 552 179        | 3 008 390 595        | 3 140 117 528        | 3 007 783 270        |
| Biological assets that form part of an agricultural activity | 10      | 780 298              | 868 000              | -                    | -                    |
| Investment property                                          | 11      | 1 701 385            | 1 792 965            | 1 701 385            | 1 792 965            |
| Intangible assets                                            | 12      | 19 494               | 349 774              | 19 494               | 201 897              |
| Heritage Assets                                              | 13      | 8 655                | 8 655                | 8 655                | 8 655                |
| Investment in Associates                                     | 14      | 22 835 343           | 39 986 525           | 22 835 343           | 39 986 525           |
| Receivables from non-exchange transactions                   | 7       | 10 000               | 10 000               | -                    | -                    |
|                                                              |         | <b>3 165 907 354</b> | <b>3 051 406 514</b> | <b>3 164 682 405</b> | <b>3 049 773 312</b> |
| <b>Total Assets</b>                                          |         | <b>3 309 589 093</b> | <b>3 198 484 973</b> | <b>3 307 744 569</b> | <b>3 195 695 860</b> |
| <b>Liabilities</b>                                           |         |                      |                      |                      |                      |
| <b>Current Liabilities</b>                                   |         |                      |                      |                      |                      |
| Payables from exchange transactions                          | 15      | 595 548 509          | 556 843 544          | 595 161 820          | 556 184 653          |
| Transfers payable                                            | 16      | -                    | -                    | 8 099 734            | 5 099 734            |
| VAT payable                                                  | 17      | 53 530 850           | 55 360 276           | 53 530 850           | 55 360 276           |
| Consumer deposits                                            | 18      | 451 314              | 451 314              | 451 314              | 451 314              |
| Employee benefit obligation                                  | 19      | 2 408 217            | 2 269 250            | 2 408 217            | 2 269 250            |
| Unspent conditional grants and receipts                      | 20      | 6 525 000            | -                    | 6 525 000            | -                    |
| Provisions                                                   | 21      | 376 851              | 332 134              | -                    | -                    |
|                                                              |         | <b>658 840 741</b>   | <b>615 256 518</b>   | <b>666 176 935</b>   | <b>619 365 227</b>   |
| <b>Non-Current Liabilities</b>                               |         |                      |                      |                      |                      |
| Employee benefit obligation                                  | 19      | 28 146 372           | 25 126 940           | 28 146 372           | 25 126 940           |
| <b>Total Liabilities</b>                                     |         | <b>686 987 113</b>   | <b>640 383 458</b>   | <b>694 323 307</b>   | <b>644 492 167</b>   |
| <b>Net Assets</b>                                            |         | <b>2 622 601 980</b> | <b>2 558 101 515</b> | <b>2 613 421 262</b> | <b>2 551 203 693</b> |
| Accumulated surplus                                          |         | 2 622 601 980        | 2 558 101 582        | 2 613 421 326        | 2 551 203 755        |
| <b>Total Net Assets</b>                                      |         | <b>2 622 601 980</b> | <b>2 558 101 582</b> | <b>2 613 421 326</b> | <b>2 551 203 755</b> |

The consolidated net worth of the municipality increased by R64m due to the more infrastructure assets recognized that were financed by conditional grants. Cash and cash equivalents significantly declined. More measures still need to be put in place to reduce receivables due to non-payment for services by customers.

## 6.3 CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

### uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

#### Statement of Changes in Net Assets as at 30 June 2025

| Figures in Rand                                                       | Accumulated<br>surplus / deficit | Total net<br>assets  |
|-----------------------------------------------------------------------|----------------------------------|----------------------|
| <b>Economic entity</b>                                                |                                  |                      |
| <b>Balance at 01 July 2023</b>                                        | <b>2 615 905 558</b>             | <b>2 615 905 558</b> |
| Changes in net assets                                                 |                                  |                      |
| Surplus for the year                                                  | (57 803 976)                     | (57 803 976)         |
| Total changes                                                         | (57 803 976)                     | (57 803 976)         |
| <b>Restated* Balance at 01 July 2024</b>                              | <b>2 558 101 582</b>             | <b>2 558 101 582</b> |
| Changes in net assets                                                 |                                  |                      |
| Surplus for the year                                                  | 144 395 067                      | 144 395 067          |
| Adjustment corrections posted on the 1st July instead of 30 June 2024 | (79 894 669)                     | (79 894 669)         |
| Total changes                                                         | 64 500 398                       | 64 500 398           |
| <b>Balance at</b>                                                     | <b>2 622 601 980</b>             | <b>2 622 601 980</b> |
| Note(s)                                                               |                                  |                      |
| <b>Controlling entity</b>                                             |                                  |                      |
| <b>Balance at 01 July 2023</b>                                        | <b>2 609 238 347</b>             | <b>2 609 238 347</b> |
| Changes in net assets                                                 |                                  |                      |
| Surplus for the year                                                  | (58 034 592)                     | (58 034 592)         |
| Total changes                                                         | (58 034 592)                     | (58 034 592)         |
| <b>Restated* Balance at 01 July 2024</b>                              | <b>2 551 203 755</b>             | <b>2 551 203 755</b> |
| Changes in net assets                                                 |                                  |                      |
| Adjustment corrections posted on the 1st July instead of 30 June 2024 | (80 066 111)                     | (80 066 111)         |
| Net income (losses) recognised directly in net assets                 | (80 066 111)                     | (80 066 111)         |
| Surplus for the year                                                  | 142 283 682                      | 142 283 682          |
| Total recognised income and expenses for the year                     | 62 217 571                       | 62 217 571           |
| Total changes                                                         | 62 217 571                       | 62 217 571           |
| <b>Balance at</b>                                                     | <b>2 613 421 326</b>             | <b>2 613 421 326</b> |
| Note(s)                                                               |                                  |                      |

The municipality does not have reserves. Accumulated Surplus increased from R2.558b to R2.622b from the previous financial year making a surplus of R144m. There were prior year adjustments that affected the opening balances. These were passed to ensure accuracy on the opening balances and were identified after 2023/24 financial statements were audited.

## 6.4 CONSOLIDATED CASHFLOW STATEMENT

### uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

#### Cash Flow Statement

| Figures in Rand                                             | Note(s) | Economic entity      |                      | Controlling entity   |                      |
|-------------------------------------------------------------|---------|----------------------|----------------------|----------------------|----------------------|
|                                                             |         | 2025                 | 2024<br>Restated*    | 2025                 | 2024<br>Restated*    |
| <b>Cash flows from operating activities</b>                 |         |                      |                      |                      |                      |
| <b>Receipts</b>                                             |         |                      |                      |                      |                      |
| Service charges                                             |         | 53 195 711           | 7 133 937            | 53 195 711           | 7 133 937            |
| Sale of goods and services                                  |         | 885 089              | 3 778                | -                    | -                    |
| Grants                                                      |         | 796 233 393          | 766 110 075          | 799 218 561          | 756 094 888          |
| Interest income                                             |         | 6 228 583            | 8 857 469            | 6 207 416            | 8 675 343            |
| Other receipts                                              |         | 2 695                | 2 748                | -                    | -                    |
|                                                             |         | 856 545 471          | 782 108 007          | 858 621 688          | 771 904 168          |
| <b>Payments</b>                                             |         |                      |                      |                      |                      |
| Employee costs                                              |         | (296 114 613)        | (253 957 468)        | (290 514 492)        | (248 315 433)        |
| Suppliers                                                   |         | (328 584 264)        | (375 772 612)        | (325 475 128)        | (371 692 422)        |
| Finance Costs                                               |         | (10 053 787)         | (10 909 000)         | (10 053 787)         | (9 775 287)          |
| Directors emoluments                                        |         | (1 158 776)          | (1 133 713)          | -                    | -                    |
|                                                             |         | (635 911 440)        | (641 772 793)        | (626 043 407)        | (629 783 142)        |
| <b>Net cash flows from operating activities</b>             | 42      | <b>220 634 031</b>   | <b>140 335 214</b>   | <b>232 578 281</b>   | <b>142 121 026</b>   |
| <b>Cash flows from investing activities</b>                 |         |                      |                      |                      |                      |
| Purchase of property, plant and equipment                   | 9       | (223 620 533)        | (155 568 632)        | (223 611 534)        | (155 392 936)        |
| Proceeds from sale of property, plant and equipment         | 9       | 271 284              | -                    | 271 284              | -                    |
| Purchase of other intangible assets                         | 12      | -                    | (223 818)            | -                    | -                    |
| <b>Net cash flows from investing activities</b>             |         | <b>(223 349 249)</b> | <b>(155 792 450)</b> | <b>(223 340 250)</b> | <b>(155 392 936)</b> |
| <b>Cash flows from financing activities</b>                 |         |                      |                      |                      |                      |
| Finance lease payments                                      |         | (3 263 496)          | (57 654 234)         | (3 263 496)          | (57 654 234)         |
| <b>Net cash flows from financing activities</b>             |         | <b>(3 263 496)</b>   | <b>(57 654 234)</b>  | <b>(3 263 496)</b>   | <b>(57 654 234)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b>5 721 286</b>     | <b>(49 498 592)</b>  | <b>5 974 535</b>     | <b>(48 446 990)</b>  |
| Cash and cash equivalents at the beginning of the year      |         | 4 723 668            | 54 222 260           | 4 201 254            | 52 648 233           |
| <b>Cash and cash equivalents at the end of the year</b>     | 3       | <b>10 444 954</b>    | <b>4 723 668</b>     | <b>10 175 789</b>    | <b>4 201 243</b>     |

Cash and cash equivalents has increased from R4.7m to R10.4m in 2024/25 financial year.

## 6.5 ACCOUNTS IN ARREAR ANALYSIS

| Category           | 180 Days           | 150 Days          | 120 Days         | 90 Days           | 60 Days           | 30 Days           | Current           | Balance            |
|--------------------|--------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| COMMERCIAL         | 113 987 705        | 2 793 257         | 2 742 373        | 4 643 659         | 3 422 400         | 7 341 014         | 4 144 727         | 139 075 134        |
| GOVERNMENT         | 7 917 699          | 1 324             | 6 577            | 1 324             | 5 313             | 843 031           | 4 528             | 8 779 797          |
| HOUSEHOLDS         | 470 812 998        | 9 335 385         | 6 962 700        | 7 394 424         | 8 551 259         | 7 782 268         | 8 107 418         | 518 946 454        |
| INDUSTRIAL         | 617 975            | 4 843             | 4 382            | 5 342             | 5 289             | 5 418             | 7 574             | 650 822            |
| UMZ EMPL           | 36 643             | 4 251             | 2 382            | 4 959             | 3 632             | 9 342             | 1 716             | 62 925             |
| <b>Grand Total</b> | <b>593 373 019</b> | <b>12 139 061</b> | <b>9 718 413</b> | <b>12 049 709</b> | <b>11 987 894</b> | <b>15 981 073</b> | <b>12 265 963</b> | <b>667 515 132</b> |

## 6.6 GRANTS REGISTER

**Table 26:**Grant register

| DC24 Umzinyathi District Municipality        |                                                 |                                    |                                    |               |                                             |                                           |                                           |                                    |           |
|----------------------------------------------|-------------------------------------------------|------------------------------------|------------------------------------|---------------|---------------------------------------------|-------------------------------------------|-------------------------------------------|------------------------------------|-----------|
| Name of grant                                | Department Responsible for utilisation of grant | Opening Balance as at 01 July 2024 | DORA Grant allocations for 2024/25 | Receipts      | Expenditure: Operating (Revenue Recognised) | Expenditure: Capital (Revenue Recognised) | Percentage spent of DORA grant allocation | Closing Balance as at 30 June 2025 |           |
| Expanded Public Works Programme (EPWP)       | Technical                                       | R -                                | R 5 349 000                        | R 5 349 000   | R 5 349 000                                 | R -                                       | 100%                                      | R                                  | -0        |
| Financial Management Grant (FMG)             | Finance                                         | R -                                | R 3 000 000                        | R 3 000 000   | R 2 512 199                                 | R 487 801                                 | 100%                                      | R                                  | -         |
| Municipal Infrastructure Grant (MIG)         | Technical                                       | R -                                | R 214 137 000                      | R 214 137 000 | R 8 860 983                                 | R 205 276 017                             | 100%                                      | R                                  | -         |
| Water Services Infrastructure Grant (WSIG)   | Technical                                       | R -                                | R 55 000 000                       | R 55 000 000  | R -                                         | R 55 000 000                              | 100%                                      | R                                  | -         |
| Rural Roads Asset Management Systems (RRAMS) | Technical                                       | R -                                | R 1 791 000                        | R 1 791 000   | R 1 791 000                                 | R -                                       | 100%                                      | R                                  | 0         |
| Municipal Disaster Recovery Grant (MDRG)     | Technical                                       | R -                                | R 6 525 000                        | R 6 525 000   | R -                                         | R -                                       | 0%                                        | R                                  | 6 525 000 |
| <b>TOTAL</b>                                 |                                                 | R -                                | R 285 802 000                      | R 285 802 000 | R 18 513 182                                | R 260 763 818                             | 98%                                       | R                                  | 6 525 000 |

The municipality has a R6 525 000 closing balance on the grants and subsidies received in 2024/25 financial year. Therefore, the expenditure was 99% of the allocation in terms of the Division of Revenue Schedule for 2024/25 financial year.

## 6.7 FINANCIAL RATIOS

### Current Ratio

The current ratio represents the ability of the Municipality's current assets to service its current liabilities.

#### **Formula:**

Current Assets / Current Liabilities

= (143 681 739 + 143 062 164) / (658 840 741 + 666 176 935)

= 286 743 903 / 1 325 017 676

= **0.21: 1**

### Cost Coverage Ratio

The cost coverage ratio represents the number of months' fixed expenditure that can be covered by the cash and liquid assets available for the Municipality. The cost coverage ratio shows a

#### **Formula:**

((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortization, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)).

= (1 610 228 - 6 525 000 - 0) + 8 834 726 / 619 465 333

= **0**



### **Outstanding Service Debtors to Revenue Ratio**

The outstanding service debtors to revenue ratio indicates how much money is owed by debtors when compared to the generated revenue. This is a measure of what fraction of outstanding debt is from the total generated revenue.

#### **Formula**

$$\begin{aligned} & \text{Receivables from Exchange Transactions} / \text{Total Revenue} \\ &= (115\,992\,260 + 115\,368\,398) / (915\,225\,653 + 914\,586\,959) \\ &= 231\,360\,658 / 1\,829\,812\,612 \\ &= \mathbf{13\%} \end{aligned}$$

### **Debt Coverage Ratio**

The debt coverage ratio determines the number of times debt payments (interest and redemption on external loans) can be accommodated within operating revenue excluding conditional grants.

The municipality does not have external loan

### **Creditors Payment Period Ratio (Days)**

This ratio measures the number of days it takes to pay creditors who delivered services to the Municipality on credit. The GRAP Accounting Standards require from a municipality to recognize invoices in June, still payable in July, on the accrual basis.

#### **Formula:**

$$\begin{aligned} & \text{Trade Creditors Outstanding} / \text{Credit Purchases (Operating and Capital)} \times 365 \\ &= 378\,384\,382 + 378\,019\,505 / 595\,548\,509 + 595\,161\,820 \\ &= 756\,403\,887 / 1\,190\,710\,329 \times 365 \\ &= \mathbf{231 \text{ days}} \end{aligned}$$

### **Capital Expenditure to Total Expenditure Ratio**

This ratio indicates how much capital expenditure is as a percentage of total expenditure (capital and operating expenditure).

#### **Formula:**

Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) × 100

= 215 941 125 + 176 798 409 / 770 830 586 + 772 303 277

= 787 515 254 / 1 543 133 863 × 100

**=25%**

### **Employee Cost Ratio**

Employee related costs as a percentage of operating expenditure amounted

The acceptable norm from the National Treasury is that it should be between 25% and 40% of the operating budget expenses.

#### **Formula:**

Total ERC Expenditure / Total Operating Expenditure × 100

= 289 433 380 + 283 833 263 / 770 830 586 + 772 303 277

= 573 266 643 / 1 543 133 863 × 100

**=37%**

### **Repairs and Maintenance as a % of the Carrying Value of Property, Plant & Equipment**

Repairs and maintenance are at 1% of the carrying value of property, plant and equipment. This is well below the unreachable norm of 8% set by the National Treasury. This norm is only reachable by a municipality if they do not invest in new infrastructure.

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## AUDIT REPORT

uMzinyathi District Municipality and its  
municipal entity

2024-25

• **Report on the audit of the consolidated and separate financial statements**

**Qualified opinion**

I have audited the consolidated and separate financial statements of uMzinyathi District Municipality and its municipal entity (the group) set out on pages 245 to 346, which comprise the consolidated and separate statements of financial position as at 30 June 2025, consolidated and separate statements of financial performance, consolidated and separate statements of changes in net assets, consolidated and separate statements of cash flows and statement of comparison between budget and actual for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 30 June 2025 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the requirements of the Division of Revenue Act 24 of 2024 (Dora).

**Basis for qualified opinion**

• **Receivables from exchange transactions**

The provision for impairment of doubtful debtors was not calculated in accordance with the GRAP 104, *Financial Instruments*. The total allowance did not agree to the age analysis and debtors with negative balances were included in the allowance for impairment. Consequently, the allowance for impairment and debt impairment was understated by R46, 80 million in the consolidated and separate financial statements.

I was unable to obtain sufficient appropriate audit evidence that the receivables from exchange transactions debtors balance have been properly accounted for, due to the status of accounting

records. I was unable to confirm these receivables from exchange transactions debtors' balance by alternative means. Consequently, I was unable to determine whether any further adjustments to receivables from exchange transactions debtors net balance stated at R81,23 million (2023-24: R101,01 million) in note 6 to the consolidated and separate financial statements were necessary.

- **Service charges**

Service charges revenue was not recognised as required by GRAP 9, *Revenue from exchange transactions*. The municipality used estimated consumption to bill customers throughout the year, and customers were not billed on a monthly basis. I was unable to determine the full value of the misstatement of service charges, stated at R43,70 million (2023-24: R17,06 million) in note 22 to the consolidated and separate financial statements, and related receivable from exchange transactions, stated at R81,23 million (2023-24: R101,01 million) in note 6 to the consolidated and separate financial statements, as it was impracticable to do so.

- **Contracted services**

During 2023-24, I was unable to obtain sufficient appropriate audit evidence to support contracted services, due to the poor status of accounting records and inadequate systems to confirm the receipt of these services. I could not confirm contracted services by alternate means. Consequently, I was unable to determine whether any further adjustments were necessary to the contracted services stated at R223,23 million as per note 38 of the consolidated and separate financial statements. My audit opinion on the consolidated and separate financial statements for the period ended 30 June 2024 was modified accordingly. My opinion on the current year consolidated and separate financial statements was also modified because of the possible effect of this matter on the comparability of the contracted services expenditure for the current period.

- **General expenses**

I was unable to obtain sufficient appropriate audit evidence to support the general expenses, due to the poor status of accounting records and inadequate systems to confirm the receiving of goods and services. I could not confirm general expenses by alternate means. Consequently, I was unable to determine whether any further adjustments were necessary to the general expenses stated at R153,86 million (2023-24: R199,08 million) as per note 40 of the consolidated and separate financial statements.

- **Net cash flows from operating activities**

Net cash flows from operating activities were not correctly prepared and disclosed as required Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R220,63 million (2023-24: R140, 34 million) in the consolidated and separate financial statements were necessary.

### **Context for opinion**

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

I am independent of the group in accordance with the International Ethics Standards Board for Accountants' *International Code of ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

### **Emphasis of matter**

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

- **Material losses - Water**

As disclosed in note 56 of the consolidated and separate financial statements, the municipality incurred water distribution losses of R43,30 million (2023-24: R36, 67 million) representing 69% (2023-24: 62%). This was mainly due to water leaks caused by aging infrastructure and illegal connections.

## Restatement of corresponding figures

As disclosed in note 43 to the consolidated and separate financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the consolidated and separate financial statements of the group at, and for the year ended 30 June 2025.

## Going concern

As disclosed in note 57 of the consolidated and separate financial statements, the adverse liquidity risks, and low debt collection levels, places pressure on the financial viability of the municipality. These conditions indicate that a uncertainty exists that may cast doubt on the ability of the municipality to manage cash flows and settle future debts that become due.

## Other matter

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

## Unaudited disclosure notes

In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the consolidated and separate financial statements. This disclosure requirement did not form part of the audit of the consolidated and separate financial statements and, accordingly, I do not express an opinion on it.

## Responsibilities of the accounting officer for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the group's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting



unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

## **Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements**

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

A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located at pages 13-14, forms part of my auditor's report.

|                                                                                                               |
|---------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• <b>Report on the audit of the annual performance report</b></li></ul> |
|---------------------------------------------------------------------------------------------------------------|

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

I selected the following key performance area presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

| Key performance area                                                                                 | Page numbers                                              | Purpose                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Basic delivery service and infrastructure delivery</li> </ul> | <ul style="list-style-type: none"> <li>176-187</li> </ul> | <ul style="list-style-type: none"> <li>Provision of safe drinking water and sanitation services to the community to eradicate service delivery backlogs</li> </ul> |

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

I performed procedures to test whether:

the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives

all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included

the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable

there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

The material findings on the reported performance information for the selected key performance area is as follows:

- **Basic service delivery and infrastructure development**
- **Number of households provided with access to water within RDP standards**

An achievement of 1 049 was reported against a target of 5 854. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

**Other matters**

I draw attention to the matters below.

- **Achievement of planned targets**

The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

- **Basic service delivery and infrastructure development**

| <ul style="list-style-type: none"><li>• <i>Targets achieved: 40%</i></li><li>• <i>Budget spent: 99%</i></li></ul> |                |                      |
|-------------------------------------------------------------------------------------------------------------------|----------------|----------------------|
| Key service delivery indicator not achieved                                                                       | Planned target | Reported achievement |

| <ul style="list-style-type: none"> <li>• <i>Targets achieved: 40%</i></li> <li>• <i>Budget spent: 99%</i></li> </ul> |                |                      |
|----------------------------------------------------------------------------------------------------------------------|----------------|----------------------|
| Key service delivery indicator not achieved                                                                          | Planned target | Reported achievement |
| • Number of water projects under construction                                                                        | • 42           | • 34                 |
| • Number of water projects completed                                                                                 | • 12           | • 6                  |
| • No. of households to be provided with access to water within RDP standards                                         | • 5854         | • 1049               |
| • Number of treated wastewater samples taken to monitor green drop status                                            | • 150          | • 0                  |
| • % compliance of wastewater samples to water use license conditions (green drop)                                    | • 75%          | • 0                  |
| • Number of treated water samples taken to monitor the blue drop status.                                             | • 784          | • 59                 |
| • % of compliance to SANS 241 of Drinking Water (Blue drop)                                                          | • 95%          | • 7.69%              |
| • Volume of water purified and distributed                                                                           | • 11 566 760   | • 11 496 547         |
| • % reduction of non-revenue water                                                                                   | • 1%           | • -8%                |

- **Material misstatements**

I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure development. Management did not correct all of the misstatements and I reported material findings in this regard.

|                                                |
|------------------------------------------------|
| • <b>Report on compliance with legislation</b> |
|------------------------------------------------|

In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

- **Annual financial statements**

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting

records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

- **Expenditure management**

Reasonable steps were not taken to ensure that money owed by the municipality was always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, as required by section 65(2)(a) of the MFMA.

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R132, 23 million, as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the approved budget.

Reasonable steps were not taken to prevent irregular expenditure amounting to R53,40 million as disclosed in note 48 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the procurement processes.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R65,32 million, as disclosed in note 46 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties charged for late payments of supplier invoices.

- **Revenue management**

An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

- **Asset management**

An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

- **Other information in the annual report**

The accounting officer is responsible for the other information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

- **Internal control deficiencies**

I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

The accounting officer and council did not provide adequate oversight over financial, performance reporting, compliance as well as related internal controls.

Management did not implement controls over daily and monthly processing and reconciling of transactions.

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information as well as review and monitor compliance with applicable legislation.

#### • **Material irregularities**

In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

#### **Status of previously reported material irregularities**

##### • **Uneconomical cost paid for the purchase of back-up electricity generator**

The accounting officer failed to comply with section 62(1)(a) of the MFMA, which states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

On the 19th of April 2023 the municipality took a decision to deviate from the normal procurement process and hire a 1000kva electricity backup generator for a three-month period commencing in May 2023 to July 2023. The total payments for the hiring of the generator over the three months period was R3,06 million (incl. vat), which included the delivery and installation costs. On the 30th of June 2023 the municipality took a further decision to deviate from the normal procurement process and take-over (purchase) this hired generator from the same service provider at a total cost of R6,44 million (incl. vat).

The non-compliance has resulted in an estimated material financial loss of R7 million (incl. vat) as at 01 August 2023 for the uMzinyathi District Municipality as the total costs paid for the generator



were higher than the average market price for a similar generator with the same specifications obtained from the open market.

The accounting officer was notified of the material irregularity on 13 February 2024 and invited to make a written submission on the actions taken and that will be taken to address the matter.

The accounting officer responded that they planned to rely on the outcomes of the investigation to be conducted by the KZN Department of Cooperative Governance and Traditional Affairs (KZN CoGTA) regarding the acquisition of the electricity generator by the municipality, however there was no evidence of referral and terms of reference provided by accounting officer for the said investigation.

I referred the material irregularity to the Special Investigating Unit (SIU) on 8 April 2025 for investigation as provided for in section 5(1A) of the PAA. The referral was acknowledged by the SIU on 9 April 2025, and a motivation has been submitted to President via the Minister of Justice for the issuing of a presidential proclamation to investigate the matter.

- **Poor internal controls and inadequate contract performance management on the fuel and oil supply expenditure on contract T2021-30**

The accounting officer failed to comply with section 62(1)(a) of the MFMA, which states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

The municipality entered into a 12 month contract (T2021-30) with a service provider for the period 2 March 2021 to 28 February 2022, for the supply of fuel and maintenance of fuel tanks for an amount of R27,82 million. On 2 March 2022 the municipality extended this contract for a further 36 months, from 2 March 2022 to 28 February 2025. The contract value per the terms of the extension was R5 million per month, and the scope of the work was not changed. However, the municipality is now using various local petrol stations to fill up fuel using the service provider's account at these petrol stations. The supplier would then invoice the municipality each month for the total fuel.

The supplier invoices included fuel delivery costs, while the fuel was no longer being delivered to the municipal sites/fuel tanks, as the municipality was now using the local petrol stations. The supplier invoices were also based on fixed fuel quantities that could not be reconciled to the actual fuel used by the municipality as per the fuel order books. The fuel price tariffs per litre (calculated using

amount charged per site versus the recorded quantities in the invoice) were also not in line with the market rates and the tariffs quoted in the initial contract T2021-30.

The non-compliance has resulted in a material financial loss of R8,16 million for fuel and delivery costs by 30 June 2023 and is likely to result in further material financial losses for the uMzinyathi District Municipality due to the fuel quantities and tariffs that could not be validated during the audit of fuel and oil expenditure for the current and prior periods, as disclosed in note 37 to the financial statements for the period ended 30 June 2023. These fuel and oil expenditure transactions are expected to continue till 28 February 2025 as per contract extension letter.

The accounting officer was notified of the material irregularity on 19 February 2024 and invited to make a written submission on the actions taken and that will be taken to address the matter.

No actions were taken by the accounting officer to quantify and recover the financial loss suffered by the municipality while also preventing further losses associated with the fuel & oil supply contract. Additionally, no consequence management processes were undertaken by the accounting officer.

I referred the material irregularity to the Special Investigating Unit (SIU) on 8 April 2025 for investigation as provided for in section 5(1A) of the PAA. The referral was acknowledged by the SIU on 9 April 2025, and a motivation has been submitted to President via the Minister of Justice for the issuing of a presidential proclamation to investigate the matter.

Pietermaritzburg

12 December 2025



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

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## **Annexure to the auditor's report**

The annexure includes the following:

The auditor-general's responsibility for the audit

The selected legislative requirements for compliance testing

### **Auditor general's responsibility for the audit**

- **Professional judgement and professional scepticism**

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

- **Consolidated and separate financial statements**

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

identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the group to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the group to cease operating as a going concern.

evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

- **Communication with those charged with governance**

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

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

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation                                                                                                                                     | Sections or regulations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Municipal Finance Management Act 56 of 2003</li> </ul>                                                   | <ul style="list-style-type: none"> <li>Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)</li> </ul> |
| <ul style="list-style-type: none"> <li>MFMA: Municipal budget and reporting regulations, 2009</li> </ul>                                        | <ul style="list-style-type: none"> <li>Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <ul style="list-style-type: none"> <li>MFMA: Municipal Investment Regulations, 2005</li> </ul>                                                  | <ul style="list-style-type: none"> <li>Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <ul style="list-style-type: none"> <li>MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014</li> </ul> | <ul style="list-style-type: none"> <li>Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <ul style="list-style-type: none"> <li>MFMA: Municipal Supply Chain Management Regulations, 2017</li> </ul>                                     | <ul style="list-style-type: none"> <li>Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i),</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

| Legislation                                                                                                                                                                   | Sections or regulations                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                               | 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)                                                                                                                                               |
| <ul style="list-style-type: none"> <li>Construction Industry Development Board Act 38 of 2000</li> </ul>                                                                      | <ul style="list-style-type: none"> <li>Section: 18(1)</li> </ul>                                                                                                                                                                                                                                                         |
| <ul style="list-style-type: none"> <li>Construction Industry Development Board Regulations, 2004</li> </ul>                                                                   | <ul style="list-style-type: none"> <li>Regulations: 17, 25(7A)</li> </ul>                                                                                                                                                                                                                                                |
| <ul style="list-style-type: none"> <li>Division of Revenue Act</li> </ul>                                                                                                     | <ul style="list-style-type: none"> <li>Sections: 11(6)(b), 12(5), 16(1); 16(3)</li> </ul>                                                                                                                                                                                                                                |
| <ul style="list-style-type: none"> <li>Municipal Systems Act 32 of 2000</li> </ul>                                                                                            | <ul style="list-style-type: none"> <li>Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)</li> <li>Sections: 93B(a), 93B(b)</li> </ul> |
| <ul style="list-style-type: none"> <li>MSA: Disciplinary Regulations for Senior Managers, 2011</li> </ul>                                                                     | <ul style="list-style-type: none"> <li>Regulations: 5(2), 5(3), 5(6), 8(4)</li> </ul>                                                                                                                                                                                                                                    |
| <ul style="list-style-type: none"> <li>MSA: Municipal Planning and Performance Management Regulations, 2001</li> </ul>                                                        | <ul style="list-style-type: none"> <li>Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)</li> </ul>                                                                                                       |
| <ul style="list-style-type: none"> <li>MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006</li> </ul> | <ul style="list-style-type: none"> <li>Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i)</li> </ul>                                                                                                                                                                                                    |
| <ul style="list-style-type: none"> <li>MSA: Regulations on Appointment and</li> </ul>                                                                                         | <ul style="list-style-type: none"> <li>Regulations: 17(2), 36(1)(a)</li> </ul>                                                                                                                                                                                                                                           |

| Legislation                                                                                                     | Sections or regulations                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Conditions of Employment of Senior Managers, 2014                                                               |                                                                                                                                                                                                             |
| <ul style="list-style-type: none"> <li>MSA: Municipal Staff Regulations</li> </ul>                              | <ul style="list-style-type: none"> <li>Regulations: 7(1), 19, 31, 35(1)</li> </ul>                                                                                                                          |
| <ul style="list-style-type: none"> <li>MSA: Municipal Systems Regulations, 2001</li> </ul>                      | <ul style="list-style-type: none"> <li>Regulation: 43</li> </ul>                                                                                                                                            |
| <ul style="list-style-type: none"> <li>Prevention and Combating of Corrupt Activities Act 12 of 2004</li> </ul> | <ul style="list-style-type: none"> <li>Section: 34(1)</li> </ul>                                                                                                                                            |
| <ul style="list-style-type: none"> <li>Preferential Procurement Policy Framework Act 5 of 2000</li> </ul>       | <ul style="list-style-type: none"> <li>Sections: 2(1)(a), 2(1)(f)</li> </ul>                                                                                                                                |
| <ul style="list-style-type: none"> <li>Preferential Procurement Regulations, 2017</li> </ul>                    | <ul style="list-style-type: none"> <li>Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)</li> </ul> |
| <ul style="list-style-type: none"> <li>Preferential Procurement Regulations, 2022</li> </ul>                    | <ul style="list-style-type: none"> <li>Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)</li> </ul>                                                                                               |



This section will be updated on the final version of this report.

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This section will be updated on the final version of this report.

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This section will be updated once the final Annual report is adopted by Council, legislatively the Oversight report is due in March 2025.

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During 2024/25 financial year, uMzinyathi District Municipality had external service providers which were contracted to the municipality to provide a range of services, and they were closely monitored to ensure that intended services are delivered to the community. In order to ensure effective service delivery through the service providers, the municipality entered into Service Level Agreements which were then used as a performance measure for the service providers.

Corrective measures that are instituted against Service providers with unsatisfactory performance (performance rated 2) are: written warnings as well as site meetings with the service providers to determine challenges and then devising an action plan to improve their performance. Failure to improve thus leads to termination of contract.

Example:

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

In terms of Section 46 (1) (a) of the Municipal Systems Act, (No 32 of 2000), the municipality has to provide the performance details of the external service providers contracted during the year under review and the details are as follows:

| No | Name of the Service Provider | Description Of The Service Being Provided                                                      | Appointment Date / Awarder Date | Tender Amount   | Contract Duration (months) | Service Level Agreement Signed (Y / N) | Responsible Department. | Previous Year Performance | Assessment of the Service Providers Performance (Performance Score) |                   |                      |
|----|------------------------------|------------------------------------------------------------------------------------------------|---------------------------------|-----------------|----------------------------|----------------------------------------|-------------------------|---------------------------|---------------------------------------------------------------------|-------------------|----------------------|
|    |                              |                                                                                                |                                 |                 |                            |                                        |                         |                           | Unsatisfactory<br>1 - 2                                             | Satisfactory<br>3 | Outstanding<br>4 - 5 |
| 1  | OTIS (Pty) Ltd               | MAINTENANCE & REPAIRS OF ELEVATORS                                                             | 2014/04/01                      | R 808 465,40    | 131                        | Y                                      | CORPORATE SERVICES      | 4                         |                                                                     | 3                 |                      |
| 2  | AHEERS PROPERTY HOLDINGS CC  | LEASING OF PROPERTY                                                                            | 2013/06/01                      | R 1 580 084,04  | 120                        | Y                                      | CORPORATE SERVICES      | 4                         |                                                                     | 3                 |                      |
| 3  | CORHAVEN CONSULTING          | IMPLEMENTATION OF WATER SUPPLY PROJECT IN NQUTHU AREA, NTININI WATER SUPPLY SCHEME             | 2018/12/18                      | 13%             | UNSPECIFIED DURATION       | Y                                      | TECHNICAL SERVICES      | 3                         |                                                                     | 3                 |                      |
| 4  | CCG SYSTEMS                  | APPOINTMENT FOR AN INTERGRATED FIANACIAL MANAGEMENT AND INTERNAL CONTROL SYSYTEM               | 2019/02/20                      | R 14 707 519,00 | 70                         | Y                                      | FINANCE DEPARTMENT      | 1                         |                                                                     | 3                 |                      |
| 5  | JG AFRIKA (PTY) LTD          | Provision of Engineering consulting services for the planning, design, tender and construction | 2020/03/17                      | R 4 045 804,23  | 7                          | Y                                      | TECHNICAL SERVICES      | 4                         |                                                                     | 3                 |                      |

| No | Name of the Service Provider | Description Of The Service Being Provided                                     | Appointment Date / Awarder Date | Tender Amount   | Contract Duration (months) | Service Level Agreement Signed (Y / N) | Responsible Department.         | Previous Year Performance | Assessment of the Service Providers Performance (Performance Score) |                   |                      |
|----|------------------------------|-------------------------------------------------------------------------------|---------------------------------|-----------------|----------------------------|----------------------------------------|---------------------------------|---------------------------|---------------------------------------------------------------------|-------------------|----------------------|
|    |                              |                                                                               |                                 |                 |                            |                                        |                                 |                           | Unsatisfactory<br>1 - 2                                             | Satisfactory<br>3 | Outstanding<br>4 - 5 |
|    |                              | monitoring of GUNJANA PHASE 2                                                 |                                 |                 |                            |                                        |                                 |                           |                                                                     |                   |                      |
| 6  | SDM ASSET MANAGEMENT         | Verification of Assets and Compilation of Fixed Asset Register                | 2020/10/14                      | R 1 023 172,50  | 2                          | Y                                      | FINANCE DEPARTMENT              | N/A                       |                                                                     | 3                 |                      |
| 7  | MAKHELENI CONSTRUCTION CC    | NQUTHU WATER SUPPLY SCHEME- VANTS DRIFT WTP & NQUTHU RESERVOIR UPGRADE        | 2021/03/02                      | R 51 441 344,64 | 14                         | Y                                      | TECHNICAL SERVICES              | 3                         |                                                                     | 3                 |                      |
| 8  | ZIKLAG CONSULTING            | COMPILATION OF AFS & RESOLVING PRIOR YEAR AUDIT FINDINGS                      | 2021/07/07                      | R 9 662 000,00  | 36                         | Y                                      | OFFICE OF THE MUNICIPAL MANAGER | 3                         |                                                                     | 3                 |                      |
| 09 | IFIX BUSINESS SOLUTIONS      | HOSTING AND CLOUD COMPUTING                                                   | 2022/04/04                      | R 2 670 000,00  | 36                         | Y                                      | CORPORATE SERVICES              | 5                         |                                                                     | 5                 |                      |
| 10 | SDM ASSET MANAGEMENT         | COMPILATION OF GRAP COMPLIANT INFRASTRUCTURE / IMMOVABLE FIXED ASSET REGISTER | 2022/04/04                      | R 4 894 111,37  | 36                         | Y                                      | FINANCE DEPARTMENT              | 5                         |                                                                     | 3                 |                      |
| 11 | BO CONSTRUCTION              | CONSTRUCTION OF VIP                                                           | 2022/10/22                      | R 12 788        | 17                         | Y                                      | TECHNICAL                       | 4                         |                                                                     | 3                 |                      |

| No | Name of the Service Provider | Description Of The Service Being Provided                                                                                                           | Appointment Date / Awarder Date | Tender Amount   | Contract Duration (months) | Service Level Agreement Signed (Y / N) | Responsible Department. | Previous Year Performance | Assessment of the Service Providers Performance (Performance Score) |                   |                      |
|----|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------|----------------------------|----------------------------------------|-------------------------|---------------------------|---------------------------------------------------------------------|-------------------|----------------------|
|    |                              |                                                                                                                                                     |                                 |                 |                            |                                        |                         |                           | Unsatisfactory<br>1 - 2                                             | Satisfactory<br>3 | Outstanding<br>4 - 5 |
|    |                              | TOILETS AT MSINGA AREA                                                                                                                              |                                 | 000,00          |                            |                                        | SERVICES                |                           |                                                                     |                   |                      |
| 12 | NOMCOR CIVILS                | UPGRADE OF NQUTHU/THELEZINI WATER SUPPLY: CONSTRUCTION OF 50/90MM DIAMETER X 15KM LONG HDPE RETICULATION NETWORK IN NQUTHU AND THELEZINI            | 2022/09/21                      | R 18 216 929,66 | 13                         | Y                                      | TECHNICAL SERVICES      | 4                         |                                                                     | 3                 |                      |
| 13 | VMT CIVILS                   | KwaPharafini Water Supply Scheme Phase 2B-construction of 50 km reticulation water, Reservoir and Installation of Break Pressure Tanks in Msinga LM | 2023/06/06                      | R 15 473 547,90 | 8                          | Y                                      | TECHNICAL SERVICES      | N/A                       | 2                                                                   |                   |                      |
| 14 | VMT CIVILS                   | ophathe water scheme phase 2 oshikishini water supply extension - construction of bulk                                                              | 2023/06/14                      | R 32 174 280,58 | 11                         | Y                                      | TECHNICAL SERVICES      | 4                         | 2                                                                   |                   |                      |

| No | Name of the Service Provider | Description Of The Service Being Provided                                                                                                                                                        | Appointment Date / Awarder Date | Tender Amount   | Contract Duration (months) | Service Level Agreement Signed (Y / N) | Responsible Department. | Previous Year Performance | Assessment of the Service Providers Performance (Performance Score) |                   |                      |
|----|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------|----------------------------|----------------------------------------|-------------------------|---------------------------|---------------------------------------------------------------------|-------------------|----------------------|
|    |                              |                                                                                                                                                                                                  |                                 |                 |                            |                                        |                         |                           | Unsatisfactory<br>1 - 2                                             | Satisfactory<br>3 | Outstanding<br>4 - 5 |
|    |                              | water and reticulation pipelines ,100kl reservoir and associated works at mvoti lm                                                                                                               |                                 |                 |                            |                                        |                         |                           |                                                                     |                   |                      |
| 15 | GRAND CONNECTIONS (PTY) LTD  | Gunjana Water Supply Scheme Phase 3B – Construction of 350KL & 100KL Reservoirs, Bulk & Reticulation Water 8.4 km Pipeline, Installation of Break Pressure Tanks and 10 Stand Pipes in Msinga LM | 2023/06/21                      | R 20 313 513,75 | 15                         | Y                                      | TECHNICAL SERVICES      | N/A                       | 2                                                                   |                   |                      |
| 16 | GINTI PROJECTS (PTY) LTD     | Nkubungwini water supply scheme phase 3b – construction of 305kl reservoirs, bulk water 5.1 km pipeline and 1 borehole in msinga lm                                                              | 2023/06/21                      | R 21 893 438,44 | 9                          | Y                                      | TECHNICAL SERVICES      | 3                         | 1                                                                   |                   |                      |
| 17 | UDAH CONSTRUCTION            | Gunjana Water Supply Scheme Phase 3A –                                                                                                                                                           | 2023/06/21                      | R 18 676        | 9                          | Y                                      | TECHNICAL               | N/A                       | 1                                                                   |                   |                      |



| No | Name of the Service Provider     | Description Of The Service Being Provided                                                                                                                    | Appointment Date / Awarder Date | Tender Amount   | Contract Duration (months) | Service Level Agreement Signed (Y / N) | Responsible Department. | Previous Year Performance | Assessment of the Service Providers Performance (Performance Score) |                   |                      |
|----|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------|----------------------------|----------------------------------------|-------------------------|---------------------------|---------------------------------------------------------------------|-------------------|----------------------|
|    |                                  |                                                                                                                                                              |                                 |                 |                            |                                        |                         |                           | Unsatisfactory<br>1 - 2                                             | Satisfactory<br>3 | Outstanding<br>4 - 5 |
|    | (PTY) LTD                        | Construction of Pump station, Drilling of 2 Boreholes, Bulk Water 5.8 km Bulk Pipeline, 50KL Reservoir and Installation of Break Pressure Tanks in Msinga LM |                                 | 290,72          |                            |                                        | SERVICES                |                           |                                                                     |                   |                      |
| 18 | TARCRON PROJECTS                 | KwaPharafini Water Supply Scheme Phase 2A-construction of Bulk Water, Reservoir and Installation of Break Pressure Tanks in Msinga LM                        | 2023/06/14                      | R 32 979 676,85 | 11                         | Y                                      | TECHNICAL SERVICES      | 4                         |                                                                     | 3                 |                      |
| 19 | TUSANI DEVELOPMENT (PTY) LTD     | Construction of water Thelaphi reticulation                                                                                                                  | 2023/06/27                      | R 9 514 493,84  | 12                         | Y                                      | TECHNICAL SERVICES      | N/A                       |                                                                     | 3                 |                      |
| 20 | MQHELEWETHU TRADING AND PROJECTS | Kwapharafini/Ngcengeni water supply scheme - phase 1                                                                                                         | 2023/10/31                      | R 43 911 075,25 | 18                         | Y                                      | TECHNICAL SERVICES      | N/A                       | 2                                                                   |                   |                      |
| 21 | GIJIMA KM                        | Provision of Security Services for uMzinyathi                                                                                                                | 2023/10/05                      | R 25 351        | 12                         | Y                                      | CORPORATE               | 4                         |                                                                     |                   | 4                    |

| No | Name of the Service Provider | Description Of The Service Being Provided                                                  | Appointment Date / Awardee Date | Tender Amount   | Contract Duration (months) | Service Level Agreement Signed (Y / N) | Responsible Department. | Previous Year Performance | Assessment of the Service Providers Performance (Performance Score) |                   |                      |
|----|------------------------------|--------------------------------------------------------------------------------------------|---------------------------------|-----------------|----------------------------|----------------------------------------|-------------------------|---------------------------|---------------------------------------------------------------------|-------------------|----------------------|
|    |                              |                                                                                            |                                 |                 |                            |                                        |                         |                           | Unsatisfactory<br>1 - 2                                             | Satisfactory<br>3 | Outstanding<br>4 - 5 |
|    | SECURITY SERVICES            | district municipality water works sites                                                    |                                 | 326,43          |                            |                                        | SERVICES                |                           |                                                                     |                   |                      |
| 22 | LUNQOBILE TRADING (PTY) LTD  | Construction of Douglas bulk water supply scheme Phase 3A                                  | 2023/11/15                      | R 3 714 470,10  | 12                         | Y                                      | TECHNICAL SERVICES      | N/A                       |                                                                     | 3                 |                      |
| 23 | BONISEKA HOLDINGS            | Maintenance of Various Plants                                                              |                                 | R 17 250 000,00 | 0                          | Y                                      | TECHNICAL SERVICES      | N/A                       |                                                                     | 3                 |                      |
| 24 | ESRI SOUTH AFRICA            | Provision of Uudm GIS technical support service                                            | 2024/03/01                      | R 2 210 685,97  | 24                         | Y                                      | PLANNING                | 4                         |                                                                     |                   | 4                    |
| 25 | MS JV                        | Nquthu Water Supply Scheme -Section : New 600mm Diameter Steel Rising Main From Cho - 5052 | 20224/02/28                     | R 53 222 623,55 | 8                          | Y                                      | TECHNICAL SERVICES      | N/A                       |                                                                     | 3                 |                      |
| 26 | VELEKUHLE GENERAL TRADING    | Nkubungwini water supply scheme phase 3b :Reticulation                                     | 20224/02/29                     | R 19 949 741,20 | 8                          | Y                                      | TECHNICAL SERVICES      | 3                         |                                                                     | 3                 |                      |
| 27 | NOXOLO AND IMALI TRADING 14  | Operations and Maintenance Works in                                                        | 2024/03/01                      | R 8 000 000,00  | 8                          | Y                                      | TECHNICAL SERVICES      | N/A                       |                                                                     | 3                 |                      |

| No | Name of the Service Provider    | Description Of The Service Being Provided                       | Appointment Date / Awarder Date | Tender Amount   | Contract Duration (months) | Service Level Agreement Signed (Y / N) | Responsible Department. | Previous Year Performance | Assessment of the Service Providers Performance (Performance Score) |                   |                      |
|----|---------------------------------|-----------------------------------------------------------------|---------------------------------|-----------------|----------------------------|----------------------------------------|-------------------------|---------------------------|---------------------------------------------------------------------|-------------------|----------------------|
|    |                                 |                                                                 |                                 |                 |                            |                                        |                         |                           | Unsatisfactory<br>1 - 2                                             | Satisfactory<br>3 | Outstanding<br>4 - 5 |
|    |                                 | Msinga Local Municipality                                       |                                 |                 |                            |                                        |                         |                           |                                                                     |                   |                      |
| 28 | APHELELA CATERING AND PROJECTS  | Operations and Maintenance works in Endumeni Local Municipality | 2024/02/06                      | R 8 000,00      | 8                          | Y                                      | TECHNICAL SERVICES      | N/A                       |                                                                     | 3                 |                      |
| 29 | ASIZIQALELE CONTRACTORS         | Operation and Maintenance works in Nquthu Local Municipality    | 2024/02/06                      | R 8 000,00      | 8                          | Y                                      | TECHNICAL SERVICES      | N/A                       |                                                                     | 3                 |                      |
| 30 | TUSANI DEVELOPMENT (PTY) LTD    | Operation and Maintenance works in Umvoti Local Municipality    | 2024/02/07                      | R 8 000,00      | 8                          | Y                                      | TECHNICAL SERVICES      | N/A                       |                                                                     | 3                 |                      |
| 31 | MSALELA TRANSPORT CC            | Mayicentela , Vuyiza water supply scheme                        | 2023/10/10                      | R 30 198 518,44 | 12                         | Y                                      | TECHNICAL SERVICES      | N/A                       | 2                                                                   |                   |                      |
| 32 | MSALELA TRANSPORT CC            | Mayicentela , Vuyiza water supply scheme                        | 2023/10/11                      | R 30 198 518,44 | 12                         | Y                                      | TECHNICAL SERVICES      | N/A                       |                                                                     | 3                 |                      |
| 33 | MARINKETA PROJECTS & SECURITIES | Completion of Disaster Management Center Phase 2                | 2024/04/29                      | R 1 157,00      | 4                          | Y                                      | TECHNICAL SERVICES      | N/A                       |                                                                     | 3                 |                      |

| No | Name of the Service Provider | Description Of The Service Being Provided | Appointment Date / Awarder Date | Tender Amount | Contract Duration (months) | Service Level Agreement Signed (Y / N) | Responsible Department. | Previous Year Performance | Assessment of the Service Providers Performance (Performance Score) |                   |                      |
|----|------------------------------|-------------------------------------------|---------------------------------|---------------|----------------------------|----------------------------------------|-------------------------|---------------------------|---------------------------------------------------------------------|-------------------|----------------------|
|    |                              |                                           |                                 |               |                            |                                        |                         |                           | Unsatisfactory<br>1 - 2                                             | Satisfactory<br>3 | Outstanding<br>4 - 5 |
| 34 |                              |                                           |                                 |               |                            |                                        |                         |                           |                                                                     |                   |                      |

## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### General Information

|                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Legal form of entity</b>                                | Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the constitution of the republic of South Africa (Act 108 of 1996)                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Legislation governing the municipality's operations</b> | Constitution of the Republic of South Africa (Act 108 of 1998)<br>Local Government : Municipal Finance Management Act (Act no.56 of 2003)<br>Local Government: Municipal Systems Act (Act 32 of 2000)<br>Local Government: Municipal Structures Act (Act 117 of 1998)<br>Division of Revenue Act (Act 1 of 2007)                                                                                                                                                                                                                                                                                |
| <b>Nature of business and principal activities</b>         | The uMzinyathi District Municipality is a municipality that is operating within its constitutional mandate as a water service authority in the form of service delivery to the citizens of South Africa.                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Mayoral committee</b>                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Mayor                                                      | Cllr TH Mchunu (Mayor)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Councillors                                                | Cllr N Zungu (Deputy Mayor)<br>Cllr TL Kunene (Speaker)<br>Cllr PM Ngobese (Chief Whip)<br>Cllr SP Mbatha (MPAC Chairperson)<br>Cllr FN Mthethwa (Rules Committee Chairperson)<br>Cllr TZ Mkhize<br>Cllr FN ZN Ndlovu<br>Cllr BS Chambule<br>Cllr LC Moloi<br>Cllr LG Mabaso<br>Cllr TGL Mabaso<br>Cllr SN Sithole<br>Cllr DM Xaba<br>Cllr LP Mbhele<br>Cllr TC Ngubane<br>Cllr RN Ngubane<br>Cllr MM Masondo<br>Cllr SB Mdluli<br>Cllr JN Khoza<br>Cllr Hlatshwayo<br>Cllr QM Ngobese<br>Cllr Hoofman<br>Cllr M Ntshapha<br>Cllr LB Ntuli<br>Cllr EM Mdluli<br>Cllr ME Ngobe<br>Cllr JB Chonco |
| <b>Grading of local authority</b>                          | Grade 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Chief Finance Officer (CFO)</b>                         | S.S Mbuyazi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Accounting Officer</b>                                  | MV Ntanzu                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Registered office</b>                                   | 39 Victoria Street<br>Princess Magogo Building<br>Dundee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Accounting Officer's Responsibilities and Approval

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The Umzinyathi Municipality is situated at Princess Magogo Building, No.39 Victoria Street, Dundee. It is a grade 4 municipality established in terms of section 12(1) of the Municipal Structures Act No.117 and published in terms of Provincial Government Notice 346 of the 19th of September 2020. The local government operations are assigned by Section 156 and 229 of the South African Constitution and defined specifically in terms of section 83 of the Municipal Structures Act (Act No.117 of 1998). 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 he is ultimately responsible for the system of internal financial control established by the economic entity 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 economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity 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 economic entity's cash flow forecast for the year ended to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2025:

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**MV Ntanz**  
Designation

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Statement of Financial Position as at 30 June 2025

| Figures in Rand                                              | Note(s) | Economic entity      |                      | Controlling entity   |                      |
|--------------------------------------------------------------|---------|----------------------|----------------------|----------------------|----------------------|
|                                                              |         | 2025                 | 2024<br>Restated*    | 2025                 | 2024<br>Restated*    |
| <b>Assets</b>                                                |         |                      |                      |                      |                      |
| <b>Current Assets</b>                                        |         |                      |                      |                      |                      |
| Cash and cash equivalents                                    | 3       | 10 444 954           | 4 723 668            | 10 175 789           | 4 201 254            |
| Inventories                                                  | 4       | 4 934 498            | 968 135              | 4 934 498            | 968 135              |
| Vat Receivables                                              | 5       | 38 615 493           | 38 997 306           | 38 615 493           | 38 997 306           |
| Receivables from exchange transaction                        | 6       | 81 227 096           | 101 012 305          | 80 912 081           | 100 412 305          |
| Receivables from non-exchange transactions                   | 7       | 140 870              | 28 063               | 140 870              | 27 959               |
| Prepayments                                                  | 8       | 35 395               | 33 393               | -                    | -                    |
| Statutory Receivables                                        | 59      | 8 283 433            | 1 315 589            | 8 283 433            | 1 315 589            |
|                                                              |         | <b>143 681 739</b>   | <b>147 078 459</b>   | <b>143 062 164</b>   | <b>145 922 548</b>   |
| <b>Non-Current Assets</b>                                    |         |                      |                      |                      |                      |
| Property, plant and equipment                                | 9       | 3 140 552 179        | 3 008 390 595        | 3 140 117 528        | 3 007 783 270        |
| Biological assets that form part of an agricultural activity | 10      | 780 298              | 868 000              | -                    | -                    |
| Investment property                                          | 11      | 1 701 385            | 1 792 965            | 1 701 385            | 1 792 965            |
| Intangible assets                                            | 12      | 19 494               | 349 774              | 19 494               | 201 897              |
| Heritage Assets                                              | 13      | 8 655                | 8 655                | 8 655                | 8 655                |
| Investment in Associates                                     | 14      | 22 835 343           | 39 986 525           | 22 835 343           | 39 986 525           |
| Receivables from non-exchange transactions                   | 7       | 10 000               | 10 000               | -                    | -                    |
|                                                              |         | <b>3 165 907 354</b> | <b>3 051 406 514</b> | <b>3 164 682 405</b> | <b>3 049 773 312</b> |
| <b>Total Assets</b>                                          |         | <b>3 309 589 093</b> | <b>3 198 484 973</b> | <b>3 307 744 569</b> | <b>3 195 695 860</b> |
| <b>Liabilities</b>                                           |         |                      |                      |                      |                      |
| <b>Current Liabilities</b>                                   |         |                      |                      |                      |                      |
| Payables from exchange transactions                          | 15      | 595 548 509          | 556 843 544          | 595 161 820          | 556 184 653          |
| Transfers payable                                            | 16      | -                    | -                    | 8 099 734            | 5 099 734            |
| VAT payable                                                  | 17      | 53 530 850           | 55 360 276           | 53 530 850           | 55 360 276           |
| Consumer deposits                                            | 18      | 451 314              | 451 314              | 451 314              | 451 314              |
| Employee benefit obligation                                  | 19      | 2 408 217            | 2 269 250            | 2 408 217            | 2 269 250            |
| Unspent conditional grants and receipts                      | 20      | 6 525 000            | -                    | 6 525 000            | -                    |
| Provisions                                                   | 21      | 376 851              | 332 134              | -                    | -                    |
|                                                              |         | <b>658 840 741</b>   | <b>615 256 518</b>   | <b>666 176 935</b>   | <b>619 365 227</b>   |
| <b>Non-Current Liabilities</b>                               |         |                      |                      |                      |                      |
| Employee benefit obligation                                  | 19      | 28 146 372           | 25 126 940           | 28 146 372           | 25 126 940           |
| <b>Total Liabilities</b>                                     |         | <b>686 987 113</b>   | <b>640 383 458</b>   | <b>694 323 307</b>   | <b>644 492 167</b>   |
| <b>Net Assets</b>                                            |         | <b>2 622 601 980</b> | <b>2 558 101 515</b> | <b>2 613 421 262</b> | <b>2 551 203 693</b> |
| Accumulated surplus                                          |         | 2 622 601 980        | 2 558 101 582        | 2 613 421 326        | 2 551 203 755        |
| <b>Total Net Assets</b>                                      |         | <b>2 622 601 980</b> | <b>2 558 101 582</b> | <b>2 613 421 326</b> | <b>2 551 203 755</b> |



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Statement of Financial Performance as at 30 June 2025

| Figures in Rand                                                                                        | Note(s) | Economic entity      |                      | Controlling entity   |                      |
|--------------------------------------------------------------------------------------------------------|---------|----------------------|----------------------|----------------------|----------------------|
|                                                                                                        |         | 2025                 | 2024<br>Restated*    | 2025                 | 2024<br>Restated*    |
| <b>Revenue</b>                                                                                         |         |                      |                      |                      |                      |
| <b>Revenue from exchange transactions</b>                                                              |         |                      |                      |                      |                      |
| Service charges                                                                                        | 22      | 43 696 164           | 17 055 475           | 43 696 164           | 17 055 475           |
| Rendering of services                                                                                  | 23      | 600 000              | 603 778              | -                    | -                    |
| Rental of facilities and equipment                                                                     | 24      | 426 795              | 499 109              | 426 795              | 499 109              |
| Interest earned on outstanding debtors                                                                 | 25      | 63 736 549           | 69 838 515           | 63 736 549           | 69 838 515           |
| Actuarial gain on post retirement benefit                                                              | 19      | 981 153              | 2 476 057            | 981 153              | 2 476 057            |
| Insurance refund                                                                                       |         | 2 695                | 2 748                | -                    | -                    |
| Other income                                                                                           | 26      | 141 307              | 1 148 377            | 141 307              | 1 148 377            |
| Gain on disposal of assets and liabilities                                                             |         | 179 014              | -                    | 179 014              | -                    |
| Interest received on investment                                                                        | 27      | 6 228 583            | 8 857 469            | 6 207 416            | 8 675 343            |
| Gain on biological assets and agricultural produce                                                     | 28      | -                    | 86 000               | -                    | -                    |
| Fair value adjustments                                                                                 | 29      | -                    | 22 000               | -                    | -                    |
| Share of surpluses or deficits from associates or joint ventures accounted for using the equity method |         | -                    | 3 444 177            | -                    | 3 444 177            |
| <b>Total revenue from exchange transactions</b>                                                        |         | <b>115 992 260</b>   | <b>104 033 705</b>   | <b>115 368 398</b>   | <b>103 137 053</b>   |
| <b>Revenue from non-exchange transactions</b>                                                          |         |                      |                      |                      |                      |
| <b>Transfer revenue</b>                                                                                |         |                      |                      |                      |                      |
| Government grants & subsidies                                                                          | 30      | 799 233 393          | 757 442 621          | 799 218 561          | 756 094 888          |
| <b>Total revenue</b>                                                                                   |         | <b>915 225 653</b>   | <b>861 476 326</b>   | <b>914 586 959</b>   | <b>859 231 941</b>   |
| <b>Expenditure</b>                                                                                     |         |                      |                      |                      |                      |
| Employee related costs                                                                                 | 31      | (289 433 380)        | (256 492 039)        | (283 833 263)        | (250 757 429)        |
| Remuneration of councillors and Directors                                                              | 32      | (9 182 380)          | (8 064 601)          | (8 023 604)          | (6 930 888)          |
| Depreciation and amortisation                                                                          | 33      | (63 652 389)         | (64 208 580)         | (63 322 839)         | (63 820 561)         |
| Impairments loss                                                                                       | 34      | (28 136 149)         | (8 784 624)          | (28 136 149)         | (8 784 624)          |
| Finance costs                                                                                          | 35      | (13 317 283)         | (12 905 820)         | (13 317 283)         | (12 905 820)         |
| Lease rentals on operating lease                                                                       | 36      | (2 133 256)          | (1 930 871)          | (1 732 545)          | (1 700 784)          |
| Debt Impairment                                                                                        | 37      | (27 887 291)         | (144 545 060)        | (27 887 291)         | (144 545 060)        |
| Contracted services                                                                                    | 38      | (165 986 011)        | (223 227 832)        | (165 824 948)        | (220 830 142)        |
| Transfers and Subsidies                                                                                | 39      | -                    | -                    | (11 700 000)         | (10 000 000)         |
| Loss on disposal of assets and liabilities                                                             | 9&13    | -                    | (39 448)             | -                    | (39 448)             |
| Fair value adjustments                                                                                 | 29      | (62 703)             | -                    | -                    | -                    |
| Loss on biological assets and agricultural produce                                                     | 28      | (25 000)             | -                    | -                    | -                    |
| Share of surpluses or deficits from associates                                                         | 14      | (17 151 182)         | -                    | (17 151 182)         | -                    |
| General Expenses                                                                                       | 40      | (153 863 562)        | (199 081 427)        | (151 374 173)        | (196 951 777)        |
| <b>Total expenditure</b>                                                                               |         | <b>(770 830 586)</b> | <b>(919 280 302)</b> | <b>(772 303 277)</b> | <b>(917 266 533)</b> |
| <b>Surplus (deficit) for the year</b>                                                                  |         | <b>144 395 067</b>   | <b>(57 803 976)</b>  | <b>142 283 682</b>   | <b>(58 034 592)</b>  |



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Statement of Changes in Net Assets as at 30 June 2025

| Figures in Rand                                                       | Accumulated surplus / deficit | Total net assets     |
|-----------------------------------------------------------------------|-------------------------------|----------------------|
| <b>Economic entity</b>                                                |                               |                      |
| <b>Balance at 01 July 2023</b>                                        | <b>2 615 905 558</b>          | <b>2 615 905 558</b> |
| Changes in net assets                                                 |                               |                      |
| Surplus for the year                                                  | (57 803 976)                  | (57 803 976)         |
| Total changes                                                         | (57 803 976)                  | (57 803 976)         |
| <b>Restated* Balance at 01 July 2024</b>                              | <b>2 558 101 582</b>          | <b>2 558 101 582</b> |
| Changes in net assets                                                 |                               |                      |
| Surplus for the year                                                  | 144 395 067                   | 144 395 067          |
| Adjustment corrections posted on the 1st July instead of 30 June 2024 | (79 894 669)                  | (79 894 669)         |
| Total changes                                                         | 64 500 398                    | 64 500 398           |
| <b>Balance at</b>                                                     | <b>2 622 601 980</b>          | <b>2 622 601 980</b> |
| Note(s)                                                               |                               |                      |
| <b>Controlling entity</b>                                             |                               |                      |
| <b>Balance at 01 July 2023</b>                                        | <b>2 609 238 347</b>          | <b>2 609 238 347</b> |
| Changes in net assets                                                 |                               |                      |
| Surplus for the year                                                  | (58 034 592)                  | (58 034 592)         |
| Total changes                                                         | (58 034 592)                  | (58 034 592)         |
| <b>Restated* Balance at 01 July 2024</b>                              | <b>2 551 203 755</b>          | <b>2 551 203 755</b> |
| Changes in net assets                                                 |                               |                      |
| Adjustment corrections posted on the 1st July instead of 30 June 2024 | (80 066 111)                  | (80 066 111)         |
| Net income (losses) recognised directly in net assets                 | (80 066 111)                  | (80 066 111)         |
| Surplus for the year                                                  | 142 283 682                   | 142 283 682          |
| Total recognised income and expenses for the year                     | 62 217 571                    | 62 217 571           |
| Total changes                                                         | 62 217 571                    | 62 217 571           |
| <b>Balance at</b>                                                     | <b>2 613 421 326</b>          | <b>2 613 421 326</b> |
| Note(s)                                                               |                               |                      |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Cash Flow Statement

| Figures in Rand                                             | Note(s) | Economic entity      |                      | Controlling entity   |                      |
|-------------------------------------------------------------|---------|----------------------|----------------------|----------------------|----------------------|
|                                                             |         | 2025                 | 2024<br>Restated*    | 2025                 | 2024<br>Restated*    |
| <b>Cash flows from operating activities</b>                 |         |                      |                      |                      |                      |
| <b>Receipts</b>                                             |         |                      |                      |                      |                      |
| Service charges                                             |         | 53 195 711           | 7 133 937            | 53 195 711           | 7 133 937            |
| Sale of goods and services                                  |         | 885 089              | 3 778                | -                    | -                    |
| Grants                                                      |         | 796 233 393          | 766 110 075          | 799 218 561          | 756 094 888          |
| Interest income                                             |         | 6 228 583            | 8 857 469            | 6 207 416            | 8 675 343            |
| Other receipts                                              |         | 2 695                | 2 748                | -                    | -                    |
|                                                             |         | 856 545 471          | 782 108 007          | 858 621 688          | 771 904 168          |
| <b>Payments</b>                                             |         |                      |                      |                      |                      |
| Employee costs                                              |         | (296 114 613)        | (253 957 468)        | (290 514 492)        | (248 315 433)        |
| Suppliers                                                   |         | (328 584 264)        | (375 772 612)        | (325 475 128)        | (371 692 422)        |
| Finance Costs                                               |         | (10 053 787)         | (10 909 000)         | (10 053 787)         | (9 775 287)          |
| Directors emoluments                                        |         | (1 158 776)          | (1 133 713)          | -                    | -                    |
|                                                             |         | (635 911 440)        | (641 772 793)        | (626 043 407)        | (629 783 142)        |
| <b>Net cash flows from operating activities</b>             | 42      | <b>220 634 031</b>   | <b>140 335 214</b>   | <b>232 578 281</b>   | <b>142 121 026</b>   |
| <b>Cash flows from investing activities</b>                 |         |                      |                      |                      |                      |
| Purchase of property, plant and equipment                   | 9       | (223 620 533)        | (155 568 632)        | (223 611 534)        | (155 392 936)        |
| Proceeds from sale of property, plant and equipment         | 9       | 271 284              | -                    | 271 284              | -                    |
| Purchase of other intangible assets                         | 12      | -                    | (223 818)            | -                    | -                    |
| <b>Net cash flows from investing activities</b>             |         | <b>(223 349 249)</b> | <b>(155 792 450)</b> | <b>(223 340 250)</b> | <b>(155 392 936)</b> |
| <b>Cash flows from financing activities</b>                 |         |                      |                      |                      |                      |
| Finance lease payments                                      |         | (3 263 496)          | (57 654 234)         | (3 263 496)          | (57 654 234)         |
| <b>Net cash flows from financing activities</b>             |         | <b>(3 263 496)</b>   | <b>(57 654 234)</b>  | <b>(3 263 496)</b>   | <b>(57 654 234)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b>5 721 286</b>     | <b>(49 498 592)</b>  | <b>5 974 535</b>     | <b>(48 446 990)</b>  |
| Cash and cash equivalents at the beginning of the year      |         | 4 723 668            | 54 222 260           | 4 201 254            | 52 648 233           |
| <b>Cash and cash equivalents at the end of the year</b>     | 3       | <b>10 444 954</b>    | <b>4 723 668</b>     | <b>10 175 789</b>    | <b>4 201 243</b>     |

## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### Statement of Comparison of Budget and Actual Amounts as at 30 June 2025

Figures in Rand

|                                                                                             | Original budget      | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments    | Shifting of funds (i.t.o. MFMA) | Virement (i.t.o. council approved policy) | Final budget         | Actual outcome       | Unauthorised expenditure | Variance             | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---------------------------------------------------------------------------------------------|----------------------|-----------------------------------------------------|----------------------|---------------------------------|-------------------------------------------|----------------------|----------------------|--------------------------|----------------------|-------------------------------------|----------------------------------------|
| <b>Economic entity - 2025</b>                                                               |                      |                                                     |                      |                                 |                                           |                      |                      |                          |                      |                                     |                                        |
| <b>Financial Performance</b>                                                                |                      |                                                     |                      |                                 |                                           |                      |                      |                          |                      |                                     |                                        |
| Interest earned from receivables                                                            | 34 851 382           | -                                                   | 34 851 382           | -                               | -                                         | 34 851 382           | 63 736 549           |                          | 28 885 167           | 183 %                               | 183 %                                  |
| Service charges                                                                             | 120 916 791          | (23 915 580)                                        | 97 001 211           | -                               | -                                         | 97 001 211           | 43 696 164           |                          | (53 305 047)         | 45 %                                | 36 %                                   |
| Interest Earned from Investments                                                            | 11 082 925           | (131 407)                                           | 10 951 518           | -                               | -                                         | 10 951 518           | 6 228 583            |                          | (4 722 935)          | 57 %                                | 56 %                                   |
| Transfers recognised - operational                                                          | 550 905 000          | (2 540 000)                                         | 548 365 000          | -                               | -                                         | 548 365 000          | 530 096 393          |                          | (18 268 607)         | 97 %                                | 96 %                                   |
| Other Income (Rental, Actual, rendering of service gain, insurance refund and gain disposal | 679 605              | 900 000                                             | 1 579 605            | -                               | -                                         | 1 579 605            | 2 330 964            |                          | 751 359              | 148 %                               | 343 %                                  |
| <b>Total revenue (excluding capital transfers and contributions)</b>                        | <b>718 435 703</b>   | <b>(25 686 987)</b>                                 | <b>692 748 716</b>   | -                               | -                                         | <b>692 748 716</b>   | <b>646 088 653</b>   |                          | <b>(46 660 063)</b>  | <b>93 %</b>                         | <b>90 %</b>                            |
| Employee costs                                                                              | (294 440 173)        | 21 639 165                                          | (272 801 008)        | -                               | -                                         | (272 801 008)        | (289 433 380)        |                          | (16 632 372)         | 106 %                               | 98 %                                   |
| Remuneration of councillors and Board members                                               | (8 261 766)          | (1 489 702)                                         | (9 751 468)          | -                               | -                                         | (9 751 468)          | (9 182 380)          |                          | 569 088              | 94 %                                | 111 %                                  |
| Contracted Services                                                                         | (106 180 478)        | (9 620 199)                                         | (115 800 677)        |                                 |                                           | (115 800 677)        | (165 986 011)        |                          | (50 185 334)         | 143 %                               | 156 %                                  |
| Depreciation and Impairment loss                                                            | (84 249 179)         | 1 155 289                                           | (83 093 890)         |                                 |                                           | (83 093 890)         | (63 652 389)         |                          | 19 441 501           | 77 %                                | 76 %                                   |
| Debt impairment                                                                             | (60 000 000)         | 9 795 137                                           | (50 204 863)         |                                 |                                           | (50 204 863)         | (27 887 291)         |                          | 22 317 572           | 56 %                                | 46 %                                   |
| Other Expenses (Finance cost, Impairment loss and operational cost)                         | (114 393 265)        | (36 412 023)                                        | (150 805 288)        | -                               | -                                         | (150 805 288)        | (197 450 250)        |                          | (46 644 962)         | 131 %                               | 173 %                                  |
| <b>Total expenditure</b>                                                                    | <b>(667 524 861)</b> | <b>(14 932 333)</b>                                 | <b>(682 457 194)</b> | -                               | -                                         | <b>(682 457 194)</b> | <b>(753 591 701)</b> |                          | <b>(71 134 507)</b>  | <b>110 %</b>                        | <b>113 %</b>                           |
| <b>Surplus/(Deficit)</b>                                                                    | <b>50 910 842</b>    | <b>(40 619 320)</b>                                 | <b>10 291 522</b>    | -                               | -                                         | <b>10 291 522</b>    | <b>(107 503 048)</b> |                          | <b>(117 794 570)</b> | <b>(1 045)%</b>                     | <b>(1 045)%</b>                        |

## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### Appropriation Statement

Figures in Rand

|                                                                    | Original budget    | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments (i.t.o. council approved policy) | Shifting of funds (i.t.o. MFMA) | Virement (i.t.o. council approved policy) | Final budget       | Actual outcome     | Unauthorised expenditure | Variance as % of final budget | Actual outcome as % of original budget |
|--------------------------------------------------------------------|--------------------|-----------------------------------------------------|----------------------------------------------------|---------------------------------|-------------------------------------------|--------------------|--------------------|--------------------------|-------------------------------|----------------------------------------|
| Transfers recognised - capital                                     | 301 278 000        | (32 141 000)                                        | 269 137 000                                        | -                               | -                                         | 269 137 000        | 269 137 000        | -                        | -                             | 89 %                                   |
| <b>Surplus (Deficit) after capital transfers and contributions</b> | <b>352 188 842</b> | <b>(72 760 320)</b>                                 | <b>279 428 522</b>                                 | -                               | -                                         | <b>279 428 522</b> | <b>161 633 952</b> |                          | <b>(117 794 570)</b>          | <b>46 %</b>                            |
| Share of surplus (deficit) of associate                            | -                  | -                                                   | -                                                  | -                               | -                                         | -                  | 17 151 182         |                          | 17 151 182                    | DIV/0 %                                |
| Fair Value Adjustments                                             | -                  | -                                                   | -                                                  | -                               | -                                         | -                  | 62 703             |                          | 62 703                        | DIV/0 %                                |
| Loss on biological assets and agricultural produce                 | -                  | -                                                   | -                                                  | -                               | -                                         | -                  | 25 000             |                          | 25 000                        | DIV/0 %                                |
| <b>Surplus/(Deficit) for the year</b>                              | <b>352 188 842</b> | <b>(72 760 320)</b>                                 | <b>279 428 522</b>                                 | -                               | -                                         | <b>279 428 522</b> | <b>144 395 067</b> |                          | <b>(135 033 455)</b>          | <b>41 %</b>                            |
| <b>Cash flows</b>                                                  |                    |                                                     |                                                    |                                 |                                           |                    |                    |                          |                               |                                        |
| Net cash from (used) operating                                     | 330 798 212        | (57 784 895)                                        | 273 013 317                                        | -                               | -                                         | 273 013 317        | 232 334 031        |                          | (40 679 286)                  | 85 %                                   |
| Net cash from (used) investing                                     | (324 149 612)      | 57 574 554                                          | (266 575 058)                                      | -                               | -                                         | (266 575 058)      | (223 349 248)      |                          | 43 225 810                    | 84 %                                   |
| Net cash from (used) financing                                     | -                  | -                                                   | -                                                  | -                               | -                                         | -                  | (3 263 496)        |                          | (3 263 496)                   | DIV/0 %                                |
| <b>Net increase/(decrease) in cash and cash equivalents</b>        | <b>6 648 600</b>   | <b>(210 341)</b>                                    | <b>6 438 259</b>                                   | -                               | -                                         | <b>6 438 259</b>   | <b>5 721 287</b>   |                          | <b>(716 972)</b>              | <b>86 %</b>                            |
| Cash and cash equivalents at the beginning of the year             | 54 620 972         | (58 299 812)                                        | (3 678 840)                                        | -                               | -                                         | (3 678 840)        | 4 723 668          |                          | 8 402 508                     | 9 %                                    |
| <b>Cash and cash equivalents at year end</b>                       | <b>61 269 572</b>  | <b>(58 510 153)</b>                                 | <b>2 759 419</b>                                   | -                               | -                                         | <b>2 759 419</b>   | <b>10 444 955</b>  |                          | <b>7 685 536</b>              | <b>17 %</b>                            |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Appropriation Statement

Figures in Rand

|  | Reported unauthorised expenditure | Expenditure authorised in terms of section 32 of MFMA | Balance to be recovered | Restated audited outcome |
|--|-----------------------------------|-------------------------------------------------------|-------------------------|--------------------------|
|--|-----------------------------------|-------------------------------------------------------|-------------------------|--------------------------|

Economic entity - 2025

## Annual Financial Statements for the year ended

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**Figures in Rand**

|                                |               |               |               |   |               |               |               |         |         |
|--------------------------------|---------------|---------------|---------------|---|---------------|---------------|---------------|---------|---------|
| -                              |               |               |               |   | 334 304 215   | 143 681 739   | (190 622 476) | 43 %    | 36 %    |
| Total current assets           | 400 855 119   | (66 550 904)  | 334 304 215   | - |               |               |               |         |         |
| -                              |               |               |               |   | 2 755 009 716 | 3 185 907 354 | 410 897 638   | 115 %   | 113 %   |
| Total non current assets       | 2 801 283 265 | (46 273 549)  | 2 755 009 716 | - |               |               |               |         |         |
| -                              |               |               |               |   | (244 551 361) | (658 840 741) | (414 289 380) | 269 %   | 264 %   |
| Total current liabilities      | (249 289 045) | 4 717 684     | (244 551 361) | - |               |               |               |         |         |
| -                              |               |               |               |   | -             | (28 146 372)  | (28 146 372)  | DIV/O % | DIV/O % |
| Total non current liabilities  | -             | -             | -             | - |               |               |               |         |         |
| -                              |               |               |               |   | 2 844 762 570 | 2 622 601 980 | (222 160 590) | 92 %    | 89 %    |
| Accumulated Surplus/Net Equity | 2 952 869 339 | (108 106 769) | 2 844 762 570 | - |               |               |               |         |         |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Significant Accounting Policies

| Figures in Rand | Note(s) | Economic entity |      | Controlling entity |      |
|-----------------|---------|-----------------|------|--------------------|------|
|                 |         | 2025            | 2024 | 2025               | 2024 |

### 1. Presentation of Annual Financial Statements

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

#### 1.1 Basis of preparation

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

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

#### 1.2 Presentation Currency

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

#### 1.3 Going Concern Assumption

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

#### 1.4 Significant judgements and sources of estimation uncertainty

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

##### 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 assumptions 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 economic entity 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 including such as production estimates, supply demand, together with economic factors such as inflation and 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 21 - Provisions.

##### Useful Lives of Waste and Water Network and Other Assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.



## **Significant Accounting Policies**

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### **1.4 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.

### **1.5 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 economic entity, 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.

#### **Cost Model**

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

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

| <b>Item</b>          | <b>Useful life</b> |
|----------------------|--------------------|
| Property - buildings | 30 years           |

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

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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

### **1.6 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 economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Significant Accounting Policies

### 1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

| Item                   | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Buildings              | Straight line       | 10-30 years         |
| Plant and machinery    | Straight line       | 5-15 years          |
| Furniture and fixtures | Straight line       | 5-15 years          |
| Motor vehicles         | Straight line       | 5-15 years          |
| IT equipment           | Straight line       | 5-10 years          |
| Infrastructure         | Straight line       | 10-100 years        |

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

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the economic entity. 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.

## Significant Accounting Policies

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### 1.6 Property, plant and equipment (continued)

The economic entity assesses at each reporting date whether there is any indication that the economic entity 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 economic entity 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 economic entity 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.

### 1.7 Biological Assets

The entity recognises biological assets that form part of an agricultural activity when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity; and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity are measured at cost.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity at fair value less costs to sell and from a change in fair value less costs to sell of biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

Depreciation is provided on biological assets that form part of an agricultural activity where fair value cannot be determined, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

| Item                                    | Useful life          |
|-----------------------------------------|----------------------|
| Trees in timber plantation - Consumable | x years / indefinite |

### 1.8 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 economic entity 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 economic entity; and
- the cost or fair value of the asset can be measured reliably.

# uMzinyathi District Municipality and the Development Agency

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## Significant Accounting Policies

### 1.8 Intangible assets (continued)

The economic entity 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.

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, internally generated | Straight line       | 5 -10 years         |
| Licences                                | Straight line       | 3 years             |

### 1.9 Heritage Assets

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

#### Recognition

The economic entity 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 economic entity, 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.

## Significant Accounting Policies

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### 1.9 Heritage Assets (continued)

#### 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 economic entity assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the economic entity 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 economic entity 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).

### 1.10 Investments in associates

#### Controlling entity annual financial statements

An investment in an associate is carried at cost.

The municipality applies the same accounting for each category of investment.

The municipality recognises a share in surplus or deficit in its separate annual financial statements.

### 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.

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.



## **Significant Accounting Policies**

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### **1.11 Financial Instruments (continued)**

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 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, 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 in 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.

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 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.

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Significant Accounting Policies

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### 1.11 Financial Instruments (continued)

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.

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:

- 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.

#### Initial Recognition

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

The entity recognises financial assets using trade date accounting.

#### Initial Measurement of Financial Assets and Financial Liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions, where it is the recipient of the loan.

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Significant Accounting Policies

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### 1.11 Financial Instruments (continued)

#### Subsequent Measurement of Financial Assets and Financial Liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### Fair Value Measurement Considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an economic entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument or based on any available observable market data.

The fair value of a financial liability with a demand feature such as a demand deposit is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

#### Reclassification

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

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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

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

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

#### Gains and Losses

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

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

#### Impairment and Uncollectibility of Financial Assets

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

Financial assets measured at amortised cost:

## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### Significant Accounting Policies

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#### 1.11 Financial Instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

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

Financial assets measured at cost:

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



## **Significant Accounting Policies**

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### **1.11 Financial Instruments (continued)**

#### **Derecognition**

##### **Financial Assets**

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

##### **Financial Liabilities**

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

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

## Significant Accounting Policies

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### 1.11 Financial Instruments (continued)

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

#### Presentation

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

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

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

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

### 1.12 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 interest rate implicit in the lease.

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

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

#### Operating Leases - Lessor

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

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

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

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

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

#### Operating Leases - Lessee

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

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Significant Accounting Policies

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### 1.13 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.

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

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

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

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.

### 1.14 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 economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

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

## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### Significant Accounting Policies

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#### 1.14 Impairment of cash-generating assets (continued)

##### Identification

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

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

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

##### Value in use

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

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

##### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

##### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Significant Accounting Policies

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### 1.14 Impairment of cash-generating assets (continued)

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the economic entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the economic entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

## **Significant Accounting Policies**

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### **1.14 Impairment of cash-generating assets (continued)**

#### **Reversal of impairment loss**

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

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

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

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

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

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

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

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

### **1.15 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.

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 economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

## **Significant Accounting Policies**

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### **1.15 Impairment of non-cash-generating assets (continued)**

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

#### **Identification**

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

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

#### **Recognition and measurement**

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

## **Significant Accounting Policies**

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### **1.15 Impairment of non-cash-generating assets (continued)**

#### **Reversal of an impairment loss**

The economic entity 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 economic entity 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.



## **Significant Accounting Policies**

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### **1.16 Employee benefits**

#### **Identification**

##### **Employee benefits**

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

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

##### **Defined benefit cost**

Service cost comprises: (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and (c) any gain or loss on settlement.

Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.

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: (a) any costs of managing the plan assets; and (b) any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.



## **Significant Accounting Policies**

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### **1.16 Employee benefits (continued)**

#### **Post-employment benefits: Defined contribution plans**

##### **Recognition and measurement**

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:

(a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, 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

(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are discounted using the discount rate as specified.

## **Significant Accounting Policies**

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### **1.16 Employee benefits (continued)**

#### **Post-employment benefits: Defined benefit plans**

##### **Recognition and measurement**

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

##### **Accounting for the constructive obligation**

The entity accounts 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.

##### **Statement of financial position**

The entity recognises the net defined benefit liability (asset) in the statement of financial position. When the entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

- (a) the surplus in the defined benefit plan; and
- (b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

##### **Recognition and measurement: Present value of defined benefit obligations and current service cost**

##### **Actuarial valuation method**

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.

##### **Attributing benefit to periods of service**

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity attributes 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, the entity attributes benefit on a straight-line basis from:

- (a) 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
- (b) 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 assumptions**

Actuarial assumptions are unbiased and mutually compatible.

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

##### **Actuarial assumptions: Mortality**

The entity determines its mortality assumptions by reference to its best estimate of the mortality of plan members both during and after employment.

##### **Actuarial assumptions: Discount rate**

The rate used to discount post-employment benefit obligations (both funded and unfunded) 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 post-employment benefit obligations.

## **Significant Accounting Policies**

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### **1.16 Employee benefits (continued)**

#### **Actuarial assumptions: Salaries, benefits and medical costs**

The entity measures its defined benefit obligations on a basis that reflects:

- (a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;
- (b) any estimated future salary increases that affect the benefits payable;
- (c) the effect of any limit on the employer's share of the cost of the future benefits;
- (d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and
- (e) 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:
  - (i) those changes were enacted before the end of the reporting period; or
  - (ii) historical data, 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 takes account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### **Past service cost and gains and losses on settlement**

When determining past service cost, or a gain or loss on settlement, the entity remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

- (a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and
- (b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

#### **Components of defined benefit cost**

The entity recognises the components of defined benefit cost in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset, as follows:

- (a) service cost;
- (b) net interest on the net defined benefit liability (asset); and
- (c) remeasurements of the net defined benefit liability (asset).

#### **Current service cost**

The entity determines current service cost using actuarial assumptions determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, it determines current service cost for the remainder of the reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

#### **Presentation**

##### **Offset**

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

- (a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and

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### 1.16 Employee benefits (continued)

(b) 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.

#### Current/non-current distinction

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

(a) has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and

(b) 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.

#### Other long-term employee benefits

##### Recognition and measurement

For other long-term employee benefits, 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:

(a) service cost;

(b) net interest on the net defined benefit liability (asset); and

(c) remeasurements of the net defined benefit liability (asset).

##### Termination benefits

##### Recognition

The entity recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

##### Measurement

The entity measures termination benefits on initial recognition, and measures and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post-employment benefits. Otherwise:

(a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.

(b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

### 1.17 Provisions and contingencies

Provisions are recognised when:

- the economic entity 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.



## **Significant Accounting Policies**

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### **1.17 Provisions and contingencies (continued)**

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the economic entity 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 (deficit).

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

A constructive obligation to restructure arises only when an entity:

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

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

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

No obligation arises as a consequence of the sale or transfer of an operation until the economic entity 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 51.

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

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

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

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### 1.17 Provisions and contingencies (continued)

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

Where a fee is received by the economic entity 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 economic entity considers that an outflow of economic resources is probable, an economic entity 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.

### 1.18 Comparative figures

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

### 1.19 Budget information

Economic Entity 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 economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The budget for the economic entity includes an approved budgets.

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.

### 1.20 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).

### 1.21 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).

### 1.22 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).

### 1.23 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.

## **Significant Accounting Policies**

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### **1.23 Related Parties (continued)**

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

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 economic entity, including those charged with the governance of the economic entity in accordance with legislation, in instances where they are required to perform such functions.

### **1.24 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 economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

### **1.25 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.

### **1.26 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.



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### 1.26 Revenue from Exchange Transactions (continued)

#### Sale of Goods

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

- the economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity 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 economic entity; 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 economic entity;
- 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 services performed to date as a percentage of total services to be performed.

