



MBHASHE LOCAL MUNICIPALITY

**AUDITED ANNUAL REPORT
2023/24 FY**

2023/24 FINANCIAL YEAR

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CHAPTER 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

IT IS MY PLEASURE TO PRESENT THE 2023/24 ANNUAL REPORT OF THE MBHASHE LOCAL MUNICIPALITY.

The Integrated Development Planning (IDP) process is done within the dictates of the law, Section 21 (1) of the Local Government Municipal Finance Management Act, 56 of 2003 stipulates that: The mayor of a municipality must- (a) Co-ordinate the process for preparing the annual budget and for reviewing the municipality’s integrated development plan. Section 34 of the Municipal Systems Act requires a municipal council to annually review the IDP in accordance with an assessment of its performance and to the extent that changing circumstance so demand.

After recovering from the devastation damages to our economy caused by the Covid-19 pandemic, government has done well in working towards a recovery plan for our economy. We are continuously hit hard by natural disasters which have caused great damage to our infrastructure adding to the existing backlog. We have sent and submitted applications in the form of a business plan to Provincial Disaster Management Centre (PDMC) for consideration on funding mechanisms to assist with the infrastructure affected by disasters.

The 2024/25 IDP review takes significance as it falls within the 30-year mark of our democratic gains. This is also the third review following the Local Government Elections in 2021. As a sphere of government is closest to the people, we must ensure that the IDP fulfils its role to serve as a strategic document that guides how we as a municipality serve our communities. Our day-to-day core business is to ensure basic services reach our communities and we create a sustainable environment to grow Mbhashe Local Municipality. This can be achieved by ensuring we prioritise road infrastructure for daily commuting and accessibility to all services. To create sustainable living, we have to find solutions and create jobs, opportunities

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and make the environment for our enterprises to be innovative. As a coastal space with so many opportunities within the maritime economy this plan touches on that to ensure we continue making our shores work for our communities to enhance rural economy. A game changer in waste management is strategizing around creating opportunities within waste management such as recycling and the going green programmes. Through the Integrated Government Relations (IGR), we fulfil our responsibility in ensuring co-ordination of programmes initiated by the District, Provincial and National. It is against this background that the municipality is embarking on a process to review the 2024/25 IDP and Budget in order to achieve these outcomes.

We thank all stakeholders that work towards moving service delivery forward, both internal and external. The Municipal Manager, Senior Management and the IDP section have done well in developing this plan that will ensure service delivery is implemented and the plan aligns with the budget. The council has done well in providing guidance throughout the process of the development of this plan.

Yours in Developmental Local Government



Cllr. S.N Janda
Executive Mayor

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COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

As the Accounting Officer of the Mbhashe Local Municipality it gives me great pleasure to make this submission as the message of our 2024/2025 Integrated Development Plan (IDP) which seeks to take the public on board with respect to the service delivery agenda. Our core business is underpinned and guided by principles of good governance and is also driven by public participation as an essential element in good governance. Section 152 of the Constitution of the Republic of South Africa, 1996 confirms a number of citizen rights and more specifically, the rights of communities to be involved in local governance. The existence of

CHAPTER 1

public participation is to ensure that all the stakeholders affected by the Council decision have a right to be consulted and should contribute to such a decision. Following the Integrated Development Plan (IDP), we priorities the most important needs of local communities, taking into consideration the available resources.

This 2024/25 IDP seeks to provide solutions to pressing issues such as the road construction programme, provision of electricity and creation of job opportunities.

The ability of an institution to strengthen its operations and role to be of service to the public is what we aim to do. Mbhashe Local Municipality can achieve this by ensuring we address issues of irregular, fruitless and wasteful expenditure as this will guarantee that we move to obtaining a clean audit from having an unqualified opinion with findings from the Auditor General. We have recently filled in senior management position and with this we want accountability in instilling a culture of consistence performance in our institution and stabilizing administration. The senior administration will be reaching out in sourcing funding, provincially and nationally, for key service delivery projects. To advance service delivery we have systems in place to capacitate ward committees to enhance public participation in our communities. Community involvement is key in ensuring we know the service delivery needs.

Coordinated work, improved performances and consistency is what will lead to a good performing Municipality. Mine is to ensure systems are effective in running the municipality and all our communities receive services and can form part of the governing of the municipality.

Mr. M NAKO

MUNICIPAL MANAGER

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1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Mbhashe Local Municipality (EC 121) is a category B municipality which falls within the Amathole District Municipality (ADM) and consists of 32 wards, 63 Councillors and 2 Traditional leaders after local government elections. The municipality is strategically located in the South Eastern part of the Eastern Cape Province, and is bound by the Qhora River in the south to Mncwasa River in the north along the Indian Ocean. Mbhashe Local Municipality (MLM) occupies a strategic geographic position within the Amathole District municipality and covers approximately 3200 km² in extent (after the last national elections). There are three main urban centres, namely Dutywa, Gatyana and Xhora. Dutywa is the administrative head centre of the municipality. Mbhashe has earned the name from the beautiful river called Mbhashe which flows from the banks of Ngcobo flowing through Dutywa Gatyana and Xhorha. Mbhashe is comprised of the three towns, Dutywa, Gatyana and Xhora and numerous rural settlements. The area also boasts the head offices of the AmaXhosa Kingdom at Nqadu Great Place.

Population Size and Distribution

Mbhashe Local Municipality (Census 2022) has total population of 240 020 with a household of 52 715 resulting to a household size increase of 4.6% as per the statistical overview of Census 2022. When compared to other regions, the Mbhashe Local Municipality accounts for a total population of 240,000, or 27.5% of the total population in the Amatole District Municipality, which is the most populous region in the Amatole District Municipality for 2022. In terms of its share the Mbhashe Local Municipality was slightly larger in 2021 (31.6%) compared to what it was in 2011 (30.7%). When looking at the average annual growth rate, it is noted that Mbhashe ranked second (relative to its peers in terms of growth) with an average annual growth rate of 0.5% between 2011 and 2021.

POPULATION BY POPULATION GROUP, GENDER AND AGE

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Table 1: Population size

	2001	2011	2022
Total Population	271 709	261 670	240 020
Total Household	56 482	61 853	52 715
Household Size	4.76	4.24	4.6

(Extracted from Source: Stats SA) 2022

The statistics also reveals that the population is female dominated, therefore Mphashe is most probably an area with high male out migration to look for work elsewhere. In total there were 128 883 (53.69%) females and 111 137 (46.31%) males.

○ Population Projection

For planning purposes, a projection of population till 2026 at a five-year interval is calculated and presented hereunder. The population projection of Mphashe Local Municipality shows an estimated average annual growth rate of 0.9% between 2021 and 2026. Based on the present age-gender structure and the present fertility, mortality and migration rates, Mphashe's population is projected to grow at an average annual rate of 0.9% from 279 000 in 2021 to 291 000 in 2026. In terms of results from 2022 Stats, it is evident that the population has decrease due to migration and possible the negative impact cause by Covid-19.

✓ Age Distribution

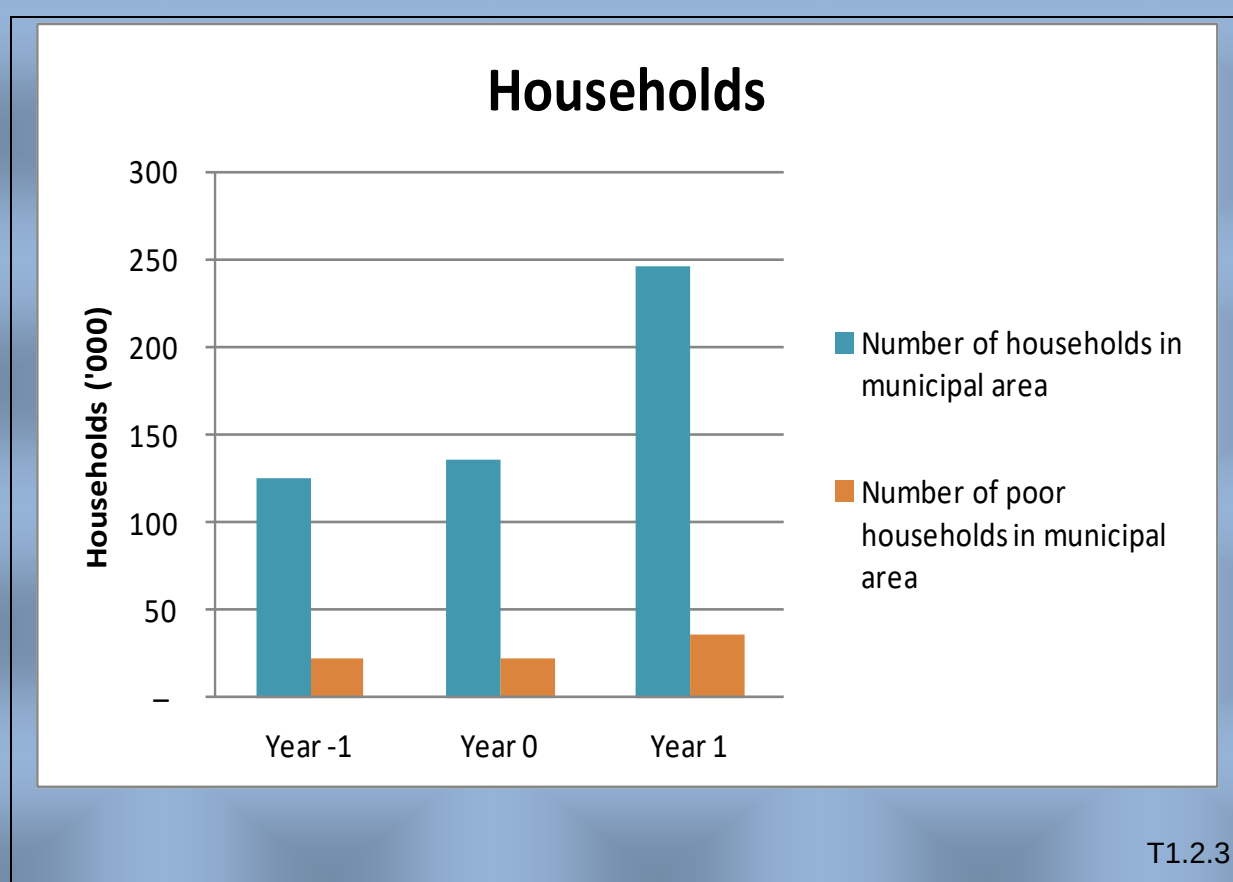
An analysis by ECCSEC 2021 shows that the largest share of population is within the babies and kids (0-14 years) age category with a total number of 97 500 or 34.9% of the total population. The age category with the second largest number of people is the young working age (25-44 years) age category with a total share of 24.6%, followed by the teenagers and youth (15-24 years) age category with 55 900 people. The age category with the least number of people is the retired / old age (65 years and older) age category with only 23 800 people.

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Population Details									
Population '000									
Age	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total

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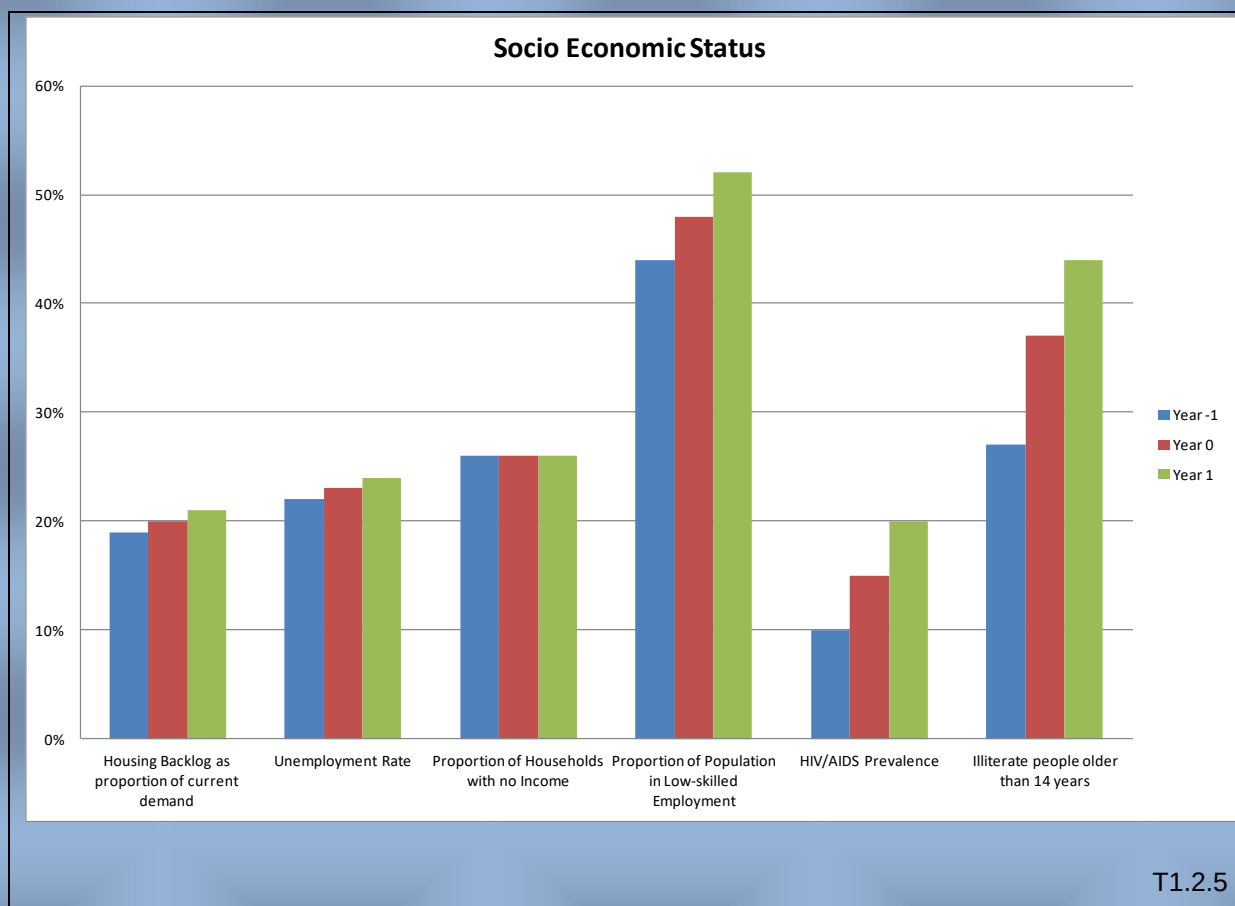
Age: 0 – 14	68	64	132	68	64	132	97 500	97 500
Age:15-24							55 900	55 900
Age: 25 – 44	17	19	36	17	19	36	24.6%	24.6%
Age:65 & Older							23 800	23 800
Source: Statistics SA								
T1.2.2								



Socio Economic Status						
Year	Housing Backlog as proportion of	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled	HIV/AIDS Prevalence	Illiterate people older

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	current demand			Employment		than 14 years
Year -2	33.00%	49.9%	14.00%	67.61%	28.4%	60.01%
Year -1	33.00%	93.00%	14.00%	33.00%	29.20%	60.01%
Year 0	44.4%	55.21%	30.8%	30.40%	28.8	9.2%
T						
1.2.4						



OVERVIEW OF POPULATION WITHIN MBHASHE

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Overview of Neighbourhood within Mphashe Local Municipality		
SETTLEMENT TYPE	HOUSEHOLDS	POPULATION
TOWNS		
Dutywa	40230	11076
Gatyana	10521	2267
Xhora	11759	2513
Sub-total	62510	15856
URBAN POPULATION		
Urban	15856	6.2
RURAL POPULATION		
Rural	230897	93.8
Sub-total	246753	100
INFORMAL SETTLEMENTS		
Dutywa (GPO)	189	677
Dutywa (Zone 14)	250	2300
Gatyana (Police camp)	231	590
Agriculture	66	365
EmaBhaceni9	67	103
Sub-total	803	4035

T.1.2.6

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NATURAL RESOURCES	
Major Natural Resource	Relevance to Community
	Granite sand, Cape Aloe & Gravel road material (Sabhunge)
Arable lands	High quality of soils suitable for crop production and animal farming
Forest assets or existing vast traits of land for future forestation	Existence of high demand for wood products with longer return on investments
Fisheries and Marine	Proven untapped potential for aqua-culture business
Coastline natural beauty	Undeveloped tourism offerings at coastline can be used to solicit good revenue
Heritage tourism	Heritage tourism can also bring more revenue in community through the established routes as such Phalo routes.
Mining	Many communities in Mbhashe are endowed with mining opportunities such as granite and sand, however these communities are not licenced to mine. Such opportunities need to be explored
T1.2.7	

COMMENT ON BACKGROUND DATA:

The primary sector agricultural activities taking place in Mbhashe Municipality is mainly focused on very low base crop production and livestock farming subsistence can be improved. The sector is underdeveloped and not diversified and had a subdued contribution to both the GDP and the GVA. Small-scale and subsistence farmers in the Municipality are not producing at optimal levels, due to a number of constraining factors. It is, therefore, important that emerging farmers are supported in expanding their farming activities into viable and sustainable enterprises that will not only increase the income generated and jobs created by these activities but will also grow sufficiently to form the basis of further beneficiation opportunities. The farming activities must also include the aqua-culture farming, forestry, and animal farming.

The development of the Tourism industry at Mbhashe LM is based on giving people a reason to come, a reason to stop, a reason to stay and a reason to spend. This means that any

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destination should first comprise a unique and specific asset, that people should be made aware of this asset in order to attract them to the destination, that they should be provided with a range of additional attractions and activities to ensure that they stay in the area for longer, which will then ensure that their money is spent at the location. Thus the municipality's strategic thrust is therefore, aimed at stimulating the development of the Tourism industry in Mphashe Municipality, by taking full advantage of the unique cultural, coastal, historical and natural assets found in the Municipality. The purpose is therefore to ensure that these tourism attractions and activities are effectively developed and marketed, in order to establish Mphashe Municipality as a unique and worthwhile tourism destination.

T1.2.8

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

In terms of service delivery, Mphashe Local Municipality managed to achieve the total number of 19 Key Performance Indicators. On roads the Municipality constructed 21.4 kms out of 21.8 kms (of MIG funded projects) targeted for the annual target of new Roads, Nkolweni Access Road ward 14, Ntsingizi to Mantusini ward 17, Riverview to Langeni Access road Ward 13, Mathunzini to Nqileni ward 26 and Skhobeni to Caba ward 31 are still on construction and Ntlonyane Bridge Ward 20 , they are expected to be completed in 2024/25 financial year. The municipality has managed to complete Nkolweni Access Road ward 14, Ntsingizi to Mantusini ward 17. The municipality has also received funds from The Office of The Premier (OTP) to construct the following projects, Dutywa Internal Streets Ward 1, Msikithi Access road and Siyibane Access road Ward 8. Dutywa Internal Streets, Msikithi access road and Siyibane Access road are still under construction. The municipality maintained 230.3 Kms of gravel roads out of 240 targeted for the annual target through equitable share and intervention of Disaster funds. Community facilities: 1 Community Hall in Gem ward 08 has been completed and Ward 13 phase 1 sport facility has been completed, Ward 25 and Ward 1 Sport facilities are in construction stage expected to be completed in 2024/25 financial year. The following projects has been brought forward from 2024/25FY and they are under construction namely: Tayi to Ngqungqushu at Ward 4 and Mngxabakazi at Ward 22 and are practical completed. Ntlahlane Access road is at halt due to EIA environmental Impact Assessment approval . The main challenge that is facing the Municipality is the steep terrain within the Municipal jurisdiction which results to the high unit cost and limit the number of kilometers constructed in each financial year. The steep terrain and climate change also results to short life span of the roads on both construction and

CHAPTER 1

maintenance. Also, some of areas of the municipality are in an Environmental sensitive area and some of the projects are implemented late due to strictly approval conditions.

The Municipality is faced with huge backlogs on roads due to the vastness of the area. The MIG funds can only cater for **at least** 4 gravel roads whilst the Municipal has 32 wards. As a remedial action the Municipality planned to lobby for funding in other sector departments. The same challenge experienced on roads is also applicable on electrification. The Municipality does not generate much revenue as it made up by rural areas, only depending on Grant funding from National Treasury hence it has advertised for expression of interest for Service Provider to apply for funding on behalf of the Municipality also lobby funding from other sector department to address the huge backlog. The Municipality must Implement a legacy project that can generate revenue in order to support the small grant funding that the Municipality is receiving from National Treasury, by having those project the Municipality will cover a lot of wards (communities) with basic service delivery without solely depending on grant funding, also collect in areas where the Municipality is not collecting and suppose to collect and to those that are owing the Municipality.

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ELECTRICITY - On Electricity Mbhashe Local Municipality achieved a total 434 households electrified, (Ward 14 (129) and (305) Ward 23). The municipality upgraded a total of 50 street lights (30) Ward 1, Ward 25 (20) . 06 High Mast energised at ward 13 (1), Ward 32(1) and Ward 25 (4). Solar system installed and electrified with energy saving technology at the main building office. There is a backlog of 5098 households inclusive of extension and infill. INEP allocation was made available for the year 2023/24FY with allocation of R4 142 000.00.

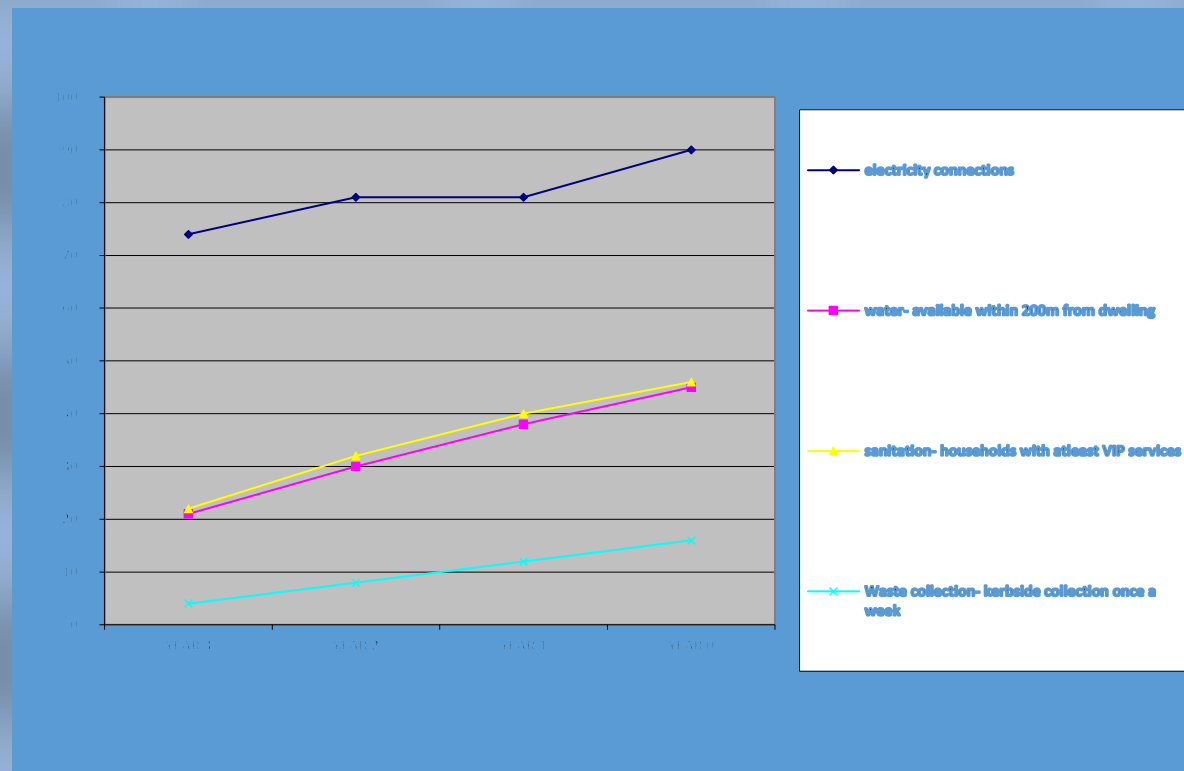
WASTE MANAGEMENT - WASTE MANAGEMENT - Mbhashe municipality is responsible for providing Waste Management services to its areas of jurisdiction. Waste Management Services is the main municipal service rendered by Mbhashe and as such should receive the requisite attention from the institution. Since the establishment of Mbhashe LM in 2000, this service has generally been provided to urban areas and surrounding townships of Dutywa, Gatyana and Xhorha. The waste management services has been extended to all 32 wards of the municipality through rural waste programme.