### 1.27 Investment Income

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

### 1.28 Statutory receivables

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

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

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

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

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

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

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by .

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Significant Accounting Policies

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### 1.28 Statutory receivables (continued)

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

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

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

### 1.29 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.

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the economic entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### 2.2 Standards and interpretations issued, but not yet effective

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

| Standard/ Interpretation:                                                | Effective date:<br>Years beginning on or<br>after | Expected impact:                         |
|--------------------------------------------------------------------------|---------------------------------------------------|------------------------------------------|
| • GRAP 2023 Improvements to the Standards of GRAP 2023                   | 01 April 2099                                     | Unlikely there will be a material impact |
| • GRAP 1 (amended): Presentation of Financial Statements (Going Concern) | 01 April 2099                                     | Unlikely there will be a material impact |
| • GRAP 103 (as revised): Heritage Assets                                 | 01 April 2099                                     | Unlikely there will be a material impact |
| • iGRAP 22 Foreign Currency Transactions and Advance Consideration       | 01 April 2025                                     | Unlikely there will be a material impact |
| • GRAP 104 (as revised): Financial Instruments                           | 01 April 2025                                     | Unlikely there will be a material impact |

### 3. Cash and cash equivalents

Cash and Cash Equivalents consist of:

|                     |                   |                  |                   |                  |
|---------------------|-------------------|------------------|-------------------|------------------|
| Cash on Hand        | 3 164             | 2 998            | -                 | -                |
| Bank Balances       | 1 607 064         | 3 056 522        | 1 543 511         | 3 032 590        |
| Short-term deposits | 8 834 726         | 1 664 148        | 8 632 278         | 1 168 664        |
|                     | <b>10 444 954</b> | <b>4 723 668</b> | <b>10 175 789</b> | <b>4 201 254</b> |

#### Cash and Cash Equivalents Pledged as Collateral

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

| Account number / description                    | Bank statement balances |                  |              | Cash book balances |                  |              |
|-------------------------------------------------|-------------------------|------------------|--------------|--------------------|------------------|--------------|
|                                                 | 30 June 2025            | 30 June 2024     | 30 June 2023 | June 2025          | 30 June 2024     | 30 June 2023 |
| First National Bank-Cheque Account-62358106279  | 1 533 335               | 3 032 266        | -            | 1 533 335          | 3 022 589        | -            |
| First National Bank- Cheque Account-62358438044 | 10 000                  | 10 000           | -            | (5 881)            | 10 000           | -            |
| First National Bank-Call Account-62353578564    | 1 961                   | 58 796           | -            | 1 961              | 58 796           | -            |
| First National Bank-Call Account-74321014438    | 2 054                   | 796 959          | -            | 2 054              | 796 959          | -            |
| First National Bank-Call Account-63044866333    | 1 985                   | 10 614           | -            | 1 985              | 10 614           | -            |
| First Naional Bank -Call Account-62920561546    | 174 253                 | 10 434           | -            | 174 253            | 10 434           | -            |
| First National Bank- Main Account-62865115408   | 63 451                  | 23 712           | -            | 63 553             | 23 932           | -            |
| First National Bank-Money on call-63005688859   | -                       | 10 729           | -            | 10 729             | -                | -            |
| Petty Cash                                      | 3 164                   | 2 998            | -            | 3 164              | 2 998            | -            |
| Absa Bank- Call Account-9376913685              | 930 274                 | 20 399           | -            | 930 274            | 20 399           | -            |
| Absa Bank-Call Account-9378234928               | 2 479 296               | 18 747           | -            | 2 479 296          | 18 747           | -            |
| Absa Bank-Call Account-9330621802               | -                       | 9 451            | -            | -                  | 9 451            | -            |
| Absa Call Account-9374183280                    | -                       | 418 677          | -            | -                  | 418 677          | -            |
| Investec Bank-Call Account-1100461826502        | 6 140                   | 7 193            | -            | 6 140              | 7 193            | -            |
| Investec Bank-Call Account-1100461826503        | 3 379                   | 185 515          | -            | 3 379              | 185 515          | -            |
| Nedbank-Call Account-733700004900001            | 2 055                   | 6 497            | -            | 2 055              | 6 497            | -            |
| Nedbank-Call Account-7337000049000016           | 2 962                   | 4 725            | -            | 2 962              | 4 725            | -            |
| Nedbank- Call Account-7337000049000026          | 3 088                   | 27 839           | -            | 3 088              | 27 839           | -            |
| Nedbank Call Account-037881171553-00006         | -                       | 15 891           | -            | -                  | 15 352           | -            |
| Standard Bank-Call Account-308632095-006        | 4 533                   | 6 437            | -            | 4 533              | 6 437            | -            |
| Standard Bank-Call Account-308632095-003        | 5 194 550               | 15 492           | -            | 5 194 550          | 15 492           | -            |
| Standard Bank Money Market-068461941-0005       | -                       | 40 293           | -            | -                  | 40 293           | -            |
| <b>Total</b>                                    | <b>10 416 480</b>       | <b>4 733 664</b> | <b>-</b>     | <b>10 411 430</b>  | <b>4 712 939</b> | <b>-</b>     |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand                                                                                     | Economic entity  |                | Controlling entity |                |
|-----------------------------------------------------------------------------------------------------|------------------|----------------|--------------------|----------------|
|                                                                                                     | 2025             | 2024           | 2025               | 2024           |
| <b>4. Inventories</b>                                                                               |                  |                |                    |                |
| Inventories 1                                                                                       | 1 244 854        | -              | 1 244 854          | -              |
| Water for distribution                                                                              | 184 264          | 147 093        | 184 264            | 147 093        |
| Fuel (Diesel, Petrol)                                                                               | 2 536 710        | 99 808         | 2 536 710          | 99 808         |
| Chemicals                                                                                           | 968 670          | 721 234        | 968 670            | 721 234        |
|                                                                                                     | <b>4 934 498</b> | <b>968 135</b> | <b>4 934 498</b>   | <b>968 135</b> |
| Inventories recognised as an expense during the year                                                | -                | 21 804 609     | -                  | 101 849 644    |
| <b>Inventory Pledged as Security</b>                                                                |                  |                |                    |                |
| None of the inventories have been pledge as security for the municipality's financial liabilities.. |                  |                |                    |                |
| <b>Fuel</b>                                                                                         |                  |                |                    |                |
| Opening                                                                                             | 99 808           | -              | 99 808             | -              |
| Purchases                                                                                           | 16 364 724       | 15 488 180     | 16 364 724         | 15 488 180     |
| Issues                                                                                              | (13 927 822)     | (15 388 372)   | (13 927 822)       | (15 388 372)   |
| <b>Closing balance</b>                                                                              | <b>2 536 710</b> | <b>99 808</b>  | <b>2 536 710</b>   | <b>99 808</b>  |
| <b>Chemicals</b>                                                                                    |                  |                |                    |                |
| Opening Balance                                                                                     | 721 324          | 1 704 034      | 721 234            | 1 704 034      |
| Purchases                                                                                           | 4 771 627        | 6 456 658      | 4 771 627          | 6 456 658      |
| Issued                                                                                              | (4 524 191)      | (7 439 458)    | (4 524 191)        | (7 439 458)    |
| <b>Closing balance</b>                                                                              | <b>968 760</b>   | <b>721 234</b> | <b>968 670</b>     | <b>721 234</b> |
| <b>Water for distribution</b>                                                                       |                  |                |                    |                |
| Opening balance                                                                                     | 147 093          | 113 895        | 147 093            | 113 895        |
| System input volume                                                                                 | 62 656 236       | 59 477 842     | 62 656 236         | 59 477 842     |
| Authorised consumption                                                                              | (19 355 931)     | (22 812 058)   | (19 355 931)       | (22 812 058)   |
| Water losses                                                                                        | (16 454 117)     | (13 932 993)   | (16 454 117)       | (13 932 993)   |
| Unavoidable annual real losses                                                                      | (26 846 188)     | (22 732 781)   | (26 846 188)       | (22 732 781)   |
| Non-revenue water                                                                                   | 37 171           | 33 188         | 37 171             | 33 188         |
| <b>Closing balance</b>                                                                              | <b>184 264</b>   | <b>147 093</b> | <b>184 264</b>     | <b>147 093</b> |
| <b>Fittings and Materials</b>                                                                       |                  |                |                    |                |
| Purchases                                                                                           | 6 954 949        | 8 822 503      | 6 954 949          | 8 822 503      |
| Issues                                                                                              | (6 954 949)      | (8 822 503)    | (6 954 949)        | (8 822 503)    |
|                                                                                                     | -                | -              | -                  | -              |
| <b>5. Vat Receivables</b>                                                                           |                  |                |                    |                |
| Vat Input Accrual                                                                                   | 38 615 493       | 38 997 306     | 38 615 493         | 38 997 306     |



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                                                 | Economic entity      |                      | Controlling entity   |                      |
|-------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Figures in Rand                                 | 2025                 | 2024                 | 2025                 | 2024                 |
| <b>6. Receivable from Exchange Transactions</b> |                      |                      |                      |                      |
| <b>Gross balances</b>                           |                      |                      |                      |                      |
| Trade Debtors                                   | (246 538)            | (246 538)            | -                    | -                    |
| Water                                           | 332 095 727          | 323 440 156          | 332 095 727          | 323 440 156          |
| Sewerage                                        | 77 616 867           | 132 123 571          | 77 616 867           | 132 123 571          |
| Trade Debtors from Entity                       | 561 553              | 846 538              | -                    | -                    |
| Interest                                        | 225 835 258          | 139 266 059          | 225 835 258          | 139 266 059          |
| Housing Rental                                  | 1 360 842            | 1 020 972            | 1 360 842            | 1 020 972            |
| Debtors with Credit Balances                    | 61 163 192           | 47 034 211           | 61 163 192           | 47 034 211           |
|                                                 | <b>698 386 901</b>   | <b>643 484 969</b>   | <b>698 071 886</b>   | <b>642 884 969</b>   |
| <b>Less: Allowance for impairment</b>           |                      |                      |                      |                      |
| Water                                           | (339 030 432)        | (300 621 490)        | (339 030 432)        | (300 621 490)        |
| Sewerage                                        | (75 601 560)         | (103 094 897)        | (75 601 560)         | (103 094 897)        |
| Interest                                        | (201 323 006)        | (137 877 036)        | (201 323 006)        | (137 877 036)        |
| Housing rental                                  | (1 204 807)          | (879 241)            | (1 204 807)          | (879 241)            |
|                                                 | <b>(617 159 805)</b> | <b>(542 472 664)</b> | <b>(617 159 805)</b> | <b>(542 472 664)</b> |
| <b>Net balance</b>                              |                      |                      |                      |                      |
| Rates                                           | (246 538)            | (246 538)            | -                    | -                    |
| Water                                           | (6 934 705)          | 22 818 666           | (6 934 705)          | 22 818 666           |
| Sewerage                                        | 2 015 307            | 29 028 674           | 2 015 307            | 29 028 674           |
| Refuse                                          | 561 553              | 846 538              | -                    | -                    |
| Interest                                        | 24 512 252           | 1 389 023            | 24 512 252           | 1 389 023            |
| Housing Rental                                  | 156 035              | 141 731              | 156 035              | 141 731              |
| Debtors with credit balances                    | 61 163 192           | 47 034 211           | 61 163 192           | 47 034 211           |
|                                                 | <b>81 227 096</b>    | <b>101 012 305</b>   | <b>80 912 081</b>    | <b>100 412 305</b>   |
| <b>Trade Debtors</b>                            |                      |                      |                      |                      |
| Current (0 -30 days)                            | (246 538)            | (246 538)            | -                    | -                    |
| <b>Water</b>                                    |                      |                      |                      |                      |
| Current (0 -30 days)                            | 2 816 155            | 12 851 242           | 2 816 155            | 12 851 242           |
| 31 - 60 days                                    | 12 585 979           | 7 647 849            | 12 585 979           | 7 647 849            |
| 61 - 90 days                                    | 5 211 206            | 7 095 120            | 5 211 206            | 7 095 120            |
| 91 - 120 days                                   | 3 989 670            | 5 034 999            | 3 989 670            | 5 034 999            |
| 121 and above                                   | 333 329 559          | 290 810 946          | 333 329 559          | 290 810 946          |
| Allowances for Impairment                       | (363 760 788)        | (300 621 490)        | (363 760 788)        | (300 621 490)        |
|                                                 | <b>(5 828 219)</b>   | <b>22 818 666</b>    | <b>(5 828 219)</b>   | <b>22 818 666</b>    |
| <b>Sewerage</b>                                 |                      |                      |                      |                      |
| Current (0 -30 days)                            | 1 245 998            | 2 406 128            | 1 245 998            | 2 406 128            |
| 31 - 60 days                                    | 2 933 780            | 1 738 478            | 2 933 780            | 1 738 478            |
| 61 - 90 days                                    | 1 168 276            | 1 171 896            | 1 168 276            | 1 171 896            |
| 91 - 120 days                                   | 1 157 000            | 1 290 390            | 1 157 000            | 1 290 390            |
| 121 days and above                              | 72 190 914           | 125 516 679          | 72 190 914           | 125 516 679          |
| Impairment                                      | (76 680 661)         | (103 094 897)        | (76 680 661)         | (103 094 897)        |
|                                                 | <b>2 015 307</b>     | <b>29 028 674</b>    | <b>2 015 307</b>     | <b>29 028 674</b>    |
| <b>Trade Debtors from Agency</b>                |                      |                      |                      |                      |
| Current (0 -30 days)                            | 561 553              | 846 538              | -                    | -                    |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                                                                                                                                                   | Economic entity   |                      | Controlling entity |                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|--------------------|----------------------|
| Figures in Rand                                                                                                                                   | 2025              | 2024                 | 2025               | 2024                 |
| <b>6. Receivable from Exchange Transactions (continued)</b>                                                                                       |                   |                      |                    |                      |
| <b>Interest</b>                                                                                                                                   |                   |                      |                    |                      |
| Current (0 -30 days)                                                                                                                              | 22 489 633        | 24 804 194           | 22 489 633         | 24 804 194           |
| 31 - 60 days                                                                                                                                      | 11 048 268        | 3 495 177            | 11 048 268         | 3 495 177            |
| 61 - 90 days                                                                                                                                      | 5 421 935         | 3 470 970            | 5 421 935          | 3 470 970            |
| 91 - 120 days                                                                                                                                     | 5 341 278         | 3 314 709            | 5 341 278          | 3 314 709            |
| 121days and above                                                                                                                                 | 127 056 476       | 104 181 009          | 127 056 476        | 104 181 009          |
| Impairment                                                                                                                                        | (146 845 338)     | (137 877 036)        | (146 845 338)      | (137 877 036)        |
|                                                                                                                                                   | <b>24 512 252</b> | <b>1 389 023</b>     | <b>24 512 252</b>  | <b>1 389 023</b>     |
| <b>Housing rental</b>                                                                                                                             |                   |                      |                    |                      |
| Current (0 -30 days)                                                                                                                              | 31 181            | 56 692               | 31 181             | 56 692               |
| 31 - 60 days                                                                                                                                      | 31 181            | 28 346               | 31 181             | 28 346               |
| 61 - 90 days                                                                                                                                      | 31 181            | 28 346               | 31 181             | 28 346               |
| 91 - 120 days                                                                                                                                     | 31 181            | 28 346               | 31 181             | 28 346               |
| 121 days and Above                                                                                                                                | 910 551           | 879 241              | 910 551            | 879 241              |
| Impairment                                                                                                                                        | (879 240)         | (879 240)            | (879 240)          | (879 240)            |
|                                                                                                                                                   | <b>156 035</b>    | <b>141 731</b>       | <b>156 035</b>     | <b>141 731</b>       |
| <b>Debtors with credit balance</b>                                                                                                                |                   |                      |                    |                      |
| Current (0 -30 days)                                                                                                                              | 61 163 192        | 47 034 211           | 61 163 192         | 47 034 211           |
| <b>Reconciliation of allowance for impairment</b>                                                                                                 |                   |                      |                    |                      |
| Balance at beginning of the year                                                                                                                  | -                 | (589 272 513)        | -                  | (397 927 604)        |
| Contributions to allowance                                                                                                                        | -                 | (27 887 292)         | -                  | (144 545 060)        |
|                                                                                                                                                   | -                 | <b>(617 159 805)</b> | -                  | <b>(542 472 664)</b> |
| <b>Receivables from Exchange Transactions pledged as security</b>                                                                                 |                   |                      |                    |                      |
| No receivable from exchange transactions have been pledged as collateral for liabilities of the municipality .                                    |                   |                      |                    |                      |
| <b>7. Receivables from non-exchange transactions</b>                                                                                              |                   |                      |                    |                      |
| Accrued Interest                                                                                                                                  | -                 | 104                  | -                  | -                    |
| Other Receivables                                                                                                                                 | -                 | 18 500               | -                  | 18 500               |
| Accrued Income                                                                                                                                    | 140 870           | 9 459                | 140 870            | 9 459                |
| Operating lease deposit refund                                                                                                                    | 10 000            | 10 000               | -                  | -                    |
|                                                                                                                                                   | <b>150 870</b>    | <b>38 063</b>        | <b>140 870</b>     | <b>27 959</b>        |
| Non-current assets                                                                                                                                | 10 000            | 10 000               | -                  | -                    |
| Current assets                                                                                                                                    | 140 870           | 28 063               | 140 870            | 27 959               |
|                                                                                                                                                   | <b>150 870</b>    | <b>38 063</b>        | <b>140 870</b>     | <b>27 959</b>        |
| The receivables from non-exchange were recognised for the employee and suppliers indebted to the municipality. Prior year balances were restated. |                   |                      |                    |                      |
| The balance includes an accrued income recognised.                                                                                                |                   |                      |                    |                      |
| <b>8. Prepayments</b>                                                                                                                             |                   |                      |                    |                      |
| Prepayments (if material)                                                                                                                         | 35 395            | 33 393               | -                  | -                    |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |



## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### Notes to the Annual Financial Statements

Figures in Rand

#### 9. Property, plant and equipment

| Economic entity                 | 2025                 |                                                                 |                      |                      | 2024                                                            |                      |                      |                                                                 |
|---------------------------------|----------------------|-----------------------------------------------------------------|----------------------|----------------------|-----------------------------------------------------------------|----------------------|----------------------|-----------------------------------------------------------------|
|                                 | Cost /<br>Valuation  | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value       | Cost /<br>Valuation  | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value       | Cost /<br>Valuation  | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment |
| Land                            | 5 022 200            | -                                                               | 5 022 200            | 5 022 200            | -                                                               | 5 022 200            | 5 022 200            | -                                                               |
| Buildings                       | 30 491 675           | (15 681 868)                                                    | 14 809 807           | 30 491 675           | (14 718 119)                                                    | 15 773 556           | 30 491 675           | (14 718 119)                                                    |
| Plant and machinery             | 16 813 260           | (14 018 413)                                                    | 2 794 847            | 33 072 967           | (28 340 989)                                                    | 4 731 978            | 33 072 967           | (28 340 989)                                                    |
| Furniture and fixtures          | 358 231              | (191 142)                                                       | 167 089              | 349 232              | (141 314)                                                       | 207 918              | 349 232              | (141 314)                                                       |
| Motor vehicles                  | 83 354 226           | (65 313 722)                                                    | 18 040 504           | 84 225 238           | (57 633 001)                                                    | 26 592 237           | 84 225 238           | (57 633 001)                                                    |
| Office equipment                | 15 577 627           | (13 137 369)                                                    | 2 440 258            | 16 756 447           | (13 396 247)                                                    | 3 360 200            | 16 756 447           | (13 396 247)                                                    |
| IT equipment                    | 388 662              | (224 583)                                                       | 164 079              | 388 662              | (146 851)                                                       | 241 811              | 388 662              | (146 851)                                                       |
| Infrastructure                  | 2 449 935 083        | (500 889 480)                                                   | 1 949 045 603        | 2 250 901 532        | (423 050 704)                                                   | 1 827 850 828        | 2 250 901 532        | (423 050 704)                                                   |
| Infrastructure Work in Progress | 1 148 067 792        | -                                                               | 1 148 067 792        | 1 124 609 867        | -                                                               | 1 124 609 867        | 1 124 609 867        | -                                                               |
| <b>Total</b>                    | <b>3 750 008 756</b> | <b>(609 456 577)</b>                                            | <b>3 140 552 179</b> | <b>3 545 817 820</b> | <b>(537 427 225)</b>                                            | <b>3 008 390 595</b> | <b>(537 427 225)</b> | <b>3 008 390 595</b>                                            |

| Controlling entity              | 2025                 |                                                                 |                      |                      | 2024                                                            |                      |                      |                                                                 |
|---------------------------------|----------------------|-----------------------------------------------------------------|----------------------|----------------------|-----------------------------------------------------------------|----------------------|----------------------|-----------------------------------------------------------------|
|                                 | Cost /<br>Valuation  | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value       | Cost /<br>Valuation  | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value       | Cost /<br>Valuation  | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment |
| Land                            | 5 022 200            | -                                                               | 5 022 200            | 5 022 200            | -                                                               | 5 022 200            | 5 022 200            | -                                                               |
| Buildings                       | 30 491 675           | (15 681 868)                                                    | 14 809 807           | 30 491 675           | (14 718 119)                                                    | 15 773 556           | 30 491 675           | (14 718 119)                                                    |
| Plant and Machinery             | 16 813 260           | (14 018 413)                                                    | 2 794 847            | 33 072 967           | (28 340 989)                                                    | 4 731 978            | 33 072 967           | (28 340 989)                                                    |
| Motor Vehicles                  | 83 083 660           | (65 146 639)                                                    | 17 937 021           | 83 954 672           | (57 520 031)                                                    | 26 434 641           | 83 954 672           | (57 520 031)                                                    |
| Office Equipment                | 15 577 627           | (13 137 369)                                                    | 2 440 258            | 16 756 447           | (13 396 247)                                                    | 3 360 200            | 16 756 447           | (13 396 247)                                                    |
| Infrastructure                  | 2 449 935 083        | (500 889 480)                                                   | 1 949 045 603        | 2 250 901 532        | (423 050 704)                                                   | 1 827 850 828        | 2 250 901 532        | (423 050 704)                                                   |
| Infrastructure Work in Progress | 1 148 067 792        | -                                                               | 1 148 067 792        | 1 124 609 867        | -                                                               | 1 124 609 867        | 1 124 609 867        | -                                                               |
| <b>Total</b>                    | <b>3 748 991 297</b> | <b>(608 873 769)</b>                                            | <b>3 140 117 528</b> | <b>3 544 809 360</b> | <b>(537 026 090)</b>                                            | <b>3 007 783 270</b> | <b>(537 026 090)</b> | <b>3 007 783 270</b>                                            |

**uMzinyathi District Municipality and the Development Agency**  
Annual Financial Statements for the year ended

**Notes to the Annual Financial Statements**

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**9. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - Economic entity - 2025**

|                                 | Opening<br>balance   | Additions          | Disposals       | Transfers     | Depreciation        | Impairment<br>loss  | Total                |
|---------------------------------|----------------------|--------------------|-----------------|---------------|---------------------|---------------------|----------------------|
| Land                            | 5 022 200            | -                  | -               | -             | -                   | -                   | 5 022 200            |
| Buildings                       | 15 773 556           | -                  | -               | -             | (963 749)           | -                   | 14 809 807           |
| Plant and machinery             | 4 731 978            | -                  | (11 280)        | -             | (1 925 851)         | -                   | 2 794 847            |
| Furniture and fixtures          | 207 918              | 8 999              | -               | -             | (49 828)            | -                   | 167 089              |
| Motor vehicles                  | 26 592 237           | 573 291            | (80 990)        | -             | (9 044 034)         | -                   | 18 040 504           |
| Office equipment                | 3 360 200            | 546 766            | -               | -             | (1 466 708)         | -                   | 2 440 258            |
| IT equipment                    | 241 811              | -                  | -               | -             | (77 732)            | -                   | 164 079              |
| Infrastructure                  | 1 827 850 828        | 5 246 737          | -               | 193 786 815   | (49 702 628)        | (28 136 149)        | 1 949 045 603        |
| Infrastructure Work in Progress | 1 124 609 867        | 217 244 740        | -               | (193 786 815) | -                   | -                   | 1 148 067 792        |
|                                 | <b>3 008 390 595</b> | <b>223 620 533</b> | <b>(92 270)</b> | <b>-</b>      | <b>(63 230 530)</b> | <b>(28 136 149)</b> | <b>3 140 552 179</b> |

**uMzinyathi District Municipality and the Development Agency**  
Annual Financial Statements for the year ended

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**9. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - Economic entity - 2025**

|                                 | Opening<br>balance   | Additions          | Disposals       | Transfers     | Depreciation        | Impairment<br>loss | Total                |
|---------------------------------|----------------------|--------------------|-----------------|---------------|---------------------|--------------------|----------------------|
| Land                            | 5 022 200            | -                  | -               | -             | -                   | -                  | 5 022 200            |
| Buildings                       | 16 520 644           | 244 605            | (29 288)        | -             | (962 405)           | -                  | 15 773 556           |
| Plant and machinery             | 6 789 268            | 19 177             | (1 068)         | -             | (2 075 399)         | -                  | 4 731 978            |
| Furniture and fixtures          | 253 792              | 3 533              | -               | -             | (49 407)            | -                  | 207 918              |
| Motor vehicles                  | 37 147 682           | -                  | -               | -             | (9 919 566)         | (635 879)          | 26 592 237           |
| Office equipment                | 4 139 179            | 863 574            | (1 014)         | -             | (1 641 539)         | -                  | 3 360 200            |
| IT equipment                    | 141 393              | 172 163            | -               | -             | (71 745)            | -                  | 241 811              |
| Infrastructure                  | 1 678 329 502        | 8 779 149          | -               | 197 715 988   | (48 825 066)        | (8 148 745)        | 1 827 850 828        |
| Infrastructure Work In Progress | 1 122 315 723        | 200 010 132        | -               | (197 715 988) | -                   | -                  | 1 124 609 867        |
|                                 | <b>2 870 659 383</b> | <b>210 092 333</b> | <b>(31 370)</b> | <b>-</b>      | <b>(63 545 127)</b> | <b>(8 784 624)</b> | <b>3 008 390 595</b> |

## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

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#### 9. Property, plant and equipment (continued)

##### Reconciliation of Property, Plant and Equipment - 2025

|                                 | Opening<br>balance   | Additions          | Disposals       | Transfers     | Depreciation        | Impairment<br>loss  | Total                |
|---------------------------------|----------------------|--------------------|-----------------|---------------|---------------------|---------------------|----------------------|
| Land                            | 5 022 200            | -                  | -               | -             | -                   | -                   | 5 022 200            |
| Buildings                       | 15 773 556           | -                  | -               | -             | (963 749)           | -                   | 14 809 807           |
| Plant and Machinery             | 4 731 978            | -                  | (11 280)        | -             | (1 925 851)         | -                   | 2 794 847            |
| Motor Vehicles                  | 26 434 641           | 573 291            | (80 990)        | -             | (8 989 921)         | -                   | 17 937 021           |
| Office Equipment                | 3 360 200            | 546 766            | -               | -             | (1 466 708)         | -                   | 2 440 258            |
| Infrastructure                  | 1 827 850 828        | 5 246 737          | -               | 193 786 815   | (49 702 627)        | (28 136 150)        | 1 949 045 603        |
| Infrastructure Work in Progress | 1 124 609 867        | 217 244 740        | -               | (193 786 815) | -                   | -                   | 1 148 067 792        |
|                                 | <b>3 007 783 270</b> | <b>223 611 534</b> | <b>(92 270)</b> | <b>-</b>      | <b>(63 048 856)</b> | <b>(28 136 150)</b> | <b>3 140 117 528</b> |

**uMzinyathi District Municipality and the Development Agency**  
Annual Financial Statements for the year ended

**Notes to the Annual Financial Statements**

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**9. Property, plant and equipment (continued)**

**Reconciliation of Property, Plant and Equipment - Controlling entity 2024**

|                                 | Opening<br>balance   | Additions          | Disposals       | Transfers     | Depreciation        | Impairment<br>loss | Total                |
|---------------------------------|----------------------|--------------------|-----------------|---------------|---------------------|--------------------|----------------------|
| Land                            | 5 022 200            | -                  | -               | -             | -                   | -                  | 5 022 200            |
| Buildings                       | 16 520 644           | 244 605            | (29 288)        | -             | (962 405)           | -                  | 15 773 556           |
| Plant and Machinery             | 6 789 268            | 19 177             | (1 068)         | -             | (2 075 399)         | -                  | 4 731 978            |
| Motor Vehicles                  | 36 935 825           | -                  | -               | -             | (9 865 305)         | (635 879)          | 26 434 641           |
| Office Equipment                | 4 139 179            | 863 574            | (1 014)         | -             | (1 641 539)         | -                  | 3 360 200            |
| Infrastructure                  | 1 678 329 502        | 8 779 149          | -               | 197 715 988   | (48 825 066)        | (8 148 745)        | 1 827 850 828        |
| Infrastructure Work in Progress | 1 122 315 723        | 200 010 132        | -               | (197 715 988) | -                   | -                  | 1 124 609 867        |
|                                 | <b>2 870 052 341</b> | <b>209 916 637</b> | <b>(31 370)</b> | <b>-</b>      | <b>(63 369 714)</b> | <b>(8 784 624)</b> | <b>3 007 783 270</b> |

**Pledged as Security**

No infrastructure assets or property, plant and equipment were pledged as security:

**Reconciliation of Work-in-Progress Economic entity - 2025**

|                                | Included within<br>Infrastructure | Buildings         | Total                |
|--------------------------------|-----------------------------------|-------------------|----------------------|
| Opening balance                | 1 105 333 630                     | 41 755 391        | 1 147 089 021        |
| Additions/capital expenditure  | 215 941 125                       | 1 303 615         | 217 244 740          |
| Transferred to completed items | (216 265 968)                     | -                 | (216 265 968)        |
|                                | <b>1 105 008 787</b>              | <b>43 059 006</b> | <b>1 148 067 793</b> |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 9. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress Economic entity - 2025

|                               | Included within Infrastructure | Buildings         | Total                |
|-------------------------------|--------------------------------|-------------------|----------------------|
| Opening balance               | 1 103 772 056                  | 41 022 821        | 1 144 794 877        |
| Additions/capital expenditure | 176 798 409                    | 732 571           | 177 530 980          |
| Other movements [specify]     | (197 715 988)                  | -                 | (197 715 988)        |
|                               | <b>1 082 854 477</b>           | <b>41 755 392</b> | <b>1 124 609 869</b> |

#### Reconciliation of Work-in-Progress 2025

|                                | Included within Infrastructure | Buildings         | Total                |
|--------------------------------|--------------------------------|-------------------|----------------------|
| Opening balance                | 1 105 333 630                  | 41 755 391        | 1 147 089 021        |
| Additions/capital expenditure  | 215 941 125                    | 1 303 615         | 217 244 740          |
| Transferred to completed items | (216 265 968)                  | -                 | (216 265 968)        |
|                                | <b>1 105 008 787</b>           | <b>43 059 006</b> | <b>1 148 067 793</b> |

#### Reconciliation of Work-in-Progress 2024

|                                | Included within Infrastructure | Buildings         | Total                |
|--------------------------------|--------------------------------|-------------------|----------------------|
| Opening balance                | 1 103 772 056                  | 41 022 820        | 1 144 794 876        |
| Additions/capital expenditure  | 176 798 409                    | 732 571           | 177 530 980          |
| Transferred to completed items | (197 715 988)                  | -                 | (197 715 988)        |
|                                | <b>1 082 854 477</b>           | <b>41 755 391</b> | <b>1 124 609 868</b> |

#### Expenditure incurred to repair and maintain property, plant and equipment

##### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

|                                                              |                   |                   |                   |                   |
|--------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Contracted services: Maintenance of Buildings and Facilities | 108 703           | 268 635           | 108 703           | 268 635           |
| Contracted Service :Maintenance of Equipment                 | 2 758 836         | 64 925 876        | 2 758 836         | 64 925 876        |
| Contracted Services : Transport Assets                       | 13 735 573        | 5 904 458         | 13 735 573        | 5 904 458         |
|                                                              | <b>16 603 112</b> | <b>71 098 969</b> | <b>16 603 112</b> | <b>71 098 969</b> |

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.

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand                                                                    | Economic entity |             | Controlling entity |             |
|------------------------------------------------------------------------------------|-----------------|-------------|--------------------|-------------|
|                                                                                    | 2025            | 2024        | 2025               | 2024        |
| <b>9. Property, plant and equipment (continued)</b>                                |                 |             |                    |             |
| <b>Disclosure : Halted &amp; Delayed Projects</b>                                  |                 |             |                    |             |
| Muden Bulk Water Phase 2A ( T2018-09                                               | 34 311 538      | 34 311 538  | 34 311 538         | 34 311 538  |
| Muden Bulk Water Phase 4B (T2016-06)                                               | 6 587 589       | 5 783 985   | 6 587 589          | 5 783 985   |
| Muden Bulk Water Phase 3C (T2018-12)                                               | 32 005 195      | 32 005 195  | 32 005 195         | 32 005 195  |
| Upgrade of Nquthu -Thelezini Water Supply Scheme-<br>Construction of 45MM Diameter | 47 196 434      | 47 196 434  | 47 196 434         | 47 196 436  |
| Kwa-Pharafini Ngcengeni                                                            | 26 268 701      | -           | 26 268 701         | -           |
| Nquthu Ward 5 Ntababomvu                                                           | 24 473 303      | -           | 24 473 303         | -           |
| Gunjana Water Supply Phase 3A                                                      | 9 551 823       | 4 477 108   | 9 551 823          | 4 477 108   |
| Gunjana Water Supply Phase 3B                                                      | 16 855 664      | 9 671 491   | 16 855 664         | 9 671 491   |
| Nquthu Regional Bulk water                                                         | 93 155 071      | 36 713 027  | 93 155 071         | 36 713 027  |
| Greytown Water Bulk Construction of Civic Works for<br>Extension of Greytown WTW   | 25 595 271      | 25 595 271  | 25 595 271         | 25 595 271  |
| Tayside Upstraction of Bulk Water (T2021-27)                                       | 28 764 072      | 28 764 072  | 28 764 072         | 28 764 072  |
| Kwa-Kopi Water Supply Scheme Phase 3 (T 2020-04)                                   | 36 674 084      | 36 674 084  | 36 674 084         | 36 674 084  |
| Kranskop Boreholes Water Supply                                                    | 3 864 955       | 3 864 955   | 3 864 955          | 3 864 955   |
| Greytown Water Bulk Completion of 15,2KM Long Pipeline                             | 109 108 690     | 109 108 690 | 109 108 690        | 109 108 690 |
| Ntinini Water Supply scheme T2020-37                                               | 58 304 410      | 8 203 777   | 58 304 410         | 8 203 777   |
| 2,5ML Height Reservoir T2015-04                                                    | 6 507 612       | 6 507 612   | 6 507 612          | 6 507 612   |
| Umlhlabu Omusha /Velekuhle T2015-26                                                | 3 650 975       | 3 650 975   | 3 650 975          | 3 650 975   |
| Disaster Cente Phase 1 T2015-26                                                    | 34 645 018      | 34 645 018  | 34 645 018         | 34 645 018  |
| Umsinyathi Rudimentary                                                             | 24 463 955      | 24 463 955  | 24 463 955         | 24 463 955  |
| Ntinini (Casino) Reticulation Network                                              | 50 898 209      | 50 560 919  | 50 898 209         | 50 560 919  |
| Ruightfontein Extension and Kunene Farm Reticulation                               | 23 526 882      | 12 725 572  | 23 526 882         | 12 725 572  |
| Sampofu Regional Water Supply                                                      | 37 709 516      | 36 027 230  | 37 709 516         | 36 027 230  |
| Upgrade of Mthembu West Phase 2 (Mashunka Area)                                    | 125 909 412     | 106 720 190 | 125 909 412        | 106 720 190 |
| Ngcengeni Water Supply Phase 2A                                                    | 40 499 951      | 31 097 081  | 40 499 951         | 31 097 081  |
| Kwapharafini/Ngcengeni Water Supply Phase 2B                                       | 29 729 778      | 15 115 615  | 29 729 778         | 15 115 615  |
| Nkobongwini/Water Supply Scheme Phase 3B                                           | 42 777 566      | 20 350 596  | 42 777 566         | 20 350 596  |
|                                                                                    | -               | -           | -                  | -           |
|                                                                                    | -               | -           | -                  | -           |

NTININI (CASINO) RETICULATION NETWORK-Scope of works extended until 30 November 2025 extension

RUIGTEFONTEIN EXTENSION AND KUNENE FARM WATER RETICULATION (Endumeni) -Cash flow and non-performance.  
New Contractor has been appointed on the .

SAMPOFU REGIONAL WATER SUPPLY- COMMISSIONING OF BULK INFRASTRUCTURE IN MSINGA LM (T2021-26) The project delays are as follows: The water source Package plant was locked by the supplier. The Eskom connection on two Pumpstations was outstanding during the start of the project. The blockage on the Intake chamber due to river floods. Eskom mini-substation failure at Tugela ferry and Ezibomvini Pumpstation. Cable theft on three pumpstations. Additional Requested submitted waiting for approval by the client

UPGRADE OF MTHEMBU WEST PHASE 1 TURNKEY (MASHUNKA AREA)-Delay in Supply of concrete from the Local. The Project was delayed due to the Business Forum. Slow Progress on site. Delay in payments by client.

KWAPHARAFINI/ NGCENGENI WATER SUPPLY PHASE 2A - Cash flow and non-performance.Delays of Non-Payments from the Client.

KWAPHARAFINI/ NGCENGENI WATER SUPPLY PHASE 2B - Cash flow and non-performance.Delays of Non-Payments from the Client.



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 9. Property, plant and equipment (continued)

NKOBONGWINI WATER SUPPLY SCHEME PHASE 3B (T2023-25)- The Project was delayed due to business forum. Slow Progress on Site. The was terminated on 16th July 2023

Ngunjana water supply phase 3B- Cash flow issues and non performance by the contractor

Nquthu Regional water - Practical completion on the 21st of May 2025.

UPGRADE OF NQUTHU-THELEZINI WATER SUPPLY SCHEME: CONSTRUCTION OF 50/90MM DIAMETER X 15KM LONG HDPE - Reticulation Network (T2021-46)- Scope of work extended until 10 March 2024. Delays caused by Pumps Theft. Cash Flows issues

DOUGLAS WATER SUPPLY SCHEME - COMPLETION OF PHASE 3A -Contractor has been appointed in November. Cash Flows issues due the Client late payments

MUDEN BULK WATER PHASE 2A (T2018-09) -Project was delayed by the late payments by the Client but it is now progressing well, the contractor has abandoned the site and been given a letter of intention to terminate. SCM Process delays. The Contract has been re-tender

MUDEN BULK WATER PHASE 4C (T2016-06) -Late payments and Covid 19, Project was delayed by cash flows issues. Slow Progress on site

MUDEN BULK WATER PHASE 3C (T2018-12) - Late payments and Covid 19, Project was delayed by cash flows issues. SCM Process delays. The Contract has been re-tendered

Gunjana Water Supply Phase 3A- Contract terminated due to poor performance ,the contractor was appointed in March.

Greytown Water Bulk Construction of Civil Works for extension of Greytown WTW- Project was delayed by cash flow issues.

UPGRADE OF NQUTHU-THELEZINI WATER SUPPLY SCHEME: CONSTRUCTION OF 450MMDIAMETER X 5KM LONG uPVC CLASS 16 RISING MAIN FROM TERMINAL RESERVOIR TO SERVICE RESERVOIR (T2021-45)-Delays in payment by the municipality. Extension of time claims approved. The contractor experienced delays in the delivery of materials by suppliers, hard rock and abnormal weather on site. Extension of time approved Contractor abandoning site and not providing support to site staff. Engineer has issued a non-performance certificate. Termination Letter was in issued on the 28June 2024.

DISASTER PHASE 1A- Finalisation of snags

DISASTER PHASE 2- Contract Terminated due to contractor cash flow problem

GUNJANA WATER SUPPLY PHASE 3A-Contract terminated due to poor performance.

Delayed Projects

GREYTOWN WATER BULK CONSTRUCTION OF CIVIL WORKS FOR EXTENSION OF GREYTOWN

WTW -Project is on hold due to funds exhausted on the project.

TAYSIDE UPSTRACTION OF BULK WATER(T2021-27)- The project is on Hold. The pumps were procured and paid for, and waiting for installation the reservoir was completed. Additional funds are required to complete the outstanding work, and the revised business plan has been discussed with DWS.

KWAKOPI WATER SUPPLY SCHEME PHASE 3 (T2020-04)- Internal JV Disputes and Cash Flow challenges, Reference from local business forum / ready-mix supplier Changes in Contractor's keypersonnel.

KRANSKOP BOREHOLE WATER SUPPLY AUGUMENTATION- Project is incomplete.The funds are exhausted for the Completion of the Works.

GREYTOWN WATER BULK COMPLETION 15,2 KM LONG PIPELINE GREYTOWN -Project is incomplete. The funds are exhausted for the Completion of the Pipeline Connecting to the Craig burn Dam



# uMzinyathi District Municipality and the Development Agency

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|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 9. Property, plant and equipment (continued)

NTININI WATER SUPPLY SCHEME (OGAZINI, NGWEBENI & SIKHONKWANE) (T 2020-37)- The project is on hold. The consultant suspended their services due to non-payment. Subsequently the contractor stops the work.

2,5 ML HEIGHT RESERVOIR- Funds exhausted.The busiess plan has been submitted

CONSTRUCTION OF GAYWOOD RESERVOIR - Funds exhausted.

DISASTER CENTRE PHASE 1- Under Investigation.

UMZINYATHI RUDIMENTARY- Under Investigation.

PHARAFIN WATER SUPPLY PHASE 2A- Cash flow and non performance.

Nquthu Ward 5 (Ntababomvu,Vuyiza and Mayicentela Village) Water scheme- Cash flow issues and non performance by contractor.

Kwa-Pharafini/Ngcengeni water supply scheme P1- Non performance by contractor.

Upgrade of Nquthu Thelezini water supply- Extension of time claims approved.Contractor experienced delays in delivery of materials by suppliers ,hard rock and abnormal weather on site.The contractor was terminated and the termination letter was issued on the 28 June 2024.The new contractor was appointed in May 2025.

Construction of Gaywood Reservoir -Funds exhausted .The new business plan has been submitted.

### 10. Biological assets that form part of an agricultural activity

| Economic entity                 | 2025             |                                                     |                | 2024             |                                                     |                |
|---------------------------------|------------------|-----------------------------------------------------|----------------|------------------|-----------------------------------------------------|----------------|
|                                 | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Biological assets - Cows/Heifer | 780 298          | -                                                   | 780 298        | 868 000          | -                                                   | 868 000        |

#### Reconciliation of biological assets that form part of an agricultural activity - Economic entity - 2025

|                                 | Opening balance | Disposals | Gains or losses arising from changes in fair value | Total   |
|---------------------------------|-----------------|-----------|----------------------------------------------------|---------|
| Biological assets - Cows/Heifer | 868 000         | (25 000)  | (62 702)                                           | 780 298 |

#### Reconciliation of biological assets that form part of an agricultural activity - Economic entity - 2025

|                                 | Opening balance | Additions | Disposals | Gains or losses arising from changes in fair value | Total   |
|---------------------------------|-----------------|-----------|-----------|----------------------------------------------------|---------|
| Biological assets - Cows/Heifer | 760 000         | 330 000   | (244 000) | 22 000                                             | 868 000 |

**uMzinyathi District Municipality and the Development Agency**  
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**11. Investment property**

| Economic entity     | 2025                |                                                                 |                | 2024                |                                                                 |                |
|---------------------|---------------------|-----------------------------------------------------------------|----------------|---------------------|-----------------------------------------------------------------|----------------|
|                     | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value |
| Investment property | 2 586 275           | (884 890)                                                       | 1 701 385      | 2 586 275           | (793 310)                                                       | 1 792 965      |

**Controlling entity**

| Controlling entity  | 2025                |                                                                 |                | 2024                |                                                                 |                |
|---------------------|---------------------|-----------------------------------------------------------------|----------------|---------------------|-----------------------------------------------------------------|----------------|
|                     | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>accumulated<br>impairment | Carrying value |
| Investment property | 2 586 275           | (884 890)                                                       | 1 701 385      | 2 586 275           | (793 310)                                                       | 1 792 965      |

**Reconciliation of investment property - Economic entity - 2025**

| Investment property | Opening<br>balance<br>1 792 965 | Depreciation<br>(91 580) | Total<br>1 701 385 |
|---------------------|---------------------------------|--------------------------|--------------------|
|---------------------|---------------------------------|--------------------------|--------------------|

**Reconciliation of investment property - Economic entity - 2025**

| Investment property | Opening<br>balance<br>1 884 796 | Depreciation<br>(91 831) | Total<br>1 792 965 |
|---------------------|---------------------------------|--------------------------|--------------------|
|---------------------|---------------------------------|--------------------------|--------------------|

# uMzinyathi District Municipality and the Development Agency

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## Notes to the Annual Financial Statements

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### 11. Investment property (continued)

#### Reconciliation of investment property - Controlling entity 2024

|                     | Opening balance | Depreciation | Total     |
|---------------------|-----------------|--------------|-----------|
| Investment property | 1 792 965       | (91 580)     | 1 701 385 |

#### Reconciliation of investment property - Controlling entity 2023

|                     | Opening balance | Depreciation | Total     |
|---------------------|-----------------|--------------|-----------|
| Investment property | 1 884 796       | (91 831)     | 1 792 965 |

### Pledged as security

No Investment property is pledged as security .

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the economic entity has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the economic entity subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

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#### 12. Intangible assets

| Economic entity   | 2025                |                                                                 |                | 2024                |                                                                 |                |
|-------------------|---------------------|-----------------------------------------------------------------|----------------|---------------------|-----------------------------------------------------------------|----------------|
|                   | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value |
| Computer software | 2 905 968           | (2 886 474)                                                     | 19 494         | 3 211 520           | (2 861 746)                                                     | 349 774        |

| Controlling entity | 2025                |                                                                 |                | 2024                |                                                                 |                |
|--------------------|---------------------|-----------------------------------------------------------------|----------------|---------------------|-----------------------------------------------------------------|----------------|
|                    | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value |
| Computer software  | 2 267 691           | (2 248 197)                                                     | 19 494         | 2 573 241           | (2 371 344)                                                     | 201 897        |

#### Reconciliation of intangible assets - Economic entity - 2025

|                   | Opening<br>balance | Amortisation | Total  |
|-------------------|--------------------|--------------|--------|
| Computer software | 349 774            | (330 280)    | 19 494 |

#### Reconciliation of intangible assets - Economic entity - 2025

|                   | Opening<br>balance | Additions | Disposals | Amortisation | Total   |
|-------------------|--------------------|-----------|-----------|--------------|---------|
| Computer software | 705 655            | 223 818   | (8 076)   | (571 623)    | 349 774 |

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**12. Intangible assets (continued)**

**Reconciliation of intangible assets - Controlling entity 2025**

|                          | Opening<br>balance | Amortisation | Total  |
|--------------------------|--------------------|--------------|--------|
| Computer software, other | 201 897            | (182 403)    | 19 494 |

**Reconciliation of intangible assets-Controlling entity 2024**

|                          | Opening<br>balance | Disposals | Amortisation | Total   |
|--------------------------|--------------------|-----------|--------------|---------|
| Computer software, other | 568 989            | (8 076)   | (359 016)    | 201 897 |

**Pledged as security**

No intangible assets pledged as security:

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**13. Heritage Assets**

| Economic entity   | 2025                |                                     |                | 2024                |                                     |                |
|-------------------|---------------------|-------------------------------------|----------------|---------------------|-------------------------------------|----------------|
|                   | Cost /<br>Valuation | Accumulated<br>impairment<br>losses | Carrying value | Cost /<br>Valuation | Accumulated<br>impairment<br>losses | Carrying value |
| Ornamental Chains | 8 655               | -                                   | 8 655          | 8 655               | -                                   | 8 655          |

| Controlling entity | 2025                |                                     |                | 2024                |                                     |                |
|--------------------|---------------------|-------------------------------------|----------------|---------------------|-------------------------------------|----------------|
|                    | Cost /<br>Valuation | Accumulated<br>impairment<br>losses | Carrying value | Cost /<br>Valuation | Accumulated<br>impairment<br>losses | Carrying value |
| Ornamental Chains  | 8 655               | -                                   | 8 655          | 8 655               | -                                   | 8 655          |

**Reconciliation of heritage assets Economic entity - 2025**

|                   |                             |                |
|-------------------|-----------------------------|----------------|
| Ornamental Chains | Opening<br>balance<br>8 655 | Total<br>8 655 |
|-------------------|-----------------------------|----------------|

**Reconciliation of heritage assets Economic entity - 2025**

|                   |                             |                |
|-------------------|-----------------------------|----------------|
| Ornamental Chains | Opening<br>balance<br>8 655 | Total<br>8 655 |
|-------------------|-----------------------------|----------------|

**Reconciliation of Heritage Assets - Controlling entity 2025**

|                   |                             |                |
|-------------------|-----------------------------|----------------|
| Ornamental Chains | Opening<br>balance<br>8 655 | Total<br>8 655 |
|-------------------|-----------------------------|----------------|

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**13. Heritage Assets (continued)**

**Reconciliation of Heritage Assets Controlling entity 2024**

|                   |                             |                |
|-------------------|-----------------------------|----------------|
| Ornamental Chains | Opening<br>balance<br>8 655 | Total<br>8 655 |
|-------------------|-----------------------------|----------------|

**Pledged as security**

No heritage assets pledged as security:

**14. Investment in Associate**

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**14. Investment in Associate (continued)**

**Investments in Associates**

| Name of company          | Determination<br>of ownership<br>interest | Economic Entity<br>% ownership<br>interest | % ownership<br>interest | Economic Entity<br>% ownership<br>interest | Controlling Entity<br>% ownership<br>interest | Economic Entity<br>Carrying<br>amount 2025 | Carrying<br>amount 2024 | Controlling Entity<br>Carrying<br>amount 2025 | Carrying<br>amount 2024 |
|--------------------------|-------------------------------------------|--------------------------------------------|-------------------------|--------------------------------------------|-----------------------------------------------|--------------------------------------------|-------------------------|-----------------------------------------------|-------------------------|
| uThukela Water (Pty) Ltd | Investment                                | - %                                        | 33,00 %                 | - %                                        | 33,00 %                                       | 22 835 343                                 | 39 986 525              | 22 835 343                                    | 39 986 525              |
|                          |                                           |                                            |                         |                                            |                                               | 22 835 343                                 | 39 986 525              | 22 835 343                                    | 39 986 525              |
|                          |                                           |                                            |                         |                                            |                                               | 22 835 343                                 | 39 986 525              | 22 835 343                                    | 39 986 525              |

The carrying amounts of the Associate are shown net of impairment losses.

The separate annual financial statements of the Associate are available at the registered office of the associate.

**Movements in carrying amount**

|                                          |                   |                   |                   |                   |
|------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Opening balance                          | 39 986 526        | 28 748 875        | 39 986 526        | 28 748 875        |
| Share in deficit or surplus of Associate | (17 151 182)      | 11 237 651        | (17 151 182)      | 11 237 651        |
|                                          | <b>22 835 344</b> | <b>39 986 526</b> | <b>22 835 344</b> | <b>39 986 526</b> |

**Interests in controlled entities**

**Summary of economic entity's interest in associate**

|                               |               |               |               |               |
|-------------------------------|---------------|---------------|---------------|---------------|
| Revenue                       | 293 543 749   | 341 517 207   | 293 543 749   | 341 517 207   |
| Expenses                      | (345 517 029) | (330 194 414) | (345 517 029) | (330 194 414) |
| Net profit                    | (51 973 280)  | 11 322 793    | (51 973 280)  | 11 322 793    |
| Percentage share              | 33,00 %       | 33,00 %       | 33,00 %       | 33,00 %       |
| Share of deficit of Associate | (17 151 182)  | 3 444 177     | (17 151 182)  | 3 444 177     |
| Total assets                  | 1 217 503 374 | 1 212 156 634 | 1 217 503 374 | 1 212 156 634 |
| Total liabilities             | (587 601 019) | (530 280 999) | (587 601 019) | (530 280 999) |
| Net assets                    | 629 902 355   | 681 875 635   | 629 902 355   | 681 875 635   |



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## Notes to the Annual Financial Statements

|                                                | Economic entity    |                    | Controlling entity |                    |
|------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Figures in Rand                                | 2025               | 2024               | 2025               | 2024               |
| <b>15. Payables from exchange transactions</b> |                    |                    |                    |                    |
| Trade payables                                 | 378 384 382        | 370 779 909        | 378 019 505        | 370 141 235        |
| Debtors with credit balances                   | 61 192 035         | 47 034 261         | 61 192 035         | 47 034 261         |
| Salary Control                                 | 4 502 951          | 6 221 742          | 4 502 951          | 6 221 742          |
| Unallocated Deposit                            | 2 513 640          | 1 966 609          | 2 491 828          | 1 946 392          |
| Leave accrual                                  | 33 863 370         | 29 342 621         | 33 863 370         | 29 342 621         |
| Retentions                                     | 107 399 958        | 94 042 354         | 107 399 958        | 94 042 354         |
| Bonus Accrual                                  | 7 692 173          | 7 456 048          | 7 692 173          | 7 456 048          |
|                                                | <b>595 548 509</b> | <b>556 843 544</b> | <b>595 161 820</b> | <b>556 184 653</b> |

### 16. Transfers Payable

|                    |   |   |           |           |
|--------------------|---|---|-----------|-----------|
| Development Agency | - | - | 8 099 734 | 5 099 734 |
|--------------------|---|---|-----------|-----------|

### 17. VAT payable

|             |            |            |            |            |
|-------------|------------|------------|------------|------------|
| VAT Control | 53 530 850 | 55 360 276 | 53 530 850 | 55 360 276 |
|-------------|------------|------------|------------|------------|

### 18. Consumer Deposits

|       |         |         |         |         |
|-------|---------|---------|---------|---------|
| Water | 451 314 | 451 314 | 451 314 | 451 314 |
|-------|---------|---------|---------|---------|

The Consumer deposits relates to monies paid for connections before any services could be rendered. These amounts relates to prior period deposits.

### 19. Employee benefit obligations

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

|                                 |                     |                     |                     |                     |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Carrying value</b>           |                     |                     |                     |                     |
| Post Employment Medical benefit | (15 173 903)        | (14 163 917)        | (15 173 903)        | (14 163 917)        |
| Long Service Award              | (15 380 686)        | (13 232 273)        | (15 380 686)        | (13 232 273)        |
|                                 | <b>(30 554 589)</b> | <b>(27 396 190)</b> | <b>(30 554 589)</b> | <b>(27 396 190)</b> |
| Non-current liabilities         | (28 146 372)        | (25 126 940)        | (28 146 372)        | (25 126 940)        |
| Current liabilities             | (2 408 217)         | (2 269 250)         | (2 408 217)         | (2 269 250)         |
|                                 | <b>(30 554 589)</b> | <b>(27 396 190)</b> | <b>(30 554 589)</b> | <b>(27 396 190)</b> |

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

|                                             |                   |                   |                   |                   |
|---------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Opening balance                             | 13 232 272        | 11 171 000        | 13 232 272        | 11 171 000        |
| Service cost                                | 1 651 054         | 1 398 000         | 1 651 054         | 1 398 000         |
| Interest cost                               | 1 345 902         | 1 257 000         | 1 345 902         | 1 257 000         |
| Remeasurements                              | (1 533 848)       | (685 820)         | (1 533 848)       | (685 820)         |
| Effect of changes in foreign exchange rates | 685 306           | 92 092            | 685 306           | 92 092            |
|                                             | <b>15 380 686</b> | <b>13 232 272</b> | <b>15 380 686</b> | <b>13 232 272</b> |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 19. Employee benefit obligations (continued)

Changes in the present value of long service awards liability are as follows:

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

|                      |                   |                   |                   |                   |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| Opening Balance      | 14 163 917        | 14 248 000        | 14 163 917        | 14 248 000        |
| Current service cost | 1 174 023         | 1 006 000         | 1 174 023         | 1 006 000         |
| Interest cost        | 1 893 297         | 1 774 000         | 1 893 297         | 1 774 000         |
| Benefit Paid         | (390 876)         | (295 934)         | (390 876)         | (295 934)         |
| Actuarial Gain       | (1 666 459)       | (2 568 149)       | (1 666 459)       | (2 568 149)       |
|                      | <b>15 173 902</b> | <b>14 163 917</b> | <b>15 173 902</b> | <b>14 163 917</b> |

#### Calculation of actuarial gains and losses

|                                        |                  |                    |                  |                    |
|----------------------------------------|------------------|--------------------|------------------|--------------------|
| Actuarial (gains) losses – Obligation  | (1 666 459)      | (2 568 149)        | (1 666 459)      | (2 568 149)        |
| Actuarial (gains) losses – Plan assets | 685 306          | 92 092             | 685 306          | 92 092             |
|                                        | <b>(981 153)</b> | <b>(2 476 057)</b> | <b>(981 153)</b> | <b>(2 476 057)</b> |

#### Key assumptions used

Assumptions used at the reporting date:

|                                                 |         |         |         |         |
|-------------------------------------------------|---------|---------|---------|---------|
| Discount rates used                             | 10,26 % | 10,78 % | 10,26 % | 10,78 % |
| Expected rate of return on assets               | 4,24 %  | 5,10 %  | 4,24 %  | 5,10 %  |
| Expected rate of return on reimbursement rights | 5,24 %  | 6,10 %  | 5,24 %  | 6,10 %  |
| Actual return on reimbursement rights           | 4,77 %  | 4,42 %  | 4,77 %  | 4,42 %  |

Salaries- Changes in an index or other variable specified in the formal or constructive terms of a plan as the basis for future benefit increases.

The basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets, is as follows:

# uMzinyathi District Municipality and the Development Agency

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|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 19. Employee benefit obligations (continued)

#### Discount Rate

Grap 25 defines the determination of the Discount rate assumption to be used as follows: The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve .

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2025 the duration of liabilities was 6.38 years.

We have assumed that salary inflation would exceed general inflation by 1.00% per annum, i.e. 6.10% per annum

#### Plan B

A healthcare cost inflation rate of 8.90% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary .

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2023, the duration of liabilities was 14.83.

#### Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 63 on average, which then implicitly allows for expected rates of ill-health and early retirement

#### Normal Retirement Age

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

#### Defined benefit plans - General information

##### Defined benefit plan 2 [Specify]

The characteristics of the defined benefits plan is [State characteristics]

The nature of the benefits provided by the plan are [State nature (e.g. final salary defined benefit plan or contribution-based plan with guarantee)]

The regulatory framework in which the plan operates is [Describe (e.g. level of any minimum funding requirements, and any effect of the regulatory framework on the plan, such as the asset ceiling)]

Other entity's responsibilities for the governance of the plan [Describe (e.g. responsibilities of trustees or of management of the plan)]

The risks to which the plan exposes the entity are [Describe (focused on any unusual, entity-specific or plan-specific risks, and of any significant concentrations of risk. For example, if plan assets are invested primarily in one class of investments, e.g. property, the plan may expose the entity to a concentration of property market risk)]

Plan amendments are as follows: [Describe]

Plan curtailments are as follows: [Describe]

Plan settlements are as follows: [Describe]

The basis on which the discount rate has been determined is: [State basis].

# uMzinyathi District Municipality and the Development Agency

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## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 20. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

|                                                |           |   |           |   |
|------------------------------------------------|-----------|---|-----------|---|
| <b>Unspent conditional grants and receipts</b> |           |   |           |   |
| Disaster Recovery Grant                        | 6 525 000 | - | 6 525 000 | - |

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

### 21. Provisions

#### Reconciliation of provisions - Economic entity - 2025

|                          | Opening Balance | Additions | Utilised during the year | Total   |
|--------------------------|-----------------|-----------|--------------------------|---------|
| Provision for leave days | 332 134         | 301 176   | (256 459)                | 376 851 |

#### Reconciliation of provisions - Economic entity - 2025

|                          | Opening Balance | Additions | Utilised during the year | Total   |
|--------------------------|-----------------|-----------|--------------------------|---------|
| Provision for leave days | 152 201         | 193 532   | (13 599)                 | 332 134 |

The provision for leave days represents management's best estimates of Umzinyathi District Development Agency's liability for the year ended 30 June 2024.

### 22. Service Charges

|                                 |                   |                   |                   |                   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Sale of water                   | 37 283 658        | 55 191 369        | 37 283 658        | 55 191 369        |
| Sewerage and sanitation charges | 9 205 841         | (35 766 970)      | 9 205 841         | (35 766 970)      |
| Cost of free basic services     | (2 793 335)       | (2 368 924)       | (2 793 335)       | (2 368 924)       |
|                                 | <b>43 696 164</b> | <b>17 055 475</b> | <b>43 696 164</b> | <b>17 055 475</b> |

### 23. Rendering of services

|                             |         |         |   |   |
|-----------------------------|---------|---------|---|---|
| <b>Rendering of service</b> | 600 000 | 603 778 | - | - |
|-----------------------------|---------|---------|---|---|

### 24. Rental of Facilities and Equipment

|                 |         |         |         |         |
|-----------------|---------|---------|---------|---------|
| <b>Premises</b> |         |         |         |         |
| Rental Income   | 426 795 | 499 109 | 426 795 | 499 109 |

### 25. Interest Earned on Outstanding Debtors

|                 |            |            |            |            |
|-----------------|------------|------------|------------|------------|
| Interest earned | 63 736 549 | 69 838 515 | 63 736 549 | 69 838 515 |
|-----------------|------------|------------|------------|------------|

### 26. Other Income

|                        |                |                  |                |                  |
|------------------------|----------------|------------------|----------------|------------------|
| Tender Documents       | 96 426         | 23 309           | 96 426         | 23 309           |
| Administration Fees    | 4 084          | 363              | 4 084          | 363              |
| Insurance Refund       | -              | 1 124 705        | -              | 1 124 705        |
| Disposal of Non Assets | 40 797         | -                | 40 797         | -                |
|                        | <b>141 307</b> | <b>1 148 377</b> | <b>141 307</b> | <b>1 148 377</b> |

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|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 27. Interest on Investments

#### Interest revenue

|                                |                  |                  |                  |                  |
|--------------------------------|------------------|------------------|------------------|------------------|
| Bank                           | 6 207 416        | 8 675 343        | 6 207 416        | 8 675 343        |
| Interest received - Investment | 21 167           | 182 126          | -                | -                |
|                                | <b>6 228 583</b> | <b>8 857 469</b> | <b>6 207 416</b> | <b>8 675 343</b> |

### 28. Gains or losses on biological assets

|                                                                              |                 |               |          |          |
|------------------------------------------------------------------------------|-----------------|---------------|----------|----------|
| Gains or losses arising from a change in fair value less point of sale costs | (25 000)        | (60 000)      | -        | -        |
| Gain or loss on initial recognition of biological asset                      | -               | 146 000       | -        | -        |
|                                                                              | <b>(25 000)</b> | <b>86 000</b> | <b>-</b> | <b>-</b> |

### 29. Fair value adjustments

|                                        |          |        |   |   |
|----------------------------------------|----------|--------|---|---|
| Biological assets - (Fair value model) | (62 703) | 22 000 | - | - |
|----------------------------------------|----------|--------|---|---|

### 30. Government grants & subsidies

#### Operating grants

|                                           |                    |                    |                    |                    |
|-------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Equitable share                           | 519 485 000        | 489 713 000        | 519 485 000        | 489 713 000        |
| LGSETA                                    | 456 561            | 418 766            | 456 561            | 418 766            |
| Expanded Public Works Programme           | 5 349 000          | 4 942 000          | 5 349 000          | 4 942 000          |
| Local Government Finance Management Grant | 3 000 000          | 1 850 000          | 3 000 000          | 1 850 000          |
| RRAMS                                     | 1 791 000          | 2 449 000          | 1 791 000          | 2 449 000          |
| SMME Donations                            | 5 000              | -                  | -                  | -                  |
| Integrated Spatial Development Grant      | -                  | 1 340 911          | -                  | -                  |
| LGSETA Mandatory Grant                    | 9 832              | 6 822              | -                  | -                  |
|                                           | <b>530 096 393</b> | <b>500 720 499</b> | <b>530 081 561</b> | <b>499 372 766</b> |

#### Capital grants

|                                       |                    |                    |                    |                    |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Municipal Infrastructure Grant        | 214 137 000        | 211 672 000        | 214 137 000        | 211 672 000        |
| Water Services Infrastructure Grant   | 55 000 000         | 42 500 000         | 55 000 000         | 42 500 000         |
| Emergency Drilling of Boreholes Grant | -                  | 2 550 122          | -                  | 2 550 122          |
|                                       | <b>269 137 000</b> | <b>256 722 122</b> | <b>269 137 000</b> | <b>256 722 122</b> |
|                                       | <b>799 233 393</b> | <b>757 442 621</b> | <b>799 218 561</b> | <b>756 094 888</b> |

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

#### LGSETA

#### Municipal Infrastructure Grant

|                                         |               |               |               |               |
|-----------------------------------------|---------------|---------------|---------------|---------------|
| Current-year receipts                   | 214 137 000   | 211 672 000   | 214 137 000   | 211 672 000   |
| Conditions met - transferred to revenue | (214 137 000) | (211 672 000) | (214 137 000) | (211 672 000) |
|                                         | -             | -             | -             | -             |

This grant is used to construct basic municipal infrastructure to provide basic services for the benefit of poor households. Other than the unspent amount. The conditions of the grant were met.

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|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 30. Government grants & subsidies (continued)

#### Local Government Finance Management Grant

|                                         |             |             |             |             |
|-----------------------------------------|-------------|-------------|-------------|-------------|
| Current-year receipts                   | 3 000 000   | 1 850 000   | 3 000 000   | 1 850 000   |
| Conditions met - transferred to revenue | (3 000 000) | (1 850 000) | (3 000 000) | (1 850 000) |
|                                         | -           | -           | -           | -           |

The purpose of this grant is to promote and support reforms in financial management by building capacity to implement the Municipal Finance Management Act (MFMA). The conditions of the grant were met and no funds have been withheld.

#### Expanded Public Works Programme

|                                         |             |             |             |             |
|-----------------------------------------|-------------|-------------|-------------|-------------|
| Current-year receipts                   | 5 349 000   | 4 942 000   | 5 349 000   | 4 942 000   |
| Conditions met - transferred to revenue | (5 349 000) | (4 942 000) | (5 349 000) | (4 942 000) |
|                                         | -           | -           | -           | -           |

The Expanded Public Works Programme is a special performance-based incentive provided to municipalities that contribute to the employment creation efforts of the expanded public works programme through the employment of previously unemployed people. The condition of the grant was met and no funds have been withheld.

#### Municipal Disaster recovery Grant

|                       |             |   |             |   |
|-----------------------|-------------|---|-------------|---|
| Current-year receipts | 6 525 000   | - | 6 525 000   | - |
| Closing Balance       | (6 525 000) | - | (6 525 000) | - |
|                       | -           | - | -           | - |

Conditions still to be met - remain liabilities (see note 20).

#### Emergency Drilling of Boreholes Grant

|                                         |   |             |   |             |
|-----------------------------------------|---|-------------|---|-------------|
| Current-year receipts                   | - | 2 550 122   | - | 2 550 122   |
| Conditions met - transferred to revenue | - | (2 550 122) | - | (2 550 122) |
|                                         | - | -           | - | -           |

#### Integrated Spatial Development Grant

|                                         |   |             |   |   |
|-----------------------------------------|---|-------------|---|---|
| Balance unspent at beginning of year    | - | 340 911     | - | - |
| Current-year receipts                   | - | 1 000 000   | - | - |
| Conditions met - transferred to revenue | - | (1 340 911) | - | - |
|                                         | - | -           | - | - |

The grant was received from KZN EDTEA for the entity to facilitate the implementation of the project identified from the integrated spatial development grant plan. The saving of R 340 911 from the previous financial year was also spent on the same project as approved by EDTEA.

#### Laughing Goat Grant

The grant was received from KZN EDTEA to construct a fence and a shed.

#### Municipal Employment Initiative Grant

The grant was received from KZN EDTEA to support SMME's and informal business within the district of uMzinyathi.

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 30. Government grants & subsidies (continued)

#### Water Services Infrastructure Grant

|                                         |              |              |              |              |
|-----------------------------------------|--------------|--------------|--------------|--------------|
| Current-year receipts                   | 55 000 000   | 42 500 000   | 55 000 000   | 42 500 000   |
| Conditions met - transferred to revenue | (55 000 000) | (42 500 000) | (55 000 000) | (42 500 000) |
|                                         | -            | -            | -            | -            |

Conditions still to be met - remain liabilities (see note 20).

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



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand                                                    | Economic entity    |                    | Controlling entity |                    |
|--------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                    | 2025               | 2024               | 2025               | 2024               |
| <b>31. Employee Related Costs</b>                                  |                    |                    |                    |                    |
| Basic                                                              | 204 203 086        | 175 765 693        | 198 907 079        | 170 293 364        |
| Bonus                                                              | 13 739 255         | 13 236 106         | 13 739 255         | 13 236 106         |
| Medical aid - company contributions                                | 7 870 897          | 7 166 677          | 7 870 897          | 7 166 677          |
| UIF                                                                | 1 234 903          | 1 096 636          | 1 208 182          | 1 066 779          |
| Leave pay provision charge                                         | 6 920 998          | 8 090 497          | 6 866 074          | 7 910 563          |
| Standby allowance                                                  | 6 019 403          | 5 546 559          | 6 019 403          | 5 546 559          |
| Defined contribution plans                                         | 1 174 023          | 1 006 000          | 1 174 023          | 1 006 000          |
| Travel, motor car, accommodation, subsistence and other allowances | 31 343             | -                  | -                  | -                  |
| Overtime payments                                                  | 2 231 799          | 3 605 080          | 2 231 799          | 3 605 080          |
| Long-service awards                                                | 1 651 054          | 1 398 000          | 1 651 054          | 1 398 000          |
| Acting allowances                                                  | 2 621 200          | 2 553 061          | 2 430 078          | 2 500 571          |
| Car allowance                                                      | 12 840 022         | 11 130 274         | 12 840 022         | 11 130 274         |
| Housing benefits and allowances                                    | 998 348            | 910 296            | 998 348            | 910 296            |
| Clothing Allowance                                                 | 92 000             | -                  | 92 000             | -                  |
| Pension                                                            | 26 424 681         | 24 262 305         | 26 424 681         | 24 262 305         |
| Non pensionable                                                    | 740 935            | 109 306            | 740 935            | 109 306            |
| Telephone Allowance                                                | 553 378            | 544 329            | 553 378            | 544 329            |
| Bargaining Council Levies and other                                | 86 055             | 71 220             | 86 055             | 71 220             |
|                                                                    | <b>289 433 380</b> | <b>256 492 039</b> | <b>283 833 263</b> | <b>250 757 429</b> |
| <b>Remuneration of municipal manager</b>                           |                    |                    |                    |                    |
| Annual Remuneration                                                | 855 914            | 699 824            | 855 914            | 699 824            |
| Car Allowance                                                      | 240 000            | 220 000            | 240 000            | 220 000            |
| Housing Allowance                                                  | 20 340             | 20 340             | 20 340             | 20 340             |
| Other                                                              | 57 027             | 35 774             | 57 027             | 35 774             |
| Telephone Allowance                                                | 18 000             | 16 500             | 18 000             | 16 500             |
| Contribution to Medical and pension fund                           | 12 706             | 14 505             | 12 706             | 14 505             |
|                                                                    | <b>1 203 987</b>   | <b>1 006 943</b>   | <b>1 203 987</b>   | <b>1 006 943</b>   |
| <b>Remuneration of Chief Finance Officer</b>                       |                    |                    |                    |                    |
| Annual Remuneration                                                | 875 811            | 195 375            | 875 811            | 195 375            |
| Acting Allowance                                                   | -                  | 18 256             | -                  | 18 256             |
| Car Allowance                                                      | 300 000            | 60 000             | 300 000            | 60 000             |
| Contributions to UIF, Medical and Pension Funds                    | 20 340             | 3 390              | 20 340             | 3 390              |
| Housing Allowance                                                  | 48 278             | 10 458             | 48 278             | 10 458             |
| Telephone                                                          | 18 000             | 4 500              | 18 000             | 4 500              |
| Contributions to UIF, Medical and Pension Funds                    | 14 150             | 12 071             | 14 150             | 12 071             |
|                                                                    | <b>1 276 579</b>   | <b>304 050</b>     | <b>1 276 579</b>   | <b>304 050</b>     |
| <b>Remuneration of Senior Manager Community Services</b>           |                    |                    |                    |                    |
| Annual Remuneration                                                | 727 478            | 720 743            | 727 478            | 720 743            |
| Car Allowance                                                      | 94 506             | 94 506             | 94 506             | 94 506             |
| Gratuity                                                           | 20 340             | 20 340             | 20 340             | 20 340             |
| Housing                                                            | 62 335             | 62 335             | 62 335             | 62 335             |
| Telephone                                                          | 18 000             | 30 000             | 18 000             | 30 000             |
| Contributions to UIF, Medical and Pension Funds                    | 107 788            | 96 243             | 107 788            | 96 243             |
|                                                                    | <b>1 030 447</b>   | <b>1 024 167</b>   | <b>1 030 447</b>   | <b>1 024 167</b>   |
| <b>Remuneration of Senior Manager Technical Services</b>           |                    |                    |                    |                    |



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand                                | Economic entity |                  | Controlling entity |                  |
|------------------------------------------------|-----------------|------------------|--------------------|------------------|
|                                                | 2025            | 2024             | 2025               | 2024             |
| <b>31. Employee Related Costs (continued)</b>  |                 |                  |                    |                  |
| Annual Remuneration                            | 565 170         | 986 282          | 565 170            | 986 282          |
| Car Allowance                                  | 146 892         | 153 348          | 146 892            | 153 348          |
| Gratuity                                       | 13 560          | 20 340           | 13 560             | 20 340           |
| Housing Allowance                              | 33 918          | 71 098           | 33 918             | 71 098           |
| Telephone                                      | 12 000          | 30 000           | 12 000             | 30 000           |
| Contributions to UIF ,Medical and Pension fund | 9 498           | 2 262            | 9 498              | 2 262            |
|                                                | <b>781 038</b>  | <b>1 263 330</b> | <b>781 038</b>     | <b>1 263 330</b> |

### Remuneration of Senior Manager Corporate Services

|                                                 |                  |                  |                  |                  |
|-------------------------------------------------|------------------|------------------|------------------|------------------|
| Annual Remuneration                             | 922 755          | 675 695          | 922 755          | 675 695          |
| Car Allowance                                   | 240 000          | 240 000          | 240 000          | 240 000          |
| Performance Bonuses                             | 20 340           | 20 340           | 20 340           | 20 340           |
| Housing Allowance                               | 32 359           | 46 168           | 32 359           | 46 168           |
| Telephone                                       | 18 000           | 19 500           | 18 000           | 19 500           |
| Contributions to UIF ,Medical and Pension Funds | 164 482          | 95 937           | 164 482          | 95 937           |
| Acting Allowance (Acted since 01 June 2025)     | 10 969           | -                | 10 969           | -                |
|                                                 | <b>1 408 905</b> | <b>1 097 640</b> | <b>1 408 905</b> | <b>1 097 640</b> |

### Remuneration of Senior Manager Planning and Development

|                                                |                  |                  |                  |                  |
|------------------------------------------------|------------------|------------------|------------------|------------------|
| Annual Remuneration                            | 751 119          | 770 673          | 751 119          | 770 673          |
| Acting Allowance                               | -                | 9 140            | -                | 9 140            |
| Car Allowance                                  | 170 500          | 66 000           | 170 500          | 66 000           |
| Gratuity                                       | 20 340           | 20 340           | 20 340           | 20 340           |
| Housing                                        | 65 079           | 59 944           | 65 079           | 59 944           |
| Other                                          | 18 000           | 18 000           | 18 000           | 18 000           |
| Contribution to UIF ,Medical and Pensions Fund | 17 924           | 66 864           | 17 924           | 66 864           |
|                                                | <b>1 042 962</b> | <b>1 010 961</b> | <b>1 042 962</b> | <b>1 010 961</b> |

The note has be restated to reconcile to the balances disclosed on the statement of financial performance.

The note has be restated to reconcile to the balances disclosed on the statement of financial performance.

### 32. Remuneration of Councillors and Directors

|              |           |           |           |           |
|--------------|-----------|-----------|-----------|-----------|
| Remuneration | 9 182 380 | 8 064 601 | 8 023 604 | 6 930 888 |
|--------------|-----------|-----------|-----------|-----------|

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 32. Remuneration of Councillors and Directors (continued)

#### Councillors and Directors

The Mayor, Deputy Mayor and Speaker are full-time with access to the office and provided with secretariat support. Each office bearer uses a separate Council owned vehicle for official duties and provided with bodyguards.

|                         |                |                |                |                |
|-------------------------|----------------|----------------|----------------|----------------|
| <b>Mayor</b>            |                |                |                |                |
| Remuneration            | 668 436        | 653 513        | 668 436        | 653 513        |
| Cellphone Allowance     | 49 164         | 47 004         | 49 164         | 47 004         |
| Travel Allowance        | 222 812        | 217 838        | 222 812        | 217 838        |
| Contribution to pension | 8 569          | 8 538          | 8 569          | 8 538          |
|                         | <b>948 981</b> | <b>926 893</b> | <b>948 981</b> | <b>926 893</b> |

|                     |                |                |                |                |
|---------------------|----------------|----------------|----------------|----------------|
| <b>Deputy Mayor</b> |                |                |                |                |
| Remuneration        | 447 879        | 409 495        | 447 879        | 409 495        |
| Cellphone Allowance | 45 920         | 46 919         | 45 920         | 46 919         |
| Travel Allowance    | 185 647        | 174 267        | 185 647        | 174 267        |
| Pension             | 100 359        | 111 262        | 100 359        | 111 262        |
|                     | <b>779 805</b> | <b>741 943</b> | <b>779 805</b> | <b>741 943</b> |

|                              |                |                |                |                |
|------------------------------|----------------|----------------|----------------|----------------|
| <b>Speaker</b>               |                |                |                |                |
| Remuneration                 | 562 893        | 522 812        | 562 893        | 522 812        |
| Cellphone Allowance          | 47 004         | 47 004         | 47 004         | 47 004         |
| Travel Allowance             | 187 631        | 174 267        | 187 631        | 174 267        |
| Contribution to Pension Fund | 7 384          | 6 882          | 7 384          | 6 882          |
|                              | <b>804 912</b> | <b>750 965</b> | <b>804 912</b> | <b>750 965</b> |

|                              |                  |                  |                  |                  |
|------------------------------|------------------|------------------|------------------|------------------|
| <b>Other Councillors</b>     |                  |                  |                  |                  |
| Remuneration                 | 5 208 109        | 4 326 594        | 5 208 109        | 4 283 015        |
| Contribution to Pension Fund | 281 796          | 228 070          | 281 796          | 228 070          |
|                              | <b>5 489 905</b> | <b>4 554 664</b> | <b>5 489 905</b> | <b>4 511 085</b> |

|                             |           |           |   |   |
|-----------------------------|-----------|-----------|---|---|
| <b>Directors Emoluments</b> |           |           |   |   |
| Directors emoluments        | 1 158 776 | 1 133 713 | - | - |

#### Additional Information

The disclosure note has been amended to correct an error on the previous financial year.

### 33. Depreciation and Amortisation

|                               |                   |                   |                   |                   |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|
| Property, plant and equipment | 63 230 530        | 63 545 127        | 63 048 856        | 63 369 714        |
| Investment property           | 91 580            | 91 831            | 91 580            | 91 831            |
| Intangible Assets             | 330 279           | 571 622           | 182 403           | 359 016           |
|                               | <b>63 652 389</b> | <b>64 208 580</b> | <b>63 322 839</b> | <b>63 820 561</b> |

### 34. Impairment loss

|                               |            |           |            |           |
|-------------------------------|------------|-----------|------------|-----------|
| <b>Impairments</b>            |            |           |            |           |
| Property, plant and equipment | 28 136 149 | 8 784 624 | 28 136 149 | 8 784 624 |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                                                 | Economic entity    |                    | Controlling entity |                    |
|-------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Figures in Rand                                 | 2025               | 2024               | 2025               | 2024               |
| <b>35. Finance Costs</b>                        |                    |                    |                    |                    |
| Employee benefit finance cost obligation        | 3 263 496          | 3 130 533          | 3 263 496          | 3 130 533          |
| Interest on Late Payments                       | 10 053 787         | 9 775 287          | 10 053 787         | 9 775 287          |
|                                                 | <b>13 317 283</b>  | <b>12 905 820</b>  | <b>13 317 283</b>  | <b>12 905 820</b>  |
| <b>36. Lease Rentals on Operating Lease</b>     |                    |                    |                    |                    |
| <b>Premises</b>                                 |                    |                    |                    |                    |
| Contractual amounts                             | 738 379            | 628 939            | 337 668            | 398 852            |
| <b>Lease rentals on operating lease - Other</b> |                    |                    |                    |                    |
| Contractual amounts                             | 1 394 877          | 1 301 932          | 1 394 877          | 1 301 932          |
|                                                 | <b>2 133 256</b>   | <b>1 930 871</b>   | <b>1 732 545</b>   | <b>1 700 784</b>   |
| <b>37. Debt Impairment</b>                      |                    |                    |                    |                    |
| Debt impairment                                 | 27 887 291         | 144 545 060        | 27 887 291         | 144 545 060        |
| <b>38. Contracted Services</b>                  |                    |                    |                    |                    |
| <b>Outsourced Services</b>                      |                    |                    |                    |                    |
| Administrative and Support Staff                | 871 875            | 2 181 209          | 871 875            | 2 181 209          |
| Business and Advisory                           | 52 519             | 1 340 911          | -                  | -                  |
| Cleaning Services                               | 24 960             | 36 244             | 24 960             | 36 244             |
| Clearing and Grass Cutting Services             | 40 000             | 1 589 694          | 40 000             | 1 589 694          |
| Professional Staff                              | 24 030 530         | 19 045 199         | 24 030 530         | 19 045 199         |
| Connection/Dis-connection                       | -                  | 9 571 150          | -                  | 9 571 150          |
| Security Services                               | 53 285 953         | 38 137 283         | 53 285 953         | 38 137 283         |
| Sewerage Services                               | 2 264 315          | 3 900 648          | 2 264 315          | 3 900 648          |
| Electrical                                      | 367 763            | 651 515            | 367 763            | 651 515            |
| Water Takers                                    | 32 440 200         | 40 979 022         | 32 440 200         | 40 979 022         |
| <b>Consultants and Professional Services</b>    |                    |                    |                    |                    |
| Business and Advisory                           | 24 679 843         | 24 381 209         | 24 586 520         | 23 647 412         |
| Infrastructure and Planning                     | -                  | 85 000             | -                  | -                  |
| Laboratory Services                             | 114 666            | 410 997            | 114 666            | 410 997            |
| Legal Services                                  | 8 678 127          | 5 977 621          | 8 678 127          | 5 977 621          |
| <b>Contractors</b>                              |                    |                    |                    |                    |
| Catering Services                               | 2 194 139          | 2 243 149          | 2 187 328          | 2 141 003          |
| Employee Wellness                               | -                  | 5 100              | -                  | -                  |
| Event Promoters                                 | -                  | 701 500            | -                  | 701 500            |
| Gardening Services                              | -                  | 123 639            | -                  | -                  |
| Maintenance of Buildings and Facilities         | 108 703            | 268 635            | 108 703            | 268 635            |
| Maintenance of Equipment                        | 2 758 536          | 42 453 148         | 2 758 536          | 42 452 348         |
| Maintenance of Unspecified Assets               | 13 735 573         | 28 383 612         | 13 735 573         | 28 383 612         |
| Medical Services                                | 232 399            | 282 050            | 232 399            | 282 050            |
| Safeguard and Security                          | 8 410              | 6 297              | -                  | -                  |
| Sports and Recreation                           | 7 500              | 70 000             | 7 500              | 70 000             |
| Stage and Sound Crew                            | -                  | 223 000            | -                  | 223 000            |
| Pauper Burial Services                          | 90 000             | 180 000            | 90 000             | 180 000            |
|                                                 | <b>165 986 011</b> | <b>223 227 832</b> | <b>165 824 948</b> | <b>220 830 142</b> |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand                   | Economic entity    |                    | Controlling entity |                    |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                   | 2025               | 2024               | 2025               | 2024               |
| <b>39. Transfer and subsidies</b> |                    |                    |                    |                    |
| <b>Transfer payables</b>          |                    |                    |                    |                    |
| Umzinyathi Development Agency     | -                  | -                  | 11 700 000         | 10 000 000         |
| <b>40. General expenses</b>       |                    |                    |                    |                    |
| Accounting fees                   | 935 585            | 604 863            | -                  | -                  |
| Advertising                       | 2 438 266          | 2 968 978          | 2 438 266          | 2 859 989          |
| Auditors remuneration             | 8 008 824          | 5 237 827          | 8 008 824          | 5 237 827          |
| Awards                            | 738 000            | 272 000            | 738 000            | 272 000            |
| Bank charges                      | 158 342            | 844 081            | 143 462            | 830 065            |
| Cleaning                          | -                  | 10 087             | -                  | -                  |
| Commission paid - Third party     | 8 361              | 84 896             | 8 361              | 84 896             |
| Compensation Fund Assessment Fee  | 1 500              | 3 646 593          | 1 500              | 3 646 593          |
| Computer expenses                 | 842 252            | 597 593            | -                  | -                  |
| Conferences and seminars          | 90 730             | 203 107            | 90 730             | 203 107            |
| Connection fees                   | 223 847            | 222 628            | 223 847            | 222 628            |
| Consumables                       | 46 488 328         | 68 353 893         | 46 477 402         | 68 353 893         |
| Delivery expenses                 | 216 400            | 1 472 100          | 216 400            | 1 472 100          |
| Electricity                       | 36 494             | 17 254             | -                  | -                  |
| Fines and penalties               | 24 699             | -                  | -                  | -                  |
| Fuel and oil                      | 13 881 871         | 33 791 626         | 13 845 594         | 33 746 708         |
| Hire charges                      | 20 429 657         | 21 671 342         | 20 429 657         | 21 671 342         |
| IT expenses                       | 815 613            | 741 763            | 703 113            | 641 163            |
| Insurance                         | 2 610 623          | 1 864 692          | 2 571 837          | 1 825 545          |
| Learnership and Bursaries         | 4 655 971          | 4 975 252          | 4 655 971          | 4 975 252          |
| Motor vehicle expenses            | 1 273 361          | 1 153 072          | 1 273 361          | 1 146 104          |
| Printing and stationery           | 26 888             | 26 116             | -                  | -                  |
| Promotions and sponsorships       | -                  | 714                | -                  | -                  |
| Protective clothing               | 145 349            | 3 550 161          | 145 349            | 3 550 161          |
| Rates                             | 1 204 333          | 1 054 697          | 1 204 333          | 1 054 697          |
| Re-imbursement of ward committees | 120 000            | 123 180            | 120 000            | 123 180            |
| Repairs and maintenance           | 3 268              | 6 593              | -                  | -                  |
| Seating Allowances                | 139 760            | 138 845            | 92 584             | 93 370             |
| Skills Development Levy           | 2 397 540          | 2 085 208          | 2 397 540          | 2 085 208          |
| Software expenses                 | 149 314            | 3 665              | -                  | -                  |
| Specimen and Sample               | 76 981             | 65 277             | 76 981             | 65 277             |
| Subscriptions and membership fees | 2 732 353          | 114 264            | 2 729 974          | 113 384            |
| Telephone and fax                 | 2 518 029          | 2 505 330          | 2 336 460          | 2 459 769          |
| Transport and freight             | 3 566 840          | 3 025 737          | 3 566 840          | 3 025 737          |
| Travel - local                    | 6 072 976          | 6 999 854          | 6 046 580          | 6 574 034          |
| Venue expenses                    | -                  | 30 391             | -                  | -                  |
| Voluntarily                       | (12 427)           | 148 500            | (12 427)           | 148 500            |
| Water & Electricity               | 30 843 634         | 30 469 248         | 30 843 634         | 30 469 248         |
|                                   | <b>153 863 562</b> | <b>199 081 427</b> | <b>151 374 173</b> | <b>196 951 777</b> |

Items were reclassified from general expenses and reclassified on items within the contracted services and employees related costs.