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In terms of waste collection, the municipality is serving all wards including rural areas. Rural sanitation in terms of VIP and providing water supply within 200m from each household, however there is still huge backlog for water.

T 1.3.1

PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES



T1.3.2

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COMMENT ON ACCESS TO BASIC SERVICES:

The Municipality has completed 1 planned Community Hall (ward 08), completed 1 planned sport facility phase 1 at Ward 13, finalizing ward 25 sport facility and ward 1 is still on construction, 230.3km roads maintained, 21.4km access roads constructed, 32 stormwater upgraded and 130m paved in Gatyana and 100m in Xhorha. The municipality has managed to complete Nkolweni Access Road ward 14, Ntsingizi to Mantusini ward 17, Riverview to Langeni Access road Ward 13. In terms of waste collection, the municipality is serving all wards including rural areas Amathole managed to fast track rural sanitation in terms of VIP and providing water supply within 200m from each household, however there is still huge backlog for water. From the above diagram, 100% of the population of Mbhashe has access to the basic waste management services.

T1.3.3

1.4 FINANCIAL HEALTH OVERVIEW

The municipality continues to closely monitor its financial health status to ensure effective and efficient financial administration. During the year under review the municipality embarked on various initiatives to try and improve financial management, these included initiatives on increasing debt collection by selecting the top 20 debtors per category and following up on them and offering interest discounts for customers who were willing to settle their outstanding balances. Historical debt that is not moving was handed over to the Debt Collector for collection.

The municipality's cash balances improved from last year's R 256m to R 329m during the year under review. The municipality ensured that it settles most of its outstanding creditors at year-end in order to avoid using the 2023/24 budget paying suppliers that were committed in 2022/23 financial year. Invoices for work done were submitted and accrued to be paid in the period in which they relate.

Outstanding debt and revenue collection is another concern for the municipality just as it is for all other municipalities, therefore one of our main priorities is to focus on debt collection and maximizing revenue collection. To enhance our debt collection processes the municipality utilizes its internal staff and has appointed a debt collector to enhance this process. This has yielded positive results in the past but currently the municipality's collection rate is sitting 44%. The challenge has always been around collecting the long outstanding debt and therefore the focus on the debt collector will be on the long outstanding debt in order to maintain the current financial status. However, the municipality is still in a sound financial position and can be considered as a going concern, as its current assets exceeded its current liabilities at year end. A conservative approach has been adopted of ensuring that only when funds are received can they be fully committed in terms of budget as past trends show that own revenue collection is never realized at 100%. The temptation to use current collections as a baseline is avoided

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at all costs as the circumstances prevalent in one reporting period may not necessarily always be the same. The municipality is currently showing a healthy liquidity ratio of 6.51:1.

T1.4.1

Financial Overview: Year 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	421,001,000	472,760,608	361,480,914
Taxes, Levies and tariffs	8,000,000	8,000,000	19,845,324
Other	128,002,650	74,090,000	153,427,515
Sub Total	476,091,000	554,850,608	534,753,753
Less: Expenditure	419,091,000	497,850,608	361,565,072
Net Total*	57,000,000	57,000,000	173,188,861

T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	41%
Repairs & Maintenance	9%
Finance Charges & Impairment	1%

T1.4.3

COMMENT ON OPERATING RATIOS:

Employee Costs

The employee costs are 46% of the total operating expenditure. This was above the acceptable norm of 30% guideline as set out by National Treasury. This was attributable to budget cuts in our operating expenditure which resulted in an increase in our capital expenditure during the 2022/23 financial year and the cost containment measures of not increasing the operating budget. The posts on the organogram remained unchanged as they were budgeted for. The municipality reviews the Organogram on a yearly basis and in the next coming year measures are afoot to bring this percentage down within the norm. The latest organogram has been reviewed and many position have not been reprioritized. Benefits over and above those that are in the collective agreement have been cut. The municipality conducted a Work Study to ensure that the structure is in-line with the objectives set and the functions of the municipality, now is left with the organizational re-engineering which will result to a revisited organizational structure. The municipality is also implementing new staff regulations.

CHAPTER 1

Repairs and Maintenance

The Repairs and Maintenance were 9% of the operational budget but 7% of the total non-current assets (PPE). This is below the norm of 20% as per the National Treasury guidelines. This area is a cause for concern because the municipality needs to put aside adequate resources to maintain its assets. This therefore means that the municipality needs to allocate more funds for Repairs and Maintenance in the next financial years. The nature of the assets that are built using the grants (MIG), is mainly gravel roads with relatively a shorter lifespan, this then requires a change of course to more durable infrastructure assets (paving) if the municipality needs to make an impact on service delivery backlogs it is currently faced with

Non- cash items

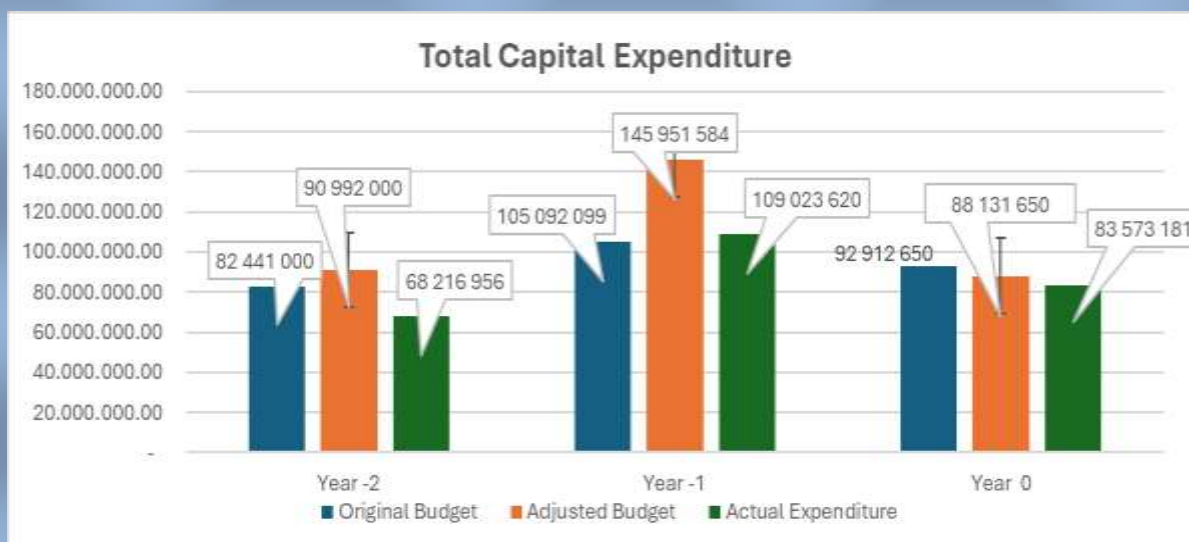
The municipality has made provision for depreciation as well as for impairment of debtors as it is a requirement. As much as these are non-cash items, these provisions are cash backed to the tune of R57m. This is a good practice as the municipality does not only have surplus budget but also cash backed non- cash items.

T1.4.3

Total Capital Expenditure: Year -2 to Year 0			
			R'000
Detail	Year -2	Year -1	Year 0
Original Budget	82,441,000	105,092,099	92,912,650
Adjustment Budget	90,992,000	145,951,584	88,131,650
Actual	68,216,956	109,023,620	83,573,181

T1.4.4

CHAPTER 1



T1.4.5

COMMENT ON CAPITAL EXPENDITURE

The original capital budget for the 2023/24 amounted to R 92 912 650 and during the adjustment budget the capital budget was increased to R 88 131 650 which is equal to 5% decrease. This was to try and put additional funding towards renewal of municipal assets. The municipality managed to spend R 83 573 181 which translates to 95% of the adjusted budgeted CAPEX (Equitable share and grants funded) as at year end. The moratorium on procurement emanating from the High court judgement had a negative impact on the Capital Expenditure.

T1.4.5.1

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

Mbhashe Local Municipality has embarked on several projects and programmes to improve its performance. Its organisational structure is reviewed annually to ensure that it remains relevant to the strategic objectives of the municipality as reflected in the Integrated Development Plan.

CHAPTER 1

The municipality's organisational structure was last reviewed in July 2024 for implementation 2023/2024 Financial Year. For 2023/2024 FY the organisational structure had only 7 (seven) vacancy that was prioritised and was filled.

A review in the organisational structure will ensure that the municipality continues to deliver on its constitutional mandate and remains aligned with the IDP. The organisational performance at organisational level is managed and evaluated through the Service Delivery and Budget Implementation Plan (SDBIP) top layer, down to the departmental layer through departmental SDBIP. Performance Management has been cascaded down from TG 18 up to TG 10. After the National Treasury had identified officials in municipalities who must have a prescribed minimum competency qualification, all section 56 managers and other officials from budget and treasury office have obtained the qualifications and others are continuing professional development, and this is aimed at ensuring sound financial management in the local government sector. The municipality has a workforce of (265) permanent employees.

Mbhashe has recruited and placed 30 students to participate in an internship program for the financial year 2023/24. They are placed in various departments based on their qualifications. They have signed a two-year contract in Mbhashe LM, which will end in June 2025. All Senior Managerial positions in terms of Section 56 and 54A have been filled though contracts for two of them expired in June 2023 and one became vacant in May due to the sudden death of one of the Senior Managers.

T1.5.1

1.6 AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT YEAR 0

The municipality has received an unqualified audit opinion with matters of emphasis in 2023/24 financial year. The emphasis of matters raised by Auditor general relate to:

- i. Restatement of corresponding figures in the AFS;
- ii. Impairment loss on consumer debtors

The municipality will develop an audit action plan in order to address the findings especially the recurring findings by the AG. This will be taken to council for adoption and be monitored on a regular basis for implementation.

Relevant stakeholders will be consulted on the developed audit action plan so as to track the attainability of actions to address the issues raised

T 1.6.1

CHAPTER 1

1.7 STATUTORY ANNUAL REPORT PROCESS

ACTIVITY		TIME FRAME	
Prepare Annual Report information as per the National Treasury format including the Annual Performance Report	8 July – 30 July 2024	Operations and All SM	
Tabling of the draft Annual Report Process Plan to the Management team	1 st -Jul-2024	SM Operations	
Tabling of the Annual Report Process Plan to Audit Performance Committee	19-Jul-2024	MM	
Annual Report Working Session & APR	30-Jul-2 nd August 2024	All SMs	
Tabling of the Annual Report to the Mayoral Committee	8-Aug-2024	MM	
Tabling of the Annual Report to Audit Performance Committee	16-Aug-2024	MM	
Tabling of the un-audited Annual report to Council. The Annual Report submitted complies with the requirements of Section 121(3)(a-k).	28-Aug-2024	Exec Mayor	
Council to submit un-audited Annual report to MPAC for verifying of councils' directive on service delivery & senior managers (Section 56) performance against signed performance agreements	28-Aug-2024	MM	
Submission of un-audited Annual Report to Auditor-General including the Annual Financial Statements and Annual Performance Report	30-Aug-2024	MM	
Public participation process for Annual Report in terms of Section 130 of MFMA	26,27 & 28 November 2024	MPAC	
Municipality considers AG's report on the audit of the Annual Report and complies with Section 126 (5)	25 Nov 2024	MM	
Convening of the MPAC to consider the Annual Report. This must be concluded within 7 days of receipt of AGs report.	6-Dec-2024	MPAC	
Tabling of Final Draft Annual Report to MAYCO	22 January 2025	MM	

CHAPTER 1

Mayor tables audited Annual Report and financial statements to Council	28 Jan 2025	Ex-Mayor	
MPAC tables the Oversight report to the Council	28 Jan 2025	MPAC	
Adoption of the Oversight Report by Council in terms of Section 129 of the MFMA	28 Jan 2025	Council	
Publicizing of the Annual Report for public comments in terms of Section 127 (5) (a) of the MFMA (after adoption by Council)	7 Feb 2025	SM Operations	
Publicizing of the Oversight Report as per Section 21(a) of the Municipal Systems Act and Section 75 of MFMA	7 Feb 2025	SM Operations	
Submission and circulation of the Annual Report, Annual Financial Statements and Oversight Report to Provincial Legislature in terms of Section 132 (1 & 2) of the MFMA	4 Feb 2025	MM	

T

1.7.1

COMMENT ON THE ANNUAL REPORT PROCESS:

There has been an improvement in the Annual report process for the year under review. The municipality has set up business processes that will ensure that quarterly performance reports culminate into the annual report process.

In addition, an annual performance report has been developed which also assesses the performance of service providers for the year under review.

The annual report of 2023/24 has been compiled in accordance with requirements of section 121 of the MFMA, 56 of 2003 and section 46 of MSA, 32 of 2000 as well as the format prescribed by National Treasury and the purpose of the report is

- to provide feedback on the activities of the municipality
- to provide a report on performance in the service delivery and budget implementation for the year end and,
- to promote accountability to the community for the decisions made from July 2023 to June 2024.

This Annual Report has been developed according to the provisions of circular 63 of the MFMA which indicates that real transparency and accountability can only be achieved where there is a clear link between the strategic objectives agreed with the community, the IDP, the Budget and SDBIP, in year reports, Annual Financial Statements, Annual Performance Report and the Annual Report.

CHAPTER 1

T1.7.1.1

CHAPTER 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Mbhashe Local Municipality is constituted in terms of Section 12 read with Section 18 of the local government Municipal Structures Act no 117 of 1998 and consists of 63 (Females 32 and Males 31) and 02 Traditional Leaders (01 Male, 01 Female). The Municipality is categorized as an Executive committee type of a Municipality. The political arm of the municipality includes the Executive Mayor, members of the Mayoral Committee, the Council Speaker and the Chief Whip of the Council.

In its most abstract sense, governance is a theoretical concept referring to the actions and processes by which stable practices and organization arise and persists. These actions and processes may operate in formal and informal organization of any size; and they function for any purpose, good or evil, for profit or loss.

T2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political governance in our municipality consists of the set of processes, customs, policies, laws and institution affecting the way people direct, administer or control and organisation. It also includes the relationships amongst the many players involved and the organisational goals. The principal players include the communities, management and Councillors. Other stakeholders include employees, service providers, customers, businesses, political parties, community organisations and regulators. The Council operates as an Executive Type.

Municipal Manager is the head of the administration. Senior Manager Development Planning advises Municipal Manager on matters of town planning, housing and Local Economic Development and matters of land use management. Senior Manager Corporate Services advises MM on Human Resource issues, ICT, Document Management and Council Support services, Chief Financial Officer advises the Municipal Manager on Financial Management, supply chain management, financial reporting and asset management. Senior Manager Infrastructure advises MM on construction and maintenance of roads and storm water, electrification. Senior Manager Community Services advises MM on road safety and security services, waste management, free basic services, environmental management and expanded public work programs (EPWP). Senior Manager Operations advises MM on issues of governance, Integrated Development, Communications, public participations and customer

CHAPTER 1

care, legal and compliance issues ,Special programs, internal audit and performance management.

T2.1.0

CHAPTER 2

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Political governance in the municipality consists of the set of processes, customs, policies, laws and institution affecting the way people direct, administer, control and organising. It also includes the relationships amongst the many players involved and the organisational goals. The municipality in terms of governance has established section 79 committees which include MPAC, Women's Caucus, Ethics Committee, Members Interest Committee and Local Communicators Forum, and section 80 committees which include Municipal transformation and Institutional development, Service delivery and Infrastructure development, Local economic development , Municipal financial viability and Good governance and public participation.

The Municipality has an Audit Committee which has been established in-terms of Section 166 and has 3 members which are not in the employ of the Municipality, the committee seats on a quarterly basis and as when needs arise, they assist the Municipality on matters of internal controls and performance management and financial matters of the Institution.

MPAC Committee has a composition of 12 members comprising of 1 Traditional Leader and 11 councillors and of which the Chairperson is appointed by the Council. The members of the MPAC are not members of the Mayoral Committee, the committee seats on a quarterly basis and as when the need arise. Its role is to exercise oversight over the functions of the Municipality and make recommendations to the Council.

The Municipality also established Local Communicators Forum which deals with communicating projects and programmes of the Municipality internally and externally and it seats on a quarterly basis. It is constituted by the number of Councillors agreed upon by the Council.

T2.1.1

CHAPTER 2

POLITICAL STRUCTURE

EXECUTIVE MAYOR: Cllr. Samkelo Nicholas Janda (ANC)



1. SPEAKER: Cllr. Babalwa Majavu (ANC)



2. CHIEF WHIP: Cllr. Mantshiyose (ANC)

CHAPTER 2



2.

3. MPAC CHAIRPERSON Cllr. N. Ganda: (ANC)



Stakeholders include employees, service providers, customers, businesses, political parties, community organisations and regulators.

The Council operates on an Executive Type.

T2.1.1

The following Support Committees have been established in terms of Section 80 of the Municipal Structures Act to assist the Executive Mayor: -

MAYORAL COMMITTEE

CHAPTER 2

1. Cllr. F. Ndaule Portfolio Head Good Governance and Public Participation (ANC)
2. Cllr. N. Mgedezi Portfolio Head - Developmental Planning (ANC)
3. Cllr. N. Ngxamtwana Portfolio Head - Community Services (ANC)
4. Cllr. M.K Makapela Portfolio Head - Infrastructure Services (ANC)
5. Cllr. N. Apleni Portfolio Head - Budget and Treasury (ANC)
6. Cllr. N. Ngomthi Portfolio Head - Corporate Services (ANC)

COUNCILLORS

Mbhashe Municipality comprises of a total of 63 Councillors of which 32 are Ward Councillors and the other 31 are Proportional Representative (PR) Councillors. The Council also has 02 Traditional leaders. Council continues to operate as an Executive Committee System. Out of 32 wards 31 wards are governed by ANC whilst the 1 wards are governed by UDM. As at end of June 2023 the municipality had 63 Councillors

T2.1.2

PARTY NAME	NUMBER OF SEATS (Wards + PR)		
	WARD	PR	TOTAL
African National Congress	31	15	46
African transformation movement	0	1	1
United Democratic Movement	1	7	8
Democratic Alliance	0	1	1
Economic Freedom Fighters	0	4	4
African Taxi alliance	0	1	1
Batho pele movement	0	1	1
Pan African Congress	0	1	1
TOTAL	32	31	63

POLITICAL DECISION-TAKING

CHAPTER 2

The municipality has processes that take decisions up to the Council. The items that need decision start from management, standing committees, Mayoral Committee and then to the Council. Each of the Committees deliberate on matters that fall within the specific terms of reference of that particular Committee as stipulated in the delegation framework, and make recommendations to the Executive Mayor for approval, or where necessary for endorsement by the Mayoral Committee for final approval by the full Council. Any matter that has financial implications has to be discussed by the management before it is recommended by the Executive Mayor and approved by the Council. The Council resolutions are implemented at 100% rate and monitoring of those resolutions are taken to Council for noting.

T2.1.3

CHAPTER 2

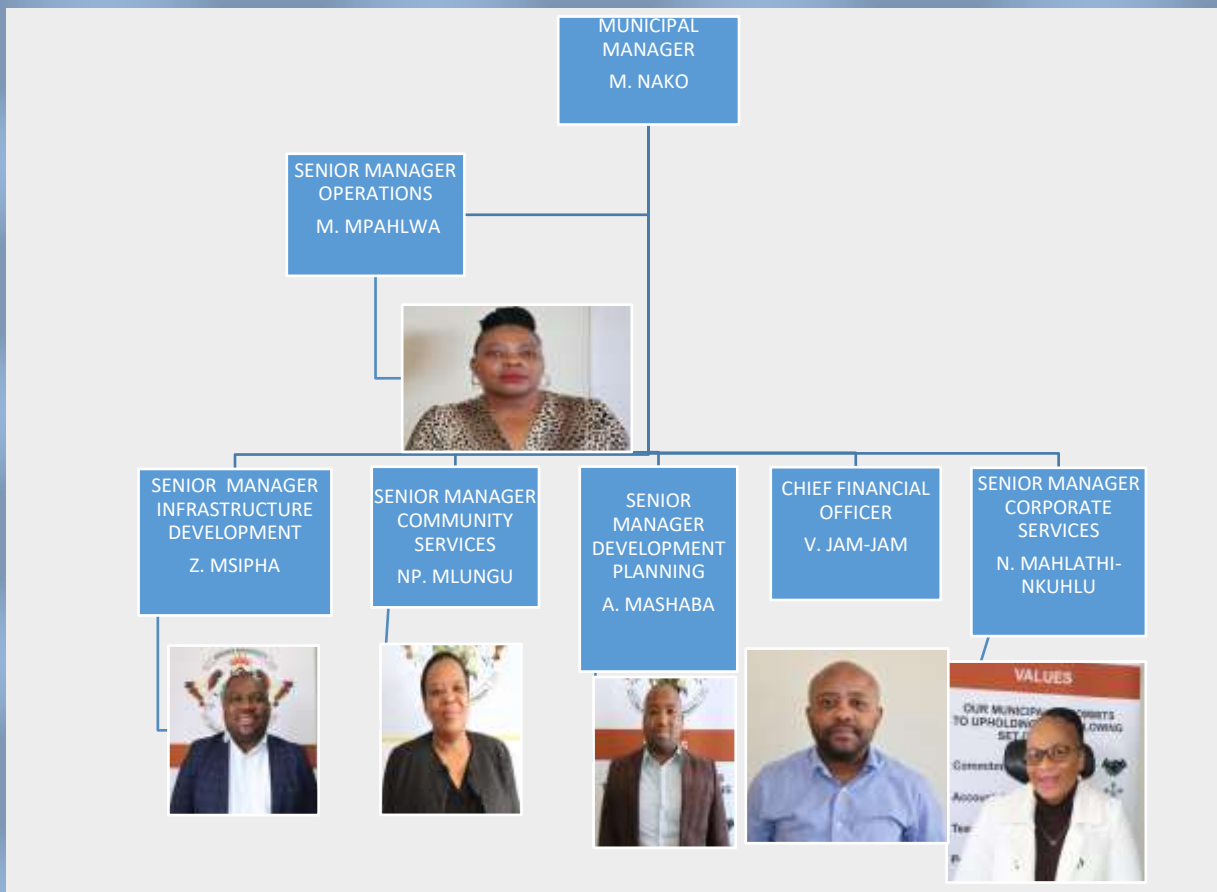
2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Municipal Manager is the head of the administration. Senior Manager Development Planning advises Municipal Manager on matters of town planning, housing and Local Economic Development and matters of land use management. Senior Manager Corporate Services advises MM on Human Resource issues, HR management, ICT, document management and Council Support services, Chief Financial Officer advises the municipal manager on financial management, supply chain management, financial reporting and asset management. Senior Manager Infrastructure advises MM on roads and storm water, electrification. Senior Manager Community Services advises MM on road safety and security services, waste management, free basic services, disaster management and EPWP works program. Senior Manager Operations advises MM on issues of governance, Integrated Development and in the development of all strategic documents and on internal planning issues. There were no major changes in terms of structures in the year under review.