The changes are detailed in note 46.

### 41. Auditors' Remuneration

|      |           |           |           |           |
|------|-----------|-----------|-----------|-----------|
| Fees | 8 008 824 | 5 237 827 | 8 008 824 | 5 237 827 |
|------|-----------|-----------|-----------|-----------|

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                                            | Economic entity    |                    | Controlling entity |                    |
|--------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Figures in Rand                            | 2025               | 2024               | 2025               | 2024               |
| <b>42. Cash generated from operations</b>  |                    |                    |                    |                    |
| Surplus (deficit)                          | 144 395 067        | (57 803 976)       | 142 283 682        | (58 034 592)       |
| <b>Adjustments for:</b>                    |                    |                    |                    |                    |
| Depreciation and amortisation              | 63 652 389         | 64 208 580         | 63 322 839         | 63 820 561         |
| (Loss) on assets and liabilities           | (154 014)          | (46 552)           | (179 014)          | 39 448             |
| Share in deficit from associate            | 17 151 182         | (3 444 177)        | 17 151 182         | (3 444 177)        |
| Fair value adjustments                     | 62 703             | (22 000)           | -                  | -                  |
| Finance costs - Finance leases             | 3 263 496          | 3 130 533          | 3 263 496          | 3 130 533          |
| Impairment deficit                         | 28 136 149         | 8 784 624          | 28 136 149         | 8 784 624          |
| Debt impairment                            | 27 887 291         | 144 545 060        | 27 887 291         | 144 545 060        |
| Movements in provisions                    | 44 717             | 179 933            | -                  | -                  |
| UDM Debtor                                 | (3 000 000)        | -                  | -                  | -                  |
| Long Service award                         | 1 651 055          | 1 969 180          | 1 651 055          | 1 969 180          |
| Post Retirement Medical Aid                | 2 484 066          | 1 174 023          | 1 174 023          | 2 484 066          |
| Actuarial gain                             | (981 153)          | (2 476 057)        | (981 153)          | (2 476 057)        |
| <b>Changes in working capital:</b>         |                    |                    |                    |                    |
| Inventories                                | (3 966 363)        | 849 794            | (3 966 363)        | 849 794            |
| Vat Receivables                            | 381 813            | 7 005 248          | 381 813            | 7 005 248          |
| Receivables from exchange transactions     | (51 671 074)       | (89 012 786)       | (51 956 058)       | (88 412 786)       |
| Receivables from non-exchange transactions | (112 807)          | (539 009)          | (112 911)          | 452 626            |
| Statutory receivables                      | (6 967 844)        | 11 764 304         | (6 967 844)        | 11 764 304         |
| Prepayments                                | (2 002)            | (11 344)           | -                  | -                  |
| Payables from exchange transactions        | 3 522 323          | 53 158 672         | 3 794 520          | 52 613 067         |
| VAT                                        | (1 657 921)        | (1 261 659)        | (1 829 426)        | (1 419 751)        |
| Taxes and transfers payable (non-exchange) | 3 000 000          | 1 000 000          | 3 000 000          | 1 000 000          |
| Unspent conditional grants and receipts    | 6 525 000          | (2 891 033)        | 6 525 000          | (2 550 122)        |
| Restatement of payable -non cash item      | -                  | 5 100              | -                  | -                  |
|                                            | <b>233 644 073</b> | <b>140 266 458</b> | <b>232 578 281</b> | <b>142 121 026</b> |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 43. 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 |                      |
|---------------------------------------------|------|------------------------|---------------------|----------------------|
| Property Plant and Equipment-Infrastructure | 1    | 368 936 216            | 458 914 612         | 1 827 850 828        |
| Property Plant and Equipment-WIP            | 1    | 147 663 376            | (23 053 509)        | 1 124 609 867        |
| Receivables from Exchange transactions      |      | 200 278 500            | (99 866 195)        | 100 412 305          |
| Vat payables                                |      | 64 447 608             | (9 087 332)         | 55 360 276           |
| Payables from Exchange Transactions         |      | 460 210 988            | 95 973 665          | 556 184 653          |
| Investment in Associate                     |      | 28 748 875             | 11 237 651          | 39 986 526           |
| Opening Accumulated Surplus                 |      | 2 220 696 759          | 388 541 588         | 2 609 238 347        |
|                                             |      | <b>5 490 982 322</b>   | <b>822 660 480</b>  | <b>6 313 642 802</b> |

#### Statement of financial Position-Economic Entity

|                                        | As previously reported | Correction of error | Restated Balance     |
|----------------------------------------|------------------------|---------------------|----------------------|
| Property plant and equipment           | 1 368 936 216          | 458 914 612         | 1 827 850 828        |
| Property Plant and Equipment-WIP       | 1 147 663 376          | (23 053 509)        | 1 124 609 867        |
| Receivables from Exchange Transactions | 200 278 500            | (99 866 195)        | 100 412 305          |
| Vat Payables                           | 64 447 608             | (9 087 332)         | 55 360 276           |
| Payables from Exchange                 | 460 864 869            | 95 973 665          | 556 838 534          |
| Investment in Associate                | 28 748 875             | 11 237 651          | 39 986 526           |
| Accumulated surplus                    | 2 297 738 606          | 260 362 909         | 2 558 101 515        |
|                                        | <b>5 568 678 050</b>   | <b>694 481 801</b>  | <b>6 263 159 851</b> |

#### Statement of financial performance-Controlling entity



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand                               | Economic entity |                        | Controlling entity   |                      |
|-----------------------------------------------|-----------------|------------------------|----------------------|----------------------|
|                                               | 2025            | 2024                   | 2025                 | 2024                 |
| <b>43. Prior Year Adjustments (continued)</b> |                 |                        |                      |                      |
| <b>2024</b>                                   |                 |                        |                      |                      |
|                                               | Note            | As previously reported | Correction of error  |                      |
| Interest on Outstanding Debtors               |                 | 40 600 810             | 29 237 705           | 69 838 515           |
| Debt Impairment                               |                 | (46 628 983)           | (97 916 077)         | (144 545 060)        |
| Service Charges                               |                 | 77 637 690             | (60 582 215)         | 17 055 475           |
| Depreciation                                  |                 | (82 442 443)           | 18 621 882           | (63 820 561)         |
| Finance Cost                                  |                 | (3 837 455)            | (9 068 365)          | (12 905 820)         |
| Share Surplus or deficit                      |                 | (7 766 956)            | 11 237 651           | 3 444 177            |
| Contracted Services                           |                 | (201 104 199)          | (19 725 943)         | (220 830 142)        |
| <b>Deficit for the year</b>                   |                 | <b>(223 541 536)</b>   | <b>(128 195 362)</b> | <b>(351 763 416)</b> |

| Statement of Financial performance-Economic Entity | As perviously reported | Correction of Error  | Restated Balance     |
|----------------------------------------------------|------------------------|----------------------|----------------------|
| Interest on Outstanding Debtors                    | 40 600 810             | 29 237 705           | 69 838 515           |
| Debtor Impairment                                  | (46 628 983)           | (97 916 077)         | (144 545 060)        |
| Service Charges                                    | 77 637 690             | (60 582 215)         | 17 055 475           |
| Depreciation                                       | (82 442 443)           | 18 621 882           | (63 820 561)         |
| Finance charges                                    | (3 837 455)            | (9 068 365)          | (12 905 820)         |
| Share surplus or deficit                           | (7 793 474)            | 11 237 651           | 3 444 177            |
| General Expenditure                                | (199 076 327)          | (5 100)              | (199 081 427)        |
| Contracted Services                                | (201 104 199)          | (19 725 943)         | (220 830 142)        |
|                                                    | <b>(422 644 381)</b>   | <b>(128 200 462)</b> | <b>(550 844 843)</b> |

### Cash flow statement-Controlling Entity

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 43. Prior Year Adjustments (continued)

#### 2024

|                                     | Note | As previously reported | Correction of error | Restated           |          |
|-------------------------------------|------|------------------------|---------------------|--------------------|----------|
| Cash flow from operating activities |      |                        |                     |                    |          |
| S                                   |      | (5 057 634)            | 12 191 571          | 7 133 937          | -        |
| Grants                              |      | 753 544 766            | 2 550 122           | 756 094 888        | -        |
| Other Receipt                       |      | 2 100 112              | (2 100 112)         | -                  | -        |
| Interest Income                     |      | 49 276 153             | (40 600 810)        | 8 675 343          | -        |
| Vat Refund                          |      | 11 764 304             | (11 764 304)        | -                  | -        |
| Employee Cost                       |      | (246 304 182)          | (2 011 251)         | (248 315 433)      | -        |
| Suppliers                           |      | (386 838 742)          | 37 625 474          | (349 213 268)      | -        |
| Finance Cost                        |      | (3 837 455)            | (5 937 832)         | (9 775 287)        | -        |
| Rumenerations of Councillors        |      | (6 930 888)            | 6 930 888           | -                  | -        |
| Transfer and subsidies              |      | (9 000 000)            | 9 000 000           | -                  | -        |
|                                     |      | <b>158 716 434</b>     | <b>5 883 746</b>    | <b>164 600 180</b> | <b>-</b> |

|                                          |  |               |            |               |   |
|------------------------------------------|--|---------------|------------|---------------|---|
| Cash flow from investing activities      |  |               |            |               |   |
| Purchase of Property Plant and Equipment |  | (207 163 427) | 51 654 234 | (155 392 936) | - |

|                                     |  |   |              |   |              |
|-------------------------------------|--|---|--------------|---|--------------|
| Cash flow from financing activities |  |   |              |   |              |
| Finance lease payments              |  | - | (57 654 234) | - | (57 654 234) |

| Cash flow Statement- Economic Entity-Operating | As previously reported | Correction of error | Restated Balance   |
|------------------------------------------------|------------------------|---------------------|--------------------|
| Sale of Goods                                  | (5 057 634)            | 12 191 571          | 7 133 937          |
| Grants                                         | 753 544 766            | 2 550 122           | 756 094 888        |
| Other Receipts                                 | 2 100 112              | (2 100 112)         | -                  |
| Interest Income                                | 49 276 153             | (40 600 810)        | 8 675 343          |
| Vat Refund                                     | 11 764 304             | (11 764 304)        | -                  |
| Employee Cost                                  | (246 304 182)          | (2 011 251)         | (248 315 433)      |
| Suppliers                                      | (386 838 742)          | 37 625 474          | (349 213 268)      |
| Fianace Cost                                   | (3 837 455)            | (5 937 832)         | (9 775 287)        |
| Rumenerations of councillors                   | (6 930 888)            | 6 930 888           | -                  |
| Transfers and subsidies                        | (9 000 000)            | 9 000 000           | -                  |
|                                                | <b>158 716 434</b>     | <b>5 883 746</b>    | <b>164 600 180</b> |

| Cash Flow from Investing Activities  | As previously reported | Correction of error | Restated Balance |
|--------------------------------------|------------------------|---------------------|------------------|
| Purchase of Property Plant Equipment | (207 163 427)          | 51 770 491          | (155 392 936)    |

| Cash Flow from Investing Activities | As previously reported | Correction of error | Restated Balance |
|-------------------------------------|------------------------|---------------------|------------------|
| Finance lease payment               | -                      | (57 654 234)        | (57 654 234)     |

#### Errors

Error 1- The amount of R1 639 035 was for the interest on outstanding debtors that was erroneously omitted on overdue accounts during 2023/2024 Financial year, the impact of this error increase receivables from exchange transactions and also the interest on overdue accounts.



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 43. Prior Year Adjustments (continued)

Error 2- During the 2023/2024 financial period an incorrect interest rate of 10,25% was erroneously charged on overdue accounts instead of 13,75%,this has resulted the understatement of receivable from exchange transactions and interest on overdue accounts by an amount of R16 370979,13.

Error 3- In the calculation of the 2023/2024 financial year debt impairment,The government departments businesses and rentals accounts were erroneously ommited .This error has resulted of an overstatement of receivables from exchange transactions by an amount of R144 715 927,79 and understatement of debt impairment by R144 715 915.

Error 4- The municipality initial estimated useful life of certain Property Plant and Equipment (Infranstructure Assets) to be 20 years .In 2017/2018 the municipality changed the useful life of these assets from 20 years to 50 years.The error was incorrectly applied prospectively instead of retrospectively.As the result of this error depreciation was overstated by an amount of R455 683 832 which resulted and understatement of the carrying value of Property Plant and Equipment.

Error 5- During 2023/2024 financial period certain individual debtors were incorrectly catogorised as indigents and enjoyed the 6kl free basic water services .As a result of this error the receivable from exchange transactions,service cahrges and vat payable were understated by R78 872 ,75;R68 585.00 and R10 287.75 respectively.

Error 6-During 2023/2024 the certain businesses were erroneously billed as individual or residential .As a result of this error the receivable from exchange transactions,service charges and vat payable were understated by R558 056.27;R485 266,32 and R72 789.94 respectively.

Error 7- During 2023/2024 financial year the municipality erroneously billed its own accounts in respect of water service charges and interest on outstanding debtors amounted to R6 117 883,20 and R84 013,94 respectively.This error has resulted to overstatment of service charges ,interest on debtors and vat output accruals by R5 319 898,54;R84 013.94 and R797 984.78.

Error 8- In 2017/2018 Financial year the municipality changed its accounting policy of certain Property Plant and Equipment (Infranstructure Assets) from 20 years to 50 years .The change was erroronously applied applied prospectively instead of retrospectively in the same financial period.As a result of this error the depreciation for 2024 financial period was overstated by R 18 718 669.72

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 43. Prior Year Adjustments (continued)

Error 9- During 2023/2024 financial year the expenditure amounted to R574 356 related to Kwakopi were erroneously omitted when the expenditure related that project were transferred to completed projects.

Error 10- Uthukela water is a water authority which provided the municipality with bulk water. The municipality has a long outstanding debt owed to Uthukela Water. The interest charged by Uthukela water on the outstanding debt over the years amounting to R21 271 270.44 were never accounted for. As the result of these error or omission, both payables from exchange transactions and interest on over accounts were understated by R21 271 270.44

Error 11- Department of water and sanitation is a water board. The municipality has a long outstanding debt over the years amounting to R36 220 668.83 were never accounted for. As the result of these error and omission both payables from exchange transactions and interest on overdue accounts were understated by R36 220 668.83

Error 12- (Investment in Associate)-In 2023/2024 the municipality calculated the deficit of R7 765 956 using the pre-audit Uthukela water Annual Financial Statements. Uthukela water adjusted their AFS during 2023/2024 audit process. The audited annual financial statements for Uthukela Water became available after the conclusion of the audit. This resulted an understatement of Investment in Associate and profit or loss by R11 237 651

Error 13- (Receivables from Exchange Transactions, service charges and Interest). The correction of the accounts that were incorrectly billed using the average without base. The municipality were restricted to read the matters in the past years and those readings were average billed, this resulted the incorrectly billing of three township (Esithembile, Esibongile and Nhlalakahle).

Error 14- (Contracted Services)- During 2023/2024 financial year, capital assets amounting to R2 753 211 were erroneously recognised as an expense instead of being capitalised as an asset, therefore this amount was correct classified as an expense in the prior year.

Error 15 (Cash flow from Operating Activities)-During 2023/2024 some of the amounts under the cash flow from operating activities were incorrectly calculated.

Error 16 (Cash flow from Investing Activities)- During 2023/2024 the municipality erroneously calculated the finance lease payments which led to the incorrect calculation of the cash flow from financing activities.

Error 17- Adjusting for employee wellness cut off period expenditure belonging to the previous financial year.

#### Irregular expenditure

|                                 |                      |                      |                      |                      |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| Opening balance                 | 1 408 113 839        | 1 743 668 994        | 1 399 672 846        | 1 739 828 388        |
| Adjustments made                | 12 836 977           | -                    | 12 836 977           | -                    |
| <b>Restated opening balance</b> | <b>1 420 950 816</b> | <b>1 743 668 994</b> | <b>1 412 509 823</b> | <b>1 739 828 388</b> |

Adjustment made to opening balance of irregular expenditure is due to certain contract and expenditure that were omitted by the municipality in 2023/2024 financial year. The total omitted irregular expenditure amounts to R12 836 977 year additions.

#### Fruitless and wasteful expenditure

|                                 |                   |                   |                   |                   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Opening balance                 | 42 445 835        | 46 095 255        | 42 445 835        | 46 095 255        |
| Adjustments made                | 4 528 673         | -                 | 4 528 673         | -                 |
| <b>Restated opening balance</b> | <b>46 974 508</b> | <b>46 095 255</b> | <b>46 974 508</b> | <b>46 095 255</b> |

Adjustment made to opening balance of fruitless and wasteful expenditure is due to interest charge by Uthukela water and Eskom for late payments. The total expenditure incurred amounted to R4 528 673.

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 43. Prior Year Adjustments (continued)

#### Unauthorised expenditure

|                                 |                    |                      |                    |                      |
|---------------------------------|--------------------|----------------------|--------------------|----------------------|
| Opening balance                 | 332 096 186        | 1 035 111 774        | 332 096 186        | 1 035 111 774        |
| Adjustments made                | -                  | 109 280 476          | -                  | 109 280 476          |
| <b>Restated opening balance</b> | <b>332 096 186</b> | <b>1 144 392 250</b> | <b>332 096 186</b> | <b>1 144 392 250</b> |

Adjustment made to opening balance of Unauthorised expenditure is due to omission of R109 280 476

#### Property Plant and Equipment -Infrastructure

|                        |   |                      |   |                      |
|------------------------|---|----------------------|---|----------------------|
| As previously reported | - | 1 368 936 216        | - | 1 368 936 216        |
| Correction of an error | - | 458 914 612          | - | 458 914 612          |
|                        | - | <b>1 827 850 828</b> | - | <b>1 827 850 828</b> |

Adjustment of prior year depreciation.

#### Receivables from Exchange Transaction

|                        |   |                    |   |                    |
|------------------------|---|--------------------|---|--------------------|
| As previously reported | - | 200 278 500        | - | 200 278 500        |
| Correction of an error | - | (99 866 195)       | - | (99 866 195)       |
|                        | - | <b>100 412 305</b> | - | <b>100 412 305</b> |

Correction of an error adjustment to interest and billing.

#### VAT Payable

|                        |   |                   |   |                   |
|------------------------|---|-------------------|---|-------------------|
| As previously reported | - | 64 447 608        | - | 64 447 608        |
| Correction of an error | - | (9 087 332)       | - | (9 087 332)       |
|                        | - | <b>55 360 276</b> | - | <b>55 360 276</b> |

Correction of vat for account receivables.

#### Property Plant and Equipment-WIP

|                        |   |                      |   |                      |
|------------------------|---|----------------------|---|----------------------|
| As previously reported | - | 1 147 663 376        | - | 1 147 663 376        |
| Correction of an error | - | (574 356)            | - | (574 356)            |
|                        | - | <b>1 147 089 020</b> | - | <b>1 147 089 020</b> |

Correction of an error for project completed prior year.

#### Payables from Exchange Transactions

|                        |   |                    |   |                    |
|------------------------|---|--------------------|---|--------------------|
| As previously reported | - | 460 210 988        | - | 460 210 988        |
| Correction of an error | - | 57 491 939         | - | 57 491 939         |
|                        | - | <b>517 702 927</b> | - | <b>517 702 927</b> |

Recognising the interest that were not recognised in prior years.

#### Investment in Associate

|                        |   |                   |   |                   |
|------------------------|---|-------------------|---|-------------------|
| As previously reported | - | 28 748 875        | - | 28 748 875        |
| Correction of an error | - | 11 237 651        | - | 11 237 651        |
|                        | - | <b>39 986 526</b> | - | <b>39 986 526</b> |

Correction of an error, adjustment to unallocated deposit and reclassification of provision to leave accrual.

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand                                                 | Economic entity |                      | Controlling entity |                      |
|-----------------------------------------------------------------|-----------------|----------------------|--------------------|----------------------|
|                                                                 | 2025            | 2024                 | 2025               | 2024                 |
| <b>43. Prior Year Adjustments (continued)</b>                   |                 |                      |                    |                      |
| <b>Accumulated Surplus</b>                                      |                 |                      |                    |                      |
| As previously reported                                          | -               | 2 220 696 759        | -                  | 2 220 696 759        |
| Correction of an error                                          | -               | 388 541 588          | -                  | 388 541 588          |
|                                                                 | -               | <b>2 609 238 347</b> | -                  | <b>2 609 238 347</b> |
| Prior year correction.                                          |                 |                      |                    |                      |
| <b>Interest on outstanding balance</b>                          |                 |                      |                    |                      |
| As previously reported                                          | -               | 40 600 810           | -                  | 40 600 810           |
| Correction of an error                                          | -               | 51 585 492           | -                  | 51 585 492           |
|                                                                 | -               | <b>92 186 302</b>    | -                  | <b>92 186 302</b>    |
| Adjustment of Interest on outstanding debtors.                  |                 |                      |                    |                      |
| <b>Debt Impairment</b>                                          |                 |                      |                    |                      |
| As previously reported                                          | -               | 46 628 983           | -                  | 46 628 983           |
| Correction of an error                                          | -               | 97 916 077           | -                  | 97 916 077           |
|                                                                 | -               | <b>144 545 060</b>   | -                  | <b>144 545 060</b>   |
| Accumulation of all the adjustments made in the prior years.    |                 |                      |                    |                      |
| <b>Services Charges</b>                                         |                 |                      |                    |                      |
| As previously reported                                          | -               | 77 637 690           | -                  | 77 637 690           |
| Correction of error                                             | -               | (60 582 215)         | -                  | (60 582 215)         |
|                                                                 | -               | <b>17 055 475</b>    | -                  | <b>17 055 475</b>    |
| Correction of overcharged accounts.                             |                 |                      |                    |                      |
| <b>Depreciation</b>                                             |                 |                      |                    |                      |
| As previously reported                                          | -               | 82 442 443           | -                  | 82 442 443           |
| Correction of error                                             | -               | (18 621 882)         | -                  | (18 621 882)         |
|                                                                 | -               | <b>63 820 561</b>    | -                  | <b>63 820 561</b>    |
| Correction of the prior year depreciation that were overstated. |                 |                      |                    |                      |
| <b>Finance Cost</b>                                             |                 |                      |                    |                      |
| As previously reported                                          | -               | 3 837 455            | -                  | 3 837 455            |
| Correction of error                                             | -               | 9 068 365            | -                  | 9 068 365            |
|                                                                 | -               | <b>12 905 820</b>    | -                  | <b>12 905 820</b>    |
| Adjusting the finance cost.                                     |                 |                      |                    |                      |
| <b>Share Surplus or deficit in Investment in Associate</b>      |                 |                      |                    |                      |
| As previously reported                                          | -               | (7 766 956)          | -                  | (7 766 956)          |
| Correction of an error                                          | -               | 11 237 651           | -                  | 11 237 651           |
|                                                                 | -               | <b>3 470 695</b>     | -                  | <b>3 470 695</b>     |
| Adjusting the share deficit                                     |                 |                      |                    |                      |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 44. Related parties

[Uthukela Water (Pty) Ltd. The entity is an investment in associate of Amajuba District Municipality, Newcastle Local Municipality and Umzinyathi District Municipality, and is responsible of supplying these municipalities with bulk water services.]

#### Related party balances

##### Amounts included in Trade Payables

|                               |  |  |             |             |
|-------------------------------|--|--|-------------|-------------|
| Uthukela Water (Pty) Ltd      |  |  | 165 060 702 | 145 705 578 |
| Umzinyathi Development Agency |  |  | 8 099 743   | 5 099 734   |

##### Amounts included in Expenses: Transfer and Subsidies

|                               |   |   |            |            |
|-------------------------------|---|---|------------|------------|
| Umzinyathi Development Agency | - | - | 11 700 000 | 10 000 000 |
|-------------------------------|---|---|------------|------------|

##### Amounts included in the General Expenses

|                          |            |            |            |            |
|--------------------------|------------|------------|------------|------------|
| Uthukela Water (Pty) Ltd | 28 741 438 | 38 208 846 | 28 741 438 | 38 208 846 |
|--------------------------|------------|------------|------------|------------|

Service In Kind

|                       |          |          |          |         |
|-----------------------|----------|----------|----------|---------|
| Employee related cost | 2134 263 | 4044 891 | 2134 263 | 4044891 |
|-----------------------|----------|----------|----------|---------|

The services in kind provided to the entity are secondments of staff to Umzinyathi Development Agency.

#### Non-executive Directors emoluments 2025

|                                    | Directors Fees | Sitting allowance fees | Subsistence and travel fees | Total            |
|------------------------------------|----------------|------------------------|-----------------------------|------------------|
| Mr Jabulani Walter Khanyile        | 89 640         | 35 568                 | -                           | 125 208          |
| Mr Bongani Khumalo                 | 115 224        | 34 298                 | -                           | 149 522          |
| Mr Mduduzi Madonsela               | 89 640         | 44 460                 | 415                         | 134 515          |
| Dr Mduduzi Elijah Khulekani Ngcobo | 89 640         | 40 014                 | 5 974                       | 135 628          |
| Ms Nomalanga Getrude Pascal        | 97 788         | 63 063                 | -                           | 160 851          |
| Ms Nonzwakele Pamela Mbatha        | 89 640         | 35 568                 | -                           | 125 208          |
| Advocate Boyce Mackeson Mkhize     | 52 290         | 31 122                 | -                           | 83 412           |
| Mr Sipho Randles Nyamane           | 89 640         | 35 568                 | 1 125                       | 126 333          |
| Inkosi Bokang Molefe               | 89 640         | 26 676                 | -                           | 116 316          |
| Subtotal                           | 803 142        | 346 337                | 7 514                       | 1 156 993        |
|                                    | <b>803 142</b> | <b>346 337</b>         | <b>7 514</b>                | <b>1 156 993</b> |

#### Non- executive Directors emoluments 2024

|                                    | Directors fees | Commitment fees | Substance and travel fees | Total            |
|------------------------------------|----------------|-----------------|---------------------------|------------------|
| Mr Jabulani Walter Khanyile        | 37 350         | 48 906          | 476                       | 86 732           |
| Mr Kerven Betie Mattison           | 48 010         | 40 012          | -                         | 88 022           |
| Mr Mduduzi Madonsela               | 88 702         | 75 024          | 1 639                     | 165 365          |
| Ms Nomalanga Getrude Pascal        | 107 143        | 188 476         | 15 841                    | 311 460          |
| Ms Nonzwakazi Pamela Mbatha        | 37 350         | 57 798          | 2 391                     | 97 539           |
| Advocate Boyce Mackeson Mkhize     | 37 350         | 57 798          | 7 132                     | 102 280          |
| Mr Sipho Randles Nyamane           | 37 350         | 35 568          | 972                       | 73 890           |
| Inkosi Bokang Molefe               | 88 702         | 66 132          | 1 001                     | 155 835          |
| Dr Mduduzi Elijah Khulekani Ngcobo | 37 350         | 44 460          | 14 167                    | 95 977           |
| Subtotal                           | 519 307        | 614 174         | 43 619                    | 1 177 100        |
|                                    | <b>519 307</b> | <b>614 174</b>  | <b>43 619</b>             | <b>1 177 100</b> |

#### Prescribed officers 2025

|                         |            |         |
|-------------------------|------------|---------|
| Chief Executive Officer | Emoluments | Total   |
|                         | 700 267    | 700 267 |



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand                               | Economic entity |      | Controlling entity |                  |
|-----------------------------------------------|-----------------|------|--------------------|------------------|
|                                               | 2025            | 2024 | 2025               | 2024             |
| <b>44. Related parties (continued)</b>        |                 |      |                    |                  |
| Chief Financial Officer                       |                 |      | 179 180            | 179 180          |
| Directors of Business Development and Finance |                 |      | 185 297            | 185 297          |
| <b>Subtotal</b>                               |                 |      | <b>1 064 744</b>   | <b>1 064 744</b> |
|                                               |                 |      | <b>1 064 744</b>   | <b>1 064 744</b> |
| <b>Prescribed officers 2024</b>               |                 |      | <b>Emoluments</b>  | <b>Total</b>     |
| Chief Executive Officer                       |                 |      | 1 200 000          | 1 200 000        |
| Chief Financial Officer                       |                 |      | 172 590            | 172 590          |
| Director of Business Development and Finance  |                 |      | 82 099             | 82 099           |
| <b>Subtotal</b>                               |                 |      | <b>1 454 689</b>   | <b>1 454 689</b> |
|                                               |                 |      | <b>1 454 689</b>   | <b>1 454 689</b> |

The amount relates to the funds given to the Agency to pay directors. Other fees comprises of subsistence and travelling allowance as well as reimbursement of kilometers travelled. The CFO, and , Business and Development Finance manager were seconded by Umzinyathi District Municipality to act in those respective positions.

|                                             |            |            |            |            |
|---------------------------------------------|------------|------------|------------|------------|
| <b>Amounts Included in General Expenses</b> |            |            |            |            |
| Uthukela Water                              | 28 741 438 | 38 208 846 | 28 741 438 | 38 208 846 |

The amount relates to bulk water purchases from Uthukela Water.

### Umzinyathi Development Agency

The municipality has successfully established an entity for the financial year 2021/2022, this entity reports in terms of the MFMA as a separate entity. It prepares its own financial statements that are also audited separately. The Annual Financial Statements for both parties will be consolidated by the 30th of September 2023. The entity is wholly owned and controlled by Umzinyathi District Municipality

### Key Management

Please refer to Note 26 above for a detailed breakdown of the remuneration of key management personnel as the municipality considers key management personnel a related party to the municipality.

Department of Cooperative Governance and Traditional Affairs

The KZN Department of COGTA is considered a related party of the municipality as the municipality is currently placed under administration and COGTA has appointed a Ministerial Representative at the cost of the department. The Ministerial Representative is expected to assist the municipality with the implementation of governance system and procedures. The Ministerial Representative participates in the financial and operating policy decisions of the municipality. For that reason COGTA has a significant influence over the operations of the municipality and therefore has been recognised as a related party.

### Remuneration of management

#### Management class: Councillors

Refer to note 33 "Remuneration of councillors"

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand                                    | Economic entity    |                    | Controlling entity |                    |
|----------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                    | 2025               | 2024               | 2025               | 2024               |
| <b>45. Commitments</b>                             |                    |                    |                    |                    |
| <b>Authorised capital expenditure</b>              |                    |                    |                    |                    |
| <b>Already contracted for but not provided for</b> |                    |                    |                    |                    |
| • Property, plant and equipment-Work In Progress   | 300 839 196        | 462 589 939        | 300 839 196        | 462 589 939        |
| <b>Total capital commitments</b>                   |                    |                    |                    |                    |
| Already contracted for but not provided for        | 300 839 196        | 462 589 939        | 300 839 196        | 462 589 939        |
| <b>Authorised Operational Expenditure</b>          |                    |                    |                    |                    |
| <b>Already contracted for but not provided for</b> |                    |                    |                    |                    |
| • Innovo Networks (Pty) Ltd                        | 156 147            | 354 822            | -                  | -                  |
| • Reubenheimer Family Trust                        | 1 003 939          | 1 467 060          | -                  | -                  |
| • Lima Rural Development Foundation                | 44 509             | 44 509             | -                  | -                  |
| • Kgokagano Trading Cc                             | 200 000            | 200 000            | -                  | -                  |
| • Nkwele Agribusiness Planning and Investments     | 200 000            | 200 000            | -                  | -                  |
| • Green Development Foundation                     | 200 000            | 200 000            | -                  | -                  |
| • UKZN Farmers support                             | 200 000            | 200 000            | -                  | -                  |
| • Institution of natural resources                 | 200 000            | 200 000            | -                  | -                  |
|                                                    | <b>2 204 595</b>   | <b>2 866 391</b>   | <b>-</b>           | <b>-</b>           |
| <b>Total operational commitments</b>               |                    |                    |                    |                    |
| Already contracted for but not provided for        | 2 204 595          | 2 866 391          | -                  | -                  |
| <b>Total Commitments</b>                           |                    |                    |                    |                    |
| <b>Total commitments</b>                           |                    |                    |                    |                    |
| Authorised capital expenditure                     | 300 839 196        | 462 589 939        | 300 839 196        | 462 589 939        |
| Authorised operational expenditure                 | 2 204 595          | 2 866 391          | -                  | -                  |
|                                                    | <b>303 043 791</b> | <b>465 456 330</b> | <b>300 839 196</b> | <b>462 589 939</b> |

Capital commitment has been restated. Operating commitment has been removed as this has no requirement to be disclosed.

### Operating leases - as lessee (expense)

|                                     |                  |                |                  |                |
|-------------------------------------|------------------|----------------|------------------|----------------|
| <b>Minimum lease payments due</b>   |                  |                |                  |                |
| - within one year                   | 4 498 723        | 264 714        | 4 498 723        | 264 714        |
| - in second to fifth year inclusive | 3 903 850        | -              | 3 903 850        | -              |
|                                     | <b>8 402 573</b> | <b>264 714</b> | <b>8 402 573</b> | <b>264 714</b> |

Office photocopying machine operating lease expired during the current financial year. The municipality is renting out office space from which a monthly rental is payable by the municipality and lease rentals has entered into a month to month phase. No contingent rent is payable.

## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### Notes to the Annual Financial Statements

| Figures in Rand                                                   | Economic entity   |                   | Controlling entity |                   |
|-------------------------------------------------------------------|-------------------|-------------------|--------------------|-------------------|
|                                                                   | 2025              | 2024              | 2025               | 2024              |
| <b>46. Fruitless and Wasteful Expenditure</b>                     |                   |                   |                    |                   |
| Opening balance as previously reported                            | 42 541 573        | 46 190 994        | 42 445 834         | 46 095 255        |
| Add: Fruitless and wasteful expenditure identified - current      | 10 069 444        | -                 | 10 046 886         | -                 |
| Add: Fruitless and wasteful expenditure identified - prior period | 55 274 193        | 842 866           | 55 274 193         | 842 866           |
| Less: Amount written off - current                                | -                 | -                 | -                  | (4 492 287)       |
| Less: Amount written off - current                                | (31 547 435)      | (4 492 287)       | (31 547 435)       | -                 |
| <b>Closing balance</b>                                            | <b>76 337 775</b> | <b>42 541 573</b> | <b>76 219 478</b>  | <b>42 445 834</b> |



**uMzinyathi District Municipality and the Development Agency**

Annual Financial Statements for the year ended

**Notes to the Annual Financial Statements**

Figures in Rand

**46. Fruitless and Wasteful Expenditure (continued)**

**Details of fruitless and wasteful expenditure**

|                                      | Details of the fruitless and wasteful expenditure |           |
|--------------------------------------|---------------------------------------------------|-----------|
| Interest on charged on late payments | Interest on late payments                         |           |
|                                      | 1 046 886                                         | 84 266    |
|                                      |                                                   | 1 046 886 |
|                                      |                                                   | 84 266    |

**Amount recovered**

No amounts were recovered in the current year.

## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### Notes to the Annual Financial Statements

Figures in Rand

#### 46. 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 - from the total fruitless and wasteful expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

##### Recoverability steps taken/criminal proceedings

There have not been any recoverable steps taken in the current year.

##### Disciplinary steps taken/criminal proceedings

There have not been any disciplinary steps taken in the current year

#### 47. Deviation From Supply Chain Management Regulations

##### Quotations:

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 Municipal Manager and noted by Council.

##### Bids:

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 Municipal Manager and noted by Council.

##### SCM Regulations 36

Exceptional case where it is impractical or impossible to follow procurement

|                  |                  |                  |                  |
|------------------|------------------|------------------|------------------|
| 1 624 435        | 39 319           | 1 624 435        | 39 319           |
| -                | 9 282 176        | -                | 9 282 176        |
| <b>1 624 435</b> | <b>9 321 495</b> | <b>1 624 435</b> | <b>9 321 495</b> |

## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### Notes to the Annual Financial Statements

|                                           | Economic entity      |                      | Controlling entity   |                      |
|-------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Figures in Rand                           | 2025                 | 2024                 | 2025                 | 2024                 |
| <b>48. Irregular Expenditure</b>          |                      |                      |                      |                      |
| Opening balance as previously reported    | 1 408 113 839        | 1 743 668 994        | 1 399 672 845        | 1 739 828 388        |
| Correction of prior period error          | 12 836 977           | -                    | 12 836 977           | -                    |
| <b>Opening balance as restated</b>        | <b>1 420 950 816</b> | <b>1 743 668 994</b> | <b>1 412 509 822</b> | <b>1 739 828 388</b> |
| Add: Irregular Expenditure - current      | 1 546 645            | 246 982 692          | 654 203              | 242 382 304          |
| Add: Irregular Expenditure - prior period | 52 742 975           | -                    | 52 742 975           | -                    |
| Less: Amount written off - current        | (822 710 355)        | (582 537 847)        | (821 394 757)        | (582 537 847)        |
| <b>Closing Balance</b>                    | <b>652 530 081</b>   | <b>1 408 113 839</b> | <b>644 512 243</b>   | <b>1 399 672 845</b> |

## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### Notes to the Annual Financial Statements

Figures in Rand

#### 48. Irregular Expenditure (continued)

Incidents/cases identified in the current year include those listed below:

|                                                           | Irregular Expenditure Incurred Current year |                |
|-----------------------------------------------------------|---------------------------------------------|----------------|
| Non compliance with SCM Regulations                       | 1 431 645                                   | 539 203        |
| Suppliers in which person are in the service of the state | 115 000                                     | 115 000        |
|                                                           | <b>1 546 645</b>                            | <b>654 203</b> |

#### Adjustments

The opening balance was restated due to the standing time reallocated to fruitless and wasteful expenditure

An investigation for financial years 2017/2018 was conclude and recommendations presented to council for the expenditure

A new investigation was launched for the financial year 2019/2020 and 2021/2022 which was in progress at the end of the financial year

#### Recoverability steps taken/criminal proceedings

There have not been any recoverable steps taken in the current year.

#### Disciplinary steps taken/criminal proceedings

There have not been any disciplinary steps taken in the current year.

#### 49. Unauthorised Expenditure

|                                              |                    |                    |                    |                    |
|----------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Opening balance as previously reported       | 432 378 663        | 1 035 111 774      | 432 378 663        | 1 035 111 774      |
| Add: Unauthorised expenditure - current      | 132 232 711        | 109 280 476        | 132 232 711        | 109 280 476        |
| Add: Unauthorised expenditure - prior period | -                  | 107 974 749        | -                  | 107 974 749        |
| Less: Write off approved by Council          | (316 859 410)      | (819 988 336)      | (316 859 410)      | (819 988 336)      |
| <b>Closing balance</b>                       | <b>247 751 964</b> | <b>432 378 663</b> | <b>247 751 964</b> | <b>432 378 663</b> |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 49. Unauthorised Expenditure (continued)

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

|          |                    |                    |                    |                    |
|----------|--------------------|--------------------|--------------------|--------------------|
| Non-cash | 74 120 079         | 30 831 743         | 74 120 079         | 30 831 743         |
| Cash     | 58 112 632         | 77 143 005         | 58 112 632         | 77 143 005         |
|          | <b>132 232 711</b> | <b>107 974 748</b> | <b>132 232 711</b> | <b>107 974 748</b> |

#### Analysed as follows: non-cash

|                                            |                   |                   |                   |                   |
|--------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Depreciation and amortisation              | -                 | 2 935 112         | -                 | 2 935 112         |
| Finance charges                            | 13 074 159        | 99 533            | 13 074 159        | 99 533            |
| Debt Impairment                            | 27 887 291        | -                 | 27 887 291        | -                 |
| Impairment Loss                            | -                 | 20 003 625        | -                 | 20 003 625        |
| Share of surplus or deficit from associate | 17 151 182        | 7 793 474         | 17 151 182        | 7 793 474         |
|                                            | <b>58 112 632</b> | <b>30 831 744</b> | <b>58 112 632</b> | <b>30 831 744</b> |

#### Analysed as follows: cash

|                       |                   |                   |                   |                   |
|-----------------------|-------------------|-------------------|-------------------|-------------------|
| Inventory             | -                 | 24 519 278        | -                 | 24 519 278        |
| Contracted services   | 50 217 594        | 49 697 147        | 50 217 594        | 49 697 147        |
| Operational Cost      | 4 201 653         | 2 926 580         | 4 201 653         | 2 926 580         |
| Operating Lease       | 1 732 545         | -                 | 1 732 545         | -                 |
| Employee related Cost | 17 968 287        | -                 | 17 968 287        | -                 |
|                       | <b>74 120 079</b> | <b>77 143 005</b> | <b>74 120 079</b> | <b>77 143 005</b> |

#### Unauthorised expenditure: Budget overspending – per municipal department:

|                                  |                    |                    |                    |                    |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Executive and Council            | 133 899            | 1 535              | 133 899            | 1 535              |
| Office of the Municipal Manager  | 4 387 895          | 3 595 735          | 4 387 895          | 3 595 735          |
| Administration                   | 10 374 393         | 3 812 587          | 10 374 393         | 3 812 587          |
| Finance                          | 14 206 012         | 17 271 833         | 14 206 012         | 17 271 833         |
| Planning and development         | -                  | 334 202            | -                  | 334 202            |
| Water Management                 | 102 055 029        | 82 957 980         | 102 055 029        | 82 957 980         |
| Community and social development | 1 075 483          | 877                | 1 075 483          | 877                |
|                                  | <b>132 232 711</b> | <b>107 974 749</b> | <b>132 232 711</b> | <b>107 974 749</b> |

#### Recoverability steps taken/criminal proceedings

There have not been any recoverable steps taken in the current year.

#### Disciplinary steps taken/criminal proceedings

There have not been any disciplinary steps taken in the current year.

#### Recoverability of unauthorised expenditure

There have not been any recoverable steps taken in the current year.

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 50. Additional Disclosure in Terms of Municipal Finance Management Act

#### Contributions to organised local government

|                                 |             |           |             |           |
|---------------------------------|-------------|-----------|-------------|-----------|
| Current year subscription / fee | 2 710 706   | 248 300   | 2 710 706   | 248 300   |
| Amount paid - current year      | (2 710 706) | (248 300) | (2 710 706) | (248 300) |
|                                 | -           | -         | -           | -         |

#### Audit Fees

|                                 |             |             |             |             |
|---------------------------------|-------------|-------------|-------------|-------------|
| Opening balance                 | 941 711     | 3 002 693   | 941 711     | 3 002 693   |
| Current year subscription / fee | 9 493 788   | 6 561 099   | 9 493 788   | 6 561 099   |
| Amount paid - current year      | (9 841 258) | (8 622 081) | (9 841 258) | (8 622 081) |
|                                 | 594 241     | 941 711     | 594 241     | 941 711     |

#### PAYE and UIF

|                                 |              |              |              |              |
|---------------------------------|--------------|--------------|--------------|--------------|
| Opening balance                 | 3 556 710    | -            | 3 556 710    | -            |
| Current year subscription / fee | 43 302 112   | 40 211 913   | 43 302 112   | 40 211 913   |
| Amount paid - current year      | (46 858 822) | (36 655 203) | (46 858 822) | (36 655 203) |
|                                 | -            | 3 556 710    | -            | 3 556 710    |

#### Pension and Medical Aid Deductions

|                                 |              |              |              |              |
|---------------------------------|--------------|--------------|--------------|--------------|
| Current year subscription / fee | 53 406 011   | 48 466 435   | 53 406 011   | 48 466 435   |
| Amount paid - current year      | (53 406 011) | (48 466 435) | (53 406 011) | (48 466 435) |
|                                 | -            | -            | -            | -            |

The accounting officer confirms that the salaries, allowances and benefits are in accordance with the framework in s 219 of the Constitution, S124(1)(a).

#### VAT

|             |            |            |            |            |
|-------------|------------|------------|------------|------------|
| VAT payable | 53 530 850 | 55 360 276 | 53 530 850 | 55 360 276 |
|-------------|------------|------------|------------|------------|

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

#### Councillors and Employees' Arrear Consumer Accounts

There are no arrear accounts outstanding for more than 90 days at 30 June 2025:

|  |   |   |   |   |
|--|---|---|---|---|
|  | - | - | - | - |
|--|---|---|---|---|

#### Supply Chain Management Regulations

##### SCM Regulation 36

|                                                                |           |           |           |           |
|----------------------------------------------------------------|-----------|-----------|-----------|-----------|
| Exceptional case where it is impractical to follow scm process | 1 624 435 | 39 319    | 1 624 435 | 39 319    |
| Emergency                                                      | -         | 9 282 176 | -         | 9 282 176 |
|                                                                | 1 624 435 | 9 321 495 | 1 624 435 | 9 321 495 |

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

### 51. Contingencies

#### Contingent liabilities incurred relating to interest in other entities

##### Municipalities

|                                                                                                                                                                                                                                                                                                                                                 |                    |                   |                    |                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|--------------------|-------------------|
| Ubuso Obuhle Trading allegedly rendered services including cleaning of sewer lines and storm water drain using high pressure water and was contracted by the municipality to render such services. Proof of such services being rendered has not been furnished. The matter is at discovery stage.                                              | 1 080 607          | 1 035 619         | 1 080 607          | 1 035 619         |
| The municipality is being sued for service alleged to have been rendered under the operations and maintenance unit by Lindulwazi Projects. The Plainful allegedly provided plant and equipment and performing required as and when required. The attorneys have advised that the prospects are poor since payment were made by the municipality | 7 337 488          | 6 940 747         | 7 337 488          | 6 940 747         |
| The municipality is being sued by Bonakude Consulting. The matter is stagnant                                                                                                                                                                                                                                                                   | 3 906 754          | 3 627 611         | 3 906 754          | 3 627 611         |
| The municipality is being sued for services alleged to be rendered under PMU unit by Sinotho Electrical. The matter is at a discovery level                                                                                                                                                                                                     | 4 672 985          | 4 446 400         | 4 672 985          | 4 446 400         |
| The municipality is being sued for services rendered under the operations and maintenance unit by Fore C electrical. The attorney would move an application to have contract between the municipality and Fore C reviewed and set aside.                                                                                                        | 14 542 564         | 14 542 564        | 14 542 564         | 14 542 564        |
| The municipality is sued for services rendered under the operations and maintenance by Fore C electrical. The attorney would move an application to have contract between the municipality and Fore C reviewed and set aside.                                                                                                                   | 58 959 109         | 58 959 109        | 58 959 109         | 58 959 109        |
| The municipality is sued alleged Consulting services by Mgamule Consulting. The municipality filed and exception to the plaintiffs particulars of claim.                                                                                                                                                                                        | 2 433 141          | -                 | 2 433 141          | -                 |
| The municipality is sued for services alleged rendered under O & M service by Kunjalo Kunje Trading cc. The municipality filed its plea.                                                                                                                                                                                                        | 26 480 203         | -                 | 26 480 203         | -                 |
| The municipality is sued for car rental services by Avis car rental. The matter is defended in court.                                                                                                                                                                                                                                           | 425 281            | -                 | 425 281            | -                 |
| S. Gcabashe was dismissed, he referred the matter at bargaining council. The arbitrator ruled in favour of the municipality. The dismissal was upheld, he took the award on review with the labour court. The matter is ongoing and we are waiting the court date. The prospect of success is good.                                             | 4 639 799          | -                 | 4 639 799          | -                 |
| SMB Buthelezi was dismissed. He filed an application with the High court to enforce an alleged settlement agreement. The court ruled in his favour. The municipality has petitioned the Supreme Court of Appeal. The prospect is good.                                                                                                          | 3 461 696          | -                 | 3 461 696          | -                 |
|                                                                                                                                                                                                                                                                                                                                                 | <b>127 939 627</b> | <b>89 552 050</b> | <b>127 939 627</b> | <b>89 552 050</b> |

#### Contingent Assets

#### Contingent Assets



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

| Figures in Rand                                                                                                                                                                                                                                                                  | Economic entity |             | Controlling entity |             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------|--------------------|-------------|
|                                                                                                                                                                                                                                                                                  | 2025            | 2024        | 2025               | 2024        |
| <b>51. Contingencies (continued)</b>                                                                                                                                                                                                                                             |                 |             |                    |             |
| Mr Soni and the executors of the estate late PM Soni are indebted to the municipality for water services.No settlement has been reached yet.                                                                                                                                     | 383 050         | 364 337     | 383 050            | 364 337     |
| Trustee Prembhai Family trust is indebted to the municipality for services.Water delivered to the trustee.No settlement has been reached yet.                                                                                                                                    | 1 153 386       | 1 094 383   | 1 153 386          | 1 094 383   |
| The municipality is suing Fusion guarantee for the amount owed by Soundrite.The services rendered by Soundrite were not satisfactory therefore the amount is being claimed under the gurantee.                                                                                   | 9 607 576       | 9 261 097   | 9 607 576          | 9 261 097   |
| The municipality is suing Tsotetsi Mchunu Inc as per the recommendations in section106 report.The attorneys are tracing the third defendant and would thereafter service the notice bar.                                                                                         | 6 446 964       | 5 985 467   | 6 446 964          | 5 985 467   |
| The municipality is suing defendants (AC Industrial ,EMS Ntombela and TR Malunga) as per the recommendations of the S106 report.The matter is discovery stage.                                                                                                                   | 120 689 565     | 112 055 193 | 120 689 565        | 112 055 193 |
| The municipality is holding Mr TR Malunga personally liable for the loss incurred by the municipality as a result of him terminating ECA while they were appointed and working on site.The matter is discovery stage.                                                            | 11 920 000      | 11 920 000  | 11 920 000         | 11 920 000  |
| The municipality is suing Africa Consulting as per the recommendations of the investigation report into UIFW for 2019/2020,2020/2021 and 2021/2022 financial yearsThe municipality is moving an application for a default judgement since the defendant has not field plea.      | 9 779 708       | -           | 9 779 708          | -           |
| The municipality is investigating the transactions by Bosch.The attorneys are preparing an application to interdict Mr Ndlonzi pension and as well as to have the contract reviewed and set aside.the letter of demand was issued .Bosch requested to resolve the matr amicablu. | 5 998 502       | -           | 5 998 502          | -           |
| The municipality is recovering overcharge of R265 000 and R2 204 895 from Asiziqalele construction as for the construction of dams,as per the recommendations of the investigation report.                                                                                       | 1 367 448       | -           | 1 367 448          | -           |
| The municipality is recovering from Asiziqalelecontractors an amount of R834600 In overcharged amounts.                                                                                                                                                                          | 834 600         | -           | 834 600            | -           |
| The is suing Capmed as per the recommendations of the invistigation report into UIFW .The summons will be issued.                                                                                                                                                                | 88 680          | -           | 88 680             | -           |
| The municipality is suing Hlela Attorneys as per the recommendations of the investigations report .The summons were issued in May 2025.                                                                                                                                          | 66 335          | -           | 66 335             | -           |
| The municipality resolved for the amount quantified as for fuel that was poured on vehicles not owned by th municipality.The attorney would be appointed on the matter since liability is disputed by Highway                                                                    | 20 615 779      | -           | 20 615 779         | -           |
| The municipality intends suing the services the service the Orion Lexior as per the recommendations of the investigation                                                                                                                                                         | 6 047 050       | -           | 6 047 050          | -           |
| The municipality Council resolved for the amunt of petrol fraduently obtained to be recovered from employees ( Miss Nxumalo).The employee is being engage to pay back the money                                                                                                  | 58 523          | -           | 58 523             | -           |



## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### Notes to the Annual Financial Statements

| Figures in Rand                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Economic entity    |                    | Controlling entity |                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2025               | 2024               | 2025               | 2024               |
| <b>51. Contingencies (continued)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                    |                    |                    |                    |
| The municipal council resolved for the amount overcharged to be recovered from Sizowakha Security.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 573 611            | -                  | 573 611            | -                  |
| The municipality resolved that amount quantified for fuel by Highway motores                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 856 445            | -                  | 856 445            | -                  |
| The service provider was appointed to deliver silage to the value of 250 tons at a cost of R280 940; the service provider only managed to deliver tons of silage. The latest update from the attorneys is that the matter is set down on the 22nd of January 2024 for oral evidence before the Magistrate and judgement. The court has ordered the defendant to pay the capital amount of R158 180,00 plus interest and legal costs. As of the 30th of June 2024, the attorneys have confirmed that they have received notice of opposition from the defendant and are currently drafting an affidavit to attend and answer the opposition. As of 30th June 2024, the status remains the same. | 158 180            | -                  | -                  | -                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>196 645 402</b> | <b>140 680 477</b> | <b>196 487 222</b> | <b>140 680 477</b> |

#### 52. Events After the Reporting Date

The municipality is unaware of any material events that have occurred between 30 June 2025 and the date, when the annual financial statement were authorised.

#### 53. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. These basis presume that funds will be available to finance operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

#### 54. Risk Management

##### Financial risk management

##### Liquidity risk

The economic entity's risk to liquidity is a result of the funds available to cover future commitments. The economic entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 54. Risk Management (continued)

#### Credit risk

##### Receivables.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

##### Cash and Cash Equivalents

The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with Council's approved investment policy. The municipality does not consider there to be any significant exposure to credit risk.

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

#### Financial Assets

|                                             |                    |                    |                    |                    |
|---------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Inventory                                   | 4 934 498          | 968 135            | 4 934 498          | 968 135            |
| Receivables from Exchange Transaction       | 80 912 081         | 100 412 305        | 80 912 081         | 100 412 305        |
| Vat Receivables                             | 38 615 493         | 38 997 306         | 38 615 493         | 38 997 306         |
| Receivables from Non - Exchange Transaction | 140 870            | 27 959             | 140 870            | 27 959             |
| Cash and cash equivalent                    | 10 175 789         | 4 201 254          | 10 175 789         | 4 201 254          |
|                                             | <b>134 778 731</b> | <b>144 606 959</b> | <b>134 778 731</b> | <b>144 606 959</b> |

#### Financial Liabilities

|                                    |                    |                    |                    |                    |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Payable from Exchange transactions | 595 161 820        | 556 184 653        | 595 161 820        | 556 184 653        |
| Consumer Deposits                  | 451 314            | 451 314            | 451 314            | 451 314            |
| Transfer Payable                   | -                  | -                  | 8 099 734          | 5 099 734          |
| VAT Payable                        | 53 530 850         | 55 360 276         | 53 530 850         | 55 360 276         |
| Employee Benefit Obligation        | 2 408 217          | 2 269 250          | 2 408 217          | 2 269 250          |
| Unspent Grant                      | 6 525 000          | -                  | 6 525 000          | -                  |
|                                    | <b>658 077 201</b> | <b>614 265 493</b> | <b>666 176 935</b> | <b>619 365 227</b> |

#### Market risk

##### Interest rate risk

The municipality's policy is to manage interest rate risk so that fluctuations in variation costs do not have a material impact on surplus. All long term debts are subject to fixed rates.

### 55. Segment information

#### General information

# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                 | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
| Figures in Rand | 2025            | 2024 | 2025               | 2024 |

### 55. Segment information (continued)

#### Identification of segments

The controlling entity is organised and reports to management on the basis of two major functional areas: Trading services (Water Services and Infrastructure Development ) and Governance and Administration ( Budget and Treasury Office;Corporate Services; Planning and Economic Development; Municipal Manager's Office; and Community Services). The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategies objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### Aggregated segments

The controlling entity operates throughout 6 Towns in the KwaZulu-Natal Province within UMzinyathi jurisdiction. Segments were aggregate on the basis of services delivered as management considered that the economic characteristics of the segments throughout the District were sufficiently similar to warrant aggregation. Management monitors performance per level per town, in monthly management reports. .

**uMzinyathi District Municipality and the Development Agency**  
Annual Financial Statements for the year ended

**Notes to the Annual Financial Statements**

Figures in Rand

**55. Segment information (continued)**

**Segment surplus or deficit, assets and liabilities**

**2024**

|                                              | Unallocated        | Trading<br>Services | Total              |
|----------------------------------------------|--------------------|---------------------|--------------------|
| <b>Revenue</b>                               |                    |                     |                    |
| Service charges                              | -                  | 17 055 475          | 17 055 475         |
| Rendering of services                        | 603 778            | -                   | 603 778            |
| Rental of facilities and equipment           | 499 109            | -                   | 499 109            |
| Interest earned on outstanding debtors       | -                  | 69 838 515          | 69 838 515         |
| Other Income                                 | 1 148 377          | -                   | 1 148 377          |
| Interest received on investment              | 8 857 469          | -                   | 8 857 469          |
| Actuarial gain on post retirement benefit    | 2 476 057          | -                   | 2 476 057          |
| Government grants and subsidies              | 301 836 959        | 455 605 662         | 757 442 621        |
| Fair value adjustment                        | 22 000             | -                   | 22 000             |
| Gains on Disposal of Assets                  | 86 000             | -                   | 86 000             |
| Insurance Refund                             | 2 748              | -                   | 2 748              |
| Share of surpluses or deficit from associate | 3 444 177          | -                   | 3 444 177          |
| <b>Total segment revenue</b>                 | <b>318 976 674</b> | <b>542 499 652</b>  | <b>861 476 326</b> |
| <b>Entity's revenue</b>                      |                    |                     | <b>861 476 326</b> |

**uMzinyathi District Municipality and the Development Agency**  
Annual Financial Statements for the year ended

**Notes to the Annual Financial Statements**

Figures in Rand

|                                            | Unallocated          | Trading<br>Services  | Total                |
|--------------------------------------------|----------------------|----------------------|----------------------|
| <b>55. Segment information (continued)</b> |                      |                      |                      |
| <b>Expenditure</b>                         |                      |                      |                      |
| Employee related cost                      | (145 538 125)        | (110 953 914)        | (256 492 039)        |
| Remuneration of councillors                | (8 064 601)          | -                    | (8 064 601)          |
| Depreciation and amortisation              | (49 116 297)         | (15 092 283)         | (64 208 580)         |
| Impairment loss                            | -                    | (8 784 624)          | (8 784 624)          |
| Finance cost                               | (3 669 441)          | (9 236 379)          | (12 905 820)         |
| Lease rentals on operating lease           | (1 930 871)          | -                    | (1 930 871)          |
| Debt impairment                            | -                    | (144 545 060)        | (144 545 060)        |
| Contracted services                        | (64 247 367)         | (158 980 465)        | (223 227 832)        |
| Loss on disposal of assets and liabilities | (39 448)             | -                    | (39 448)             |
| General expense                            | (40 659 517)         | (158 421 910)        | (199 081 427)        |
| <b>Total segment expenditure</b>           | <b>(313 265 667)</b> | <b>(606 014 635)</b> | <b>(919 280 302)</b> |
| <b>Total segmental surplus/(deficit)</b>   | <b>632 242 341</b>   | <b>1 148 514 287</b> | <b>1 780 756 628</b> |

|                                                            |                    |                      |                      |
|------------------------------------------------------------|--------------------|----------------------|----------------------|
| <b>Assets</b>                                              |                    |                      |                      |
| Cash and cash equivalent                                   | 4 723 668          | -                    | 4 723 668            |
| Inventories                                                | 968 135            | -                    | 968 135              |
| Receivables from exchange transaction                      | 600 000            | 100 412 305          | 101 012 305          |
| VAT receivables                                            | 38 997 306         | -                    | 38 997 306           |
| Receivables from no-exchange transaction                   | 38 063             | -                    | 38 063               |
| Statutory receivables                                      | 1 315 589          | -                    | 1 315 589            |
| Investment property                                        | 1 792 965          | -                    | 1 792 965            |
| Property, plant and equipment                              | 46 811 275         | 2 961 579 320        | 3 008 390 595        |
| Biological assets                                          | 868 000            | -                    | 868 000              |
| Intangible assets                                          | 230 163            | 119 611              | 349 774              |
| Heritage assets                                            | 8 655              | -                    | 8 655                |
| Investments in associates                                  | 39 986 525         | -                    | 39 986 525           |
| Prepayments                                                | 33 393             | -                    | 33 393               |
| <b>Total segment assets</b>                                | <b>136 373 737</b> | <b>3 062 111 236</b> | <b>3 198 484 973</b> |
| <b>Total assets as per Statement of financial Position</b> |                    |                      | <b>3 198 484 973</b> |

## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### Notes to the Annual Financial Statements

Figures in Rand

|                                                                 | Unallocated          | Trading Services     | Total                |
|-----------------------------------------------------------------|----------------------|----------------------|----------------------|
| <b>55. Segment information (continued)</b>                      |                      |                      |                      |
| <b>Liabilities</b>                                              |                      |                      |                      |
| Payable from exchange transactions                              | (116 285 343)        | (440 558 201)        | (556 843 544)        |
| Provisions                                                      | (332 134)            | -                    | (332 134)            |
| VAT payables                                                    | (55 355 072)         | -                    | (55 355 072)         |
| Consumer deposit                                                | (451 314)            | -                    | (451 314)            |
| Employee benefit obligation                                     | (2 269 250)          | -                    | (2 269 250)          |
| Employee benefit obligation-Non Current                         | (25 126 940)         | -                    | (25 126 940)         |
| <b>Total segment liabilities</b>                                | <b>(199 820 053)</b> | <b>(440 558 201)</b> | <b>(640 378 254)</b> |
| <b>Total liabilities as per Statement of financial Position</b> |                      |                      | <b>(640 378 254)</b> |

#### 2025

|                                           | Unallocated        | Trading Services   | Total              |
|-------------------------------------------|--------------------|--------------------|--------------------|
| <b>Revenue</b>                            |                    |                    |                    |
| Service charges                           | -                  | 43 696 164         | 43 696 164         |
| Rental of facilities and equipment        | 426 795            | -                  | 426 795            |
| Interest earned on outstanding debtors    | -                  | 63 736 549         | 63 736 549         |
| Other Income                              | 141 307            | -                  | 141 307            |
| Interest received on investment           | 6 228 583          | -                  | 6 228 583          |
| Actuarial gain on post retirement benefit | 981 153            | -                  | 981 153            |
| Government grants and subsidies           | 285 777 393        | 513 456 000        | 799 233 393        |
| Gain on Disposal                          | 179 014            | -                  | 179 014            |
| Insurance refund                          | 2 695              | -                  | 2 695              |
| Revenue from Exchange transactions        | 600 000            | -                  | 600 000            |
| <b>Total segment revenue</b>              | <b>294 336 940</b> | <b>620 888 713</b> | <b>915 225 653</b> |
| <b>Entity's revenue</b>                   |                    |                    | <b>915 225 653</b> |

## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### Notes to the Annual Financial Statements

Figures in Rand

#### 55. Segment information (continued)

|                                                   |                      |                      |                      |
|---------------------------------------------------|----------------------|----------------------|----------------------|
| <b>Expenditure</b>                                |                      |                      |                      |
| Employee related cost                             | (160 608 444)        | (128 824 936)        | (289 433 380)        |
| Remuneration of councillors                       | (9 182 380)          | -                    | (9 182 380)          |
| Depreciation and amortisation                     | (17 794 162)         | (45 858 227)         | (63 652 389)         |
| Impairment Loss                                   | -                    | (28 136 149)         | (28 136 149)         |
| Debt Impairment                                   | -                    | (27 887 291)         | (27 887 291)         |
| Finance cost                                      | (3 279 726)          | (10 037 557)         | (13 317 283)         |
| Lease rentals on operating lease                  | (2 133 256)          | -                    | (2 133 256)          |
| Contracted services                               | (60 065 701)         | (105 920 310)        | (165 986 011)        |
| Fair Value Adjustment                             | (62 703)             | -                    | (62 703)             |
| Loss on biological assets and agricultura produce | (25 000)             | -                    | (25 000)             |
| Share of surpluses or deficit from associates     | (17 151 182)         | -                    | (17 151 182)         |
| General expense                                   | (121 337 609)        | (32 525 953)         | (153 863 562)        |
| <b>Total segment expenditure</b>                  | <b>(391 640 163)</b> | <b>(379 190 423)</b> | <b>(770 830 586)</b> |
| <b>Total segmental surplus/(deficit)</b>          | <b>685 977 103</b>   | <b>1 000 079 136</b> | <b>1 686 056 239</b> |

#### Assets

|                                                            |                    |                      |                      |
|------------------------------------------------------------|--------------------|----------------------|----------------------|
| Cash and cash equivalent                                   | 10 444 954         | -                    | 10 444 954           |
| Inventories                                                | 4 934 498          | -                    | 4 934 498            |
| Receivables from exchange transaction                      | 315 015            | 80 912 081           | 81 227 096           |
| VAT receivables                                            | 38 615 493         | -                    | 38 615 493           |
| Receivables from non-exchange transactions                 | 150 870            | -                    | 150 870              |
| Statutory receivables                                      | 8 283 433          | -                    | 8 283 433            |
| Investment property                                        | 1 701 385          | -                    | 1 701 385            |
| Property, plant and equipment                              | 169 732 612        | 2 970 819 567        | 3 140 552 179        |
| Biological assets                                          | 780 298            | -                    | 780 298              |
| Intangible assets                                          | 19 494             | -                    | 19 494               |
| Heritage assets                                            | 8 655              | -                    | 8 655                |
| Investments in associates                                  | 22 835 343         | -                    | 22 835 343           |
| Pre-payments                                               | 35 395             | -                    | 35 395               |
| <b>Total segment assets</b>                                | <b>257 857 445</b> | <b>3 051 731 648</b> | <b>3 309 589 093</b> |
| <b>Total assets as per Statement of financial Position</b> |                    |                      | <b>3 309 589 093</b> |



**uMzinyathi District Municipality and the Development Agency**  
Annual Financial Statements for the year ended

**Notes to the Annual Financial Statements**

Figures in Rand

|                                                                 | Unallocated          | Trading<br>Services | Total                |
|-----------------------------------------------------------------|----------------------|---------------------|----------------------|
| <b>55. Segment information (continued)</b>                      |                      |                     |                      |
| <b>Liabilities</b>                                              |                      |                     |                      |
| Payable from exchange transactions                              | (594 330 212)        | (1 218 304)         | (595 548 516)        |
| VAT payables                                                    | (53 616 623)         | 290                 | (53 616 333)         |
| Consumer deposit                                                | (451 314)            | -                   | (451 314)            |
| Employee benefit obligation                                     | (2 408 217)          | -                   | (2 408 217)          |
| Unspent conditional grant receipt                               | (6 525 000)          | -                   | (6 525 000)          |
| Employee Obligations                                            | (28 146 372)         | -                   | (28 146 372)         |
| Provision                                                       | (376 851)            | -                   | (376 851)            |
| <b>Total segment liabilities</b>                                | <b>(685 854 589)</b> | <b>(1 218 014)</b>  | <b>(687 072 603)</b> |
| <b>Total liabilities as per Statement of financial Position</b> |                      |                     | <b>(687 072 603)</b> |
| <b>56. Water Losses</b>                                         |                      |                     |                      |
| <b>Water Distribution Losses</b>                                |                      |                     |                      |
| Water Distribution losses                                       | 43 300 305           | 43 300 305          | 36 665 784           |
| <b>Water Distribution Losses</b>                                |                      |                     |                      |
| Water Produces (Units)                                          | 11 496 547           | 11 496 547          | 12 138 335           |
| Water Sold (Units)                                              | (3 551 547)          | (3 551 547)         | (4 655 522)          |
|                                                                 | <b>7 945 000</b>     | <b>7 945 000</b>    | <b>7 482 813</b>     |
| <b>Monetary Value of Water losses</b>                           |                      |                     |                      |
| Technical Losses (%)                                            | 69                   | 62                  | 69                   |
|                                                                 |                      |                     | 62                   |



# uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

## Notes to the Annual Financial Statements

|                                     | Economic entity |      | Controlling entity |      |
|-------------------------------------|-----------------|------|--------------------|------|
| Figures in Rand                     | 2025            | 2024 | 2025               | 2024 |
| <b>56. Water Losses (continued)</b> |                 |      |                    |      |
| <b>Percentage Loss</b>              |                 |      |                    |      |
| Technical losses (%)                | 62              | 62   | 62                 | 62   |

The purchase price from for raw water from Uthukela Water was at R5.45 for 2025 financial year, (2024: R4.90). Umzinyathi District Municipality is mostly dominated with rural areas. Most of the rural areas have stand pipes per standards set by Water Affairs. Other rural areas have no water infrastructure therefore water tankers are delivering water to them and these tankers are getting water from our plants and collection points sets in our network. The district municipality experienced a lot of burst pipes in our reticulation line due to aging infrastructure. Illegal connections in most of the rural areas have a huge impact in unaccounted water as they are not metered. The district municipality experienced increasing internal leaks from domestic consumers and there's a program that we will be running to fix leaks.

The municipality uses R5.45 charged by Uthukela water as this is regarded as the market related cost. The market related cost approach is allowed to be used where is impractical for the municipality to determine the actual cost price of water for disclosure purposes. The municipality may apply the market related cost used by its water services entity, which was reasonable, supportable and in accordance with GRAP 12. The market related cost applied by the municipality was based on the observables and verifiable data obtained from Uthukela water.

## 57. Financial Viability

The Annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that.

The Annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the municipality will continue to receive grants from National and Provincial Governments as well as continue to charge for services provided to consumers. The proceeds are presumed to be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The following indicators have negative outlook on the going concern of the municipality:

Creditors in days 2025 are (250 days)

Debtors in days 2025 are (2766 days)

Non-compliance (30 days) - The municipality is currently not paying all their creditors within the accepted 30 days when they are due. This also resulted an increase in fruitless and wasteful expenditure due to interest on overdue creditors account and the municipality will be operating at the deficit for a longer period of time. Despite the above negative indicators, the municipality is going concern because of the following: It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose failure to provide water services will prompt National Government integration to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution.

The following measures will be implemented by the management as part of the revenue enhancement strategy and cost containment strategy:

The expenditure committee will be formed to monitor the implementation of the cost containment strategy and to ensure economically efficient spending.

The revenue enhancement task team will be appointed to implement and monitor the revenue enhancement strategy and identification of the additional revenue stream.

The debt collection strategies have been implemented to reduce the issues of debtors not paying timeously.

The financial recovery plan was adopted and monitored on a monthly basis.

With the assistance of COGTA and MISA the municipality will implement a water loss reduction plan which is intended to curb the ballooning water losses.

The municipality will be considering obtaining a long term debt to recover from the current status whilst strengthening the debt collection measures

## uMzinyathi District Municipality and the Development Agency

Annual Financial Statements for the year ended

### Notes to the Annual Financial Statements

| Figures in Rand | Economic entity |      | Controlling entity |      |
|-----------------|-----------------|------|--------------------|------|
|                 | 2025            | 2024 | 2025               | 2024 |

#### 57. Financial Viability (continued)

Despite the above negative indicators, the municipality continues to adopt the going concern assumption as it is management's view that the municipality will continue to operate in its present form in the foreseeable future, as it is primarily funded by government grants and will continue to be funded from the DoRA in the foreseeable future. In addition, management has embarked on an aggressive programme of debt recovery to ensure improved future cash inflows. The improvement by and large from the previous financial year position is encouraging and testament to the measures put in place.

There is no indication of a possibility of default by the government in paying grants under the act. This is also corroborated by experience where National Treasury has met its obligations year to year and has therefore created a constructive obligation. In addition, the municipality collects revenue for services rendered and this will augment their cash flows in subsequent years. Municipality must ensure that all allocations are spent fully and the VAT returns will supplement the income of the municipality.

| Operating Grants                      | Original<br>Budget-Year<br>2025/26 | Original<br>Budget<br>2026/2027 | Proposed<br>Budget<br>2027/28 |
|---------------------------------------|------------------------------------|---------------------------------|-------------------------------|
| Equitable Share                       | 550 411 000                        | 584 003 000                     | 610 422 000                   |
| LG SETA                               | 500 000                            | 500 000                         | 500 000                       |
| Local Government Finance Management   | 3 000 000                          | 3 000 000                       | 3 100 000                     |
| Expanded Public Works Programme       | 5 687 000                          | -                               | -                             |
| Rural Roads Assets Management Systems | 2 673 000                          | 2 796 000                       | 2 921 000                     |
|                                       | <b>562 271 000</b>                 | <b>590 299 000</b>              | <b>616 943 000</b>            |
| Capital Grants                        | Original<br>Budget Year<br>2025/26 | Original<br>Budget<br>2024/25   | Proposed<br>Budget<br>2025/26 |
| Municipal Infrastructure Grant        | 224 123 000                        | 244 393 000                     | 256 148 000                   |
| Water Services Infrastructure         | 91 000 000                         | 100 000 000                     | 105 000 000                   |
|                                       | <b>315 123 000</b>                 | <b>344 393 000</b>              | <b>361 148 000</b>            |

uMzinyathi District Development Agency Annual Performance Report for 2024/25 financial year is compiled in terms of the legislative requirements of Chapter 6 of the Municipal Systems Act, (No 32 of 2000) and Chapter 12 for the Municipal Finance Management Act, (No 56 of 2003). The Municipal Systems Act prescribes the role of each sphere of government in the municipal performance reporting process in Chapter 6 and Chapter 8A respectively.

The main purpose of this report is to provide an account of transactions that took place in the non-financial performance of the UDDA to the citizens of uMzinyathi District as well as to provide progress made by the entity in improving the lives of the community through local economic development. Furthermore, the report is a key performance report to the communities and other stakeholders in keeping with the principles of transparency and accountability of government to its citizens. It subscribes to the South African developmental nature of participatory democracy and cooperative governance and responds to the principles of the Constitution, Batho Pele, and White Paper on Local Government, King IV report, Companies Act, Municipal Systems Act, and Municipal Finance Management Act.

The Annual Performance Report together with the Annual Financial Statements will be submitted to the Office of the Auditor General and the Parent Municipality on the 31<sup>st</sup> of August 2025.

The performance results of the organization are summarized per Key Focus Area as follows:

Governance, Management, and Investment Attraction.

Governance encompasses the system by which an organization is controlled and operates, the mechanisms by which the entity's strategic direction is set, financial planning and decision-making, and how leaders charged with governance are held accountable.

The UDDA has elected a new Board of Directors that consists of nine (9) members, one member of the Board resigned in January 2025, this has since left a vacuum as the member was providing legal support to the Agency.

The UDDA Board and other legislated structures play a crucial oversight role on the implementation of the Strategic Planning report and Financial Management of the entity's budget to ensure that all legislative sittings are met as required by legislation.

In the financial year under audit, the oversight structures assisted in playing a governance role as required by King IV report, this necessitated constant sitting to discuss prominent affairs of the entity, especially since the entity was concluding its establishment phase, which has come to an end in August 2023. The entity is hopeful that its efforts will be seen in the improvement of performance in governance and compliance issues.

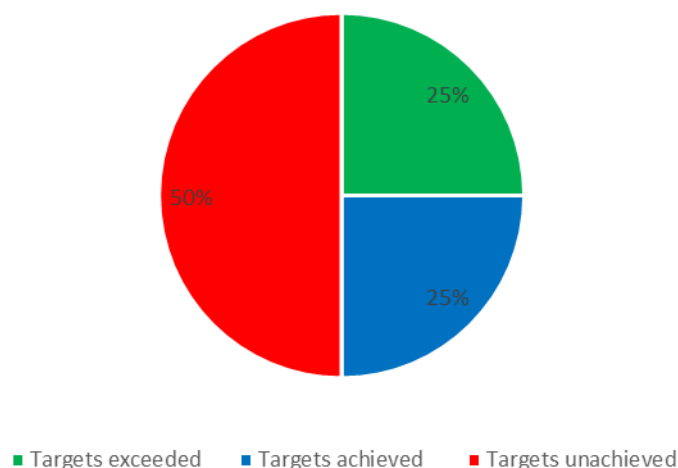
The Internal Audit and the Audit and Performance committee remain shared between the parent municipality and the municipal entity. The Internal Audit Charter and Plan was developed and adopted by the Audit and Performance Committee in the beginning of the financial year, its main purpose of these documents was to guide and outline the functioning of the IA unit as well as planned audits for the 2024/25 financial year. The Annual Risk Assessment was successfully conducted, and a Risk Register was developed and adopted, quarterly reports on the implementation of risk mitigation strategies were developed to minimize the risks that might hinder the achievement of objectives.

The planning, organizing, directing, coordinating, and controlling of government operations are run by the administration of the entity consisting of the Acting CEO and two (2) managers who report directly to the Acting CEO, Acting Chief Financial Officer and Acting Senior Manager Business Finance and Investment Promotion which are currently acting positions. The Positions of the CEO and the CFO have not been filled; processes are underway to ensure that these critical positions are filled in the next financial year. Administrative activities include providing technical expertise in setting the organization's strategy and coordinating the efforts of staff to accomplish these objectives through the application of limited available resources.

The Governance, Management and Investment Attraction Key Performance Area gauge the entity's ability to manage its financial and human resources, adopt and implement strategic documents within legislated timeframes as contemplated in local government legislation, and source funding for projects and operations to reduce grant dependency.

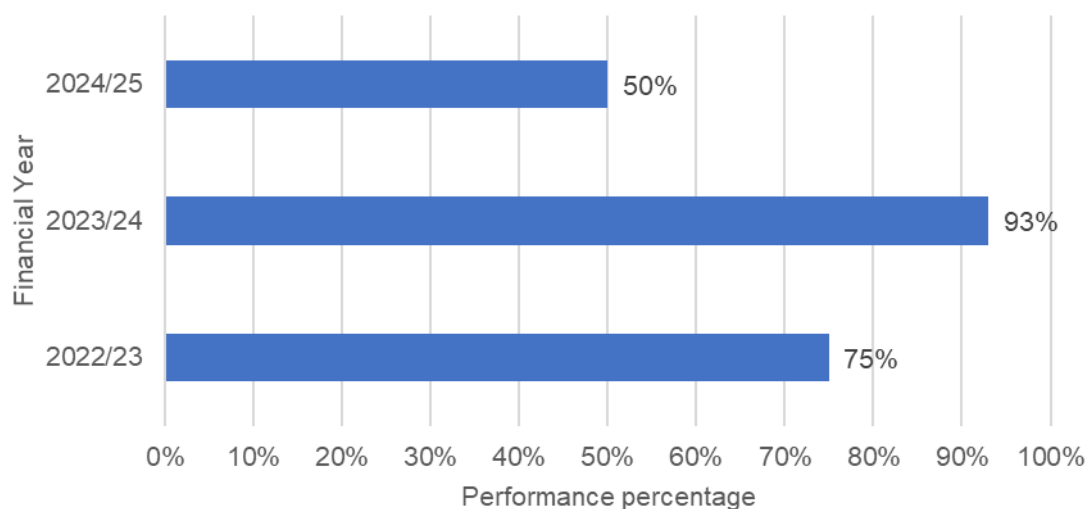
The Key Focus Area had Sixteen (16) planned targets, four (4) exceeded the required level of performance, four (4) met the required level of performance and eight (8) were not achieved. The below chart illustrates the performance of the Key Focus Area in the 2024/25 financial year; further details are outlined in the APR below.

## Governance Manegement and Invetsment Attraction



A comparison of performance for the previous two financial years and current financial year was done to visually illustrate the performance of this KFA over the three-year period, below is the representation of the performance of the Governance, Management and Investment Attraction over the 2022/23-23/2024 and 2024//25 financial years.

## Governance ,Management and Investment Attraction



The performance of this KFA is showing an upward trend, with an increase from 75% in the 2022/23 financial year ,93% in the 2023/24 and a decrease of 18% in the 202/425 financial year, the agreed upon corrective measures are currently being implemented to ensure the achievement of these indicators.

## 13 Agricultural Sector Economic Development

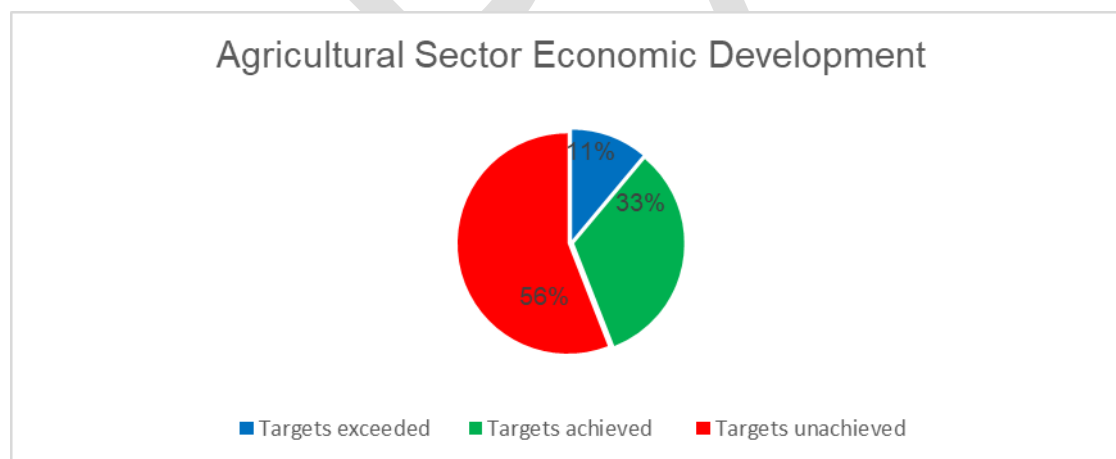
The planned implementation of this KFA includes amongst others the development of agricultural guidelines and plans, the provision of assistance to SMMEs primarily engaged in growing crops, animal production, and Agro processing as well linking emerging farmers to formal markets.

As stated above in the current financial year the Agency had to develop the deal proposals which were submitted to prospective funders, the Agency is currently waiting for the approval response. The Agency review the business proposals quarterly.

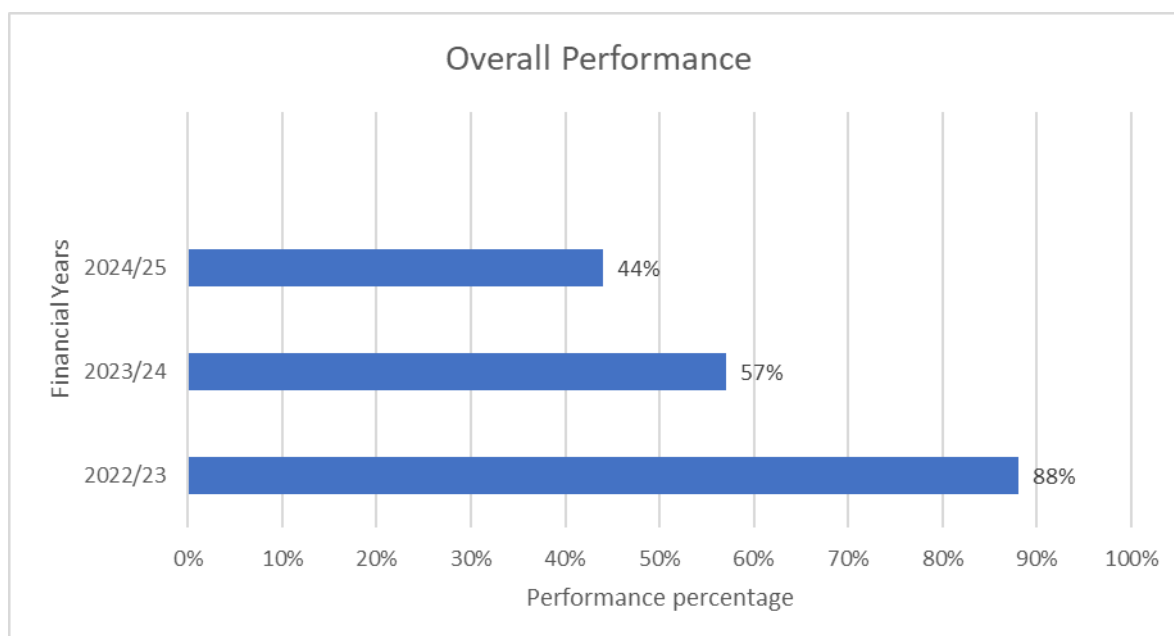
The delays pending the response from prospective funders proved to be a challenge therefore in the current financial year the Agency focused on providing support to the Dairy Production project and ensuring that oversight meetings to assist in the operations and financial management skills of the Dairy Projects are improved.

In the implementation of the Dairy project, the volume of milk produced by the farmer increased substantially due to the heifers which were purchased in the 2024/25 financial year .Agro-processing remains a key initiative in the UDDA's endeavours when supporting small, medium and micro-sized enterprises and various Agro-processing industries in product and process development, process optimization and scale-up piloting are in the pipe line.

This Key Focus Area had nine (9) targets planned, one (1) exceeded performance, three (3) reached the required level of performance and five (5) did not meet the required level of performance. The below chart illustrates the performance of the Key Focus Area in the 2024/25 financial year; further details are outlined in the APR below.



A Comparison of performance between the three (3) financial years was conducted, the graph below provides an assessment of the overall performance of the Key Focus Area in the 2022/23,2023/24 and 2024/25 financial years.



## 14 Economic Upliftment

For local economic development to be significant, we encourage all members of the community to take part in available economic activities to ensure adequate distribution of wealth for all businesses in the quest to enable improved quality of life. This is reasoning for the UDDA to work together with community leaders in each region in which it operates with the understanding that the community must seize their unique opportunities. The aim is not to swoop in and out of communities with hit-and-miss strategies. Success lies in empowering the communities toward self-reliance. Ongoing input at the local level to raise the local economy to a point where it can thrive on its own is top priority in the planned strategies for this Key Focus Area.

The Agency identified projects in the Agro-processing, Manufacturing, and Clothing and Textile sectors in the implementation of the Municipal Employment Initiative (MEI), a total of nine (9) projects received support in the form of tool of trade as the first step to ensure project growth in the previous financial year.

During the 2024/25 financial year a total of twenty-four (24) jobs were created through the support of the EPWP grant from the supported project Dairy Production (5) and the Wheelbarrow Steel Manufacturing (10), nine (9) Majuba TVET Farm establishment, however this project differs as the grant for the beneficiaries comes directly from Majuba TVET College. More jobs are expected to be created with the continued support of the Agency. Continuous monitoring and assistance are planned in the 2025/26 financial year to ensure that projects are investment ready and reach their envisaged full potential, tools that will monitor project performance have been developed and trainings on Business Financial Literacy and Record keeping are currently being planned with potentials partners in Business Development.