T2.2.1

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE STRUCTURE CHAPTER 2



The above diagram depicts the senior management structure of Mbhashe and 2 posts were vacant SM Development Planning and SM Infrastructure & Development as at end of the year 30 June 2024.

The administration is led by the Municipal Manager and 6 Senior Managers that are directly accountable to him

The municipality has 6 departments which are reporting according to the 5 Key Performance Areas of Local Government which are as follows:

- Service Delivery & Infrastructure Development - departments that are contributing are Infrastructure, Community Services and Developmental Planning
- Local Economic Development - Development Planning
- Municipal Financial Viability – Departments that are contributing are Budget and Treasury Office, Community Services, Infrastructure and Corporate Services

CHAPTER 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Mbhashe Local Municipality remains totally committed to good governance. The organization is structured in such a way that the eight major characteristics required for good governance are enshrined in its operations. This ensures that a municipality is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of the law. The municipality also takes the issue of corruption seriously and is trying to minimize it by strengthening its systems. Through IGR structures the views of minorities are taken into account and the voices of the most vulnerable in society are heard in decision-making. IGR is also responsive to the present and future needs of society, through planning processes that start at community level. Above all, the commitment from the leadership both political and administrative is essential to maintain good governance.

The system that the municipality followed included processes through which the municipality's objectives are set and pursued in the context of social, regulatory, political, technological, economical and market environment. These included mechanisms to monitor the actions, policies and decisions of the municipality and its service providers. These practices then are affected by the attempts to align the interest of all stakeholders, including national & provincial government, district municipality, businesses, non-governmental organization, community based organization and communities.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The municipality participates in the SALGA National Members Assembly, with a constitutional mandate to bring development and opportunities to the people of South Africa. The municipality also attends other structures of the province i.e. SALGA working groups, EPWP Provincial Steering Committee, Provincial Waste Forum, COGTA EC MIG Forum, and Joint Operations Committee (JOC), etc. The municipality has a functional Intergovernmental Relations Forum, however, stakeholders are encouraged and reminded of the importance of their attendance. There are still challenges with a few departments within Mbhashe's jurisdiction which still do not attend and some have sighted that their district offices are in KSD Municipality. All IGR meetings in the financial year 2023/24 were convened on site.

T2.3.1

CHAPTER 2

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality is participating in the Eastern Cape Provincial Political and Technical MUNIMEC. This platform in our view is a relevant space to engage and unlock challenges facing municipalities in the province. A Technical District Development Model (DDM) structure has been established at a Provincial level which is chaired by the Premier where District Municipalities and Local Municipalities partake, the Mbhashe LM has since requested CoGTA for training of all stakeholders involved in the DDM structure.

T2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality does not have an entity but has good relations with an entity under the district, which is Amathole District Development Agency, trading as ASPIRE. (Status quo is still the same).

T2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

There are forums that were established by the district municipality and Mbhashe local municipality participates in the forums of the district municipality such as DIMAFO which is attended by Local Municipality Executive Mayors, Mayor, Municipal Managers, state owned enterprises and government departments that are within Amathole District. This forum assists municipalities to have a common understanding and be able to discuss developmental issues that affect the district at large. There are other forums at the district level such (MM's Forums and Directors Forums) where all municipalities are participating.

T2.3.4

CHAPTER 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality has a legislative requirement to involve communities in its decision making and has a relationship with its citizens that can take many forms. A majority of municipal records, documents and reports must also be accessible and available to the public. These reports provide information about the services and activities of the municipality. There are consultative processes the municipality conducts to get public inputs. This process involves a range of activities including, but not limited to, creating democratic structures such as Ward Committees (WC) and Community Development Workers (CDWs).

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Mbhashe local municipality has a comprehensive 5-year communication strategy that was reviewed in 2023/2024. This strategy with its action is reviewed on annual basis to remain relevant and respond to the communication needs. The municipality's website has been revamped and is functioning effectively. Information required to be placed on the website as stipulated in 75 of the Municipal Finance Management Act is updated on a regular basis.

Further to this, pillars of strategy which include among others, the use of radio and Television broadcast, print media, electronic, digital, and social media are used by the municipality to inform communities about the service delivery programs. The diversify use of these pillars maximises the reach of communication message to spread across Mbhashe communities to ensure that the public informed and the communication gap is closed. The municipality continues with the use of traditional forms and channels of communication which still contribute and play a crucial role in sharing information to the public; the use of both commercial and community radio stations and print media (Newsletter and Local Newspapers that are distributed in Mbhashe area) also play a vital role in reaching communities.

The Local Communicators Forum (LCF) as another platform created for the local government sphere, coordinated through the local municipality is active and it sits on a quarterly basis to share the

CHAPTER 2

integrated plans and programs with the government parastatals, government departments and other relevant organisations to improve communication.

Moreover, the Communications section also participates in the District Communicators Forum which is consisting of all municipal communicators from the six municipalities under the Amathole District Municipality; provincial and national departments operating in the district; Community Development Workers (CDWs); parastatals and any other government-related structures in the district. Lastly, it also participates in the Local Government Communicators forum which attended by all local government communicators across the Eastern Cape Province as well as South African Local Government Association (Salga) and Government Communication and Information System(GCIS) to table progress reports on the Action Issues and discuss matters related to the Communication Strategies including sharing information on branding and protocol practices etc.

Public Participation and Communication

Public participation is promoted through Chapter 4 of the Local Government Municipal Systems act which community participation promotes in the affairs of the municipality and it is a principle that is accepted by all spheres of government in South Africa. Participation is one of the cornerstones of our democracy and has equal benefits for politicians, public servants, civil society and communities.

Consultation will help government make more appropriate decisions based on the real needs of people. The more informed people are, the better they will understand what government is striving for depending on the available budget and resources. Public representation can only claim to be accountable if they have regular interactions with the people they represent and if they consult and report back on key government decisions. Government cannot address all the development needs on its own and partnerships are needed with communities and other organisations.

Mayoral Imbizos, Integrated Development Plan, Budget and Performance Management System and Annual Report Roadshows

Public meetings are held through platforms such as Mayoral Imbizos, Integrated development Plan, Budget and Performance Management System and Annual Report Roadshows. These are held on quarterly an annual basis as methods used for consultation with the public. The Mayoral Imbizos promotes active involvement and participation of the public in the implementation of municipal programmes. These Imbizos allow the public from a particular area to interact directly with the Executive Mayor on matters of service delivery. The office of the Executive Mayor formed and the Mayoral Committee conducts one Mayoral Imbizo annually in all the 3 units of the municipality (Dutywa, Xorha and Gatyana), to give feedback and account to communities about service delivery. Government departments are expected to form part of these Imbizos as they also have a responsibility

CHAPTER 2

to account on the programmes that they have planned for the Mbhashe communities. Moreover, the municipality meets with communities on structured public meetings that were established by the municipality as required by legislation i.e. IDP & Budget Roadshows and Forums which focus on developments and amendments on the Integrated Development Plan, Annual Report Roadshows.

Public meeting and report-back meetings

Public representatives often use public meetings to inform the public on issues or consult them around specific development or other programmes. Public meetings are also platforms to report back on government programmes. Public servants maybe asked to participate in these meetings to provide technical support and information and gather the public's views and concerns.

T2.4.1

CHAPTER 2

WARD COMMITTEES

Ward Committees

Ward committees are elected in all wards to serve the communities of the ward. Ward Committee members not exceeding ten are elected in each ward to assist and advise the Ward Councillor and increase community participation. They are very useful in spreading information, assessing needs, building partnerships, consulting the community, and sharing updates about challenges and services delivery progress and issues. The issue of out-of-pocket expenses is ongoing for Ward Committee members when they must travel to conduct their activities. They are requesting that the CoGTA reviews it to suit the current standard of living. During the financial year they were supported with cellular phones to make their work easier and to be reachable.

Ward Committees are functional in all wards. Ward Committees are provided with administrative support through Public Participation Office to support their functioning.

Ward Councillors

Ward councillors are the elected representatives of specific wards which are geographical areas of Mphashe jurisdiction, they are a link between the communities and the municipality. They have a responsibility to put forward to the municipality the needs of the communities they serve, as well as find ways to address service delivery challenges, furthermore; consult and inform the community around municipal services and programmes. There was a by-election held in Ward 01 and Ward 02 that saw the election of Cllr Ayabonga Tyatyaza and Cllr Ntombifuthi Tomose in August 2023, replacing Cllr Nomachule Quvile and the late Cllr Mzikayise Sakhi respectively.

Community Development Workers (CDWs)

Community development workers are employed by the Department of Cooperative Governance and Traditional Affairs to work in communities and ensure that people access government services. They have to give advice, help people with challenges, assess needs and work with local organisations to build partnership with government.

They usually know the community well, have good contact with organisations and can help to do consultation, do research, spread information and monitor implementation. CDWs are working closely with ward councillors and ward committees.

However, the challenge that is facing the Mphashe area is that in eighteen (18) wards (6 Elliotdale, 6 Willowvale and 6 in Idutywa) there are no CDW's due to non-filling of vacant positions of the late or

CHAPTER 2

resigned former CDWs by the Department of Cooperative Governance and Traditional Affairs. COGTA had started the recruitment process and held interviews, but no appointments have been made. This also impacts negatively in the implementation of other government programs and proper servicing of the other Mbhashe areas. CDWs are a platform that was created by government to bring services to the people and to enhance participation, and the absence of the CDWs in other wards handicaps this initiative as CDWs.

CUSTOMER CARE

The municipality has a customer care section which is responsible and dedicated to ensure that quality services are rendered to our communities. This is done to improve quality customer service, through liaising with communities and municipal departments regarding the service delivery complaints raised from the ground by communities in order to meet the needs of our communities and improve service delivery. The municipality is currently using manual to register all queries and complaints received from customers on daily basis. Complaints attended are received through walk-ins, Social media platforms (Facebook and WhatsApp), correspondence received through the registry office, telephone and Email. These complaints are registered on developed manual complaints register, attended, referred to relevant departments within the prescribed time of 72 hours from the date of the receipt and followed-up. The municipality is in a process conducting research to acquire an electronic customer care system to increase the channels where community can register their complaints. The Customer Care and Communications Unit embarked on benchmarking exercise from Chris Hani District Municipality which has a ticketing system that integrates all digital platforms when a complaint is received.

T2.4.2

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
IDP REP FORUM	23 -08-2023 Xhora Town Hall	08	07	87	Tabling of Process	

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	24-08-2023 Gatyana Indoor Sport Centre	05	06	105	Plan for 23/24 Fy	
	25-08-2023 Dutywa Trc Hall	07	07	107		
MPAC ROADSHOWS & MAYORAL IMBIZO IDP REP FORUM	14/11/2023 Gatyana Indoor Sport Centre	12	10	78	Tabling of Draft Annual Report & Identification of Priorities Presentation of situational analysis	Feedback on issues raised were provided during the meetings and matters affecting other departments were escalated to relevant departments
	15/11/2023 Dutywa TRC Hall	09	07	105		
	16/11/2023 Xhora Indoor Sport Centre	14	11	93		
	28-11-2023 Dutywa Trc Hall	09	07	104		
	29-11-2023 Gatyana Indoor Sport Centre	12	11	89		
IDP REP FORUM & MAYORAL IMBIZO'S IDP BUDGET REP FORUM	30-11-2023 Xhora Town Hall	05	13	91	Identification of Priorities and presentation of objectives 2024-2027 Draft IDP and Presentation of Objectives & Strategies	Feedback on issues raised were provided during the meetings and matters affecting other departments were escalated to relevant departments
	12-03-2024 Dutywa Trc Hall	13	06	107		
	13-03-2024 Xhora Town Hall	06	05	110		
IDP BUDGET REP FORUM	14-03-2024 Gatyana TRC Hall	09	05	98	2022-2027 Draft IDP and Confirmatio	

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IDP & BUDGET ROADSHOW	02-04-2024 Xhora Indoor Sport Centre	09	07	93	n of Priorities. Presentation of Draft IDP and Budget and Tarrifs for 2024/25 FY	
	03-04-2024 Gatyana Trc Hall	09	06	109		
IDP & BUDGET ROADSHOW IDP REP FORUM IDP REP FORUM	04-04-20234 Dutywa Trc Hall	08	07	112	Tabling of Final Draft 2024-2027 IDP, Budget and Tariff structure for considertion Tabling of Process Plan for 23/24 Fy	
	09 -05-2024 Xhora Town Hall	06	07	91		
	10-05-2024 Gatyana Indoor Sport Centre	08	06	89		
	08-05-2024 Dutywa Trc Hall	06	05	87		
	23 -08-2023 Xhora Town Hall	08	07	87		
	24-08-2023 Gatyana Indoor Sport Centre	05	06	105		
IDP REP FORUM MPAC ROADSHOWS & MAYORAL IMBIZO	25-08-2023 Dutywa Trc Hall	07	07	107	Tabling of Final Draft 2023-2027 IDP, Budget and Tariff structure for considertion Tabling of Draft Annual Report & Identification of Priorities	
	14/11/2023 Gatyana Indoor Sport Centre	12	10	78		Feedback on issues raised were provided during the meetings and matters affecting other departments were escaletated to relevant departments
	15/11/2023 Dutywa TRC Hall	09	07	105		

CHAPTER 2

T2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Mbhashe municipality has made every effort to ensure maximum participation by members of the local community in the development of the Integrated Development Plan (IDP). The Mayoral Imbizos were held in each unit of Mbhashe Municipality with full participation from community members. Communities were able to reflect on the progress on service delivery by acknowledging the work done by the municipality while taking into consideration the disasters that have derailed the service delivery progress. Comments submitted by communities gave the municipality an opportunity to reflect on how it has given services to the community members, and the comments are the dipstick and measure to the level of good governance as well as indicating areas of focus for the municipality to improve efficiency and effectiveness. The representative forum meetings held on a quarterly basis with various wards affords the municipality an opportunity to know whether the direction taken by the leadership of the municipality responds to community needs. The communities are afforded an opportunity to engage with the information presented by the municipality and their comments or inputs were consolidated into a final report. These public meetings involve interaction with communities at ward levels and interactions with the reference groups which represents various stakeholders of the municipalities.

A number of developmental challenges were raised during these interactions. These issues have in turn been aligned with key development thrust of the municipality. The key development thrusts include:

- Construction of roads and road maintenance.
- Unemployment
- Poverty eradication, rural and economic development, and job creation
- Financial sustainability (e.g. revenue enhancement)
- Spatial development and the built environment
- Human settlement
- Public transport
- Environmental Management and climate change
- Social and community services
- Disaster Interventions
- Water provision

T2.4.3.1

CHAPTER 2

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 54A and 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	
T2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance broadly refers to the mechanisms, processes and relations by which corporations are controlled and directed. Governance structures identify the distribution of rights and responsibilities among different participants in the corporation and include the rules and procedures for making decisions in corporate affairs.

Corporate governance includes the processes through which corporations/organizations objectives are set and pursued in the context of the social, regulatory and market environment. Governance mechanisms include monitoring the actions, policies and decisions of corporations and their agents. Corporate governance practices are affected by attempts to align the interests of stakeholders.

For good governance practices these committees need support in relation to the following:

CHAPTER 2

Integrated reporting and levels of independent assurance

How the combined assurance framework addresses all significant risks; and

The practicalities of how the risk committee works with the audit committee

In our endeavor to practice good governance, the municipality strives to implement the following principles in all its activities.

Rights and equitable treatment of shareholders-interest of other stakeholders

Role and responsibilities of the various committee's members

Integrity and ethical behavior

Disclosure and transparency

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Section 62 (1)©(i) and 95 ©(i) of the Municipal Finance Management Act (Act 56 of 2003) requires the Accounting Officers to ensure that their municipalities and municipal entities have and maintain effective, efficient and transparent systems of risk management.

Risk management is the systematic and formalized process to identify, assess, manage, and monitor risks. The unit has the responsibility of coordinating and supporting the overall institutional risk management process. The process of identifying, assessing, and managing risk remains the responsibility of management.

Risk Management is functional at Mbhashe Local Municipality and is based on the legislative mandates of Risk Management Policy, Fraud and Anti – Corruption Policy to derive the benefits that would enhance the effectiveness and efficiency of the institution in meeting its obligation. The following risk documents are available:

- Risk Implementation Plan
- Strategic Risk register
- Operational Risk register
- ICT Risk register
- Fraud Risk register and
- Disaster risk register

Risk Management Policy requires that the institution should have a Risk Implementation Plan (RIP) that would outline plans regarding activities of risk management. The Risk Implementation Plan together with the risk terms of reference was presented to all relevant committees, i.e., senior management structure, risk management committee and audit committee during the start of the financial year. The risk management

CHAPTER 2

implementation plan together with risk terms of reference for Mbhashe Local Municipality prepared to give effect to the implementation of the risk management policy, fraud and anti-corruption policy and sets out all risk management activities planned for the 2023-24 financial year.

For the process of implementation risk management policy, each department has appointed risk champion. There are also consultative sessions that take place where departments are reporting on the progress of risk registers. Operational risk registers are updated and reported quarterly to the risk management committee and later to the audit committee. Risk management has been institutionalized by the municipality and there are KPIs developed in the SDBIP for all Heads of Departments (HOD's). Departmental risk sessions are convened monthly for the purposes of updating the risk registers. Departments identified emerging risks which then later are presented to the Audit Committee.

Reference to section 62 of the MFMA, Accounting Officer of Mbhashe Local Municipality established a Risk Management Committee which is defined as a committee with authority to review the Institution's system of risk management.

The membership of the Risk Management Committee comprises both management and external members with the necessary blend of skills, competencies, and attributes, including the following critical aspects:

- An intimate understanding of the Institution's mandate and operations.
- The ability to act independently and objectively in the interest of the Institution; and
- a thorough knowledge of risk management principles and their application.

The chairperson of the Risk Management Committee is an independent external person, appointed by the Accounting Officer / Authority. The responsibilities of the Risk Management Committee are formally defined in a charter approved by the Accounting Officer / Authority.

Reference to the approved Risk Management Terms of Reference, all the planned four risk committee meetings were held successfully, and all the reports were further presented to the Audit Committee Structure. Mbhashe Local Municipality has managed to hold its risk management committee meetings where other two meetings were held using an online platform.

Combined risk assurance takes place by conducting the following activities: -

- Reporting risk to senior management & extended management meeting
- Reporting risk management by MM in terms of the approved SDBIP.
- Reviewing and assessing of risk registers
- Interaction with ADM, SALGA, and Treasury
- Reporting of risk management activities and progress to the Risk and Audit Committees.

Mbhashe Local Municipality conducted Annual Risk Assessment during the fourth quarter of the previous financial year as per approved SDBIP and risk implementation plan for it to be implemented in 2024/2025 financial year. The overall purpose of risk assessment is to help the institution to identify and prioritize the most important risks as the institution is not expected to have the capacity to deal with all risks in an equal manner. Inherent risks were assessed to establish level of exposure and residual risks assessment to determine the actual remaining levels of risk. Assessment tables were checked wherein each risk is evaluated in terms of potential impact. Risks which are irrelevant were removed from each

CHAPTER 2

department, some of the matters have been removed and transferred to other departments.

The top strategic risks as identified by the senior management, covered in the strategic risk register are as follows:

No	Risk name	Rating of risk
1	ICT Business Interruption	Extreme
2	Inadequate implementation of workplace skills plan.	Extreme
3	Inadequate provision and maintenance of service delivery infrastructure	High
4	Inability to unlock investment opportunities	High
5	Non-compliance with laws, policies, and regulations	High
6	Institutional Instability	High
7	Inadequate strategies for revenue generation	High
8	Inadequate Expenditure management control	High
9	Inadequate asset Management	High
10	Misuse of municipal assets.	Moderate
11	Uncoordinated land development	High
12	Loss of Municipal information	High
13	Inadequate infrastructure and facilities to provide efficient waste management services	High
14	Vulnerability Disaster Management	High
15	Tempering/manipulation of the payroll system	High

T2.6.1

CHAPTER 2

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Mbhashe Local Municipality reviewed a strategy of conducting anti-fraud and corruption awareness to its employees which is reviewed yearly. In terms of the strategy the municipality must conduct Anti-fraud awareness during 2023/24 financial year in six departments which are Community Services, Infrastructure, BTO, LED, Corporate services and Operations, and the awareness was conducted in each department. Fraud risk registers were updated per department on a quarterly basis and all registers were assessed. Anti-Fraud and Anti-Corruption Strategy has been reviewed and adopted by Council in May 2023. The Anti-Fraud and Anti-Corruption Strategy requires the institution to have an Anti- Fraud and Corruption Hotline and the procurement processes have been followed in the year 2023/24 Although the project went to both BEC and BAC but the appointment was not successful as there were no responsive bidders . Mbhashe Local Municipality had successfully conducted Anti-fraud awareness during 2023/24 financial year in six departments with the assistance of both the Public Protector South Africa (PPSA) and Directorate for Priority Crimes Investigation (DPCI) offices as follows: Community Services in Q1, Corporate Services and Developmental Planning in Q2, BTO and Operations in Q3 and Infrastructure in Q4

T2.7.1

CHAPTER 2

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Supply Chain Management Policy was reviewed during the 2023/24 financial year and was submitted for approval to Council on the 23rd May 2024. SCM policy is currently fully aligned with the latest regulations, few amendments to the SCM Policy were mainly to address the issue of deviations i.e. payments to educational institutions (in terms of the bursary policy), licensing of vehicles payments of subscriptions to professional bodies (SALGA, IMFO, IIA etc) these were previously done through deviation and now have been included in the policy.

Furthermore, three other policies dealing with SCM were submitted for review with no proposed changes and the policies are as follows: Commodity Based Procurement Policy, SCM Turnaround Policy and Standard on Infrastructure Procurement and Delivery Management.

The Municipality appointed CCG systems in line with the RT25 tender issued by National treasury for a financial accounting system that is mSCOA compliant system. Sage Evolution Advance procurement is a module used to procure goods and services needed by the municipality integrated with other modules.

Between R2000 and R300 000 a 7-day notice procurement process is followed with adverts placed in the website as well as Municipal notice board in all three units (Dutywa, Xhorha and Gatyana). Upon closing, a register with all the relevant information is kept at the SCM office. The bids are then evaluated, and a report is compiled where recommendations are captured and approved.