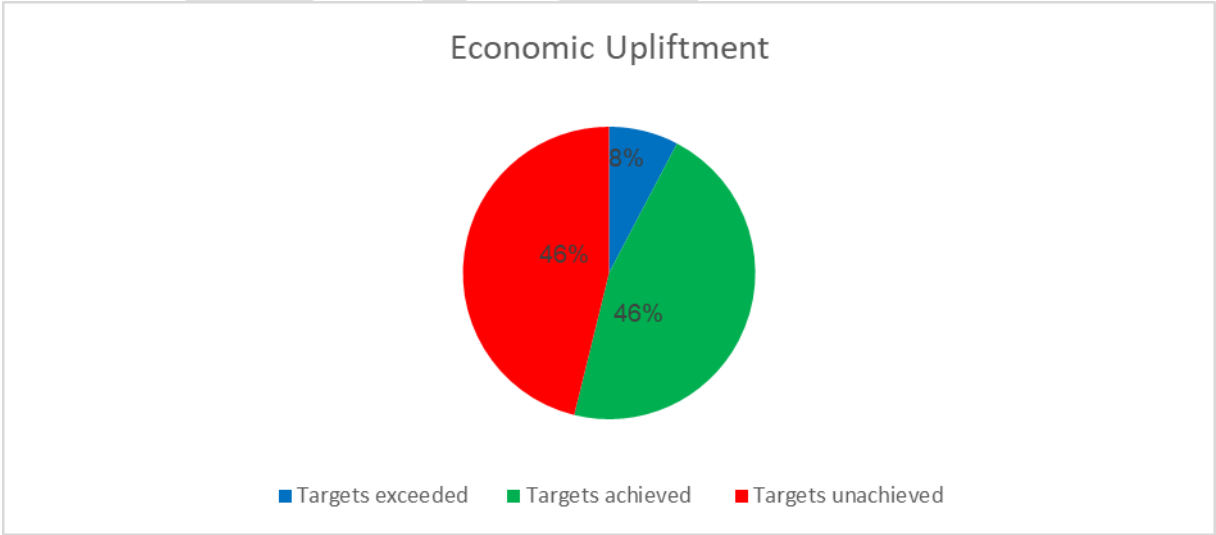


In the 2022/23 financial year ,Ssthembe Services was selected as a legacy project of the newly developed Integrated Spatial Development Plan, the project responds to the government initiatives targeted at establishing and revitalizing the industrial sector, currently the project focuses on wheelbarrow and garden tools with the capability of being a light steel metal fabrication manufacturer this will ensure SMME sustainability and job creation which are the main objectives of the NDP, PGDS, DGDP and the IDP. Construction of the metal fabrication plant is currently sitting at 80% as at the end of June 2025. An amount of R1 million has been received from KZN-EDTEA to execute the outstanding tasks for the project in the 2025/26 financial year.

Engagements are currently underway to align TVET course offerings with the district market requirements, the Agency management engaged with the TMC of Amajuba TVET and processes are underway for engagements with other TVETs that have campuses in our district. A good working relationship has been formed with the TVET as result the Agency was requested to be a Project Manager for the establishment of the Farm Establishment which will be used for Work Integrated Learning for the Agricultural students.

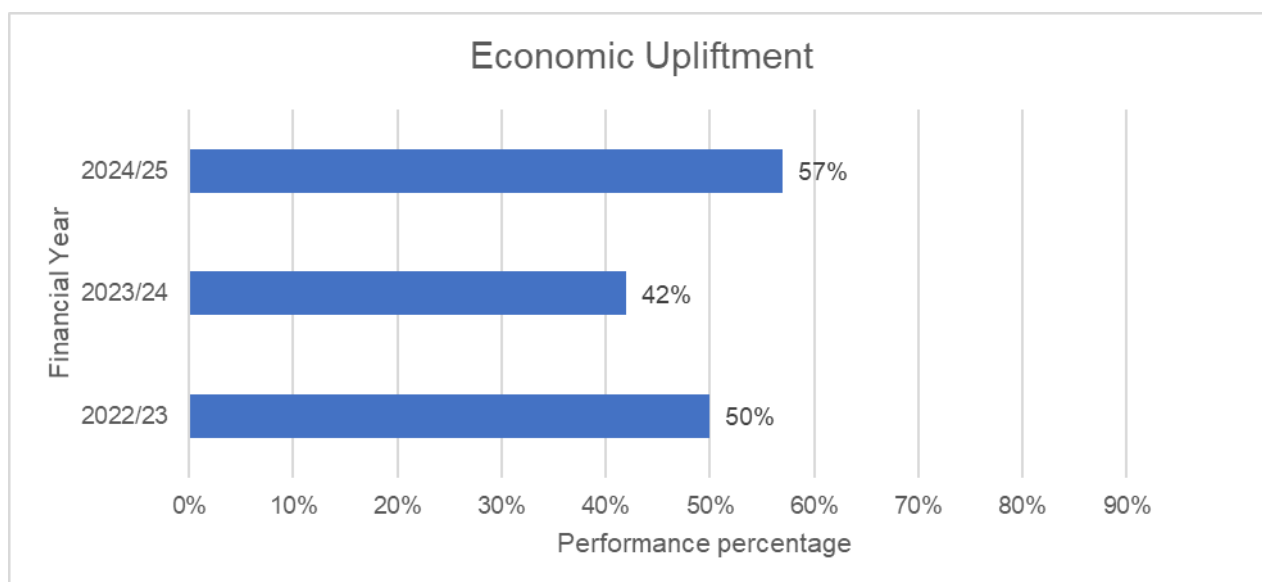
Mutually benefiting collaborations and partnerships with other developmental institutions remain a working strategy for the UDDA, with the notion that combined efforts produce greater results. Construction of the metal fabrication plant is currently sitting at 75% as at the end of June 2025.

The Key Performance Area had a total of thirteen (14) indicators for the 2024/25 financial year, one (2) exceeded required level of performance, six (6) were achieved, and six (6) were unachieved as illustrated in the below chart. Corrective measures are outlined in the APR below on various indicators that have been carried over to the 2024/25 financial year.



The graph below provides an illustration of the performance of this Key Focus Area in relation to performance in the 2022/23, 2023/24 and 2024/25 financial years.





The performance in this focus area decreased due to the delays in internal processes from formed partnerships and budget cuts which impacted the planned initiatives, however remedial action is being implemented, and target implementation is currently underway in the 2025/26 financial year.

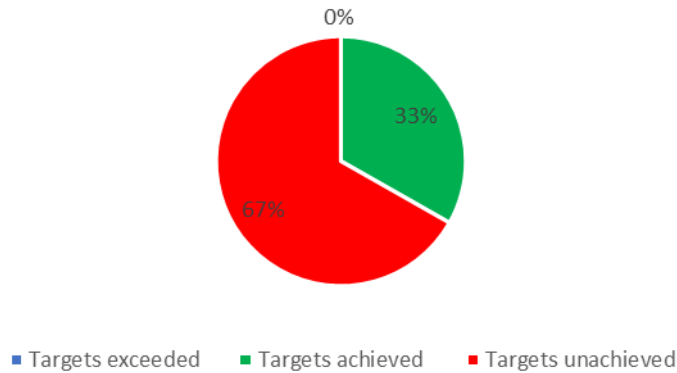
#### 15 Infrastructure Development

The Key Focus Area is a new performance area in the 2024/25 financial year; it is tasked with unlocking capital projects for commercial development to fast-track the project completion and ensure timeous project implementation and completion.

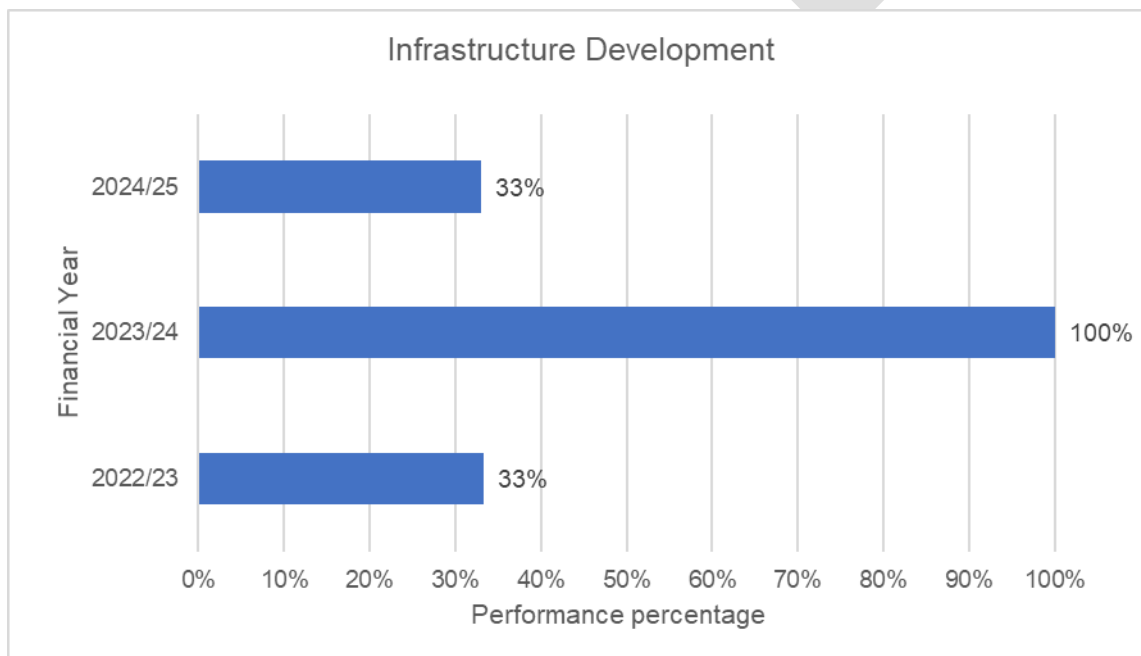
In the current financial year, the Agency's focus was on determining the available land and facilities for development and commercial projects within the district, strategic interventions that will drive economic development have been outlined on the ISEDP.

In the current financial year, three (3) targets were planned for implementation, one (1) was achieved, two (2) were unachieved. The below chart illustrates the performance of this KFA.

## Infrastructure Development



The focus area was introduced for implementation in the 2024/25 financial year; the graph below illustrates the overall performance of this KFA in the 2024/25 financial year.



## 16 Overall Performance of UDDA

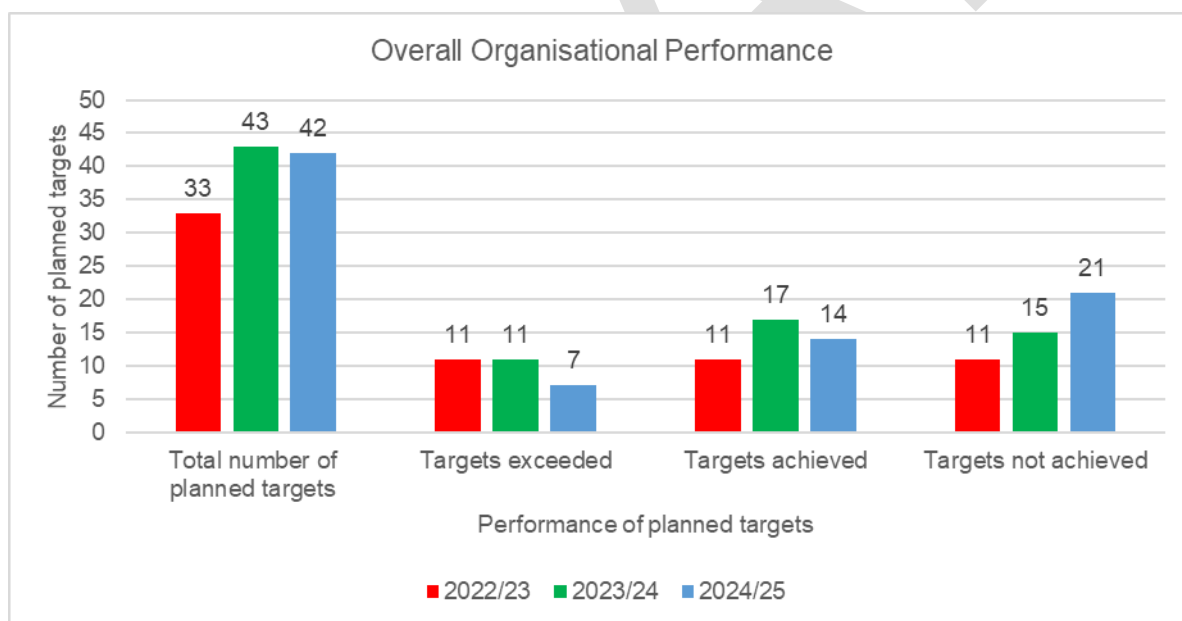
The 2024/25 Annual Performance Report reports provide progress made towards the implementation of the agreed-upon strategies and objectives, the financial year under review is the third year of implementation for the entity and the fourth year in the fifth generation IDP for the parent municipality.

Significant progress has been made in terms of achieving targets set out on the implementation plan which serves as a monitoring tool for the execution of measurable objectives outlined on the Agency's strategy.

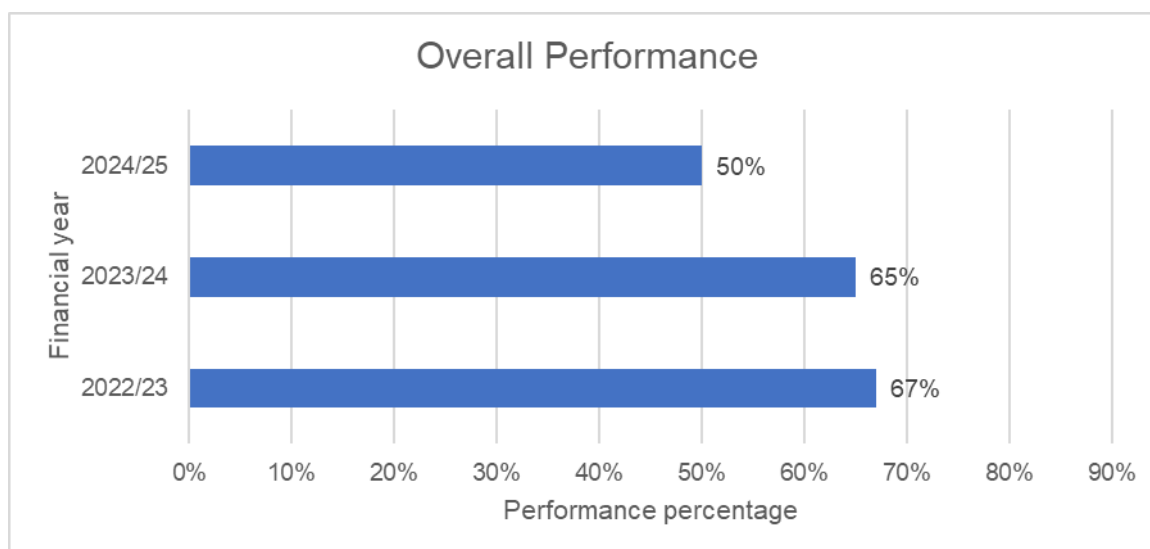
Despite challenges that were experienced in the implementation of the targets set for the 2024/25 financial year, effort was made to provide services to the community, the overall performance of the agency was below the set norm of 95-100%, measures to improve performance are in place and management is committed in the initiatives planned for implementation in the 2024/25 financial year, a performance improvement is anticipated.

In the current financial year, the overall performance of the UDDA was **50%** which is **15%** lower than the percentage achieved in 2024/25 financial year Organisational Scorecard performance. Factors that affected the performance of the Agency included the strained budget which impairs operations and project implementation. Engagements have been held with the parent municipality and commitment has been made to ensure timeous payment of grant funding, this has been confirmed as a priority for both agents to ensure District Local Economic Development. The District and Agency held their respective strategic planning sessions at which both the Agency and parent municipality were active participants, the Agency was identified as the lead implementing agent in economic development projects to eliminate silo planning and realize the vision of the DDM One Plan.

The number of targets planned over the past three (3) years are graphically represented below, there was an increase in the number of planned targets when compared to the previous financial year.



The graph below provides a comparative illustration of the overall performance of the UDDA in the 2022/23 ,2023/24 and 2024/25 financial years.



## 17 ANNUAL PERFORMANCE REPORT SUMMARY

In terms of Section 46 of the Municipal Systems Act (No. 32 of 2000) as amended, requires a municipality to prepare an annual performance report for the year under review, which becomes a component of the Annual Report, this is done in compliance with section 93A (a)(i) by the municipal entity.

For the 2024/25 financial year, the entity had a total of forty-two (42) key performance indicators, and they have been evaluated against the targets the summary is indicated below:

| NATIONAL KEY<br>PERFORMANCE<br>AREAS                      | TOTAL NUMBER<br>OF THE KEY<br>PERFORMANCE<br>INDICATORS | TARGETS<br>EXCEEDED | TARGETS<br>/ACHIEVED | TARGETS<br>NOT<br>ACHIEVED | %<br>Achievement<br>per KFA |
|-----------------------------------------------------------|---------------------------------------------------------|---------------------|----------------------|----------------------------|-----------------------------|
| GOVERNANCE,<br>MANAGEMENT AND<br>INVESTMENT<br>ATTRACTION | 16                                                      | 4                   | 4                    | 8                          | 50%                         |

| NATIONAL KEY PERFORMANCE AREAS           | TOTAL NUMBER OF THE KEY PERFORMANCE INDICATORS | TARGETS EXCEEDED | TARGETS /ACHIEVED | TARGETS NOT ACHIEVED | % Achievement per KFA |
|------------------------------------------|------------------------------------------------|------------------|-------------------|----------------------|-----------------------|
| AGRICULTURAL SECTOR ECONOMIC DEVELOPMENT | 9                                              | 1                | 3                 | 5                    | 44%                   |
| ECONOMIC UPLIFTMENT                      | 14                                             | 2                | 6                 | 6                    | 57%                   |
| INFRASTRUCTURE DEVELOPMENT               | 3                                              | 0                | 1                 | 2                    | 33%                   |
| <b>TOTAL</b>                             | 42                                             | 7                | 14                | 21                   |                       |
| <b>% STATUS</b>                          |                                                | 17%              | 33%               | 50%                  | 100%                  |

From the above, **17%** of planned targets exceeded the required performance, and **33%** reached the required level of performance thus giving us **50%** targets achieved in the 2024/25 financial year with **50%** of planned targets being under achieved. **ANNUAL PERFORMANCE**

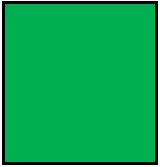
Below is the unaudited Annual Performance Report for the year under review which provides more details in terms of the successes achieved by the entity and also indicates some of the challenges experienced by the municipality in not achieving some of the targets:

#### **Dashboard Legend**

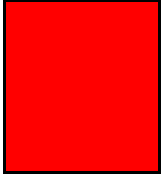
Target exceeded



Target met



Target not achieved



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UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA                                   | UD M GOAL                                                                                                      | UD D A GOAL | OBJEC TIVE                                                                              | STRATE GY                                                               | KPI                                                              | Previous Year                               |                                             | Current year performance                      |                                               |                                               | Dashb oard           | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target                                                                        | Means of verificatio n | Respo nsible Depa rtmen t |
|--------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|----------------------|------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------|---------------------------|
|        |                                                  |                                                                                                                |             |                                                                                         |                                                                         |                                                                  | 2023/24 Target                              | 2023/24 Actual Performanc e                 | 2024/2 5 Target                               | 2024/2 5 Adjuste d Target                     | 2024/2 5 Actual Performanc e                  |                      |                                                                              |                                             |                                                                                                    |                        |                           |
|        |                                                  |                                                                                                                |             |                                                                                         |                                                                         |                                                                  |                                             |                                             |                                               |                                               |                                               |                      |                                                                              |                                             |                                                                                                    |                        |                           |
| SP 1.1 | GOVERNANCE, MANAGEMENT AND INVESTMENT ATTRACTION | HIGH PERFORMANCE MUNICIPALITY LEADING IN TRANSFORMATION AND THROUGH GOOD LEADERSHIP, STRATEGIC DIRECTION, GOOD |             | Institut e inclusi ve, viable, transp arent, and accou ntable gover nance and mana geme | Ensure timely develo pment and adopti on of key legislati ve docum ents | Date of adoption of final and draft budget by Board Of Directors | 29 February 2024(Draft) 31 May 2024 (Final) | 26 February 2024(Draft) 13 May 2024 (Final) | 28 Februa ry 2025 (Draft) 31 May 2025 (Final) | 28 Februa ry 2025 (Draft) 31 May 2025 (Final) | 25 Febru ary 2025 (Draft) 27 May 2025(F inal) | Target overac hieved | Final budget was submitt ed before the targete d date.                       |                                             | Final budget adopted by the 31st of May 2026 and Draft budget adopted by the 28th of February 2026 | Board Resolution       | Office of the CEO and CFO |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |               |           |                                                                                                                            |                                             |                              |                                               |                                               |                                               |                      |                                                                              |                                             |                                                                                                                                                                         |                       |                           |
|-------------------------------------------|----------------|-----------|-------------|---------------|-----------|----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|----------------------|------------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |               |           |                                                                                                                            |                                             |                              |                                               |                                               |                                               |                      |                                                                              |                                             |                                                                                                                                                                         |                       |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE    | STRATE GY | KPI                                                                                                                        | Previous Year                               |                              | Current year performance                      |                                               |                                               | Dashb oard           | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target                                                                                                                                             | Means of verification | Respo nsible Depa rtmen t |
|                                           |                |           |             |               |           |                                                                                                                            | 2023/24 Target                              | 2023/24 Actual Performanc e  | 2024/2 5 Target                               | 2024/2 5 Adjuste d Target                     | 2024/2 5 Actual Performanc e                  |                      |                                                                              |                                             |                                                                                                                                                                         |                       |                           |
|                                           |                |           |             |               |           |                                                                                                                            |                                             |                              |                                               |                                               |                                               |                      |                                                                              |                                             |                                                                                                                                                                         |                       |                           |
| SP 1.2                                    |                |           |             | nt practi ces |           | <div>Date of adoption of draft and final Multi-year Business Plan and Organisational Scorecard by Board of Directors</div> | 29 February 2024(Draft) 31 May 2024 (Final) | 26 February 2024 13 May 2024 | 29 Februa ry 2025 (Draft) 31 May 2025 (Final) | 28 Februa ry 2025 (Draft) 31 May 2025 (Final) | 25 Febru ary 2025 (Draft) 27 May 2025(F inal) | Target overac hieved | Multi- year Business Plan was submitt ed before the targete d date.          |                                             | Draft adopted by the 28th of February 2026 and final Multi- year Business Plan and Organisa tional Scorecar d adopted by the 31st of May 2026 by the Board of Directors | Board Resolution      | Office of the CEO and CFO |



UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                                                                                                | Previous Year                                |                              | Current year performance                     |                                              |                                             | Dashboard           | Reasons for variance between the Target and Actual Performance /Comments     | Corrective Measures on under performance | 2025/26 Performance Target                                                                                                                            | Means of verification | Responsible Department    |
|--------|----------------|-----------|-------------|-----------|----------|----------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------|----------------------------------------------|----------------------------------------------|---------------------------------------------|---------------------|------------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------|
|        |                |           |             |           |          |                                                                                                    | 2023/24 Target                               | 2023/24 Actual Performance   | 2024/25 Target                               | 2024/25 Adjusted Target                      | 2024/25 Actual Performance                  |                     |                                                                              |                                          |                                                                                                                                                       |                       |                           |
| SP 1.3 |                |           |             |           |          | ◀ Date of submission of final budget, multi-year business plan and Organisational Scorecard to UDM | 29 February 2024 (Draft) 31 May 2024 (Final) | 26 February 2024 14 May 2024 | 29 February 2025 (Draft) 31 May 2025 (Final) | 28 February 2025 (Draft) 31 May 2025 (Final) | 25 February 2025 (Draft) 27 May 2025(Final) | Target overachieved | Multi-year Business Plan and Budget were submitted before the targeted date. |                                          | Draft and final budget, Multi-year Business Plan and Organisational Scorecard submitted by 28th February 2026 and final submitted by 31st of May 2026 | Proof of submission   | Office of the CEO and CFO |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY                                                                 | KPI                    | Previous Year  |                            | Current year performance |                         |                            | Dashboard           | Reasons for variance between the Target and Actual Performance /Comments               | Corrective Measures on under performance | 2025/26 Performance Target                 | Means of verification    | Responsible Department                                        |
|--------|----------------|-----------|-------------|-----------|--------------------------------------------------------------------------|------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|---------------------|----------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------|--------------------------|---------------------------------------------------------------|
|        |                |           |             |           |                                                                          |                        | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |                     |                                                                                        |                                          |                                            |                          |                                                               |
| SP 1.4 |                |           |             |           | Establishment of innovative support on ICT through digital technologies. | Number of website hits | 400 hits       | 289 hits                   | 400 hits                 | 400 hits                | 4400hits                   | Target overachieved | Content on the website was relevant to the public interest hence the influx in numbers |                                          | 1800 website hits by the 30th of June 2026 | Website Analytics Report | Office of the CEO & Business Finance and Investment Promotion |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                                                    | Previous Year                            |                                          | Current year performance |                         |                            | Dashboard           | Reasons for variance between the Target and Actual Performance /Comments                                                             | Corrective Measures on under performance                                                                                                                        | 2025/26 Performance Target                                             | Means of verification                  | Responsible Department                                        |
|--------|----------------|-----------|-------------|-----------|----------|--------------------------------------------------------|------------------------------------------|------------------------------------------|--------------------------|-------------------------|----------------------------|---------------------|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------|---------------------------------------------------------------|
|        |                |           |             |           |          |                                                        | 2023/24 Target                           | 2023/24 Actual Performance               | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |                     |                                                                                                                                      |                                                                                                                                                                 |                                                                        |                                        |                                                               |
| SP 1.5 |                |           |             |           |          | Date of adoption of ICT Strategy by Board of Directors | New Indicator in 2024/25 financial year. | New Indicator in 2024/25 financial year. | 31 May 2025              | 31 May 2025             | 0                          | Target not achieved | The ICT strategy forms part of the shared services requested from the parent municipality; however, it has not yet been implemented. | Efforts will be intensified with the parent municipality to ensure that the UDA is formally included in the Parent Municipality's ICT Steering Committee in the | Adoption of ICT Strategy by Board of Directors by the 31st of May 2026 | Screenshot of Website Board Resolution | Office of the CEO & Business Finance and Investment Promotion |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |                                                                                |                               |                |                             |                          |                           |                              |            |                                                                              |                                             |                               |                                |                           |
|-------------------------------------------|----------------|-----------|-------------|------------|--------------------------------------------------------------------------------|-------------------------------|----------------|-----------------------------|--------------------------|---------------------------|------------------------------|------------|------------------------------------------------------------------------------|---------------------------------------------|-------------------------------|--------------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |                                                                                |                               |                |                             |                          |                           |                              |            |                                                                              |                                             |                               |                                |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY                                                                      | KPI                           | Previous Year  |                             | Current year performance |                           |                              | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target   | Means of verificatio n         | Respo nsible Depa rtmen t |
|                                           |                |           |             |            |                                                                                |                               | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actual Performanc e |            |                                                                              |                                             |                               |                                |                           |
|                                           |                |           |             |            |                                                                                |                               |                |                             |                          |                           |                              |            |                                                                              |                                             |                               |                                |                           |
|                                           |                |           |             |            |                                                                                |                               |                |                             |                          |                           |                              |            |                                                                              | 2025/26 financi al year.                    |                               |                                |                           |
| SP 1.6                                    |                |           |             |            | Facilitat e the sitting of the Board of Director s as per BOD schedul ed dates | Number of Board Meetings held | 4              | 4                           | 4                        | 4                         | 4                            | Achiev ed  |                                                                              |                                             | Four (4) Board meeting s held | Attendan ce register / Minutes | Office of the CEO         |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                                                             | Previous Year                            |                                          | Current year performance |                         |                            | Dashboard           | Reasons for variance between the Target and Actual Performance /Comments                                  | Corrective Measures on under performance                                                                                                           | 2025/26 Performance Target | Means of verification        | Responsible Department                                      |
|--------|----------------|-----------|-------------|-----------|----------|-----------------------------------------------------------------|------------------------------------------|------------------------------------------|--------------------------|-------------------------|----------------------------|---------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------------------|-------------------------------------------------------------|
|        |                |           |             |           |          |                                                                 | 2023/24 Target                           | 2023/24 Actual Performance               | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |                     |                                                                                                           |                                                                                                                                                    |                            |                              |                                                             |
| SP 1.7 |                |           |             |           |          | Number of Inter-departmental Economic Task Teams (AWG) attended | New Indicator in 2023/24 financial year. | New Indicator in 2023/24 financial year. | 4                        | 4                       | 2                          | target not achieved | There was a change in structure from Action Work Groups to align the seating of the structure to the DDM. | The indicator will be revised to align the Agency with the new reporting structure that is convened by EDTEA and will be moved to the departmental | n/a                        | Attendance registers Minutes | Office of the CEO Business Finance and Investment Promotion |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |                |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                     |                             |                        |                           |
|-------------------------------------------|----------------|-----------|----------------|------------|-----------|-----|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |                |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                     |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A G O A L | OBJEC TIVE | STRATE GY | KPI | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance                         | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |                |            |           |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                              |                                                                     |                             |                        |                           |
|                                           |                |           |                |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                     |                             |                        |                           |
|                                           |                |           |                |            |           |     |                |                             |                          |                           |                               |            |                                                                              | perform ance plan since the Entity has no control over its sitting. |                             |                        |                           |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY                                                             | KPI                                                                        | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Performance /Comments                                                                       | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target                                                                      | Means of verificatio n        | Respo nsible Depa rtmen t                                       |
|--------|----------------|-----------|-------------|------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------------|
|        |                |           |             |            |                                                                       |                                                                            | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                                                                                                  |                                             |                                                                                                  |                               |                                                                 |
| SP 1.8 |                |           |             |            | Form strategi c partner ships with private and public sector entities | Number of new strategic public/pri vate partnershi p relationsh ips formed | 2              | 2                           | 2                        | 2                         | 2                             | Achiev ed  | Two relation ships were formed between UDA and EDTEA for the support of the Legacy project and TIKZN for the One stop shop which will be actione |                                             | Two(2) new strategic public/p rivate partners hip relations hips formed by the 30th of June 2026 | Attendan ce registers Minutes | Office of the CEO Busin ess Finan ce and Invest ment Prom otion |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No . | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI | Previous Year  |                            | Current year performance |                         |                            | Dashboard | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance | 2025/26 Performance Target | Means of verification | Responsible Department |
|------|----------------|-----------|-------------|-----------|----------|-----|----------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------|--------------------------------------------------------------------------|------------------------------------------|----------------------------|-----------------------|------------------------|
|      |                |           |             |           |          |     | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |           |                                                                          |                                          |                            |                       |                        |
|      |                |           |             |           |          |     |                |                            |                          |                         |                            |           |                                                                          |                                          |                            |                       |                        |
|      |                |           |             |           |          |     |                |                            |                          |                         |                            |           | d in 202526 Financial Year.                                              |                                          |                            |                       |                        |



| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |                                                                 |                                                                                        |                |                             |                          |                           |                               |                     |                                                                                                                                                        |                                                                                                                                                       |                                                                   |                        |                           |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |                                                                 |                                                                                        |                |                             |                          |                           |                               |                     |                                                                                                                                                        |                                                                                                                                                       |                                                                   |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY                                                       | KPI                                                                                    | Previous Year  |                             | Current year performance |                           |                               | Dashb oard          | Reason s for varianc e between the Target and Actual Perform ance /Comm ents                                                                           | Correcti ve Measur es on under perform ance                                                                                                           | 2025/26 Perform ance Target                                       | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |             |            |                                                                 |                                                                                        | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |                     |                                                                                                                                                        |                                                                                                                                                       |                                                                   |                        |                           |
|                                           |                |           |             |            |                                                                 |                                                                                        |                |                             |                          |                           |                               |                     |                                                                                                                                                        |                                                                                                                                                       |                                                                   |                        |                           |
| SP 1.9                                    |                |           |             |            | Practic e efficien t and effectiv e progra mme implem entatio n | Percenta ge of resolution s impleme nted as per Board Of Directors resolution register | 95-100%        | 95-100%                     | 95-100%                  | 95-100%                   | 77%                           | Target not achieved | Agency is waiting for the Parent Municip ality, regardi ng the signed letter for second ment of the CEO as well as the availabi lity of the Executi ve | The follow up was made by the Senior Manag er Business Finance and Investm ent Promoti on, still waiting for the Parent Municip ality. The Acting CEO | 95-100% resolution s impleme nted as per BOD resolutio n register | Resolution register    | Office of the CEO         |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                                                 |                             |                        |                           |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------|-----|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                                                 |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance                                                                     | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |             |            |           |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                              |                                                                                                                 |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                                                 |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                               |            | Commit tee to meet with the Board Membe rs.                                  | will write a formal letter requesti ng the respons e for both request s. Proof of commu nicatio n is attach ed. |                             |                        |                           |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .     | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY                                                      | KPI                                                                | Previous Year  |                             | Current year performance |                           |                               | Dashb oard           | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance               | 2025/26 Perform ance Target                                     | Means of verificatio n                    | Respo nsible Depa rtmen t |
|----------|----------------|-----------|-------------|------------|----------------------------------------------------------------|--------------------------------------------------------------------|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|----------------------|------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------|---------------------------|
|          |                |           |             |            |                                                                |                                                                    | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |                      |                                                                              |                                                           |                                                                 |                                           |                           |
| SP 1.1 0 |                |           |             |            | Monitor and evaluat e manda te and progra mme implem entatio n | Percenta ge of planned Organisat ional Scorecar d targets achieved | 95-100%        | 65%                         | 95-100%                  | 95-100%                   | 50%                           | Target not achiev ed | Reason s for under achiev ement are given on individu al indicat or          | Correcti ve measur es are given on individu al indicat or | 95-100% of planned Organisa tional Scorecar d targets achieve d | Quarterly and Annual Performan ce Reports | Office of the CEO         |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |           |                                                         |                |                             |                          |                           |                              |                      |                                                                              |                                                                                                                                                |                                                      |                          |                                                                        |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------|---------------------------------------------------------|----------------|-----------------------------|--------------------------|---------------------------|------------------------------|----------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------|------------------------------------------------------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |           |                                                         |                |                             |                          |                           |                              |                      |                                                                              |                                                                                                                                                |                                                      |                          |                                                                        |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI                                                     | Previous Year  |                             | Current year performance |                           |                              | Dashb oard           | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance                                                                                                    | 2025/26 Perform ance Target                          | Means of verification    | Respo nsible Depa rtmen t                                              |
|                                           |                |           |             |            |           |                                                         | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actual Performanc e |                      |                                                                              |                                                                                                                                                |                                                      |                          |                                                                        |
|                                           |                |           |             |            |           |                                                         |                |                             |                          |                           |                              |                      |                                                                              |                                                                                                                                                |                                                      |                          |                                                                        |
| SP 1.1                                    |                |           |             |            |           | Percanta ge of risk mitigatio n strategies impleme nted | 95-100%        | 95-100%                     | 95-100%                  | 95-100%                   | 94%                          | Target not achiev ed | Some of action plans were not implem ented, due to a limited budget .        | The Agency will continu e to explore alternat ive revenu e source through forming strategi c partner ships. Planne d implem entatio n of these | 80-100% of risk mitigatio n strategie s impleme nted | Manage ment risk reports | Office of the CEO, CFO & Busin ess Finan ce and Invest ment Prom otion |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |           |          |     |                |                            |                          |                         |                            |           |                                                                          |                                                                      |                            |                       |                        |
|-------------------------------------------|----------------|-----------|-------------|-----------|----------|-----|----------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------|--------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------|-----------------------|------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |           |          |     |                |                            |                          |                         |                            |           |                                                                          |                                                                      |                            |                       |                        |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI | Previous Year  |                            | Current year performance |                         |                            | Dashboard | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance                             | 2025/26 Performance Target | Means of verification | Responsible Department |
|                                           |                |           |             |           |          |     | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |           |                                                                          |                                                                      |                            |                       |                        |
|                                           |                |           |             |           |          |     |                |                            |                          |                         |                            |           |                                                                          | plans will be done in the next financial year by end of quarter one. |                            |                       |                        |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .     | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE                                            | STRATE GY                                | KPI                             | Previous Year                        |                                      | Current year performance               |                                        |                               | Dashb oard      | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target      | Means of verificatio n | Respo nsible Depa rtmen t            |
|----------|----------------|-----------|-------------|-------------------------------------------------------|------------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|----------------------------------------|----------------------------------------|-------------------------------|-----------------|------------------------------------------------------------------------------|---------------------------------------------|----------------------------------|------------------------|--------------------------------------|
|          |                |           |             |                                                       |                                          |                                 | 2023/24 Target                       | 2023/24 Actual Performanc e          | 2024/2 5 Target                        | 2024/2 5 Adjuste d Target              | 2024/2 5 Actua l Performanc e |                 |                                                                              |                                             |                                  |                        |                                      |
| SP 1.1 2 |                |           |             | Promo tion of self-sufficie nt econo mic develo pment | Mobiliz e funding for agency operati ons | External Auditors audit outcome | unqualified with matters of emphasis | unqualified with matters of emphasis | unquali fied with matters of empha sis | unquali fied with matters of empha sis | unqua lified with matte rs    | Target achieved |                                                                              |                                             | External Auditors audit outcom e | AG Action Plan         | Office of the CEO Offic e of the CFO |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .     | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                                                       | Previous Year                            |                                          | Current year performance |                         |                            | Dashboard           | Reasons for variance between the Target and Actual Performance /Comments     | Corrective Measures on under performance                                       | 2025/26 Performance Target                     | Means of verification | Responsible Department              |
|----------|----------------|-----------|-------------|-----------|----------|-----------------------------------------------------------|------------------------------------------|------------------------------------------|--------------------------|-------------------------|----------------------------|---------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------|-----------------------|-------------------------------------|
|          |                |           |             |           |          |                                                           | 2023/24 Target                           | 2023/24 Actual Performance               | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |                     |                                                                              |                                                                                |                                                |                       |                                     |
| SP 1.1 3 |                |           |             |           |          | Number of Management Positions filled                     | New Indicator in 2024/25 financial year. | New Indicator in 2024/25 financial year. | 2                        | 2                       | 2                          | Target achieved     |                                                                              |                                                                                | Reviewal of HR Plan (2)                        | Appointment letters   | Office of the CEO                   |
| SP 1.1 4 |                |           |             |           |          | Percentage of own revenue sourced versus grant allocation | 1%                                       | 1%                                       | 1%                       | 1%                      | 0.47%                      | Target not achieved | Due to not having enough funds, the Agency did not receive its tranches from | The Agency is currently trying other alternatives ways to generate more income | 1% own revenue sourced versus grant allocation | Financial reports     | Office of the CEO Office of the CFO |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No . | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI | Previous Year  |                            | Current year performance |                         |                            | Dashboard | Reasons for variance between the Target and Actual Performance /Comments                                                              | Corrective Measures on under performance                                                                                                                  | 2025/26 Performance Target | Means of verification | Responsible Department |
|------|----------------|-----------|-------------|-----------|----------|-----|----------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------|------------------------|
|      |                |           |             |           |          |     | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |           |                                                                                                                                       |                                                                                                                                                           |                            |                       |                        |
|      |                |           |             |           |          |     |                |                            |                          |                         |                            |           |                                                                                                                                       |                                                                                                                                                           |                            |                       |                        |
|      |                |           |             |           |          |     |                |                            |                          |                         |                            |           | the Parent Municipality as per agreement and the Agency has not yet been able to secure projects that will able them to yield revenue | to be able to probe into projects like the Majuba TVET College which will yield to the Agency generating revenue so that it's able to have enough revenue |                            |                       |                        |



| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |                |            |           |     |                |                             |                          |                           |                              |            |                                                                              |                                             |                             |                        |                           |
|-------------------------------------------|----------------|-----------|----------------|------------|-----------|-----|----------------|-----------------------------|--------------------------|---------------------------|------------------------------|------------|------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |                |            |           |     |                |                             |                          |                           |                              |            |                                                                              |                                             |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A G O A L | OBJEC TIVE | STRATE GY | KPI | Previous Year  |                             | Current year performance |                           |                              | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |                |            |           |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actual Performanc e |            |                                                                              |                                             |                             |                        |                           |
|                                           |                |           |                |            |           |     |                |                             |                          |                           |                              |            |                                                                              |                                             |                             |                        |                           |
|                                           |                |           |                |            |           |     |                |                             |                          |                           |                              |            |                                                                              | e in the 2025/26 financi al year.           |                             |                        |                           |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .     | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY                               | KPI                                                       | Previous Year                                                                                                                                                     |                                                                                                                                                                                                    | Current year performance |                         |                            | Dashboard           | Reasons for variance between the Target and Actual Performance /Comments                                                          | Corrective Measures on under performance                                                                            | 2025/26 Performance Target                                    | Means of verification                  | Responsible Department                                      |
|----------|----------------|-----------|-------------|-----------|----------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------|----------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------|
|          |                |           |             |           |                                        |                                                           | 2023/24 Target                                                                                                                                                    | 2023/24 Actual Performance                                                                                                                                                                         | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |                     |                                                                                                                                   |                                                                                                                     |                                                               |                                        |                                                             |
| SP 1.1 5 |                |           |             |           | Mobilize funding for project financing | Number of deal proposals submitted to prospective funders | 10Mjoiniza Dairy Production Beef resuscitationCannabis Goat Production Ssthembe Steel FabricationSM Branding Mhlongomuhle Nelisiwe 999AbiChem Maize Massification | 15Mjoiniza Dairy Production(2)Penny Marrie (1)Galela Projects(1) Ssthembe Steel Fabrication(3)SM Branding (2)Mhlongomuhle (1)Nelisiwe 999(2)AbiChem (1)Cannabis (1)Amajuba Farm establishments (1) | 10                       | 10                      | 2                          | Target not achieved | Only 2 Applications were submitted, due to the criteria for the opened DFIs it was only applicable for Ssthembe and Nelisiwe 999. | Agency will continue exploring other DFIs that focuses in all the supported projects in the 2025/26 financial year. | Eight(8)funding applications submitted to prospective funders | Funding applicationProof of submission | Office of the CEO Business Finance and Investment Promotion |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .     | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI                            | Previous Year                       |                                     | Current year performance |                           |                              | Dashb oard          | Reason s for varianc e between the Target and Actual Perform ance /Comm ents                                                         | Correcti ve Measur es on under perform ance                                                                                                          | 2025/26 Perform ance Target    | Means of verificatio n | Respo nsible Depa rtmen t |
|----------|----------------|-----------|-------------|------------|-----------|--------------------------------|-------------------------------------|-------------------------------------|--------------------------|---------------------------|------------------------------|---------------------|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------|---------------------------|
|          |                |           |             |            |           |                                | 2023/24 Target                      | 2023/24 Actual Performanc e         | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actual Performanc e |                     |                                                                                                                                      |                                                                                                                                                      |                                |                        |                           |
| SP 1.1 6 |                |           |             |            |           | R Value of Investme nt secured | New indicator 202425 Financial year | New indicator 202425 Financial year | R2 000 000.00            | R2 000 000.00             | R1 000 000.00                | Target not achieved | Due to limited number of Funding Deal Institutions which had many limits, the Agency could not secure funding as initially planne d. | The Agency will look for other alternat ives like global organiz ations or NGOs with funding progra ms to ensure that funding is indeed secure d, as | R Value of Investme nt secured | Funding agreeme nts    | Office of the CEO         |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No . | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI | Previous Year  |                            | Current year performance |                         |                            | Dashboard | Reasons for variance between the Target and Actual Performance /Comments                                            | Corrective Measures on under performance | 2025/26 Performance Target | Means of verification | Responsible Department |
|------|----------------|-----------|-------------|-----------|----------|-----|----------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------|---------------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------|-----------------------|------------------------|
|      |                |           |             |           |          |     | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |           |                                                                                                                     |                                          |                            |                       |                        |
|      |                |           |             |           |          |     |                |                            |                          |                         |                            |           |                                                                                                                     |                                          |                            |                       |                        |
|      |                |           |             |           |          |     |                |                            |                          |                         |                            |           | that will assist great in terms of generating revenue to keep the Agency sustainable in the 2025/26 financial year. |                                          |                            |                       |                        |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .    | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY                             | KPI                                                                                                       | Previous Year                                                                                                                                                      |                                                                                                                                                                         | Current year performance                                                                                  |                                                                                                           |                            | Dashboard           | Reasons for variance between the Target and Actual Performance /Comments                                            | Corrective Measures on under performance                                                                                                                      | 2025/26 Performance Target                                                                              | Means of verification      | Responsible Department                                         |
|---------|----------------|-----------|-------------|-----------|--------------------------------------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|----------------------------|----------------------------------------------------------------|
|         |                |           |             |           |                                      |                                                                                                           | 2023/24 Target                                                                                                                                                     | 2023/24 Actual Performance                                                                                                                                              | 2024/25 Target                                                                                            | 2024/25 Adjusted Target                                                                                   | 2024/25 Actual Performance |                     |                                                                                                                     |                                                                                                                                                               |                                                                                                         |                            |                                                                |
|         |                |           |             |           |                                      |                                                                                                           |                                                                                                                                                                    |                                                                                                                                                                         |                                                                                                           |                                                                                                           |                            |                     |                                                                                                                     |                                                                                                                                                               |                                                                                                         |                            |                                                                |
| SP 1.17 |                |           |             |           | Invest in viable commercial projects | Number of commercial projects supported with finances/mentorin g and advisory services /capacity building | 10 Mjoiniza Dairy Production Beef resuscitati on Hemp Goat Production Ssthembe Steel Fabricatio n SM Branding Mhlongom uhle Nelisiwe 999 AbiChem Maize Massificati | 10 Mjoiniza Dairy Production Beef resuscitatio n Nobenguni Hemp Goat Production Ssthembe Steel Fabrication SM Branding Mhlongomu hle Nelisiwe 999 AbiChem Pennie Marrie | 9 BPO Mhlong omuhle Mjoiniz a Penny Marrie Hemp Produc tion Ssthem be Abi Chem SM Brandin g Nelisiw e 999 | 9 BPO Mhlong omuhle Mjoiniz a Penny Marrie Hemp Produc tion Ssthem be Abi Chem SM Brandin g Nelisiw e 999 | 7                          | Target not achieved | 2 Projects (BPO &Hemp ) were put on hold due to funding require d for the implem entatio n and their deliver ables. | Engage ments with Projects owners will be done in the next quarter (Quarte r 1 of 2025/26 ), the Agency will ensure that these 2 projects get funding so they | 9 BPO Mhlongo muhle Mjoiniza Penny Marrie Hemp Producti on Ssthem b e Abi Chem SM Branding Nelisiwe 999 | Quarterly Progress Reports | Office of the CEO Business Finan ce and Invest ment Prom otion |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                             |                             |                        |                           |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------|-----|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                             |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |             |            |           |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                              |                                             |                             |                        |                           |
|                                           |                |           |             |            |           |     | on             |                             |                          |                           |                               |            |                                                                              | will be operational.                        |                             |                        |                           |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                                          |                                                                    |                                                     |            |           |                                                                                                         |                                      |                                      |                          |                           |                               |                     |                                                                                    |                                                                                                                                             |                                                                                               |                                  |                                                                 |
|-------------------------------------------|------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------|------------|-----------|---------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|---------------------------|-------------------------------|---------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                                          |                                                                    |                                                     |            |           |                                                                                                         |                                      |                                      |                          |                           |                               |                     |                                                                                    |                                                                                                                                             |                                                                                               |                                  |                                                                 |
| No .                                      | KEY FOCUS AREA                           | UD M GOAL                                                          | UD D A GOAL                                         | OBJEC TIVE | STRATE GY | KPI                                                                                                     | Previous Year                        |                                      | Current year performance |                           |                               | Dashb oard          | Reason s for varianc e between the Target and Actual Perform ance /Comm ents       | Correcti ve Measur es on under perform ance                                                                                                 | 2025/26 Perform ance Target                                                                   | Means of verification            | Respo nsible Depa rtmen t                                       |
|                                           |                                          |                                                                    |                                                     |            |           |                                                                                                         | 2023/24 Target                       | 2023/24 Actual Performanc e          | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |                     |                                                                                    |                                                                                                                                             |                                                                                               |                                  |                                                                 |
|                                           |                                          |                                                                    |                                                     |            |           |                                                                                                         |                                      |                                      |                          |                           |                               |                     |                                                                                    |                                                                                                                                             |                                                                                               |                                  |                                                                 |
| SP2 .1                                    | Agricultural Sector Economic Development | Economically viable Dsitrict Prominent Investment and Job Creation | Diversify, Innovate Upgrade Active Economic Sectors |            |           | Number of engage ments with potential funders for the District Wide Hemp and Cannabis Feasibility Study | New indicator 2024/25 financial year | New indicator 2024/25 financial year | 2                        | 2                         | 0                             | Target not achieved | A change in leaders hip tempor arily stalled engag ements with potenti al funders. | The office of the CEO will initiate targete d funding engag ements with agricult ural sectors and relevan t provinci al Entities in Quarter | Two (2) engage ments with potential funders for the District Wide Hemp and Feasibilit y Study | Minutes and attendan ce register | Office of the CEO Busin ess Finan ce and Invest ment Prom otion |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |           |          |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                                                                                                   |                             |                        |                           |
|-------------------------------------------|----------------|-----------|-------------|-----------|----------|-----|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |           |          |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                                                                                                   |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance                                                                                                                       | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |             |           |          |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                              |                                                                                                                                                                   |                             |                        |                           |
|                                           |                |           |             |           |          |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                                                                                                   |                             |                        |                           |
|                                           |                |           |             |           |          |     |                |                             |                          |                           |                               |            |                                                                              | 2 and Quarter 4 of the 2025/26 financi al year. The objecti ve is to secure at least two formal partner ship commit ments and progres s the feasibilit y study to |                             |                        |                           |



UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                         | Previous Year                        |                                      | Current year performance |                         |                            | Dashboard           | Reasons for variance between the Target and Actual Performance /Comments                 | Corrective Measures on under performance                                                     | 2025/26 Performance Target             | Means of verification | Responsible Department                                      |
|--------|----------------|-----------|-------------|-----------|----------|-----------------------------|--------------------------------------|--------------------------------------|--------------------------|-------------------------|----------------------------|---------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------|-----------------------|-------------------------------------------------------------|
|        |                |           |             |           |          |                             | 2023/24 Target                       | 2023/24 Actual Performance           | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |                     |                                                                                          |                                                                                              |                                        |                       |                                                             |
|        |                |           |             |           |          |                             |                                      |                                      |                          |                         |                            |                     |                                                                                          | commissioning stage by year-end.                                                             |                                        |                       |                                                             |
| SP2 .2 |                |           |             |           |          | Number of purchased heifers | New indicator 2024/25 financial year | New indicator 2024/25 financial year | 40                       | 23                      | 22                         | Target not achieved | Agency did not meet this target due to not having enough funds to purchase more heifers. | Engagements will be held with agricultural development mandated agents, Agency to facilitate | Facilitation of additional heifers(15) | Delivery note         | Office of the CEO Business Finance and Investment Promotion |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                                                     | Previous Year  |                            | Current year performance |                         |                            | Dashboard    | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance | 2025/26 Performance Target                                   | Means of verification | Responsible Department                                      |
|--------|----------------|-----------|-------------|-----------|----------|---------------------------------------------------------|----------------|----------------------------|--------------------------|-------------------------|----------------------------|--------------|--------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------|-------------------------------------------------------------|
|        |                |           |             |           |          |                                                         | 2023/24 Target | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |              |                                                                          |                                          |                                                              |                       |                                                             |
|        |                |           |             |           |          |                                                         |                |                            |                          |                         |                            |              | e funding to purchase heifers in the next financial year.                |                                          |                                                              |                       |                                                             |
| SP2 .3 |                |           |             |           |          | Volume of raw milk produced in Dairy production project | 100 000 litres | 93599 litres               | 160 690 litres           | 160 710 litres          | 195 080 litres             | Overachieved | The heifers calved as a result more milk was produced.                   |                                          | 160 710 litres raw milk produced in Dairy production project | Production reports    | Office of the CEO Business Finance and Investment Promotion |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |           |                                                     |                                      |                                      |                                                  |                                                  |                              |                      |                                                                              |                                                                                                                                                                 |                             |                       |                                                                 |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------|-----------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------------|--------------------------------------------------|------------------------------|----------------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------|-----------------------------------------------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |           |                                                     |                                      |                                      |                                                  |                                                  |                              |                      |                                                                              |                                                                                                                                                                 |                             |                       |                                                                 |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI                                                 | Previous Year                        |                                      | Current year performance                         |                                                  |                              | Dashb oard           | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance                                                                                                                     | 2025/26 Perform ance Target | Means of verification | Respo nsible Depa rtmen t                                       |
|                                           |                |           |             |            |           |                                                     | 2023/24 Target                       | 2023/24 Actual Performanc e          | 2024/2 5 Target                                  | 2024/2 5 Adjuste d Target                        | 2024/2 5 Actual Performanc e |                      |                                                                              |                                                                                                                                                                 |                             |                       |                                                                 |
|                                           |                |           |             |            |           |                                                     |                                      |                                      |                                                  |                                                  |                              |                      |                                                                              |                                                                                                                                                                 |                             |                       |                                                                 |
| SP2 .4                                    |                |           |             |            |           | Volume of raw milk processe d into yoghurt and mass | New indicator 2024/25 financial year | New indicator 2024/25 financial year | 2880 litres 1560 litres milk 720 litres yoghur t | 2880 litres 1560 litres milk 720 litres yoghur t | 0                            | Target not achiev ed | Project owner is struggli ng to get reliable milk supplier .                 | The Agency is in commu nicatio n with CEDAR in terms of getting a reliable supplier , efforts to materia lise this supply will continu e in the 2025/26 financi | 2280 litres                 | Productio n reports   | Office of the CEO Busin ess Finan ce and Invest ment Prom otion |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI                                                                           | Previous Year                        |                                      | Current year performance |                           |                               | Dashb oard          | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance                                    | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t                                   |
|--------|----------------|-----------|-------------|------------|-----------|-------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|---------------------------|-------------------------------|---------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------|-----------------------------|------------------------|-------------------------------------------------------------|
|        |                |           |             |            |           |                                                                               | 2023/24 Target                       | 2023/24 Actual Performanc e          | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |                     |                                                                              |                                                                                |                             |                        |                                                             |
|        |                |           |             |            |           |                                                                               |                                      |                                      |                          |                           |                               |                     |                                                                              | al year.                                                                       |                             |                        |                                                             |
| SP2 .5 |                |           |             |            |           | Number of agricultural students benefiting from skills development programmes | New indicator 2024/25 financial year | New indicator 2024/25 financial year | 10                       | 10                        | 0                             | Target not achieved | There was no response from Agri-SETA despite numerous communication and      | Due to the limited budget and lack of interest of Agri-SETA this indicator has | n/a                         | n/a                    | Office of the CEO Business Finance and Investment Promotion |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No . | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI          | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance                                                                         | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|------|----------------|-----------|-------------|------------|-----------|--------------|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------|---------------------------|
|      |                |           |             |            |           |              | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                              |                                                                                                                     |                             |                        |                           |
|      |                |           |             |            |           | impleme nted |                |                             |                          |                           |                               |            | follow ups on applica tion made.                                             | been remove d for the 2025/26 financi al year. Other avenue s to support agricult ural student s will be explore d. |                             |                        |                           |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .  | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                                                                              | Previous Year                            |                            | Current year performance |                         |                            | Dashboard       | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance | 2025/26 Performance Target                                                     | Means of verification                                                                        | Responsible Department                                      |
|-------|----------------|-----------|-------------|-----------|----------|----------------------------------------------------------------------------------|------------------------------------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------------|--------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------|
|       |                |           |             |           |          |                                                                                  | 2023/24 Target                           | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |                 |                                                                          |                                          |                                                                                |                                                                                              |                                                             |
| SP2.6 |                |           |             |           |          | Number of agricultural services and financial management oversight meetings held | 4                                        | 4                          | 4                        | 4                       | 4                          | Target achieved |                                                                          |                                          | Four(4) agricultural services and financial management oversight meetings held | Minutes and Attendance Register Management Reports (Quarterly) Financial Statements (Annual) | Office of the CEO Business Finance and Investment Promotion |
| SP2.7 |                |           |             |           |          | Number of agricultural SMME provided with professional services and              | 3<br>Pennie Marrie Nobenguni<br>Mjonaiza | 3                          | 3                        | 3                       | 3                          | Target achieved |                                                                          |                                          | Three (3) agricultural SMME provided with professional services and            | Minutes and Attendance Register                                                              | Office of the CEO Business Finance and Investment           |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .  | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                                         | Previous Year                        |                                      | Current year performance |                         |                            | Dashbo<br>oard  | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance | 2025/26 Performance Target         | Means of verification | Responsible Department                                      |
|-------|----------------|-----------|-------------|-----------|----------|---------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|-------------------------|----------------------------|-----------------|--------------------------------------------------------------------------|------------------------------------------|------------------------------------|-----------------------|-------------------------------------------------------------|
|       |                |           |             |           |          |                                             | 2023/24 Target                       | 2023/24 Actual Performance           | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |                 |                                                                          |                                          |                                    |                       |                                                             |
|       |                |           |             |           |          | management                                  |                                      |                                      |                          |                         |                            |                 |                                                                          |                                          | management                         |                       | Promotion                                                   |
| SP2.8 |                |           |             |           |          | Number of Land reform farm audits conducted | New indicator 2024/25 financial year | New indicator 2024/25 financial year | 1                        | 1                       | 1                          | Target achieved |                                                                          |                                          | One (1) farm audit to be conducted | Findings report       | Office of the CEO Business Finance and Investment Promotion |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |           |                                                                                         |                |                             |                          |                           |                              |                     |                                                                                                                                             |                                                                                                                                         |                                                                                           |                           |                                                                 |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------|-----------------------------------------------------------------------------------------|----------------|-----------------------------|--------------------------|---------------------------|------------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------|-----------------------------------------------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |           |                                                                                         |                |                             |                          |                           |                              |                     |                                                                                                                                             |                                                                                                                                         |                                                                                           |                           |                                                                 |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI                                                                                     | Previous Year  |                             | Current year performance |                           |                              | Dashb oard          | Reason s for varianc e between the Target and Actual Perform ance /Comm ents                                                                | Correcti ve Measur es on under perform ance                                                                                             | 2025/26 Perform ance Target                                                               | Means of verification     | Respo nsible Depa rtmen t                                       |
|                                           |                |           |             |            |           |                                                                                         | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actual Performanc e |                     |                                                                                                                                             |                                                                                                                                         |                                                                                           |                           |                                                                 |
|                                           |                |           |             |            |           |                                                                                         |                |                             |                          |                           |                              |                     |                                                                                                                                             |                                                                                                                                         |                                                                                           |                           |                                                                 |
| SP2 .9                                    |                |           |             |            |           | Number of fresh produce emerging farmers assisted with gaining access to formal markets | 7              | 0                           | 6                        | 6                         | 3                            | Target not achieved | The Agency was unable to secure additional markets for farmers due to limited production output from the farmers during the current financi | The Agency will focus on sourcin g markets for farmers who demon strates clear commit ment to produc tion. Efforts will also be made to | Twelve(1 2)fresh produce emergin g farmers assisted with gaining access to formal markets | Invoice and delivery note | Office of the CEO Busin ess Finan ce and Invest ment Prom otion |



| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                                                |                             |                        |                           |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------|-----|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                                                |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance                                                                    | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |             |            |           |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                              |                                                                                                                |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                                                |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                               |            | al year.                                                                     | facilitat e off-take agree ments to ensure consiste nt market access going forward in the next financi al year |                             |                        |                           |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                     |                                                                       |                                                         |                                                                                  |                                                                                                                                  |                                                                                   |                   |                             |                          |                           |                               |                                            |                                                                                                                                           |                                                                                                                                                      |                                                                               |                                                                                 |                                               |
|-------------------------------------------|---------------------|-----------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------|-----------------------------|--------------------------|---------------------------|-------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                     |                                                                       |                                                         |                                                                                  |                                                                                                                                  |                                                                                   |                   |                             |                          |                           |                               |                                            |                                                                                                                                           |                                                                                                                                                      |                                                                               |                                                                                 |                                               |
| No .                                      | KEY FOCUS AREA      | UD M G O A L                                                          | UD D A G O A L                                          | OBJEC TIVE                                                                       | STRATE GY                                                                                                                        | KPI                                                                               | Previous Year     |                             | Current year performance |                           |                               | Dashb oard                                 | Reason s for varianc e between the Target and Actual Perform ance /Comm ents                                                              | Correcti ve Measur es on under perform ance                                                                                                          | 2025/26 Perform ance Target                                                   | Means of verificatio n                                                          | Respo nsible Depa rtmen t                     |
|                                           |                     |                                                                       |                                                         |                                                                                  |                                                                                                                                  |                                                                                   | 2023/24 Target    | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |                                            |                                                                                                                                           |                                                                                                                                                      |                                                                               |                                                                                 |                                               |
|                                           |                     |                                                                       |                                                         |                                                                                  |                                                                                                                                  |                                                                                   |                   |                             |                          |                           |                               |                                            |                                                                                                                                           |                                                                                                                                                      |                                                                               |                                                                                 |                                               |
| SP3 .1A                                   | ECONOMIC UPLIFTMENT | ECONOMICALLY VIABLE DISTRICT PROMINENT IN INVESTMENT AND JOB CREATION | DIVERSIFY, INNOVATE AND UPGRADE ACTIVE ECONOMIC SECTORS | Create a conducive environment for SMME participation in the main stream economy | Assist SMMEs in packaging funding applications to existing funds for available opportunities to ensure growth and sustainability | Percenta ge change in sales of supporte d SMME in the textile sector(SM Branding) | Increase of 1,25% | 0                           | Increas e by 2.5%        | Increas e by 2.5%         | Decre ase of -34%             | <div><div></div></div> Target not achieved | The Agency is struggli ng to get a contain er for the project owner, addition ally the owner is having challen ges with clothin g materia | Agency to engag e Msinga LM in Quarter 1 of the 2025/26 financi al year, to source support for the project owner to secure a suitable contain er for | 1.25% change in sales on supporte d SMME in the textile sector (SM Branding ) | Quarterly Progress Reports Enterprise Developm ent Programm e Dashboar d Report | Busine ss Finan ce and Invest ment Prom otion |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                             |                             |                        |                           |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------|-----|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                             |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |             |            |           |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                              |                                             |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                             |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                               |            | I.                                                                           | this project to be up and running.          |                             |                        |                           |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

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| No .    | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                                                                                            | Previous Year     |                            | Current year performance |                         |                            | Dashboard           | Reasons for variance between the Target and Actual Performance /Comments                                                              | Corrective Measures on under performance                                                                                                          | 2025/26 Performance Target                                                                  | Means of verification                                                        | Responsible Department                    |
|---------|----------------|-----------|-------------|-----------|----------|------------------------------------------------------------------------------------------------|-------------------|----------------------------|--------------------------|-------------------------|----------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------|
|         |                |           |             |           |          |                                                                                                | 2023/24 Target    | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |                     |                                                                                                                                       |                                                                                                                                                   |                                                                                             |                                                                              |                                           |
| SP3 .1B |                |           |             |           |          | Percentage change in production capacity of supported SMME in the textile sector (SM Branding) | Increase of 1,25% | 0                          | Increase by 2.5%         | Increase by 2.5%        | Decrease of -34%           | Target not achieved | The Agency is struggling to get a container for the project owner, additionally the owner is having challenges with clothing material | Agency to engage Msinga LM in Quarter 1 of the 2025/26 financial year, to source support for the project owner to secure a suitable container for | 1.25% change in production capacity on supported SMMEs in the textile sector (SM Branding ) | Quarterly Progress Reports Enterprise Development Programme Dashboard Report | Business Finance and Investment Promotion |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                             |                             |                        |                           |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------|-----|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                             |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |             |            |           |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                              |                                             |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                             |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                               |            | I.                                                                           | this project to be up and running.          |                             |                        |                           |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

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| No .    | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI                                                                                     | Previous Year     |                             | Current year performance |                           |                              | Dashb oard      | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target                                                        | Means of verificatio n                                                          | Respo nsible Depa rtmen t                     |
|---------|----------------|-----------|-------------|------------|-----------|-----------------------------------------------------------------------------------------|-------------------|-----------------------------|--------------------------|---------------------------|------------------------------|-----------------|------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------|
|         |                |           |             |            |           |                                                                                         | 2023/24 Target    | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actual Performanc e |                 |                                                                              |                                             |                                                                                    |                                                                                 |                                               |
| SP3 .2A |                |           |             |            |           | Percenta ge change in sales of supporte d SMME in the Agri-processin g sector(Mj oniza) | Increase of 1,25% | 41% decrease                | Increas e by 2.5%        | Increas e by 2.5%         | Increa se of 18%             | Target achieved |                                                                              |                                             | 1.25% change in sales on supporte d SMMEs in the Agri-processin g sector(Mj oniza) | Quarterly Progress Reports Enterprise Developm ent Programm e Dashboar d Report | Busine ss Finan ce and Invest ment Prom otion |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .    | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI                                                                                                    | Previous Year     |                             | Current year performance |                           |                              | Dashb oard       | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target                                                                        | Means of verificatio n                                                          | Respo nsible Depa rtmen t                     |
|---------|----------------|-----------|-------------|------------|-----------|--------------------------------------------------------------------------------------------------------|-------------------|-----------------------------|--------------------------|---------------------------|------------------------------|------------------|------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------|
|         |                |           |             |            |           |                                                                                                        | 2023/24 Target    | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actual Performanc e |                  |                                                                              |                                             |                                                                                                    |                                                                                 |                                               |
| SP3 .2B |                |           |             |            |           | Percenta ge change in productio n capacity of supporte d SMME in the Agri-processin g sector (Mjoniza) | Increase of 1,25% | 49% decrease                | Increas e by 2.5%        | Increas e by 2.5%         | Increa se of 77%             | Target achiev ed |                                                                              |                                             | 1.25% change in producti on capacity on supporte d SMMEs in the Agri-processi ng sector (Mjoniza ) | Quarterly Progress Reports Enterprise Developm ent Programm e Dashboar d Report | Busine ss Finan ce and Invest ment Prom otion |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .    | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                                                                                 | Previous Year     |                            | Current year performance |                         |                            | Dashboard       | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance | 2025/26 Performance Target                                                      | Means of verification                                                        | Responsible Department                    |
|---------|----------------|-----------|-------------|-----------|----------|-------------------------------------------------------------------------------------|-------------------|----------------------------|--------------------------|-------------------------|----------------------------|-----------------|--------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------|
|         |                |           |             |           |          |                                                                                     | 2023/24 Target    | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |                 |                                                                          |                                          |                                                                                 |                                                                              |                                           |
| SP3 .3A |                |           |             |           |          | Percentage change in sales of supported SMME in the manufacturing sector (Ssthembe) | Increase of 1,25% | 0                          | Increase by 2.5%         | Increase by 2.5%        | Increase of 19%            | Target achieved |                                                                          |                                          | 1.25% change in sales on supported SMMEs in the manufacturing sector (Ssthembe) | Quarterly Progress Reports Enterprise Development Programme Dashboard Report | Business Finance and Investment Promotion |
| SP3 .3B |                |           |             |           |          | Percentage change in production capacity of supported SMME in the                   | Increase of 1,25% | 0                          | Increase by 2.5%         | Increase by 2.5%        | Increase of 8%             | Target achieved |                                                                          |                                          | 1.25% change in production capacity on supported SMMEs in the Manufa            | Quarterly Progress Reports Enterprise Development Programme Dashboard Report | Business Finance and Investment Promotion |



UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY                                                                                     | KPI                                                                                                                                                 | Previous Year  |                             | Current year performance |                           |                               | Dashb oard          | Reason s for varianc e between the Target and Actual Perform ance /Comm ents                     | Correcti ve Measur es on under perform ance                                                        | 2025/26 Perform ance Target                        | Means of verificatio n             | Respo nsible Depa rtmen t                                       |
|--------|----------------|-----------|-------------|------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|---------------------|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------|------------------------------------|-----------------------------------------------------------------|
|        |                |           |             |            |                                                                                               |                                                                                                                                                     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |                     |                                                                                                  |                                                                                                    |                                                    |                                    |                                                                 |
|        |                |           |             |            |                                                                                               | Manufac turing sector (Ssthembe)                                                                                                                    |                |                             |                          |                           |                               |                     |                                                                                                  |                                                                                                    | cturing sector (Ssthembe)                          |                                    |                                                                 |
| SP3 .4 |                |           |             |            | Establis hment and implem entatio n of key capital and social initiativ es projects to enhanc |  Number of Job opportuni ties created through supporte d projects | 35             | 37                          | 55                       | 35                        | 24                            | Target not achieved | The Agency is still busy with the fence, more job opport unities will be create d once the civil | Agency to liaise effectiv ely with Majuba TVET to develo p a Bill of Quantit y for more work which | (35) Job opportu nities created through supporte d | Employme nt contracts Spreadsh eet | Office of the CEO Busin ess Finan ce and Invest ment Prom otion |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |                                            |     |                |                             |                          |                           |                               |            |                                                                                                                                                |                                                                            |                             |                        |                           |
|-------------------------------------------|----------------|-----------|-------------|------------|--------------------------------------------|-----|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |                                            |     |                |                             |                          |                           |                               |            |                                                                                                                                                |                                                                            |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY                                  | KPI | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents                                                                   | Correcti ve Measur es on under perform ance                                | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |             |            |                                            |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                                                                                                |                                                                            |                             |                        |                           |
|                                           |                |           |             |            |                                            |     |                |                             |                          |                           |                               |            |                                                                                                                                                |                                                                            |                             |                        |                           |
|                                           |                |           |             |            | e econo mic develo pment and job creatio n |     |                |                             |                          |                           |                               |            | work commences at the Majuba Farm. Other projects only recruit once a year of which that also had a negative impact on the achievement of this | will create job opport unities at the site in the 2025/26 financi al year. |                             |                        |                           |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |                |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                             |                             |                        |                           |
|-------------------------------------------|----------------|-----------|----------------|------------|-----------|-----|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |                |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                             |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A G O A L | OBJEC TIVE | STRATE GY | KPI | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |                |            |           |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                              |                                             |                             |                        |                           |
|                                           |                |           |                |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                             |                             |                        |                           |
|                                           |                |           |                |            |           |     |                |                             |                          |                           |                               |            | target.                                                                      |                                             |                             |                        |                           |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .  | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                                                          | Previous Year                        |                                      | Current year performance                 |                                          |                            | Dashboard           | Reasons for variance between the Target and Actual Performance /Comments                                 | Corrective Measures on under performance                                                                                             | 2025/26 Performance Target                                   | Means of verification | Responsible Department                                      |
|-------|----------------|-----------|-------------|-----------|----------|--------------------------------------------------------------|--------------------------------------|--------------------------------------|------------------------------------------|------------------------------------------|----------------------------|---------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-----------------------|-------------------------------------------------------------|
|       |                |           |             |           |          |                                                              | 2023/24 Target                       | 2023/24 Actual Performance           | 2024/25 Target                           | 2024/25 Adjusted Target                  | 2024/25 Actual Performance |                     |                                                                                                          |                                                                                                                                      |                                                              |                       |                                                             |
| SP3.5 |                |           |             |           |          | Percentage completion of Metal Fabrication (Legacy Projects) | New indicator 2024/25 financial year | New indicator 2024/25 financial year | 80% Electrification Drilling of borehole | 80% Electrification Drilling of borehole | 80%                        | Target not achieved | Agency could not complete all the targeted activities due to not having funds to execute the activities. | The Agency will continue to explore alternative revenue source through forming strategic partnerships in the 2025/26 financial year. | Percentage completion of Metal Fabrication (Legacy Projects) | Progress reports      | Office of the CEO Business Finance and Investment Promotion |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY                                                                   | KPI                                                                      | Previous Year                                                  |                                                                | Current year performance                                                       |                           |                               | Dashb oard      | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target                                          | Means of verificatio n | Respo nsible Depa rtmen t                                       |
|--------|----------------|-----------|-------------|------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------|-------------------------------|-----------------|------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------|------------------------|-----------------------------------------------------------------|
|        |                |           |             |            |                                                                             |                                                                          | 2023/24 Target                                                 | 2023/24 Actual Performanc e                                    | 2024/2 5 Target                                                                | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |                 |                                                                              |                                             |                                                                      |                        |                                                                 |
| SP3 .6 |                |           |             |            | Targete d reducti on of red-tape and municip al adminis trative process ing | Number of business awarenes s campaig ns conduct ed with Stakehol ders 4 | 4<br>Endumeni LM & Mvoti LM (Q2)<br>Msinga LM & Nquthu LM (Q4) | 4<br>Endumeni LM & Mvoti LM (Q2)<br>Msinga LM & Nquthu LM (Q4) | 4<br>Number of busines s aware ness campa igns condu cted with Stakeh olders 4 | 4                         | 4                             | Target achieved |                                                                              |                                             | Four(4)b usiness awarene ss campai gns conduct ed with Stakehol ders | Attendan ce Register   | Office of the CEO Busin ess Finan ce and Invest ment Prom otion |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .  | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                                                   | Previous Year                                         |                            | Current year performance |                         |                            | Dashboard           | Reasons for variance between the Target and Actual Performance /Comments                                                                         | Corrective Measures on under performance | 2025/26 Performance Target | Means of verification | Responsible Department                                      |
|-------|----------------|-----------|-------------|-----------|----------|-------------------------------------------------------|-------------------------------------------------------|----------------------------|--------------------------|-------------------------|----------------------------|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------|-----------------------|-------------------------------------------------------------|
|       |                |           |             |           |          |                                                       | 2023/24 Target                                        | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |                     |                                                                                                                                                  |                                          |                            |                       |                                                             |
| SP3.7 |                |           |             |           | times    | Number of new clients mobilized on the Ithala project | Number of new clients mobilized on the Ithala project | 16                         | 20                       | 20                      | 30                         | Target Overachieved | There was a high interest from SMMEs in the Ithala project ,the project assisted in enabling access to clients based in areas where there was no |                                          | n/a                        | n/a                   | Office of the CEO Business Finance and Investment Promotion |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |           |     |                |                             |                          |                           |                                |            |                                                                              |                                             |                             |                        |                           |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------|-----|----------------|-----------------------------|--------------------------|---------------------------|--------------------------------|------------|------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |           |     |                |                             |                          |                           |                                |            |                                                                              |                                             |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI | Previous Year  |                             | Current year performance |                           |                                | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |             |            |           |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Perfor manc e |            |                                                                              |                                             |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                                |            |                                                                              |                                             |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                                |            | Ithala Bank or Business Develo pment section.                                |                                             |                             |                        |                           |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                                                             | Previous Year                                                                        |                            | Current year performance |                         |                            | Dashboard           | Reasons for variance between the Target and Actual Performance /Comments                                                                                | Corrective Measures on under performance                                                                                                             | 2025/26 Performance Target | Means of verification | Responsible Department                                      |
|--------|----------------|-----------|-------------|-----------|----------|-----------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------|--------------------------|-------------------------|----------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------|-------------------------------------------------------------|
|        |                |           |             |           |          |                                                                 | 2023/24 Target                                                                       | 2023/24 Actual Performance | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |                     |                                                                                                                                                         |                                                                                                                                                      |                            |                       |                                                             |
| SP3 .8 |                |           |             |           |          | Number of Mvoti Waste Landfill non compliance findings resolved | 3 Due Diligence (Q3) Site Visit (Q3) Development of Operational Plan and Policy (Q4) | 3                          | 12                       | n/a                     | 1                          | Target not achieved | The Parent Municipality advised that they will be doing procurement of activities within the municipality hence there was no grant disbursement to that | The District Municipality is currently in the on-going process of handing the project over to uMvoti Local Municipality. The target has been removed | n/a                        | n/a                   | Office of the CEO Business Finance and Investment Promotion |



| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                             |                             |                        |                           |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------|-----|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                             |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |             |            |           |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                              |                                             |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                               |            | effect.                                                                      | d from 25/26 Organiz ational                |                             |                        |                           |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJECTIVE | STRATEGY | KPI                                       | Previous Year                            |                                          | Current year performance |                         |                            | Dashboard           | Reasons for variance between the Target and Actual Performance /Comments | Corrective Measures on under performance                                                                                                                  | 2025/26 Performance Target | Means of verification      | Responsible Department                                      |
|--------|----------------|-----------|-------------|-----------|----------|-------------------------------------------|------------------------------------------|------------------------------------------|--------------------------|-------------------------|----------------------------|---------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|-------------------------------------------------------------|
|        |                |           |             |           |          |                                           | 2023/24 Target                           | 2023/24 Actual Performance               | 2024/25 Target           | 2024/25 Adjusted Target | 2024/25 Actual Performance |                     |                                                                          |                                                                                                                                                           |                            |                            |                                                             |
| SP3 .9 |                |           |             |           |          | Percantage completion of Majuba TVET Farm | New Indicator in 2024/25 financial year. | New Indicator in 2024/25 financial year. | 100%                     | 100%                    | 75%                        | Target not achieved | Due to funds which were not allocated this target could not be achieved. | In the 2025/26 financial year the Agency will foster engagements sessions with Majuba TVET and try to raise funds to execute the outstanding tasks at the | n/a                        | Quarterly Progress Reports | Office of the CEO Business Finance and Investment Promotion |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                      |                             |                        |                           |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------|-----|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                      |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance                                          | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |             |            |           |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                              |                                                                                      |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                      |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              | farm. 75% is the total number of all the activitie s that has been covere d thus far |                             |                        |                           |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .    | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY |                                                                                  | Previous Year                            |                                          | Current year performance |                           |                               | Reason s for varianc e between the Target and Actual Performance /Comm ents | Correcti ve Measur es on under perform ance                                              | 2025/26 Perform ance Target                                                                       | Means of verificatio n | Respo nsible Depa rtmen t                                       |
|---------|----------------|-----------|-------------|------------|-----------|----------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|--------------------------|---------------------------|-------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|------------------------|-----------------------------------------------------------------|
|         |                |           |             |            |           |                                                                                  | 2023/24 Target                           | 2023/24 Actual Performanc e              | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |                                                                             |                                                                                          |                                                                                                   |                        |                                                                 |
| SP3 .10 |                |           |             |            |           | Number of beneficia ries in the imple ntation of skills develop ment program mes | New Indicator in 2024/25 financial year. | New Indicator in 2024/25 financial year. | 100                      | 100                       | 145                           | Overa chieve d                                                              | Due to high volume of benefic iaries who showed interest, this target was overac hieved. | (115 ) Number of Skills benefici aries in the imple me ntation of skills develop ment program mes | Attendan ce Register   | Office of the CEO Busin ess Finan ce and Invest ment Prom otion |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .    | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY                                                                                                                                   | KPI                                 | Previous Year  |                             | Current year performance |                           |                              | Dashb oard      | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t                                       |
|---------|----------------|-----------|-------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------|-----------------------------|--------------------------|---------------------------|------------------------------|-----------------|------------------------------------------------------------------------------|---------------------------------------------|-----------------------------|------------------------|-----------------------------------------------------------------|
|         |                |           |             |            |                                                                                                                                             |                                     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actual Performanc e |                 |                                                                              |                                             |                             |                        |                                                                 |
| SP3 .11 |                |           |             |            | Establis h a platfor m for engag ement between tertiary instituti ons and busines s to ensure progra mmes are aligned with industry deman d | Number of BPO project sites secured | 1              | 0                           | 1                        | 1                         | 1                            | Target achieved |                                                                              |                                             | 1 BPO project sites secured | Council Resolution     | Office of the CEO Busin ess Finan ce and Invest ment Prom otion |

UMZINYATHI DISTRICT DEVELOPMENT AGENCY

2024/25 AUDITED ANNUAL PERFORMANCE REPORT

| No .   | KEY FOCUS AREA             | UD M GOAL                                                             | UD D A GOAL                                                       | OBJEC TIVE                                                            | STRATE GY                                                                                                                                            | KPI                                                                           | Previous Year                            |                                          | Current year performance |                           |                               | Dashb oard          | Reason s for varianc e between the Target and Actual Perform ance /Comm ents   | Correcti ve Measur es on under perform ance                           | 2025/26 Perform ance Target                                         | Means of verificatio n        | Respo nsible Depa rtmen t                                       |
|--------|----------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|--------------------------|---------------------------|-------------------------------|---------------------|--------------------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------------|
|        |                            |                                                                       |                                                                   |                                                                       |                                                                                                                                                      |                                                                               | 2023/24 Target                           | 2023/24 Actual Performanc e              | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |                     |                                                                                |                                                                       |                                                                     |                               |                                                                 |
| SP 4.1 | INFRASTRUCTURE DEVELOPMENT | ECONOMICALLY VIABLE DISTRICT PROMINENT IN INVESTMENT AND JOB CREATION | DEMAND DRIVEN AND EQUALLY DISTRIBUTED INFRASTRUCTURE AND SERVICES | Improv e the provisi on of infrastr ucture develop ment and service s | Serve as a plannin g, project implem entatio n and mainte nance service provide r to municip alities and other govern ment and private stakeho lders | Number of Develop ment Planning meetings attended                             | 12                                       | 12                                       | 12                       | 12                        | 12                            | Target achieved     |                                                                                |                                                                       | Twelve (12)Dev elopmen t Planning meetings attende d                | Attendan ce Register/ Minutes | Office of the CEO Busin ess Finan ce and Invest ment Prom otion |
| SP 4.2 |                            |                                                                       |                                                                   |                                                                       |                                                                                                                                                      | Number of activities complete d in the develop ment of Msinga Industrial Park | New Indicator in 2024/25 financial year. | New Indicator in 2024/25 financial year. | 4                        | 4                         | 0                             | Target not achieved | Due not having funds, some activitie s were not execut ed the reportin g year. | The Agency has source d and secure d one million rand for the project | Four (4) number of activities conduct ed for Msinga Industrial Park | Quarterly progress reports    | Office of the CEO Busin ess Finan ce and Invest ment Prom       |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |           |                                                                                                         |                                          |                                          |                          |                           |                              |                     |                                                                              |                                                                                   |                                                                                                 |                                                  |                                                                 |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------|---------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|--------------------------|---------------------------|------------------------------|---------------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |           |                                                                                                         |                                          |                                          |                          |                           |                              |                     |                                                                              |                                                                                   |                                                                                                 |                                                  |                                                                 |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI                                                                                                     | Previous Year                            |                                          | Current year performance |                           |                              | Dashb oard          | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance                                       | 2025/26 Perform ance Target                                                                     | Means of verificatio n                           | Respo nsible Depa rtmen t                                       |
|                                           |                |           |             |            |           |                                                                                                         | 2023/24 Target                           | 2023/24 Actual Performanc e              | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actual Performanc e |                     |                                                                              |                                                                                   |                                                                                                 |                                                  |                                                                 |
|                                           |                |           |             |            |           |                                                                                                         |                                          |                                          |                          |                           |                              |                     |                                                                              |                                                                                   |                                                                                                 |                                                  |                                                                 |
|                                           |                |           |             |            |           |                                                                                                         |                                          |                                          |                          |                           |                              |                     |                                                                              | and further activitie s will be execut ed in 2025/26 financi al year.             |                                                                                                 |                                                  | otion                                                           |
| SP 4.3                                    |                |           |             |            |           | Date of adoption of the District Wide infrastruc ture Develop ment Framewo rk by the Board of Directors | New Indicator in 2024/25 financial year. | New Indicator in 2024/25 financial year. | 31- Dec-24               | 30-Jun- 25                | 0                            | Target not achieved | There were delays in gatheri ng the actual docum ents with relevan t informa | Progres s has been made in compili ng the Framew ork, facilitati on of this docum | Facilitati on and presenta tion of District Wide Infrastruc ture Develop ment Framew ork to DDM | Minutes/A ttendanc e register and presentati ons | Office of the CEO Busin ess Finan ce and Invest ment Prom otion |

| UMZINYATHI DISTRICT DEVELOPMENT AGENCY    |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                     |                             |                        |                           |
|-------------------------------------------|----------------|-----------|-------------|------------|-----------|-----|----------------|-----------------------------|--------------------------|---------------------------|-------------------------------|------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------|------------------------|---------------------------|
| 2024/25 AUDITED ANNUAL PERFORMANCE REPORT |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                     |                             |                        |                           |
| No .                                      | KEY FOCUS AREA | UD M GOAL | UD D A GOAL | OBJEC TIVE | STRATE GY | KPI | Previous Year  |                             | Current year performance |                           |                               | Dashb oard | Reason s for varianc e between the Target and Actual Perform ance /Comm ents | Correcti ve Measur es on under perform ance                                         | 2025/26 Perform ance Target | Means of verificatio n | Respo nsible Depa rtmen t |
|                                           |                |           |             |            |           |     | 2023/24 Target | 2023/24 Actual Performanc e | 2024/2 5 Target          | 2024/2 5 Adjuste d Target | 2024/2 5 Actua l Performanc e |            |                                                                              |                                                                                     |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                               |            |                                                                              |                                                                                     |                             |                        |                           |
|                                           |                |           |             |            |           |     |                |                             |                          |                           |                               |            | tion and statistic s                                                         | ent is currentl y underw ay, and will be comple ted in the 2025/26 financi al year. | Structure s                 |                        |                           |



During 2024/25 financial year, the municipality managed to deliver on its developmental mandate of improving the quality of life and providing quality service to its community, in spite of operating in an environment with challenges with the major one being drought as dams and boreholes went dry which were meant to provide water to the communities, and the municipality had to resort in providing water through water tankers, and also taking into account the financial constraints and escalating service delivery costs. This was done regardless of the international pandemic that hit the world at large and threatened the implementation and achievement of planned projects and programmes.

Furthermore, the municipality operated with a slow start with regards to implementing water and sanitation projects however as the champions of services delivery, the municipality continued to provide service delivery expectations to the community of uMzinyathi with the assistance of KZN Cogta officials. Continued support in the 2025/26 financial year is urged from other spheres of government to enable the municipality to provide basic needs as mandated by the Constitution.

Great appreciation goes to the Council of Umzinyathi District Municipality, Amakhosi, members of the Executive Committee, the Portfolio Committees of Council, Management, the Municipal Public Accounts Committee, and the Audit Committee for guidance and the support given to Management and Staff of Umzinyathi District Municipality during the 2024/2025 period.

The Council, Amakhosi, Management and Members of staff wishes to thank the community in trusting the municipality in the implementation of the strategic objectives outlined in the IDP and for entrusting the municipality with service delivery and improving the livelihood of Umzinyathi District Municipality community.

**THUTHUKA MZINYATHI!!!!**