Open tenders with the value of R300 000 and above follow the Bid Committee System namely; Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee. Committee members are appointed in writing by the Municipal Manager in line with the relevant legislation. The Municipal Manager has strengthened the functioning of the bid committees by including members of management across all three committees. Furthermore, regular trainings were provided by treasury to ensure that members understand their roles and responsibilities thus achieving full efficiency. The municipality is still not mastering the planning and implementation of procurement hence the slow start of project with a negative bearing in service delivery and grants funding

CHAPTER 2

The latest PPPF Act thresholds is adhered to. BBBEE Act and point's allocation are applied throughout the municipal procurement. The 80/20 split applied to all contract values below R50 million and 90/10 to all above R50 million, in line with the latest Preferential Procurement Regulations.

Contract Management

Contracts are monitored by SCM through maintenance of a contract register. End user departments in particular Infrastructure department with huge contracts needs to ensure that contract management is practiced. There is still room for improvement in so far as contract management is concerned. Buy-in from departments is also being sought to ensure that all employees play their pivotal role in contracts management. A comprehensive contract register is in place and is monitored monthly to track spending and performance on each contract. BTO has been engaging end user departments and service providers as part of contract management. Two other important registers are Commitments register and Work in Progress register that are monitored and constantly updated

Code of Ethics

All Supply Chain Management practitioners, and members of the three Bid Committees, are required to sign a Code of Ethics as approved by Council annually. The code is based on the Code of Ethics issued by National Treasury. In all Bid Committee meetings members are required to declare their interests as part of the standing items in the agenda for each sitting. New Bid Committee members were appointed by the Municipal Manager to serve in various committee in the 2023/2024 financial year.

Training and Competency

In accordance with the requirements of Section 8 of the SCM Regulations, as well as Section 83 of the MFMA, all SCM Practitioners must have attained minimum level competencies in line with the relevant gazette. Continuous training of staff to meet this requirement is on-going, however majority of the members have achieved this requirement. This has been implemented beyond SCM officials, senior management and interns but extended to senior officials in other departments across the municipality. All of the four (04) SCM permanent staff have met the competency requirements.

CHAPTER 2

General SCM Matters

Supply Chain Management office was adequately staffed as the position of SCM Manager was filled as it was vacant for the better part of the current year. There were other resignations during the financial year which resulted in the department to be under immense pressure.

SCM unit is responsible for the best procurement approach in compliance with the primary aim of ensuring that irregular expenditure resulting from that is avoided. This section on a monthly basis reports on Irregular procurement and expenditure. So far, there has been no new Irregular Expenditure incurred other than the one recurring from previous irregular contracts. This is one of the important steps towards achieving a clean audit.

Section 3(1)(b) and (c) of the SCM Regulations states that the accounting officer of a municipality must at least annually review the implementation of the SCM policy and when necessary submit proposal for the amendment of the policy to council. Section 117 of the MFMA states that: "No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, not attend any such meeting as an observer." The Accounting Officer established a committee system that is consistent with the MFMA and Municipal SCM Regulations for competitive bids consisting of:

- A bid specification committee
- A bid evaluation committee
- A bid adjudication committee

Chapter 6 of the Municipal Regulations on Minimum Competency Levels states that: "The accounting officer and any other official of a municipal entity involved in the implementation of the SCM Policy of the municipal entity must generally have the skills, experience and capacity to assume and fulfil the responsibilities and exercise the functions and power in respect of Supply Chain Management." The regulations indicate the minimum competency levels for Heads and Managers in Supply Chain Management and Supply Chain Management Practitioners.

Supply Chain Management is centralized and situated in the Budget and Treasury Office with 4 permanent staff members with no vacancies. All four employees have completed the minimum competency requirements.

CHAPTER 2

T2.8.1

2.9 BY-LAWS

Newly developed	Revised	Public Participation Conducted prior to adoption of By-Laws	Dates of Public Participation	By-Laws Gazetted (Yes/No)	Date of Publication
None	None?	No	None	No	None

T 2.9.1

COMMENT ON BY-LAWS:

There were no newly developed By-laws

T2.9.1.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	
All current budget-related policies	Yes	
The previous annual report (Year -1)	Yes	

CHAPTER 2

The annual report (Year 0) published/to be published	Yes	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	
All service delivery agreements (Year 0)	Yes	
All long-term borrowing contracts (Year 0)	No	n/a
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section		
Public-private partnership agreements referred to in section 120 made in Year 0	No	n/a
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i> <i>T 2.10.1</i>		

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Section 75 of the MFMA requires that municipalities place key documents and information on their website, including the IDP, annual report, the annual budget, adjustments budgets and budget related documents and policies. There is a service provider supporting the municipality in updating and maintenance of website.

T2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

CHAPTER 2

During the 2023/24 financial year, the municipality did not conduct a Customer Satisfaction Survey.

COMMENT ON SATISFACTION LEVELS:

Based on the survey findings above, the following recommendation were proposed to improve the level of service to customers. It is recommended that Mbhashe LM must develop a Service Delivery Improvement Plan (SDIP) with specific service delivery standards for each key performance area. Such service delivery standards must identify critical activities and key performance indicators (KPI) attached to each critical area. The KPI's in turn shall be linked to the performance management system. At a strategic level, the service delivery standards shall be informed and/or aligned to, but not limited to the following government imperatives:

- 1) White Paper on Transforming Service Delivery.
- 2) EC COGTA's Service Delivery Improvement Plan.
- 3) National Treasury's Outcomes Led Planning.
- 4) National Outcomes Based Approach.
- 5) Any other national and international standards.

It is also recommended that Mbhashe LM shall utilise the findings and recommendation of this report through the IDP and Budget Processes. This shall take place after due consideration of this report and its recommendations by the various KPA's. Functions that fall outside the powers and functions of Mbhashe LM (provision of water & sanitation, firefighting and electricity) shall be referred to Amathole DM and ESKOM respectively, utilising the already established engagement platforms.

T2.11.2.2

CHAPTER 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

Mbhashe Local Municipality has some key service achievements that came to completion during the year 2023/24 namely based on the institutional IDP. Infrastructure Services department objectives and strategies in delivery of services are linked with IDP and development of SDBIP with annual targets is based on the approved IDP. Tabulated below are projects: the provision of 21,4 kms of Roads and Storm Water control facilities (ward 14,17,31,13,26) that are of a good quality, safe & trafficable as per applicable standards, total of 230,3 kms Roads were maintained, 230m² of paving has been done , 1 sport facility completed at Ward13 and Ward 1 and Ward 25 sports facility under construction and under electricity designs are done for Ward 13 and Ward 08.

The universal access with regards to waste management services has been achieved in the year under review. All our waste disposal sites are licensed, Dutywa and Gatyana licensed for closure and Xhorha landfill licensed for operation. The municipality has identified a space to construct landfill site at Dutywa and planning processes are unfolding and anticipated to start during 2022/23

T3.0.1

No	Project name & Details	Start date	End Date	Total Value
1.	Mtonga to Mantlaneni Access Road (Ward 23, Gatyana)	21/10/2022	30/04/2023	R 3 775 567.89
2.	N2 to Nimrod Access Road(Ward 06, Dutywa)	21/11/2022	19/05/2023	R 5 400 298.17
3.	Machani to Taleni Access Road (ward 10, Dutywa)	14/11/2022	31/05/2023	R 5 476 185.00

CHAPTER 3

Name of Entity & Purpose (I)	Service Indicators (ii)	Year 0 Target (III)23/24	Year 0 Actual (iv)	Year 1 Target (III)22/23	Year 1 Actual (iv)	Year 2 Previous Year (v)21/22	Year 2 Current Year	Year 3 Actual	Year 3 Current Year 20/21
	Construction of New roads	21,8km	21,4km	25,5km	17,3km	26km	18,1km	30km	25km
	Maintenance of Access Roads	240km	230,3Km	240,km	301km	300km	341,2km	300km	331km
	Construction Public Facility	1 Design report completed Phase 2 ward 13 sports facility 5 Activities for phase 1 Ward 1 sports facility 02 activities for phase 3 sport facility ward 2. 1 ablution facility constructed at	1 design report completed phase 2 ward 13 Soccer Pitch completed, running track earthworks completed, irrigation system reticulation completed, Ablution facility completed, activity for phase	Earthworks completed at Ward 1, Completion of Ward 13 and Ward 25 Sports facility.	Ngumbela phase 2 sport facility completed, ward 25 sport field on construction. Ward 13 sportified on complete, ward1 sportfield under construction stage.	Ngumbela sportfield completed	Ngumbela phase 2 sport facility completed, ward 25 sport field on construction. Ward 13 sportfield on complete, ward1 sportfield under construction stage.	Ngumbela phase 1 sport facility completed, ward 25 sport field on construction. Ward 13 sportfield on construction, ward1 sportfield at tender stage, ward21 community hall completed	Ngumbela phase 1 sport facility completed, ward 25 sport field on construction. Ward 13 sportfield on construction, ward1 sportfield at tender stage, ward21 community hall completed

CHAPTER 3

		ward 25 taxi rank 2 design report compl eted Gatya na taxi rank and Dutyw a . 1 Comm unity Hall constr ucted at ward 8	3 sportfa cility constru cted at ward 2 which is design report submitt ed to COGT A and approv ed 1 Ablutio n facility constru cted at Gatyan a Taxi Rank ward 25, 2 design report comple ted for Gatyan e taxi rank and Dutywa . 1 commu nity hall constru cted at ward 8 Gem						

CHAPTER 3

			commu nity hall						
6	Mbhashe Electrificati on project	434 house holds to be electrifi ed	434 househ olds electrifi ed	N/A	N/A	360 househ olds	279 househol d	658 househol ds	327 households
7	Paving	130m paved for Gatya na and 380m for Xhora	130m Gatyan a and 100m for Xhora	3056sqm	3056sqm	4000sq m	4000sqm	4000sqm	4000sqm

COMPONENT A: BASIC SERVICES

This component includes: water, waste water (sanitation), electricity, waste management, and housing service, and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

Housing Basic service is the most key focus function of the municipality for coordination of Human Settlements projects. Mbhashe LM basic services are provided by three internal departments, namely, Infrastructure Services, Community Services and Planning & Development. Focus areas for basic services are as follows: municipal roads and storm water, infrastructure community services (community halls etc), electrification (community lights & households connection), solid waste, traffic, safety and security, Registering Authority Services (Agent for Department of Transport), environmental management, libraries (agent for DSRAC), disaster management function, land use management, building regulations and human settlements. Water and Sanitation services are rendered by Amathole DM which is the Water Service Authority (WSA) and Water Services Provider (WSP).

The provision and maintenance of road cuts across the functional areas of the Department of Transport DOT, ADM and Mbhashe LM. Mbhashe LM managed to construct 21.4 KM of new roads and maintained 231.66 KM of gravel roads. This was achieved with MIG and In-house construction/maintenance teams on each unit.

In terms of electricity distribution, Eskom is the licensed distributor of electricity in the whole of Mbhashe Municipal Area.

In addition to other service delivery issues is the housing. The housing delivery process is very slow because the municipality does not have the developer status. All project implementation

CHAPTER 3

responsibilities are done by the Department of Human Settlement. The municipality's housing sub-unit is coordinated by the housing officer reporting to the Land and Housing manager.

Mbhashe LM is providing waste management services to three units which is Dutywa, Gatyana and Xhorha. Collection of waste is done seven days a week in the case of urban areas and in the surrounding low cost and informal settlements: two days a week in the case of rural areas. This arrangement far surpasses the national norm of a minimum once a week.

Dutywa and Gatyana are licensed for closure and Xhorha landfill licensed for operation. The municipality has identified a space to construct landfill site at Dutywa and planning processes are still in progress.

T.3.1.0

3.1. WATER PROVISION

Introduction to water provision

Mbhashe Municipality is not a Water Service Authority (WSA) nor is a Water Service Provider (WSP), Amathole District Municipality (ADM) is responsible for both WSA & WSP. ADM has WSP satellite units to serve Mbhashe Local Municipality in each unit and through District Engineering Forum and Water Forum that are facilitated by ADM and there is an integration and information for the planned and implemented projects.

Challenges

Old water services infrastructure in all three towns (Dutywa, Xhorha, and Gatyana).

Shortage of drinking water supply especially in Dutywa town.

Lack of Bulk infrastructure in all three towns (Dutywa, Xhorha, Gatyana)

There is no wastewater treatment plant in Xhorha and Gatyana

Slow implementation of rural sanitation program.

Huge water backlogs in the rural areas.

The above challenges have negative effect on future developments in all towns

T 3.1.1

3.2 WASTEWATER (SANITATION) PROVISION

CHAPTER 3

Dutywa has the waste water treatment plant, however at Gatyana and Xhorha, there is no waste water treatment plant.

T3.2.1

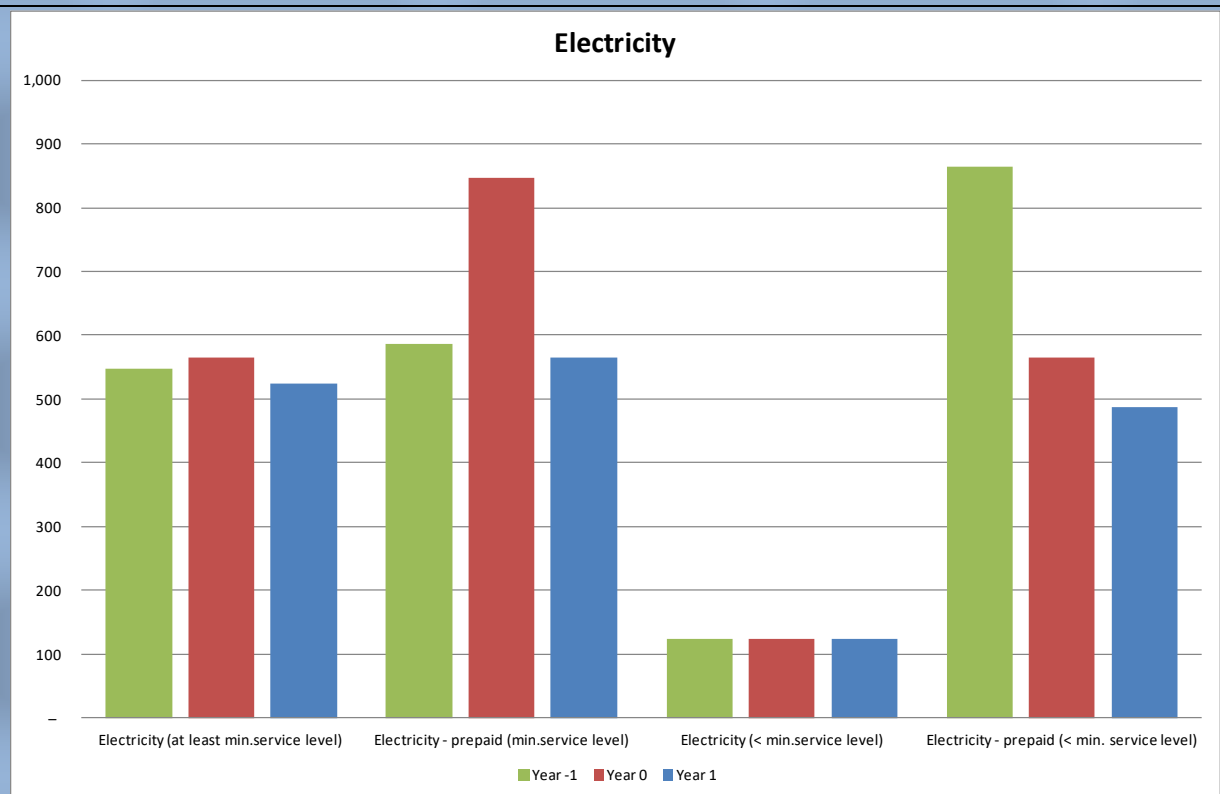
3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

ESKOM is the licensed distributor of electricity in the whole area of Mbhashe LM. Mbhashe Local Municipality, therefore, is not a licensed distributor of electricity; Integrated National Electrification Programme (INEP) grant under Schedule 5 of Division of Revenue Act for household electrification is being received by Mbhashe LM for Electrification Programme. DMRE allocated R4 142 000,00 to the municipality to implement prioritised electrification projects for the year 2023/24 FY.

T3.3.1

CHAPTER 3



T3.3.2

Electricity Services Delivery Levels				
Description	Year-3	Year-2	Year-1	Year-0
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				
Electricity (at least min.service level)	48861	48861	54218	54652
Electricity - prepaid (min.service level)	48861	48861	54218	54652
Minimum Service Level and Above sub-total	97722	97722	108436	109304

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Minimum Service Level and Above Percentage	81%	81%	90%	90,8%
Energy: (below minimum level)				
Electricity (< min.service level)	6266	6266	5098	
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	11263	11263	0.00	0.00
Below Minimum Service Level sub-total	11263	6266	6266	5098
Below Minimum Service Level Percentage	19%	10%	10%	5%
Total number of households	60124	60124	60124	60124

T 3.3.3

Households – Electricity Service Delivery Levels below the minimum						
						Households
Description	Year -2	Year -1	Year -0	Year 1		
	Actual No	Actual No	Actual No	Original Budget No	Adjusted Budget No	Actual No
Formal Settlement						
Total Households	60124	60124	60124	360	360	434

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Households below minimum service level	11263	5532	0	11263	0	0
Proportion of households below minimum service level	81%	81%	90%	0	0	0
Informal Settlements						
Total Households						
Households below minimum service level						
Proportion of households below minimum service level						
						T3.3.4

CHAPTER 3

ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP

Electricity Service Policy Objectives Taken from IDP									
Service Objectives	Outline Service Targets	Year 0		Year1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		Previous Year		Previous Year	Current Year		Current Year	Current Year	Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
To construct, maintain and upgrade quality infrastructure by June 2022	On Electricity the municipality has energised 360 households with grid and maintained 74 non-grid	115 solar maintenances	30 solar maintained	360 grid 100 solar maintenances	434 households connected & 30 solar maintained	434	434	434	0

CHAPTER 3

	(solar) in 2021/22 FY out of 100 that was planned.								
									T3.3.5

Employees: Electricity Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
4 – 6	2	3	2	1	90%
7 – 9	2	2	2	0	100%
10 - 12	1	1	1	0	100%
13 - 15					
16 - 18					
19 - 20					
Total					
					T3.3.6

CHAPTER 3

Financial Performance Year 0: Electricity Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15,081,000.00	12,492,000.00	6,492,000.00	6,492,000.00	0%
Expenditure:					
Employees	1,820,077.69	1,926,907.12	1,926,907.12	1,797,657.69	7%
Repairs and Maintenance	190,374.65	4,656,000.00	4,656,000.00	2,332,527.58	50%
Other	7,992,782.43	12,492,000.00	6,492,000.00	5,653,814.30	13%
Total Operational Expenditure	10,003,234.77	19,074,907.12	13,074,907.12	9,783,999.57	11%
Net Operational Expenditure	-5,077,765.23	6,582,907.12	6,582,907.12	3,291,999.57	50%

T.3.3.7

Capital Expenditure Year 0: Electricity Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Upgrade of Street lights	2000000	0	2000000	0%	2000000
Electrification	47600000	0	47600000		
T 3.3.8					

T.3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

ESKOM is the licensed distributor of electricity in the whole area of Mbhashe LM, therefore the Municipality is not a licensed distributor of electricity. Integrated National Electrification Programme (INEP) grant under Schedule 5 of Division of Revenue Act for household electrification is being received by Mbhashe LM for Electrification Programme. As at the end of 2023/24 financial year 434 households have been energised. The Department of Minerals resources and Energy granted Mbhashe Local Municipality an allocation of R4 142 000.00 for 2023/24 FY.

T3.3.9

CHAPTER 3

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

Mbhashe municipality is responsible for providing Waste Management services to its areas of jurisdiction. Waste Management Services is the main municipal service rendered by Mbhashe and as such should receive the requisite attention from the institution.

The municipality provides for waste management services that includes waste collection, street cleaning, clearing of illegal dumping and waste disposal facilities. During this financial year waste sorting and recycling has been introduced to all wards through ward-based waste management forum.

Regular solid waste collection is provided to business, institutions and households within the areas of the municipality.

T3.4.1

Solid Waste Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Solid Waste Removal (Minimum level)				
Minimum service level & above subtotal	2029	2029	2029	1345
Minimum service level & above percentage	100	80%	95%	95%
Solid waste removal (below minimum level)				
Removed less frequently than one week	0	0	0	0
Using communal refuse dump site	164	164	164	164
Other rubbish disposal	0	0	0	0
No rubbish disposal	0	0	0	0
Below minimum service level subtotal	164			

CHAPTER 3

Below minimum service level percentage	10			
Total number of households	164			

T3.4.2

Households- Solid Waste Service Delivery Levels Below The Minimum							
Description	Year 3	Year 2	Year 1	Year 0			
	Actual No	Actual No	Actual No	Original budget No	Adjusted Budget No	Actual Budget No	
Households below minimum service level	60124		164	6 050 000	500 000	6 550 000	
Proportion of households below minimum service level	70%+		0		20%	20%	

T3.4.3

Waste Management Service Policy Objectives Taken From IDP								
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2021/22		2022/23			2023/24	
		Target	Actual	Target		Actual	Target	
		*Previous Year (iii)		*Previous Year (v)	*Current Year (vi)		*Current Year (viii)	*Current Year (ix)
By providing quality waste management services								
To provide effective and affordable safety services to the community Municipality by 2027	No of households & commercial areas serviced at Dutywa, Gatyana & Xhorha	164 Households and 20 commercials	164 Households and 20 commercials	164 Households and 20 commercials	164 Households and 20 commercials	164 Households and 20 commercials	164 Households and 20 commercials	164 Households and 20 commercials

T.3.4.4

CHAPTER 3

Job Level					
Job Level 0 – 3	Employees	Posts			
	No.	No.	Employees	No.	No.
	59	1	0 – 3	59	1
4 – 6	22	3	4 – 6	22	3
7 – 9	22	4	7 – 9	22	4
10 – 12	5	2	10 – 12	5	2
13 – 14	0	0	13 – 14	0	0
16 – 18	1	1	16 – 18	1	1
19 – 20	0	0	19 – 20	0	0
Total	109	11	Total	109	11
Job Level	Year -1	Year 0	Job Level	Year -1	Year 0

T.3.4.5

Financial Performance Year 0: Solid Waste Management Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	700 000.00	6 050 000.00	500 000. 00		
Expenditure:					
Employees	12,504,170.00	21,113,771.75	21,113,771.75	20,083,618.59	4%

CHAPTER 3

Repairs and Maintenance	2,254,122.00	55,000.00	55,000.00	55,000.00	0%
Other	7,181,808.00	9, 127,899.00	9, 127,899.00	4,350,460.00	53%
Total Operational Expenditure	21,940,100.00	30,296,670.75	30,296,670.75	24,489,078.59	6%
Net Operational Expenditure	-	-29,596,670.75	-29,596,670.75	-20,998,146.59	71%
					T 3.4.7

Capital Expenditure Year 0: Waste Management Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5 992667.23	-	-	0%	-
Skip Loader Truck with 10 Skip Bins	1 313 242.50		1 313 242.50	0%	-
BackHoe Loader Truck	3 837 751.23		3 837 751.23	0%	-
Skip loAader trailer with 10 skip bins	411 573.50		411 573.50	0%	-
Two Tipper Trailers	430 100.00		430 100.00	0%	-
	-	-	-	0%	-

T3.4.9

CHAPTER 3

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

Through the introduction of Recycling Initiatives and a BuyBack Centre in rural areas, the performance of Waste Management has shown quite an improvement. Many communities are hands on in collecting waste material like PET, PolyPropolene and Cardboard. The Introduction of clear bag system has made it effective for the waste pickers to identify items they need from the refuse bag thus combating illegal dumping. The municipality has also added specialised waste vehicles for the collection of waste with the following Machinery through Municipal Infrastructure Grant:

Skip Loader Trucks with 10 Skip Bins (6 cubic metres)

Skip Loader trailer with 10 Skip bins (3 cubic metres)

Two Tipper Trailers (1000kg)

With the allocation of this machinery, a lot of improvement on waste collection, recycling and reduction of illegal dumps is expected.

T3.4.10

3.5 HOUSING

INTRODUCTION TO HOUSING

Mbhashe is comprised of 612 rural villages that accommodated 94 % of the total population, indicated the rural nature of the municipality. According to SA Statistics, 2022 Census, two thirds (69%: 34 476 households) of the households in the Municipality live in formal dwellings, whilst a third (30%: 15 734 households) live in traditional dwellings. The majority of households (67%) lived in traditional dwellings in 2011, showing a significant

CHAPTER 3

increase in households (37%) having access to formal houses in rural areas in the past 10 years. The 2022 Census records that 268 households (1%) live in informal dwelling structures (shacks) within the entire municipality, which indicates a possible and significant undercount. T 3.5.1

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	4456	1199	31%
Year -2	4456	1199	31%
Year -1			
Year 0	25562	24135	41.1%
Source: 2016 community survey			
T 3.5.2			

CHAPTER 3

CHAPTER 3

Housing Service Policy Objectives taken from IDP						
Service Objectives / Service Indicators	Service targets	2021/22		2022/2023		2023/24
		Target	Actual	Target	Actual	Target
By facilitating the provision of appropriate houses to destitute households.						
To Facilitate the development of sustainable and viable human settlements by June 2027	Number of relocation plans developed for Dutywa (W9) and Gatyana (W25)	-	-	-	2	2

T3.5.3

CHAPTER 3

EMPLOYEES: HOUSING SERVICES					
Job level	2022/23	2023/24			
	No. of employees	No. of posts	No. of employees	No. of vacancies	Vacancies as a total of vacant posts
0 – 3	0	0	0	0	
4 – 6	0	0	0	0	
7 – 9	0	0	0	0	
10 – 12	2	2	2	0	0%
13 – 15	0	0	0	0	
16 – 18	1	1	1	0	
Total	3	2	3	0	0%

T3.5.4

CHAPTER 3

Financial Performance Year 0: Housing Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	0%
Expenditure:					
Employees	2,550,462.67	2,938,896.00	2,938,896.00	2,938,894.00	0%
Repairs and Maintenance	1,405,246.19	1,572,000.00	1,410,333.00	984,928.00	30%
Other	6,365,610.25	3,387,293.00	3,838,200.00	3,084,989.00	20%
Total Operational Expenditure	10,321,319.11	7,898,189.00	8,187,429.00	7,008,811.00	14%
Net Operational Expenditure	-10,321,319.11	-7,898,189.00	-8,187,429.00	-7,008,811.00	14%

T3.5.5

Capital Expenditure Year 0: Housing Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	0%	-
	-		-		-

No expenditure in previous years.

T3.5.6

CHAPTER 3

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL Whilst Housing is not the municipality's function; the municipality facilitates and plans for housing development. In the 2023/2024 financial year; the municipality has managed to facilitate construction of 111 houses at Gatyana

Beside the provision of housing as outlined above, the municipality has facilitated the provision of housing for the destitute and the provision of emergency housing for those affected by disaster. In the 2023/2024 financial year, about 99 destitute houses (houses in different stages of construction) are constructed in Dutywa and Xhorha respectively.

However, the main challenges remain the land claims, land invasion, poorly built houses in the Xhorha and Gatyana.

T 3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Mbhashe Municipality's intervention to adopt and implement the Free Basic Alternative Program goes a long way to ensuring that a better life for all is a foreseeable reality and specifically to improve its capacity towards service delivery to its citizens. The Municipality has reviewed an Indigent support which was approved by the Council in May 2024

The municipality has provided the following services under its indigent support program:

1. Refuse removal
2. Electricity to indigents
3. Solar alternative energy
4. Water and Sanitation- provided by Amathole DM

CHAPTER 3

The Free Basic Services objectives are to provide indigent households with access to basic services. This support is funded through equitable share received from National Treasury.

There has been assistance in non-electrified areas by providing them with free basic alternative energy in the form of solar panels.

The municipality through ESKOM is providing the registered indigents with 50Klw electricity per households.

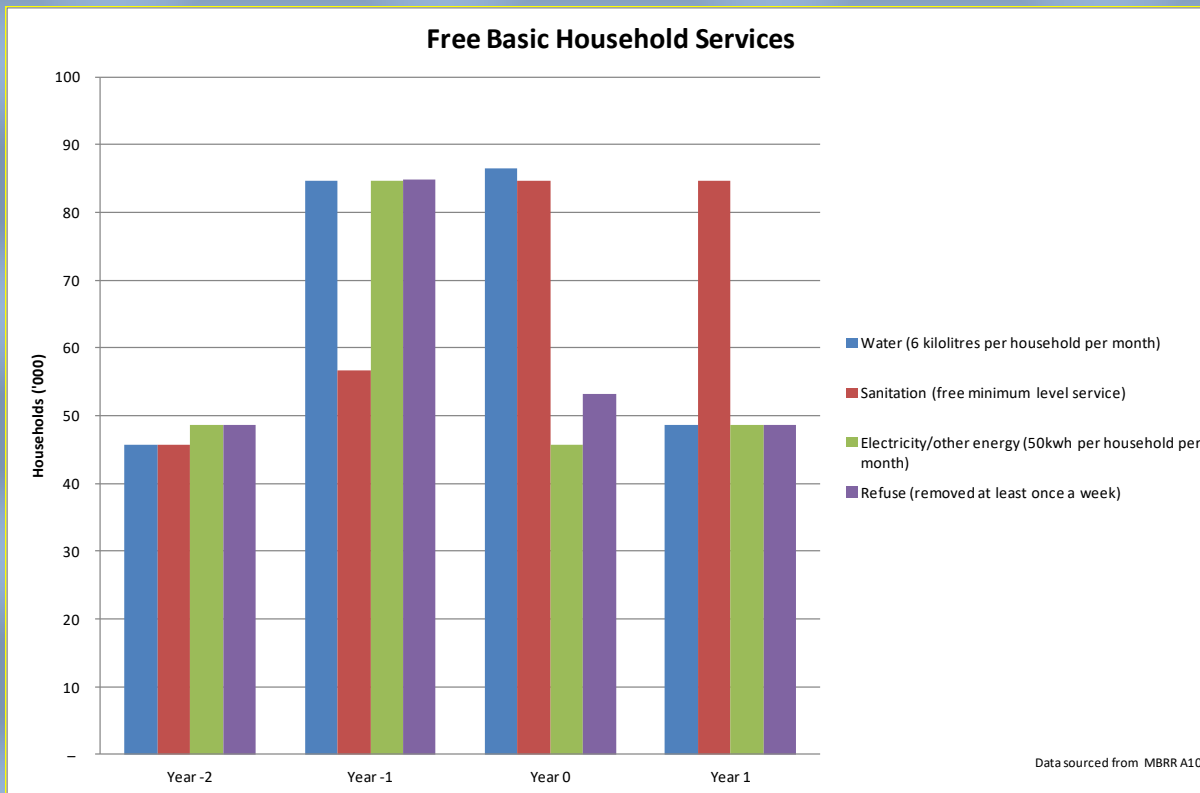
The municipality has also provided free refuse removal services to all communities of Mbhashe at no cost. This intervention is aimed at promoting a clean environment. The municipality is also providing monthly free electricity tokens of 50kws for indigent household through Eskom Free Basic Account. This service has been affected by the updating and reviewal of the Indigent Register and updating of the Eskom contract. Monthly free electricity tokens have been rolled out for all ward beneficiaries during 2023/24 FY.

The municipality has established a free basic services unit. The municipality has an indigent register which is updated on a yearly basis whenever there are changes in the housing needs register.

The municipality is on track to fully comply with provisions of the equitable share allocation, which dictates that the municipality must fully support indigent residents within its jurisdiction

T3.6.1

CHAPTER 3



T3.6.2

CHAPTER 3

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
Year -2	27 724	27 724		0%	0	0%	2 864	10%	0	0%
Year -1	27 724	27 724		0%	0	0%	2 864	10%	0	0%
Year 0	27 724	27 724		0%	0	0%	2 864	10%	20 000	72%

T3.6.3

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water					
Waste Water (Sanitation)					
Electricity	2 500 000.00	2 500 000.00	0	2 500 000.00	0
Waste Management (Solid Waste)	822 602.00	1 000 000.00	1 000 000.00	151 206.61	20%
Total	1 072 602.00	3 500 000.00	1 000 000.00	2 651 206.61	30%

CHAPTER 3

T3.6.4

CHAPTER 3

Free Basic Service Policy Objectives Taken From IDP										
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0		Year 1	Year 3			
		Target	Actual	Target		Actual	Target			
		*Previous Year (iii)		*Previous Year (v)	*Current Year (vi)		*Current Year (viii)	*Current Year (ix)		*Following Year (x)
To alleviate poverty to improve quality of household life by June 2027.										
By investing and advising on poor households to participate in	Free Basic Services	1 Updated Indigent Register	1 Updated Indigent Register	1 Updated Indigent Register	1 Updated Indigent Register	1 Updated Indigent Register	1 Updated Indigent Register	1 Updated Indigent Register	1 Updated Indigent Register	
		% spent on the allocated equitable	% spent on the allocated equitable	% spent on the allocated	% spent on the allocated equitable	% spent on the allocated equitable	% spent on the allocated	% spent on the allocated equitable share portion	% spent on the allocated equitable	

CHAPTER 3

indigent support program		share portion towards free basic services	share portion towards free basic services	ed equitable share portion towards free basic services	share portion towards free basic services	share portion towards free basic services	ed equitable share portion towards free basic services	towards free basic services	share portion towards free basic services

T3.6.5

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The Municipality through Rural Waste Removal project has assisted all rural households during the 2023/24 financial year.

Furthermore, the municipality maintained 22 solar systems at ward 8 Sibane.

The Indigent households are supported through electricity 50Kw, Refuse removal through rural waste project and Solar panels by the municipality

T3.6.6

CHAPTER 3

COMPONENT B: ROAD TRANSPORT

This component includes roads; transport; and wastewater (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

Mbhashe Local Municipality is providing almost all the licensing activities, starting from Learners Licence service and Drivers Licences, Registering Authority (RA). All these activities are currently happening at Dutywa but an application for satellite office at Xhora for learners' licence has been done to the Provincial department of transport.

Mbhashe Local Municipality does not provide bus service. The provision and maintenance of roads cuts across the functional areas of the National Department of Transport (NDOT), Department of Transport Eastern Cape (DOT), Amathole District Municipality (ADM) and Mbhashe Local Municipality (MLM).

NDOT, DOT and the District Municipality developed Roads Classification for all the LMs funded through the Rural Road Asset Management System (RRAMS) grant, commenced late in 2011. Under this project DOT appointed service provider Engineering Advice and Services (EAS) to revisit and update the centreline data set, using aerial photography in order to include all possible access roads. This has assisted local municipalities in understanding their status of road network.

Mbhashe Local Municipality is a rural municipality that relies on Municipal Infrastructure Grant and some portion of revenue is generated by the municipality to deliver services to its communities. Through this grant the municipality has managed to construct and complete 21.4 Kms of graveled access roads. It is important to note that the municipality has been achieving 100% in the expenditure of MIG with no funds being stopped. The Municipality has spent 100% of its MIG funding for 2023/24 financial year. Our MIG allocation is too minimal to accommodate municipal backlogs. The municipality is engaging with other sector department to eradicate backlog.

Rural Roads Asset Management System (RRAMS) for Mbhashe L.M classification of roads lies with the Amathole District Municipality. Rural Road Asset Management System indicates that the total length of road network in the entire Mbhashe Municipal area is 2711.90km. The total length for

CHAPTER 3

National Roads is 40.60 km, total length for Provincial Roads is 776.53km (684.93km is unsurfaced) and the total length for Municipal Access Roads is 2119.6 km.

RRAMS indicated that Mbhashe Local Municipality has huge roads backlog especially on Class 4 and 5 which is the Public Municipal Roads and Non-motorized Access Ways. The total km for municipal roads class 5 is 1886.18km which is 89% of Class 5 are backlogs. There is an addition of 21.4km of new roads.

Mbhashe Local Municipality has an in-house maintenance/construction team in each unit with machines that are operating, conducting maintenance of access roads. Municipality is undertaking a flexible routine roads maintenance schedule for all access roads. As part of Local Economic Development, the Municipality has appointed local SMMEs to stimulate growth and assist to fast track on maintenance programme. Through equitable share and Disaster funds Mbhashe Local Municipality managed to maintain 231.66km of gravel roads in the year under review.

There are also service providers responsible for plant and machinery on the following:

Municipal plant service and repairs

Backup machinery

Supply and delivery of tyres and repairs All above services are requested as per the need and as required so as to fast track repairing processes to avoid delays on service delivery for a period of 3 years.

T 3.7

3.7 ROADS

CHAPTER 3

INTRODUCTION TO ROADS

The provision and maintenance of roads cuts across the functional areas of the National Department of Transport (NDOT), Department of Transport Eastern Cape (DOT), Amathole District Municipality (ADM) and Mbhashe Local Municipality (MLM).

NDOT, DOT and the District Municipalities established Roads Classification for all the LMAs funded through the Rural Road Asset Management System (RRAMS) grant, commenced late in 2011. Under this project DOT appointed service provider Engineering Advice and Services (EAS) to revisit and update the centerline data set, using aerial photography in order to include all possible access roads. ADM formed part of RAMS program covering all its Local Municipalities where Mbhashe Municipality also participated.

The DOT has thus mapped and classified all un-proclaimed gravel roads, earth roads and tracks that appear to serve a public purpose. This includes formal streets within urban and peri-urban areas as well as tracks and roads within informal settlements, peri-urban and rural areas. These roads have all been divided into links (intersection to intersection), assigned reference numbers and where available, road names. All this data is stored on a consolidated GIS database.

The finalized road classification data for provincial and municipal road networks has now been made available to the National Department of Transport, the Eastern Cape Department of Transport and all Local and District Municipalities by the provision of maps. The Department published a full list of provincial roads in terms of Section 2 of the Eastern Cape Roads Act (Act 3 of 2003).

Rural Road Asset Management System (RRAMS) indicates that the total length of road network in the entire Mbhashe Municipal area was 2875.14km km however currently the updated total number is 2898.14km. The total length for National Roads is 40.60 km, total length for Provincial Roads is 776.53km of which 684.93km is unsurfaced, and the total length for Municipal Access Roads is 2141km.

T 3.7.1

Gravel Road Infrastructure

Kilometers

CHAPTER 3

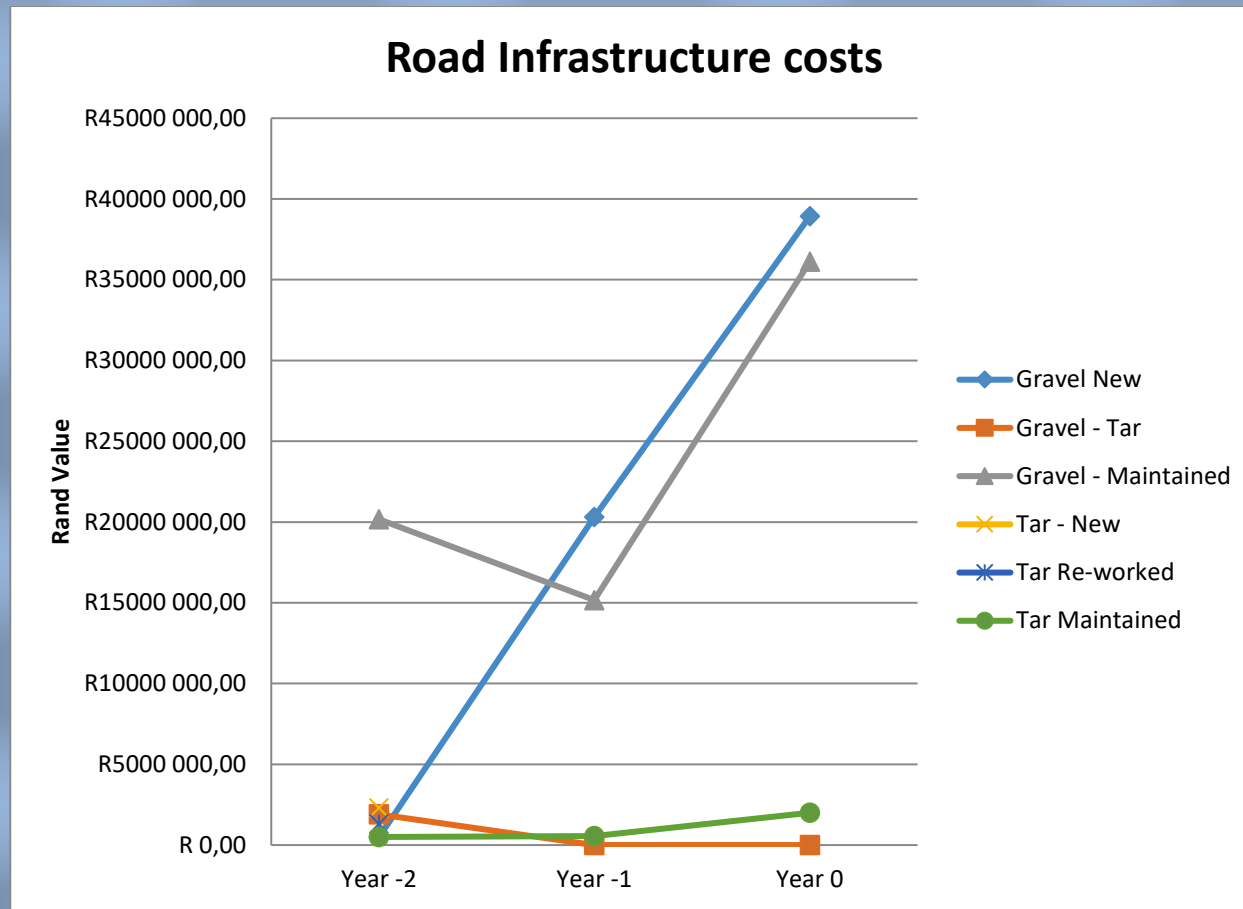
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	166	25	14	691
Year -1	196	30	0	315
Year 0	235	21.4	0	231.66
				<i>T 3.7.2</i>

TAR ROAD INFRASTRUCTURE

	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	114	0	0	0	11
Year -1	114	0	0	0	15
Year 0	114	1.32	0	0	15.2
					<i>T 3.7.3</i>

Cost of Construction/Maintenance						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2	R20 301 552,94	R0,00	R15 164 680,00	R0,00	R0,00	R550 000,00
Year -1	R38 931 634,24	R0,00	R36 112 561,00	R13 136 094,84	R4 000 000,00	R2 000 000,00
Year 0	R42 913 093,72	R18 357 573,60	R50 257 560,00	R0,00	R3 000 000,00	R2 000 000,00
						<i>T 3.7.4</i>

CHAPTER 3



T 3.7.5

CHAPTER 3

Roads Service Policy Objectives Taken From IDP						
Service Objectives <i>Service Indicators</i>	Outline Targets	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	
		*Previous Year	*Current Year	*Current Year		*Following Year
(i)	(ii)	(iii)	(iv)	(v)		(vi)
To develop, maintain and upgrade quality infrastructure through integrated planning, taking short, medium and long term needs into consideration, and fulfilling these within the parameters of sound financial management by 2027						
To develop maintain and upgrade quality infrastructure by 2027	No. of kms of roads constructed	26	17.6	23.8	23.4	35.3
	No. of kms of roads maintained	300	317.2	240	230.3	60
	No. of m paved with interlocking blocks	3056	3056	510	230	1000
	No.km upgraded	20	20	1.37	1.37	2.441
By doing skills audit and enhance operators with limited skills by providing accredited trainings	No. of accredited qualifications	0	0	24	17	24 T3.7.6

Financial Performance Year 1: Road Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					0%
Expenditure:					

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Employees	20 717 165				100%
Repairs and Maintenance	14 379 295	13 212 561	26 500 000	39 712 561	67%
Construction	37 188 207.30	45 541 817.17	0	0	0%
Total Operational Expenditure	72 284 667.30				85%
Net Operational Expenditure	- 45 354 643	- 53 545 903	- 53 545 903		% T3.7.8

CHAPTER 3

Capital Expenditure Year 0: Road Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	R37 392 621,54	R3 607 209,12	R40 999 830,66	9%	
Riverview to Langeni Access road	R8 394 340,46	-R2 273 470,33	R6 120 870,13	-37%	R16 117 561,58
N2 to Nimrod via Madaka access	R1 304 347,82	R2 101 440,18	R3 405 788,00	62%	R8 595 926,67
Cizama to Singeni access road	R3 147 146,94	R1 561 536,81	R4 708 683,75	33%	R11 687 031,06
Nkolweni Access Road	R6 642 195,00	-R4 773 694,81	R1 868 500,19	-255%	R5 877 959,81
Ntsingizi to Mantusini Access Road	R3 746 527,77	-R2 955 962,59	R790 565,18	-374%	R3 587 309,83
Sikhobeni to Caba access road	R6 941 387,39	-R2 842 631,16	R4 098 756,23	-69%	R11,00
Mathunzini to Nqileni Access Road	R4 754 583,17	R1 541 299,76	R6 295 882,93	24%	R13 165 822,67
Ntlonyane Bridge	R1 412 093,00	R7 368 985,28	R8 781 078,28	84%	R18 743 885,18
Ntlahlane Access Road	R350 000,00	R359 655,11	R709 655,11	51%	R4 342 959,73
Tayi to Ngqungqushu Via Xaba	R350 000,00	R1 424 006,14	R1 774 006,14	80%	R1 986 576,08
Mngxabakazi Access Road	R350 000,00	R2 096 044,72	R2 446 044,72	86%	R3 641 853,26
Dutywa internal Streets	R11 304 347,83	R14 659 454,32	R25 963 802,15	56%	R36 530 600,53
Msikithi Access Road	R1 739 130,44	R15 414 934,92	R17 154 065,36	90%	R20 384 117,20
Siyibane Access Road	R6 086 956,52	-R1 937 775,78	R4 149 180,74	-47%	R17 272 285,29
					T 3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The provision and maintenance of roads cuts across the functional areas of the Department of Transport, the Amathole District Municipality and the Mbashe Local Municipality. Municipality managed to construct 21.4 km through MIG and maintained 231.66 km using Equitable share and Disaster fund budget and through the Office of the Premier. The largest capital projects that were prioritized in the IDP were Ntlonyana Bridge Ward 20, Mathunzini Access Road Ward 26, Idutywa Internal Street Ward 01.

T 3.7.10

CHAPTER 3

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

Mbhashe Local Municipal is providing almost all the licensing activities, starting from Learners Licence service and Drivers Licences, Registering Authority (RA). All these activities are currently happening at Dutywa, plans to expand RA services at Xhora are afoot. Mbhashe Local Municipality does not provide bus services. T 3.8.1

CHAPTER 3

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The Municipality in the past three years has been installing storm water drainages and culverts to address the problem of damaged access roads. The Municipality does not have proper storm water drainage in towns and throughout the Mbashe area, as a result there is a target under year review that has been set for installation of storm water drainages in all three towns of Mbashe. The Municipality committed budget for paving and to upgrade storm water drainage through the usage of SMMEs. There is a challenge of bridges in the rural areas along the coast but there is limited budget, however the Municipality is gradually addressing the challenge.

The Municipality is supporting rural development and informal settlements through maintenance of gravel roads. During the year under review, the Municipality has prioritized construction of new access roads, gravel roads etc.

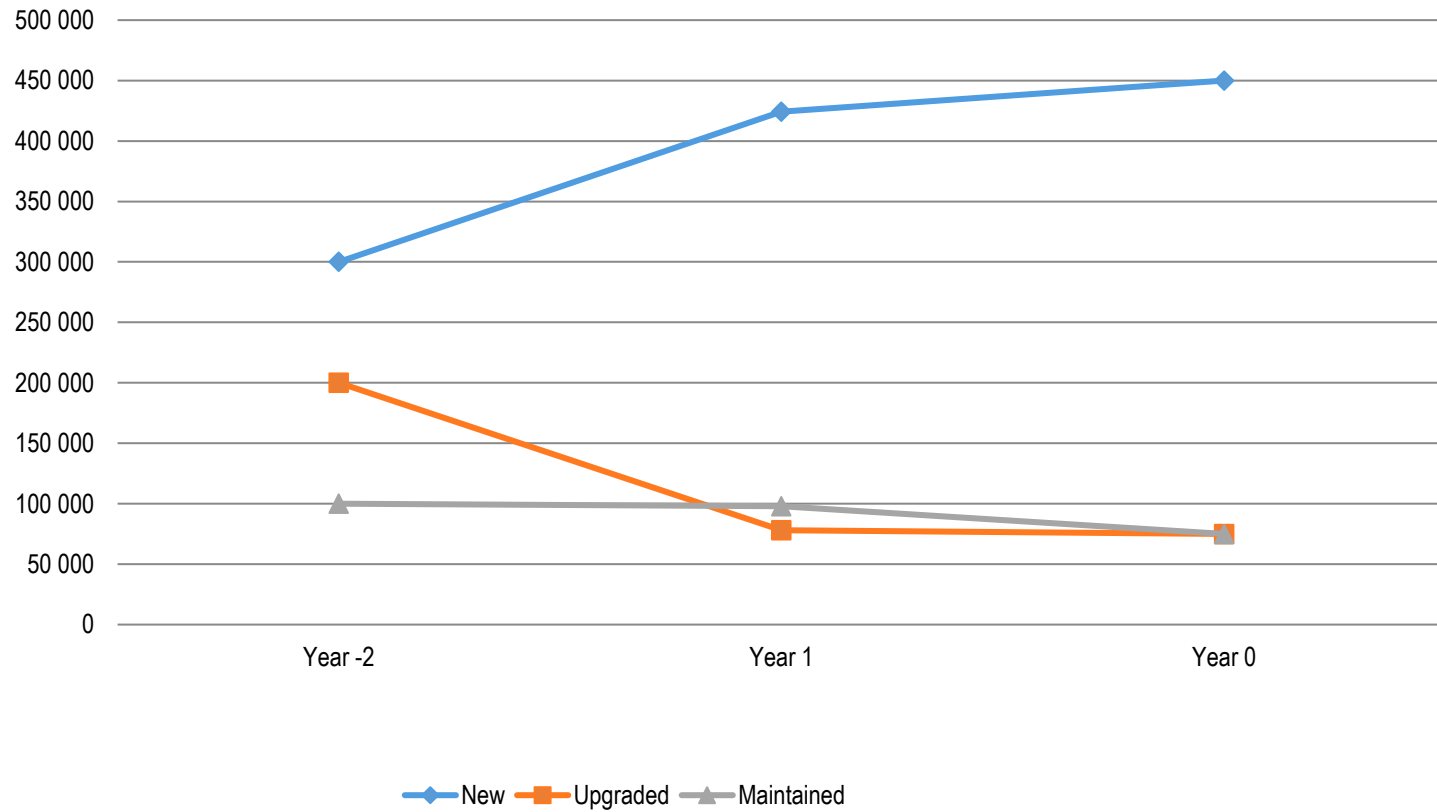
T 3.9.1

Stormwater Infrastructure				Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2	361	50	50	95
Year -1	421	11	0	7
Year 0	520	70	13	16
				T 3.9.2

CHAPTER 3

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
Year -2	300 000	0	250 000
Year -1	300000.00	200000.00	100000.00
Year 0	424. 200	78 000	97 800
	T 3.9.3		

Stormwater infrastructure costs



T3.9.4

CHAPTER 3

STORM WATER POLICY OBJECTIVES TAKEN FROM IDP

SERVICE OBJECTIVES	OUTLINE SERVICE TARGET	PREVIOUS YEAR	PREVIOUS YEAR	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
To develop, maintain and upgrade quality infrastructure by 2027	Number of storm water culverts and channels upgraded in each unit (Gatyana, Xhorha and Dutywa)	60 storm water culverts in each unit and 36 channels upgraded in each unit (Gatyana Xhorha and Dutywa)	60 storm water culverts in each unit and 36 channels upgraded in each unit (Gatyana Xhorha and Dutywa)	99 storm water controls measures have been upgraded for all units (Gatyana Xhorha and Dutywa)	99 storm water controls measures have been upgraded for all units (Gatyana Xhorha and Dutywa)	99 storm water controls measures have been upgraded for all units (Gatyana Xhorha and Dutywa)	32 storm water controls measures have been upgraded for all units (Gatyana Xhorha and Dutywa)

T3.9.5

Employees: Storm-water services					
Job Level	Job Level	Job Level			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0 – 3	0 – 3	0 – 3	0 – 3	0 – 3
4 – 6	4 – 6	4 – 6	4 – 6	4 – 6	4 – 6
7 – 9	7 – 9	7 – 9	7 – 9	7 – 9	7 – 9
10 – 12	10 – 12	10 – 12	10 – 12	10 – 12	10 – 12

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13 – 15	13 – 15	13 – 15	13 – 15	13 – 15	13 – 15
16 – 18	16 – 18	16 – 18	16 – 18	16 – 18	16 – 18
19 – 20	19 – 20	19 – 20	19 – 20	19 – 20	19 – 20
Total	Total	Total	Total	Total	Total
					T3.9.6

Financial Performance Year 1: Stormwater Services					
R'000					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.9.7

CHAPTER 3

Capital Expenditure Year 0: Stormwater Services					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1412093	7368985	8781078	84%	
Ntlongyana	1412093	7368985	8781078	84%	1998694
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.9.8

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Storm water drainage is considered as an ongoing operational activity which is identified on a quarterly basis whilst not included in the IDP but included on the SDBIP and is measured on a quarterly basis. However an annual budget is made available for any unforeseen circumstances for all three units. All these activities are done with the in-house teams.

All storm water control measures are installed at all three units as per the annual targets and based on the available budget.

T3.9.9

Name of Project - A	Dutywa Internal Street
Objective of project	To construct, maintain and upgrade quality infrastructure
Delays	Inclement weather
Future challenges	Perceived climate change
Anticipated citizens benefits	Easy access to services

CHAPTER 3

Name of Project - B	Msikithi Access Road
Objective of project	To construct, maintain and upgrade quality infrastructure
Delays	Inclement weather
Future challenges	Perceived climate change
Anticipated citizens benefits	Easy access to services
Name of Project - C	Ntlonyana Bridge
Objective of project	To construct, maintain and upgrade quality infrastructure
Delays	Inclement weather
Future challenges	Perceived climate change
Anticipated citizens benefits	Easy access to services
Name of Project - D	Riverview to Langeni Access Road
Objective of project	To construct, maintain and upgrade quality infrastructure
Delays	Inclement weather
Future challenges	Perceived climate change
Anticipated citizens benefits	Easy access to services
Name of Project - E	Mathunzini to Nqileni Access Road
Objective of project	To construct, maintain and upgrade quality infrastructure
Delays	Inclement weather
Future challenges	Perceived climate change
Anticipated citizens benefits	Easy access to services
	T5.7.1

CHAPTER 3

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes planning, and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

The municipality's planning section deals with issues of land use management thus rezoning, sub-divisions, consent uses, departures, Lease Diagrams, township establishment, building control and consolidations. It also deals with spatial planning and land administration.

Challenges with regards to planning include the following:

Non-compliance with land uses and building controls regulations.

Land invasions and land claims

Business licenses not issued timeously due to no cooperation of other affected Departments.

Slow process in issuing business licenses.

Construction without the Building plan approval.

Illegal development occurring in environmental sensitive areas

Non-adherence to lease agreements

Delays in property transfers

Settlements built in agricultural viable land

However the town planning unit has put in place mechanisms to deal with non-compliance. The project on land audit for the three towns, Idutywa, Willowvale and Elliotdale was done in the 2020/21 financial year as a mechanism to identify and rectify all non-conforming land uses.

During the year 2023/24 the department has been implementing the land audit recommendations. This project will also help to minimize the illegal use zones as per individual erven. In the same financial year, the department has embarked on conducting the Rural land audit which has been finalized.

CHAPTER 3

During the Land Audit process, it was discovered that there are unregistered sites that do not appear in the deeds register. Some of these are known to be under private ownership whereas the majority belong to the municipality. A number of the properties that belong to the municipality are under lease. It is essential that the municipality investigates whether rates are being charged against the Municipal rates bill for those properties that are not under lease as it could be losing revenue (Annexure 6).

Conflicting Uses

These are all sites which are in contravention of land regulations in terms of the Transkei Standard Town Planning Scheme (1984). Assess of land use against zoning was done using the existing scheme. Again current billing as reflected on the valuation roll is based on outdated records. There are therefore discrepancies between municipal billing records and current land use. Some sites are reflected in the municipal records as utilized for a particular purpose whereas they are used for a different purpose. This means that such sites pay lower rates than what they should have been paying and this has serious loss of revenue implications for the municipality. This could be linked to the fact that the municipality is currently not updating land use records like maps as regularly, as necessary.

. Un-registered sites (Elliotdale)

Rural land audit was conducted in the financial year 2022/23 and in 2024/25 the focus will be on implementation of the recommendations.

T3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

The legal mechanisms available to manage land use within the municipal jurisdiction include the following:

- The newly promulgated Spatial Planning and Land Use Management Act No 16 of 2013 (intended for urban and rural areas). However, the municipality has advertised for its own Municipal Planning Tribunal on the 10th of May 2022 for its second term of office with the following areas of specialization: -

T 3.10.1

CHAPTER 3

AREA OF EXPERTISE	QUALIFICATION	FIELD
Planning	A person registered as a professional with the South African Council for the planning profession in terms of the Planning Profession Act, 36 of 2002	Land use and Spatial Planning (10 years' experience)
Civil Engineering	A person registered as a professional with the Engineering Council of South Africa in terms of the Engineering Profession Act, 46 of 2000	Civil Engineering (10 years' experience)
Surveyor	A person registered with the South African Geomatics Council in terms of Geomatics Profession Act No.19, 2013	Land Use Survey (10 years' experience)
Environment	A registered environmentalist practitioner registered with any of the following associations: SACNASP, CIEM and IAIA	Environmental Planning (10 years' experience)
Legal	A person admitted as an attorney in terms of the attorneys Act, 53 of 1979 or advocate of the supreme court	Property (10 years' experience)

CHAPTER 3

	in terms of the Admission of Advocates Act, 74 of 1964	

During the financial year 2023/2024, all the MPT members were appointed and appointment letters were issued.

Associated Legislation applicable to activities linked to land use management, including NEMA, National Heritage Resources Act, the Wild Coast Decree and Coastal Management Act. Traditional administration systems that continues to control land allocation and resource utilisation in parts of the study area . The Interim Protection of Informal Land Rights Act, 1996 (IPILRA)

In terms of the MSA, SDF's should include "basic guidelines for a land use management system for the Municipality".

A Municipal Land Use Management System, in its broad sense, refers to all actions and mechanisms required by a Municipality to effectively manage land and land use within its area of jurisdiction. Key elements of a comprehensive Land Use Management System can include Spatial Development Frameworks, Land Use Schemes, Planning and Development Policies, Overlay Schemes, Environmental Management Plans, Transportation Development Frameworks, etc. Effective implementation of the LSDF is dependent on the effectiveness of the Municipality's Land Use Management System and implementation of the Package of Plans.

Successful Spatial Planning, Land Use Management and Land Development are dependent on the establishment of an effective link between Integrated Development Planning, Spatial Development Frameworks and Development Management Mechanisms (Land Use Schemes).

Land Use Management Principles

The White Paper on Spatial Planning and Land Use Management defines land use management to include the following activities / components:

- The regulation of land use changes such as, for example, the rezoning of a property from Residential to Commercial use.
- The regulation of Greenfields land development, i.e. the development of previously undeveloped land.
- The regulation of the subdivision and consolidation of land parcels.
- The regulation of the regularisation and upgrading process of informal settlements, neglected city centres and other areas requiring such processes.
- The facilitation of land development through the more active participation of the Municipality in the land development process, especially through public private partnerships.

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SPATIAL PLANNING

Spatial planning aims to positively shape the way any city develops in space into the future. It includes the preparation of plans that will guide the physical development of that particular city (where, what and when).

Spatial plans are used to assess applications submitted by property developers. They also guide changes in land-use rights and guide public investment in infrastructure.

Spatial plans do not give or take away land use rights.

The implementation of these plans relies on partnerships between the private sector, communities and other spheres of government.

A Spatial development framework is therefore a useful and effective tool with which to manage and monitor growth and development in the city and informs investors about what they are 'buying' and where development opportunities exist in the short and longer term. The Mphashe SDF was prepared within the context and principles of the:

- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) and Regulations (MSA)
- Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) and Regulations (SPLUMA)

Both the MSA and SPLUMA require Municipal Councils to prepare Spatial Development Frameworks for portions of their jurisdiction. The Mphashe SDF was developed in 2017/18 financial year and it has reached its life span of five (5) years. The Municipality has reviewed its SDF on the 2023/24 financial year.

The Municipality has budgeted the review of the SDF on the 2022/23 financial year.

It will offer predictability, as once it has been approved by the full Council and the Provincial Government, it will be the basis on which the officials decide on new development proposals.

The SDF plan is to fulfil the following:

Direct decision-making that may impact on the Municipal area.

Direct development investment to areas that would ensure the most sustainable return of investment.

Guide development in a spatially efficient way, ensuring linkage and alignment to regional and national development policies and programmes.

CHAPTER 3

In response to specific trends and dynamics, direct investment to areas of greatest potential and to target areas of greatest need so as to promote economic growth and alleviate poverty.

Ensure improved linkages within Mbhashe and beyond its boundaries to stimulate effective and sustainable integrated development.

Protect natural systems in Mbhashe.

Human Settlement

Housing section's goal is to establish and maintain adequate shelter and sustainable residential environment and communities of Mbhashe Local Municipality as constitutional requirement and also provide other amenities i.e. access to clean water, sanitation, electricity, roads and other amenities. In terms of sec 26 of the Constitution of the Republic of South Africa, everyone has the right to have access to adequate housing.

According to the Housing Act 107 of 1997 section 8 (1) (f), every municipality must, as part of the municipality's process of IDP, take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction.

Functions of the Municipality are the following:

- Identify beneficiaries
- Identification of land (as per Housing Sector Plan in the IDP)
- Prioritise projects
- And any other role determined by the MEC and a Municipality.

STAKEHOLDERS INVOLVED IN HOUSING DEVELOPMENT

- Beneficiaries
- Mbhashe Local Municipality (act as a developer)
- Amathole District Municipality (assisting the MLM in the construction of services)

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- Funders (e.g. Provincial Department of Human Settlement, implementation partners, relevant government departments (e.g Dept. of Water Affairs, Strategic partners i.e Teba Development for contract management and Development Bank of South Africa as implementing agent on Rural Housing project in Xhora))
- Professional teams (Town Planners, Engineering Consultants, Land Surveyors, Project Managers)
- Municipal Councillors
- Traditional leaders
- Community Development Workers

DISASTER

During the month of February 2023, heavy rains were reported to have damaged houses at Mbhashe. These varied from roof to side walls with others being destroyed. Assessments conducted revealed that some families were left homeless and destitute. Temporal Residential Units were provided in September 2023.

INTRODUCTION TO SPATIAL PLANNING AND PROPERTY

HOUSING STRATEGY PLANNING: PREPARATION OF MUNICIPAL HOUSING SECTOR PLAN.

The Housing Sector Plan is a 5-year strategic document that introduces a number of programmes to strengthen the strategic objectives of Sustainable Human Settlements. The existing Housing sector Plan is currently being reviewed in light of the changing internal and external circumstances that impact on priority issues, strategies, projects and programmes of the municipality.

Review of the housing sector plan is necessary to identify gaps and challenges and take corrective measures to address the challenges faced in housing delivery. Mbhashe Local Municipality Council adopted the Municipality's Housing Sector Plan that expired in 2016. The plan being reviewed to reflect current and future proposed Human Settlements and enhance integrated effective housing planning and implementation at Provincial and Municipal level to accommodate new paradigm shifts and mandates indicated Nationally as per the new Government regulations (viz. emphasis on rural development, poverty alleviation, massive informal settlements upgrading and other housing related variables dictated by the new planning regime – consolidation of infrastructure and alignment thereof with housing development processes).

CHAPTER 3

The desired outcome of the project is that it would assist to direct future distribution of human settlements projects throughout the municipality for a number of ensuing years and influence future allocation of funds (ie. Reservation of funds over a determined period) for beneficiary housing projects.

In the financial year 2023/2024, Mbhashe LM reviewed its Housing Sector Plan to be in place for the next 5 years.

BUILDING CONTROL

Functions related to building control are :

- Facilitation of Building Plan, Demolition Permit and Outdoor Advertising approval by Local Authority
- Provides inspection support to enforce compliance on all constructed buildings in according with approved legislation.
- Provides inspection support to enforce compliance on Outdoor Advertising.
- Focuses on ensuring systematic and quality buildings are constructed thereby improving the property value of the economic market.
- Undertake routine building control inspections.

PROPERTY MANAGEMENT

Functions related to property management are as follows :

Maintain administrative system for land & property issues (i.e. alienation of land).

Acquisition & / Expropriation of Immovable Property / Transfers

Registration & transfer of Municipal properties,

Renewal of leases and updating of lease register.

Administer Council's Asset Register; Commercial, Residential & vacant land

OUTDOOR ADVERTISING

Outdoor advertising regulation Mbhashe Local Municipality is currently regulating outdoor advertising function and the following progress has been achieved during 2023/2024 Financial year. Outdoor advertising by-law gazetted on in the financial year 2022/2023.

CHAPTER 3

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year 2021/22	Year 2023/24	Year 2023/24	Year 2023/24	Year 2019/20	Year 2020/21
Planning application received	02	02	06	04		
Determination made in year of receipt	0	0	0	0		
Determination made in the following year	0	0	0	0		
Applications withdrawn	0	0	0	0		
Applications outstanding at year end	0	0	0	0		

T 3.10.2

PROPERTY MANAGEMENT

Functions related to property management are as follows:

Maintain administrative system for land & property issues (i.e. alienation of land). Acquisition & / Expropriation of Immovable Property / Transfers Registration & transfer of Municipal properties, Renewal of leases and updating of lease register. Administer Council's Asset Register; Commercial, Residential & vacant land.

CHAPTER 3

PLANNING POLICY OBJECTIVES TAKEN FROM THE IDP

Service objectives	KPI	2020/21		2021/22		2022/23		2023/2024	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
To promote agrarian reform and increase food security to emerging famers by June 2027									
By conducting continuous engagements with DRDAR & other relevant stakeholders	Number of programs implemented to assist emerging famers (Crop production inputs 79 projects supported) and Stock remedy from ward 1-32 supported.	2 programs implemented to assist emerging famers (Crop production inputs 79 projects supported) and Stock remedy from ward 1-32 supported.	2	2 programs implemented to assist emerging famers (Crop production inputs 79 projects supported) and Stock remedy from ward 1-32 supported.	2	2 programs implemented to assist emerging famers (Crop production inputs 79 projects supported) and Stock remedy from ward 1-32 supported.	2	2 programs implemented to assist emerging famers (Crop production inputs 79 projects supported) and Stock remedy from ward 1-32 supported.	2

CHAPTER 3

								support ed.	
To promote agrarian reform and increase food security to emerging famers by June 2027									
By capacita ting famers to meet quality and safety require ments through exposur e.	Number of agricultural roadshows held for famers in each Dutywa, Gatyana and Xhorha as per the assessmen t report	16	16	16	16	16	16	10	11 agricultural roadshows held for farmers at Dutywa, Gatyana and Xhora as per assessment report
To reduce poverty and unemployment through viable and sustainable job creation strategies by June 2027									
By facilitati ng short term employ ment through EPWP project implem etation	Number of participants on short term employmen t opportunitie s (EPWP & CWP)	2000	2000	2000	695	2540	725	627	1403participants recruited as follows: EPWP-316 & CWP-1087
Unlocking marine and coastal tourism opportunities									

CHAPTER 3

Ocean Economy	Number of ocean marine economic initiatives supported	2	2	2	2	2	2	2	3 Oceans Economy Initiatives were assisted with tools of trade
To position and promote Mbashe as a tourist destination of choice by June 2027									
By using different marketing tools to market Mbashe as Tourism destination	Number of events hosted and participated on Ilifa Lo Mbashe Signature event, Tenza beach festival, Horse racing, Africas travel Indaba and Makanda Arts Festival	8	8	4	4	4	4	5	5

T3.10.3

CHAPTER 3

CHAPTER 3

EMPLOYEES: PLANNING SERVICES					
Job level	YEAR 1	YEAR 0			
	No. of employees	No. of posts	No. of employees	No. of vacancies	Vacancies as a total of vacant posts
0 – 3	0	0	0	0	
4 – 6	0	0	0	0	
7 – 9	0	1	1	0	
10 – 12	4	4	4	0	0%
13 – 15	0	0	0	0	
16 – 18	0	0	0	0	
Total	4	5	5	0	0%

T 3.10.4

Financial Performance Year 0: Planning Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,024,176.00	852,903.00	902,903.00	730,607.00	19%
Expenditure:					
Employees	36,360.00	196,635.00	196,635.00	95,457.00	51%
Repairs and Maintenance	-	-	-	-	
Other	631,445.00	1,241,907.00	791,000.00	449,835.00	43%
Total Operational Expenditure	667,805.00	1,438,542.00	987,635.00	545,292.00	45%
Net Operational Expenditure	356,371.00	-585,639.00	-84,732.00	185,315.00	319%

T 3.10.5

CHAPTER 3

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

The unit of Local Economic Development (LED) does not necessarily have capital projects. LED fully supports community driven development projects and initiatives and therefore its budget is spent on supporting projects that cannot be categorized as CAPITAL Projects, as they are community based, largely driven by SMME's and Cooperatives. The community-based projects are supported on the basis that they are key drivers on local economy in terms of employment creation and poverty alleviation opportunities they offer. More importantly, the support of community-based projects in pursuit of constitutional obligation as outlined in terms of Section 152, subsection (1) © of the Constitution of the Republic Act. No. 108 of 1998.

T3.10.7

CHAPTER 3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Local Economic Development (LED) unit of Mbhashe serves as a nerves centre for socio-economic development, just and inclusive growth. The unit is chiefly responsible for implementation of key and catalytic development projects and interventions for the purpose of addressing and redressing the triple challenges – which are poverty, inequality, and unemployment. Thus, one of the LED strategic pillar programmes is the commitment to support and development, thus contributing to creation of job opportunities for the unemployed. The national government's programme calls for job opportunities, reduce invested in unleashing this potential for Local Economic Development (LED) benefits. LED strategy need to be reviewed as there are new developments for Local Economic development.

The municipality has reviewed the LED strategy that was adopted by Council for implementation for period of five years from 2023-2027. The municipality is currently busy with reviewal of SDF and will be completed by the 2nd quarter of 2024/25 FY.

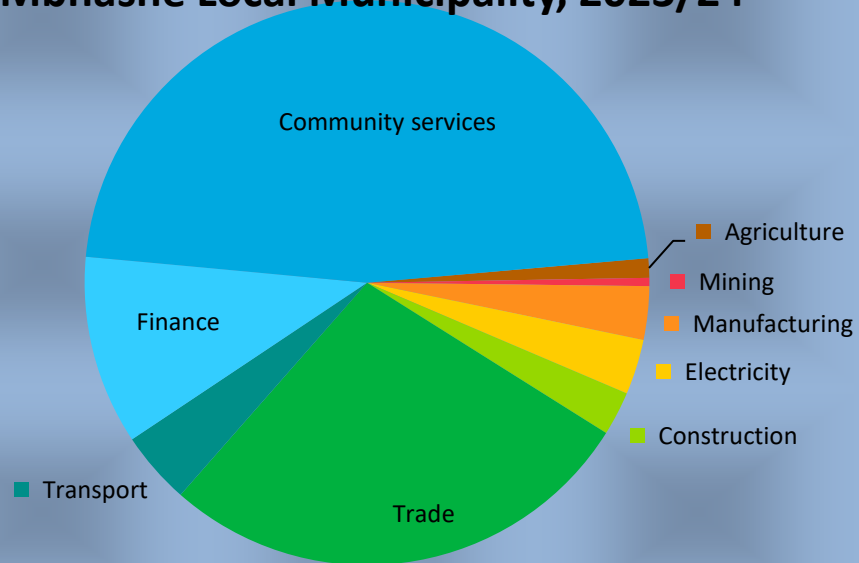
Chapter 3 of the Mbhashe LM's Integrated Development Plan (IDP) highlights (3) areas of investment opportunities, which are referred strategic thrusts, and these are Agriculture Development, Enterprise Development and Tourism and Heritage Development. These are based on the current economic situation Mbhashe LM finds itself in and is aimed at building on the existing strengths and exploiting the unique opportunities presented by the local economy and the specific physical and demographic environment of the municipality.

While issues such as the development and upgrading of economic infrastructure, improved institutional capacitation and good governance do have a role to play in ensuring that effective economic development does takes place, these matters are considered to be supportive elements that will not, of their own, result in the development of the economic base and have, therefore, not been included in the three main economic areas of focus.

T3.11.1

CHAPTER 3

Gross Value Added (GVA) by broad economic sector Mbhashe Local Municipality, 2023/24



Source: ECSECC (2023/24)

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	Mbhashe	Amatole	Eastern Cape	National Total	Mbhashe as % of district municipality	Mbhashe as % of province	Mbhashe as % of national
Agriculture	0.4	0.7	6.3	119.6	6.7%	0.80%	0.04%
Mining	0.2	0.0	0.5	371.9	46.6%	4.32%	0.01%
Manufacturing	0.1	2.3	43.5	573.4	6.1%	0.32%	0.02%
Electricity	0.1	1.0	9.1	167.2	14.8%	1.57%	0.09%
Construction	0.1	0.7	10.9	140.2	15.6%	1.05%	0.08%
Trade	1.4	5.6	65.7	655.2	22.1%	1.90%	0.19%
Transport	0.2	1.6	27.0	396.4	12.0%	0.70%	0.05%
Finance	1	4.7	61.8	879.5	10.5%	0.79%	0.06%
Community services	2.1	11.9	111.1	1,125.3	17.9%	1.92%	0.19%
Total Industries	5.6	28.6	335.8	4,428.7	15.8%	1.35%	0.10%

Economic Activity by Sector				R '000
Sector	Year -1	Year 0	Year 1	
Agric, forestry and fishing	2	1.5	1.5	
Mining and quarrying	6	5	2	
Manufacturing	56	58	63	
Wholesale and retail trade	45	51	52	
Finance, property, etc.	51	48	52	
Govt, community and social services	23	25	25	
Infrastructure services	34	38	41	
Total	217	226.5	236.5	
				T3.11.2

The status quo above remains the same as there is no change

CHAPTER 3

Economic Employment by Sector			Jobs
Sector	Year -1 No.	Year 0 No.	Year 1 No.
Agric, forestry and fishing	20,000	25,000	30,000
Mining and quarrying	400,000	435,000	372,000
Manufacturing	320,000	300,000	270,000
Wholesale and retail trade	190,000	200,000	210,000
Finance, property, etc.	275,000	255,000	235,000
Govt, community and social services	300,000	310,000	320,000
Infrastructure services	400,000	430,000	450,000
Total	1905000	1955000	1887000
			T3.11.3

The status quo above remains the same as there is no change

COMMENT ON LOCAL JOB OPPORTUNITIES:

The key Strategic Thrusts as per the Mbashe LM IDP (2023/24), which form the basis of this strategy are:

Strategic Thrust 1: Agriculture Development.

Strategic Thrust 2: Enterprise Development.

Strategic Thrust 3: Tourism Development.

The municipality has implemented various programmes to advance economic development especially in the Agriculture, Enterprise, and Tourism economic sectors as LED strategy implementation mechanism.

CHAPTER 3

Agriculture Development:

Performance Overview on Key Strategy Drivers:

The Municipality on its Local Economic Development Unit is entrusted in driving agricultural programmes within the Municipal area. This focus of the unit is to ensure that agricultural development is carried out effectively in all 32 wards within Mbhashe Municipality. The wards comprise of both the community based projects and LED projects that are vehicle to drive development and improve the socio economy of people.

The Municipality identified High Value Crop as the biggest contributor to the agricultural industry. The reviewed LED strategy of 2023 is focusing more on creating an enabling conducive environment through developing programmes to support viable and bankable project in order to create economic opportunities that will intern contribute to local economy. This is in line with the national, provincial economic development plan that identifies Agriculture, Enterprise Development as the key economic sector for growth and sustainable jobs.

Renovation and maintenance of LED Agricultural infrastructure projects (Cattle dip tank and Shearing sheds

• **Agricultural Infrastructure Assessment:** LED agricultural infrastructure was conducted on ward 2-32 to check the status of the LED agricultural infrastructure (dipping tanks, shearing sheds and cropping fields) To check the status of the Agricultural infrastructure like dipping tanks, shearing sheds, Ensure that the design and implementation of any intervention talks to the society of the community, Ensure community engagement and acceptance towards the planned program of work, Decide on what to measure in order to determine impact. The assessment will assist on what has been done on the ground taking into account the condition of structures and the period of existence of such structures. The number of structure in the ward is also vital to avoid duplication of or benefit of the same ward at the expense of other wards. The assessment that was conducted reveals that almost all existing structures on ground need to be repaired and renovated as Cattle and Sheep Dip tanks and shearing sheds contribute the highest agricultural structures that need attention mainly because they are incomplete and on poor conditions.

LED agricultural infrastructure projects were repaired and maintained during 2023/24 financial year at ward **24,25,26,27,28,29,30,31 and 32** for livestock production. During 2023/24 financial year, the municipality repaired and maintained ten (9) LED Agricultural infrastructure projects (Cattle Dip Tank and Shearing Shed) for livestock improvement as per assessment report. The office conducted monitoring of LED agricultural infrastructure projects which were repaired and maintained were conducted successfully as per SDBIP 2023/24 FY.

During 2023/24 financial year, the municipality repaired and maintained Nine (9) LED Agricultural infrastructure projects (Cattle Dip Tank and Shearing Shed) for livestock improvement. The office conducted monitoring of LED agricultural infrastructure projects which were repaired and maintained were conducted successfully as per SDBIP 2023/24 FY.

Mbityana/ Luthombothi cattle dip tank is based in ward 24 at Willowvale. The LED agricultural infrastructure was repaired and maintained by appointed service provider successfully during first quarter 2023/24 financial year. The cattle dip tank was repaired and maintained in the front of

CHAPTER 3

the dip because its cattle race was old and had fallen and the walls of the dip tank were repaired using blocks. The office conducted project visit on 10 May 2024 to monitor the structure as per SDBIP 2023/24 FY. Mbityana/ Luthombothi cattle dip tank Cattle Dip tank is in good condition.

Mboya/ Willowvale town cattle dip tank is based at Ward 25 in Willowvale. The structure was repaired and maintained by service provider which was appointed by the municipality. The structure was repaired and maintained on Cattle Race of the dip, the Kraal of the dip and the Walls. The structure was repaired and maintained during first quarter 2023/24 FY successfully. The structure is in good condition and the livestock farmers are using the dip properly for improvement of their livestock through eradication of parasites. The office conducted project visit for monitoring successfully on 10 May 2024.

Ngxobongwana Cattle Dip Tank is based at Elliotdale under Ward 26 at Ngxobongwana. The cattle dip tank was repaired and maintained by Men Go Civils during first quarter 2023/24 FY. The structure was repaired and maintained in the Cattle Race and Cattle Kraal. The dip was repaired and maintained successfully, and it is in good condition. The office conducted project visit on 9 May 2024 for monitoring of the cattle dip tank.

Fort malan Cattle Dip Tank is based at Willowvale under Ward 27 at Fort Malan A/A. The cattle dip tank was repaired and maintained by MEN GO CIVILS during first quarter 2023/24 FY. The structure was repaired and maintained in the Cattle Race, Walls, and Kraal of the dip. The dip was repaired and maintained successfully, and it is in good condition. The office conducted a project visit for monitoring of the dip successfully.

Mqhele Shearing Shed is based in Mqhele administrative area under Ward 28 at Elliotdale. The shed is used by wool production farmers from Ward 28 for shearing, sorting and classifying of the wool production. The shed was repaired and maintained by Men Go Civils which was appointed by the municipality. The shed was successfully repaired and maintained during third quarter of 2023/24 FY. The monitoring was conducted by the office on 09 May 2024 by the office to check status of the structure. The structure is in good condition.

Nqabarha Cattle Dip Tank is based at Willowvale under Ward 29 at Nqabarha. The cattle dip tank was repaired and maintained by Mkhiwa Construction during second quarter 2023/24 FY. The structure is in good condition and farmers dip their cattle for prevention external parasites. The office conducted monitoring on 10 May 2024.

Ntlabane Cattle Dip Tank is based at Willowvale under Ward 30 at Ntlabane. The cattle dip tank was repaired and maintained by Men go civils during second quarter 2023/24 FY. The structure was repaired and maintained in Cattle Race and the walls. The dip was repaired and maintained successfully, and it is in good condition. The farmers are using the cattle dip tank. The office conducted a project visit for monitoring of the dip successfully.

Ziwundwane Cattle Dip Tank is based at Ziwundwana A/A under ward 31 at Dutywa. The cattle dip tank was repaired and maintained by Men go civils on the second quarter 2023/24 FY successfully. The structure was repaired and maintained in the Cattle Race, walls of the dip and Cattle Kraal. The dip is in good condition and the livestock farmers use it to dip their cattle. The office conducted the project visit for monitoring of the dip successfully.

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Gusi Cattle Dip Tank is based at Elliotdale under Ward 32 at Gusi A/A. The cattle dip tank was repaired and maintained by Amangqosini Amahle PTY LTD during third quarter 2023/24 FY. The structure was repaired and maintained in the entrance, exit of the dip & race. The dip was repaired and maintained successfully, and it is in good condition. The office conducted project visit on 20 June 2024 for monitoring of the cattle dip tank.

All the LED agricultural infrastructure projects which were repaired and maintained by the municipality during 2023/24 financial year, were visited for monitoring purposes to check status of the structures and usage by communal farmers. Thus, the repairs and maintenance of the LED agricultural projects play an important role for livestock improvement as the farmers use the structures to dip and vaccinate livestock to prevent external and internal parasites. More than 1 500 farmers are using the structures which were renovated for them in order to produce the good quality livestock and wool production.

CHALLENGES ENCOUNTERED DURING THE MONITORING OF THE LED AGRICULTURAL INFRASTRUCTURE PROJECTS

- Lack of knowledge on wool classification and wool sorting by the wool producing farmers.
- Lack of entrepreneurial mindset from farmers as they operate in a subsistence manner and there is lack of appetite to be commercialize towards secondary production.
- Inadequate in the management of livestock.
- Access to right markets livestock farmers.

REMEDIAL ACTION FOR THE IDENTIFIED CHALLENGES DURING THE MONITORING

- To organise more rigorous trainings on wool production for communal farmers.
- To facilitate access to relevant markets so that local producers will have more place to sell their produce.
- To work with private sector and non- governmental sector through corporate social investment (CSI) initiatives to assist with provision of Economic infrastructure such as dipping tanks and shearing sheds for communal farmers.

CHALLENGES ENCOUNTERED DURING THE MONITORING OF THE SHEARING SHED

Lack of knowledge on wool classification and wool sorting by the wool producing farmers.

Lack of entrepreneurial mindset from farmers as they operate in a subsistence manner and there is lack of appetite to be commercialize towards secondary production.

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Inadequate in the management of livestock.

Access to right markets livestock farmers.

REMEDIAL ACTION FOR THE IDENTIFIED CHALLENGES DURING THE MONITORING

- To organize more rigorous trainings on wool production for communal farmers.
- To facilitate access to relevant markets so that local producers will have more place to sell their produce.
- To work with private sector and non- governmental sector through corporate social investment (CSI) initiatives to assist with provision of Economic infrastructure such as dipping tanks and shearing sheds for communal farmers.

Nopoto Shearing Shed (Ward 12) is based in Nopoto administrative area under Ward 12 at Dutywa. The shed is used by wool production farmers from Ward 12 for shearing, sorting, and classifying of the wool production. The shed was repaired and maintained by appointed service provider which was appointed by the municipality. The shed was successfully repaired and maintained during first quarter of 2022/23 FY. The monitoring was conducted by the office on **17 May 2022** by the office to check status of the structure.

MBHASHE WOOL PROCESSING

As part of conducting maintenance of Mbhashe Wool Processing Plant Municipality supplied, delivered, installation and renovation of electrical-supply power, rainwater harvesting, equipment, workshop structural repairs and security improvement procurement for wool production plant at a value of **R450 000.00** during 2023/24 FY.

Mbhashe Local Municipality in a collaborative partnership with ASPIRE Development Agency constructed Borehole at a value of **R300 000.00**. The wool processing plant further seeks to foster use of collective farming, wool grower support, as well as the coordination of wool growing activities in identified geographic areas.

There is a business plan which was developed by OTAB Skills Development. Feasibility study was conducted primarily focusing on the socio-economic, primary agriculture and agro-processing situation in Mbhashe Local Municipality. A market assessment of the proposed opportunity

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was then conducted by Urba-Econ as commissioned by ASPIRE Development Agency, to determine a potential market gap. The results of the situational analysis were then used as a basis for the concept design of the wool processing plant which included determining the opportunities and the services to be offered and configuring both the physical and operational structures of this proposal. Finally, a financial model was developed and analysed to determine if the proposal could be financially viable as a business in the long-term.

The following are key strategic objectives of the wool processing plant:

- Kick-starting rural economic transformation in the municipality.
- Provision of capacity building for Mbhashe Wool Production Farmers
- Enabling joint ownership of equity between the local wool growers, the state and commercial interests, or partners.
- Provision of Extension services.
- Training and Mentorship to wool growers.

A survey conducted by the South African Veterinary Association outlined challenges faced by Mbhashe municipality communal sheep farmers as detailed below.

- Stock theft
- Drought and lack of drought relief
- Fencing
- Lack of water supply or dams
- Shortage of dipping tanks especially for small stock
- Cost of drugs
- Lack of shearing sheds
- Lack of farmer knowledge about livestock disease control
- Livestock disease
- Sheep scab
- Lamb losses
- Veld fires

The following are the desired outcomes of the Mbhashe wool processing facility.

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- The development of partnerships with other government stakeholders that will enable the establishment of critical economic infrastructure for local wool growers.
- Cleaning of wool prior to selling to remove unnecessary impurities.
- Direct employment creation through the processing plant and indirect employment through downstream industry
- Reduction of transportation cost through reduction of unnecessary tonnage for the local communal farmers that must transport their produce to market in Port Elizabeth.
- Provision of wool beneficiation processes within the local municipality
- Wool grower extension services.
- The development of a 'new' class or pool of skilled black farmers that have the necessary technical expertise and ability to supply the market sustainably and at the desired quality.
- The encouragement of black farmers to form joint ventures to supply produce.
- Linking rural, urban, and international markets through contracts

SCOPE OF THE WORK DONE FOR REPAIRING OF WOOL PROCESSING PLANT DURING 2023/24 FY BY ASPRE Development agency.

- Drilling of borehole to supply clean water for the wool processing plant.
- Connection of water from the borehole to the water tanks.
- Rainwater harvesting, elevated water tank and equipment's.
- Build a water tank stand and install water tanks for water harvest.

FARMER INFORMATION DAYS

During the 2023/24 financial year, Agricultural roadshows were conducted.

Information roadshows take various forms i.e. Animal health sessions (nutrition, diseases, treatment and pregnancies, trials (post mortem, cropping trials and artificial insemination), fruit production, agricultural expo, and wool management, as well as workshops on various items such as poultry farming, wool sorting, Vegetable production, marketing strategies and business plans.

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There are more than 10 Agricultural roadshows that were conducted by the (LED Agricultural office) partnered with the DADAR in 2023/2024 as per consultative meetings which were held in 2022/23 financial year. All The Agricultural roadshows were conducted successfully for equipping emerging farmers with the latest agricultural practices.

Sheep Management and Wool Classification Roadshow Was conducted on **19 July 2023** at Sizini shearing shed under ward 9 in Dutywa for sheep production farmers. The aim of the workshop was to strengthen Agricultural Development, building stronger Agricultural movement and to share market information and access of finance. The main objectives of this workshop were as follows: - to stimulate opportunities wool production farmers, exchange best practices with other livestock farmers and livestock champions as they were participating in the workshop, raise awareness of livestock production models, principles, and methodologies on how their ability can assist to empower livestock members so as to ensure better sustainable socio-economic livelihoods. The municipality invited livestock companies and Eastern Cape Wool Growers' Association to showcase how to sort and classify wool and to present livestock management also provided Two pole tent with chairs, PA system, Min decoration and two mobile toilets and catering for 70 farmers.

Sheep management and wool Sorting Agricultural roadshow was conducted on **10 August 2023** at Mputi shearing shed under ward 4 in Dutywa for sheep production farmers. The aim of the workshop was to strengthen Agricultural Development, building stronger Agricultural movement and to share market information and access of finance. The main objectives of this workshop is as follows:- To Stimulate opportunities wool production farmers, exchange best practices with other Livestock farmers and livestock champions as they participating in the workshop, raise awareness of the Livestock production models, principles and methodologies on how their ability can assist to empower livestock members so as to ensure better sustainable socio-economic livelihoods. Municipality invited livestock companies and Eastern Cape wool growers' association show how to sort and classify wool and to present livestock management also provided Two pole tent with chairs, PA system, Min decoration and two mobile toilets and catering for 100 farmers.

Maize production and Application of Chemical Agricultural roadshow was conducted on **26 JULY 2023** at in Taleni field crops Willowvale under ward 30 for Willowvale maize farmers. The intention for conducting information day was to strengthen Agricultural Development, building stronger Agricultural movement and to share market information and access of finance. The main objectives of this roadshow was as follows:- To Stimulate opportunities for the maize farmers, exchange best practices, promoting economic development through Agriculture in the local municipal communities, and also Marketing of products (buying and selling). Municipality requested Agricultural specialist for presenting maize production, Dumesk to for the presentation of chemical application information and provided catering to 70 Willowdale farmers, PA system, Two pole tent and Mobile toilet.

Livestock management Agricultural roadshow was conducted on **21 August 2023** at Mfula in Willowvale under ward 14 for livestock farmers. The aim of the workshop was to strengthen Agricultural Development, building stronger Agricultural movement and to share market information and access of finance. The main objectives of this workshop is as follows:- To Stimulate opportunities livestock farmers, exchange best practices with other Livestock farmers and livestock champions as they participating in the workshop, raise awareness of the Livestock production models, principles and methodologies on how their ability can assist to empower livestock members so as to ensure better sustainable socio-economic livelihoods. Municipality invited livestock company to present livestock management and provided catering to 70 farmers.

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Mbhashe Ram competition Agricultural roadshow was conducted on **14 September 2023** at Animal pound under ward 1 in Dutywa for sheep production farmers. The aim of the workshop was to strengthen Agricultural Development, building stronger Agricultural movement and to share market information and access of finance. The main objectives of this workshop is as follows:- To Stimulate opportunities wool production farmers, exchange best practices with other Livestock farmers and livestock champions as they participating in the workshop, raise awareness of the Livestock production models, principles and methodologies on how their ability can assist to empower livestock members so as to ensure better sustainable socio-economic livelihoods. Municipality invited livestock companies and Eastern Cape wool growers' association show how to sort and classify wool and to present livestock management also provided Two pole tent with chairs, PA system, Min decoration and two mobile toilets and catering for 70 farmers.

Maize Production and Application of Chemical Agricultural Roadshow was conducted on **11 October 2023** at Lota Community Hall, in Dutywa under ward 6 for Dutywa maize farmers. The intention for conducting information day was to strengthen agricultural development, building stronger Agricultural movement and to share market information and access of finance. The main objectives of this roadshow were as follows: - to stimulate opportunities for the maize farmers, exchange best practices, promoting economic development through agriculture in the local municipal communities, and also marketing of products (buying and selling). Municipality requested Agricultural specialist for presenting maize production, Mtiza to for the presentation of chemichals and fertilizer application information and provided catering to 70 Dutywa farmers.

Livestock management Agricultural roadshow was conducted on **26 October 2023** at Elliotdale Town Hall for livestock farmers. The aim of the workshop was to strengthen Agricultural Development, building stronger Agricultural movement and to share market information and access of finance. The main objective of this workshop is as follows: - to stimulate opportunities livestock farmers, exchange best practices with other Livestock farmers and livestock champions as they participated in the workshop, raise awareness of the Livestock production models, principles and methodologies on how their ability can assist to empower livestock members to ensure better sustainable socio-economic livelihoods. Municipality invited livestock companies to present livestock management and provided catering to 70 farmers.

Livestock management Agricultural roadshow was conducted on **30 October 2023** at Notinara School (Ward 10) for livestock farmers. The aim of the workshop was to strengthen Agricultural Development, building stronger Agricultural movement and to share market information and access of finance. The main objective of this workshop is as follows: - to stimulate opportunities livestock farmers, exchange best practices with other Livestock farmers and livestock champions as they participated in the workshop, raise awareness of the Livestock production models, principles and methodologies on how their ability can assist to empower livestock members to ensure better sustainable socio-economic livelihoods. Municipality invited livestock companies to present livestock management and provided catering to 70 farmers.

Agricultural road show was conducted on **08 February 2024** at indoor sport centre at Elliotdale under ward 13 for farmers and crafters. The intension is to encourage farmers and crafters to produce good quality products for marketing purposes, strengthen Agricultural development, building stronger Agricultural movement and to share market information and access of finance with the aim of boosting Mbhashe local economy. The purpose of the show is to enhance the standard of Mbhashe farmers and crafters to

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ensure relevant skills that would enable them to carry on with activities on agriculture improvement. It encouraged and equipped farmers to produce good quality product and marketed Mbhashe production. More than 200 Elliotdale farmers were equipped with the latest agricultural practices on 8 February 2024.

Livestock management Agricultural roadshow was conducted on **26 February 2023** at Willowvale Town Hall for Willowvale livestock farmers. The aim of the workshop was to strengthen Agricultural Development, building stronger Agricultural movement and to share market information and access of finance. The main objective of this workshop is as follows: - to stimulate opportunities livestock farmers, exchange best practices with other Livestock farmers and livestock champions as they participated in the workshop, raise awareness of the Livestock production models, principles and methodologies on how their ability can assist to empower livestock members to ensure better sustainable socio-economic livelihoods. Municipality invited livestock companies to present livestock management and provided catering to 120 farmers.

CHALLENGES EXPERIENCED BY EMERGING FARMERS

The emerging farmers from Mbhashe are largely confronted by the following generic challenges:

- Lack of access to developmental information
- Lack of access to market and Lack of access to development finance
- Poor and inadequate economic infrastructure
- Lack of management and financial skills and Insecure land rights

During 2023/24 financial year, activities done to support small and large livestock in rural area for improving livestock production:

Mbhashe contains arguably the richest land for livestock in the Amathole district. About 250 000 sheep are recorded in Mbhashe. (Source: Stats-SA - Livestock survey; 2015). Public-private partnerships and improved farming methods can expand commercial livestock farming in the Mbhashe areas. Wool growing is the primary source of income for the local communal farmers in the area. The eastern cape province accounts for 35% of the SA total production of 45,8 million kilogrammes. The main objectives of stocky remedy are too:

- Treat and cure unhealthy conditions and to increase fertility of small and large livestock.
- To treat internal (tapeworm, fluke, and round worms) and external parasites (ticks, lice, and scab in sheep).

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- To prevent the spread of pests from one another and to condition wool growth in sheep.

The service provider was appointed by the Municipality for supply and delivery of stock remedy. The stock remedy supplied and delivered on **25 March 2023** to Mbhashe Municipal office. Subsequently, the service provider supplied and delivered **2 500** Ivermectin 1% 500 ML successfully which amounted to **R718 750.00**. For allocation and distribution of livestock remedy, Statistical Data that was sourced from Department of Rural Development and Agrarian Reform (DRDAR) under the directorate of Veterinary Services was used by the office. The office delivered stock remedy to all 32 Wards (Ward 1-Ward 32) on **27March 2024** successfully as per Mbhashe stock remedy distribution plan and SDBIP 2023/24 FY.

MBHASHE MAIZE PRODUCTION SUPPORT PROGRAMME

Mbhashe Local Municipality has outlined Agricultural Development as a priority area for Local Economic Development (LED). The objective in this regard is to ensure that the support and development of emerging farmers within the municipality is enhanced. The subsistence agricultural sector is the biggest contributing sector in the economy of Mbhashe as Many households use agriculture for subsistence and they heavily rely on it for food. Maize is the mostly utilized crop/grain in the Mbhashe area mainly because many of the households consume it as their staple food. The Municipality supported Mbhashe emerging famers with Maize seeds for Maize production on 2023/24 FY.

The Municipality contains arguably the richest land for livestock in the Amathole district. About 250 000 sheep are recorded in Mbhashe. (Source: Stats-SA - Livestock survey; 2015). Public-private partnerships and improved farming methods can expand commercial livestock farming in the Mbhashe areas. Wool growing is the primary source of income for the local communal farmers in the area. The eastern cape province accounts for 35% of the SA total production of 45,8 million kilogrammes.

The aim of the program

- To make full use of the under-utilized arable land into a large scale of production within Mbhashe region.
- To promote the growth of smallholder and emerging farmers and to assist rural farmers with tested cultivars produced to withstand existing climatic conditions in Mbhashe within its 3 units namely: Dutywa, willowvale, and Elliotdale.
- Treat and cure unhealthy conditions and to increase fertility of small and large livestock.
- To treat internal (tapeworm, fluke, and round worms) and external parasites (ticks, lice, and scab in sheep).
- To prevent the spread of pests from one another and to condition wool growth in sheep.

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The support of the Maize seeds provided to the emerging farmers that met the following requirements:

1. Addressing the triple challenges of poverty, Inequality and Unemployment as well as positive contribute to food security, Job creation through temporal employment, Self-sustainability and skills development.
2. Producing good quality maize product in a large scale for boosting the local Economy.
3. Support was granted for expansion of existing Agricultural development project.

Maize project that improve food security.

Municipality provided support with Maize seeds for 2023/24 financial year to 47 Dutywa projects with **261 bags** of 5R-590R 80K, 18 Willowvale projects with **117 bags** of 5R-590R 80K and 12 Elliotdale projects **102 bags** of 5R-590R 80K as per the assessment that was conducted during the first quarter by LED standing committee assisted by Department of Rural Development & Agrarian Reform. The maize seeds amounted to **R2 497 846.00** for supply and delivery of maize seeds for 2023/24 FY.

The maize seeds were supplied and delivered successfully on **31 October 2023 for both Willovale and Elliotdale, and on 03 November 2023** to **ward 2** at Upper Qora farmers Ass, Sheshegu maize project, Masidlesonke maize project, Ndakeni maize project, Lusizini maize project, Ciaca primary co-op, Ngxakaxa Massive farmers, Zimpuku maize project and ,in **ward 3** Gwadana maize project, Qhubekani maize project and Tyholomi maize project, in **ward 4** Masibambane Mputi Ass, Ngxara Siyalima maize project, Siyaziphisa (Maxhama) maize project, and Mangwevini Baza project in **ward 5** at Qeqe farmers project, Silityiwa farmers project, Bangweni farmers ass, Bambanani maize project Mthukwa maize project, and Ephikweni farmers Ass in **ward 6** at Sakhulanathi project, Ngwemnyama maize project Masilime lota group and Makukhanye vuka uzenzele farmers in **ward 7** Wagwetywa dlala farmers ass, Siyathuthuka farmers, Nomzamo farmers Ass in **ward 8** at Vukuzenzele project, Sundwane Ntilini maize project, Qombe maize project, Dingalivulmile farmers Ass, Siyazama maKhanya maize project, Bangani Varoyi maize project, Masiphilisane farmers Ass and Chachazela maize project, in **ward 9** at Magqalala farmers Ass, Makusetyenzwe farmers Ass and Maijongane farmers Ass, in **ward 10** Ebende maize Ass, in **ward 11** at Dadamba maize project, Nqadu Komkhulu maize project and Nqadu Chithindlala maize project, in **ward 12** at Zibomvu maize project and Vukani mandlambe maize project in **ward 13** at Chihana head farmer project, in **ward 14** at Vuka uzondle maize project, Sande project Ass and phakama Mahlezana project, in **ward 15** at Xuba maize project in **ward 16** Gqumbuzeni maize project and Mbhayana maize project in **ward 17** at Mphakama maize project and Stoney drift maize project, in **ward 20** at Manganyelwa maize project, Cwebe maize Ass and Hobeni farmers Ass, in **ward 22** at Upper Jotela maize project and Mahasana maize project, in **ward 23** at Ngcizela and Qwaninga, in **ward 24** at Shixini maize project in **ward 26** at Ntlonyana maize project, in **ward 27** at Mpompeni maize project and Phulikhuba maize project, in **ward 28** at Ntlantsana maize project and Kwalini Bafazi maize project, in **ward 30** at Masihluthe safa yindlala maie project, Paphasini maize project, Vuka uzenzele maize project, Tswelilitye maize project, Mandluntsha maize project and Weza maize project, in **ward 31** Mqonci maize project, Zundwane maize project , Sikhobeni maize project, Igolde kantu co-operative and Mbewuleni maize project and in **ward 32** at Madwaleni maize project.

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LED unit (Agricultural office) managed to supply and delivered the Maize seeds to 79 maize emerging farmers of Mphashe municipality as per the SDBIP and cropping assessment that was conducted during the first quarter of 2023/24 FY by LED standing committee.

Planting of Maize seeds

- Soil preparation was done, fertilizers applied and planting of maize in November, December 2023 and January 2024.
- There are **1 200 ha** were planted using **480 bags** of seeds with the assistance of the municipality on cropping programme 2023/24 FY.
- LED office partnered with Department of Rural Development and Agrarian Reform conducted monitoring from the planting of maize seeds to the harvesting, the office noticed that some farmers need workshops on how to plant maize production then the office organized and conducted a workshop on Maize production to equip them with the latest agricultural practices and calibration of planting and application of chemicals.
- The farmers applied the fertilizers and controlled weeds to increases crop yield and improves poor quality land in order to produce a good quality product. Some of the project using weed chemicals to kill the weeds for less Competition for Water and Nutrients also helps to Improve Soil Fertility and Structure.
- During the project visits the office provided technical advice on taking soil samples before the maize associations to plant the maize as it is important to know the status of the soil then apply nutrients that will be needed for the maize plants.

Challenges

- Farmers planted late due to the heavy rains.
- Inclement weather conditions
- Too expensive of production inputs like fertilizers and chemicals.
- Shortage of maize seeds to cover the hectarage needed to be planted by the farmers and stock remedy to cover all wards.

Remedial action

- To develop a plan for the distribution of stock remedy at ward level.
- Organize capacity building on Crop production and Agro-processing.
- To conduct study tour with the livestock farmers maize farmers to bench mark the best agricultural practices for maize processing.

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OUTPUTS

- By implementing this project, project members and the community at large benefited through temporal employment, self-sustainability, and skills development.
- Farmers produced good quality maize in a large scale and sell the product to the markets.
- Maize production improves food security in Mbhashe area.

High value projects

The municipality continues to support by offering non-financial assistance for Bulungula Essential oils and Lemon grass cooperative for example through trainings and refers for funding sources. Municipality with EC liquor board, ABSA bank, ECDC, Department of Agriculture, Rural Development and Land Reform conducted project visit to HVC projects with the aim of accessing funding for Bulungula lemon grass and Sorghum production on 10 and 11 June 2024.

The municipality through its support programmes supported ward 8 Chachazela and ward 12 Mangwevini with sorghum seeds and fertilizers (Mechanisation)

2 HVP projects funded in 2023/24 FY by Mbhashe LM as follows:

Mangwevini Pilot Project in ward 12

During the 2017/18 season MLM rolled out a pilot project in the Eastern Cape wherein just under a 100ha of sorghum was planted using the land aggregation methodology. This small-scale preliminary study was conducted in order to evaluate the feasibility, time, cost, adverse events, and improve upon the study design of aggregated farming prior to rolling out the full-scale project. As part of the pilot, LMH was able to take virgin lands and convert them into productive land parcels that yielded a crop which was then sold to UNB. A total of 20 young, women were employed and trained before, during and after the planting season.

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In partnership with Mangwevini Community, and Mphashe Municipality entered into a strategic partnership agreement to exploit comparative advantage and providing support financial and non-financial to the Sorghum production initiative.

Chachazela Project in ward 8

During the 2018/19 season Sorghum farmers planted sorghum in Chachazela. The Chachazela sorghum cooperative (CSC) is the second recipient of in Mphashe sorghum aggregation project. It is also based in Dutywa and according to Stats SA, Mphashe municipality's last measured economic growth rate is -0.35%, the dependency rate for this region is 85.5% and the unemployment rate is 42% with youth unemployment sitting at 54%. The beneficiaries for CSC are 200 smallholder farmers and each farmer own an average of 4.69 hectares of land. Majority of the participants are women and although the youth participation is low (0.06%), farmers plan on using the successes from the 2018/19 season as a base to attract more young people and women into the program.

As part of a farmer support and assistance program meant for benefiting local farmers, the municipality is assisting Chachazela and Mangwevini projects through financial and non-financial support in order to achieve economic growth and poverty reduction. Among the projects listed on the Municipal IDP 2023/2024 is the Chachazela and Mangwevini Sorghum production. Sorghum production is the Rural Development initiative benefiting Chachazela, Mangwevini and surrounding local villages, thus creating local employment opportunities for youth, women and disabled.

The municipality as part of on-going support to High Value Crops (HVC) projects at Mangweni and Chachazela, supported the projects with productions inputs which are sorghum seeds, fertilizers, chemicals for weed control and diseases, conducting of Soil preparation, application of pre-emergence and planting of Sorghum seeds for an area of 45.6 ha at Chachazela project and 20ha at Mangwevini project.

THE MAIN OBJECTIVES OF SORGHUM PRODUCTION PROJECT (HIGH VALUE CROP):

- To produce good quality high value crops.
- Encourage rural economic transformation.
- To fight poverty and create job opportunities during planting, weeding and harvesting season.

Sorghum Production project is a High Value Crop project funded by the Municipality. It is situated in Dutywa in Ward 8 and 12. Thus, the project focuses on sorghum production. In July 2023, the municipality met with Mangwevini and Chachazela Sorghum projects at Chachazela shearing shed, the aim was to develop implementation plan for 2023/24 financial year and identify the items that are needed to be procured during the financial year of 2023/24 for supporting the projects.

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The office conducted monitoring on support provided to HVC enterprises (Mangwevini and Chachazela Sorghum projects) successfully with the aim of checking the impact of the support which was provided during 2023/24 financially. All activities were implemented after the implementation plan 2023/24 financial year.

For procurement of production inputs, the municipality appointed Nowangile Trading and Projects from Mbhashe Incubation Programme, to supply and deliver production inputs. Subsequently, on the 28 September 2023, sorghum seeds, chemicals for weed control and fertilizers were supplied and delivered to Mangwevini and Chachazela projects successfully. The production inputs were used on an area of 64.6ha for 2023/24 financial year. In line with the specification, the items which were delivered by the service provider are as follows:

NO	DESCRIPTION	UoM	QTY
CHACHAZELA AND MANGWEVINI SORGHUM PROJECT			
1.	STALK BORER AND BOLLWORM 5L	no	12
2.	CYLAM 1L	no	50
3.	METALOCHLOR 10L	no	10
4.	FERTILIZER 2:3:4(30) +ZN 50KG	no	130
5.	PAN 8625 25KG	no	40

The production inputs were used on an area of 64.6 ha for 2023/24 FY for increasing sorghum yields.

MECHANIZATION OF FIELDS

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The municipality appointed service provider – RIO RIDGE 1111cc on the 28 November 2023 for conducting of soil preparation for Sorghum project at Chachazele and Mangwevini sorghum projects, on both Sorghum projects service provider was introduced by the municipality to the Sorghum project members and the service provider outlined how the company will conduct the soil preparation. The service provider was appointed to conduct soil preparation, application of pre-emergence chemicals and planting of sorghum seeds in an area of 100ha. The service provider managed to conduct soil preparation, application of pre-emergence chemicals and planting of sorghum seeds in an area of 64.6ha. Only 20ha at Mangwevini project and 44.6ha at Chachazela project that were planted.

The office conducted monitoring of support provided to HVC enterprises (Mangwevini and Chachazela Sorghum projects) successfully with the aim of making sure that all activities were implemented as per the implementation plan 2023/24 FY. LED office submitted business plans for tractors with implements and fencing materials to the Eastern Cape liquor board as the project struggle to plant early sorghum. EC Liquor Board visited both projects to conduct project verification, now the EC Liquor Board will visit the project on 11 June 2024 with ECDC and DRADR to conduct further project verification for funding purposes.

CHALLENGES ENCOUNTERED DURING MONITORING OF THE PROJECTS

- Inclement weather conditions delayed commencement of ploughing. During this process, the office was constantly monitoring progress on site.
- Lack of storage facilities as a result, production inputs are kept to the project member house.
- The chemicals and LAN fertilizer were not applied due to the delay of SCM procurement processes.
- Poor services from the appointed service provider as a result 35.4ha are not ploughed and planted sorghum at Chachazela Sorghum project.
- Lack of storage facilities as a result, production inputs are kept to the project member house.
- No youth involvement
- Poor bookkeeping in both projects.
- Poor fencing on both sites.

REMEDIAL ACTION

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- To procure early for the supply and Delivery of production inputs.
- To conduct a study tour to a successfully Sorghum project for benchmarking purposes.
- Encourage project members to recruit youth for administrative duties.
- To source funds from other government departments and Government agencies.
- Encourage project members to recruit youth for administrative duties.
- To source funds from other government departments and government agencies.

Fort Malan indigenous tea

The project is based at ward 27 in Willowvale. The project received funding through University of Free State for the construction of the site for storing and processing of the tea. The aim of the project is to process the indigenous tea and sell the tea to the targeted markets as it is usefully for the human health. The project was initiated by the group of Fort Malan community members.

To source funds from other government departments and government agencies. **Forge partnership with government departments, government agencies and private companies.**

LED unit assisted Mbomela agricultural co-operative through Imvaba co-operative fund for Agricultural equipment. The co-operative received tractor with implements which amounted to R500 000.00. now the co-operative no longer hiring the tractor for soil preparation and transportation of production inputs. The co-operative also received a short skill training which took 21 days after the short skill training the co-operative benefited in a learnership program.

LEARNERSHIPS

LED unit working hand in hand with private companies with the aim of boosting the local economy. The unit managed to source 2 learnership programs through Agriseta. There are two Agricultural Learnerships which are vocational education and training programme, which combine theory and practice, culminating in a qualification that is registered with SAQA. The learnerships were focusing on poultry production and vegetable production. There are 40 emerging farmers benefited from the program under ward 9 and 10 in Dutywa. All 40 emerging farmers received the stipend during the program. After the training farmers received accredited certificates from Agriseta.

CHAPTER 3

There are 20 youth farmers which will be trained in Vegetable production at Elliotdale for learnership program. On 3 July 2023 all 20 youth farmers signed the contracts of Agri-seta which will be facilitated by Siphumezulwazi consulting PTY LTD for the duration of 12 months. After the training youth farmers will received Accredited certificates.

Mbhashe Farmer Production Support Unit (FPSU)

It a rural small-holder farmer outreach and capacity building unit. The FPSU does primary production, extension services including mechanisation. The Agri-hub (AH) - processing, packaging, logistics, equipment hire innovation and training unit. The Rural Urban Market Centre (RUMC). The RUMC has three main purposes: Linking and contracting rural, urban and international markets through contracts. Acting as a holding-facility, releasing produce to urban markets based on seasonal trends. Provides market intelligence and information feedback, to the AH and FPSU, using latest Information and communication technologies. An Agri-park is a networked innovation system of agro-production, processing, logistics, marketing, training and extension services, located in a District Municipality. As a network it enables a market-driven combination and integration of various agricultural activities and rural transformation services.

Farmer Production Support Unit (FPSU): Are Centers (more than one per district) of: Agricultural input supply control, in terms of quality, quantity and timeous deployment of

inputs. Extension support and training, using Universities, agricultural graduates and

Narysec working in a symbiotic relationship to “hold-hands” with farmers over the next 10

years. Mechanization support (tractor driving, ploughing, spraying, harvesting etc.) Machinery, servicing workshop facilities. Local logistics support, which could entail the delivery of farming inputs, transportation postharvest, transportation to local markets. Primary produce collection. Weighing of produce and stock. Sorting of produce for local and other markets. Packaging of produce for local markets Local storage. Processing for local markets (small scale mills

etc.) Auction facilities for local markets Provide Market information on commodity.

prices (ICT). Farmers wanting services and support from the FPSU will register with the FPSU of their choice. Small Business Development and Training center. Banking, Fuel (energy center).

Municipality held various meetings with Department of Agriculture, Land Affairs and Rural development for Mbhashe FPSU which will be situated at Ngxakaxa under ward 2 in Dutywa. Municipality with the Department engaged with the farmers of Elliotdale and Willowvale for the FPSU centre.

CHAPTER 3

Enterprise Development:

Performance Overview on Key Strategy Drivers

Training and development programme:

Municipality (MLM) in partnership with **Eastern Cape Development Corporation (ECDC)** conducted a training on **Pattern Construction**, to 20 Mbhashe SMMEs (C) for three (3) consecutive days. The details are as follows:

Venue : Willowvale Boardroom

Date : 28 - 30 November 2023

Time : 09H00 – 15H00

There were 20 participants (SMMEs) attended the training.

Mbhashe Local Municipality (MLM) in partnership with **Eastern Cape Development Corporation (ECDC)** conducted a training of SMMEs (Constructors) on **Health and Safety**, to 25 Mbhashe SMMEs (Constructors)) for three (3) consecutive days. The details are as follows:

Venue : New Municipal Boardroom, Dutywa

Date : 25 - 27 March 2024

Time : 09H00 – 15H00

There were 25 participants (SMMEs) attended the training.

Mbhashe Local Municipality (MLM) in partnership with **Eastern Cape Development Corporation (ECDC)** conducted a training of SMMEs (Cooperatives) on **Cooperative Governance**, to 20 Mbhashe Cooperatives for three (3) consecutive days. The details are as follows:

Venue : New Municipal Boardroom, Dutywa

Date : 19 – 21 June 2024

Time : 09H00 – 15H00

There were 40 participants (2 from each Coop) attended the training.

CHAPTER 3

The number of SMMEs capacitated/assisted with trainings in 2022/23 financial year = 85

SMMEs assistance and Co-operative support:

Mbhashe Local Municipality supported 18 Mbhashe SMMEs and Cooperatives with equipment/tools of trade amounting to 50 000 each, through SMMEs and Cooperatives Support and Development Programme.

-Mbhashe Local Municipality in collaboration with ASPIRE Development Agency supported 5 Mbhashe Cooperatives with production inputs amounting to R20 000 each, through Cooperatives Support Programme.

The number of SMMEs and Cooperatives supported with tools of trade in 2023/24 financial year = 23

Informal trader support:

Mbhashe Local Municipality in partnership with the **Department of Small Business Development** supported 68 Informal Traders with R10 000 each through Informal and Micro Enterprise Development Programme.

Mbhashe Local Municipality supported 60 Mbhashe Hawkers (20 from each unit) with Vouchers amounting to 5 000 each, through Informal Trader Support and Development Programme.

The total number of Informal Traders supported = 128.

SMME Roadshows

4 roadshows conducted for SMME's as per approved concept plan in Dutywa-2, Xhorha-1 & Gatyana-1:

1. SMMEs Roadshow for quarter one (1) was successfully hosted by LED as follows:

SMME Roadshow was conducted successfully by Mbhashe Local Municipality in partnership with the Department of Economic Development, Environmental Affairs and Tourism on the 15 September 2023 at TRC Hall in Dutywa to workshop or to empower SMMEs and Cooperatives with LRED Fund.

The purpose of the LRED Fund is to provide grant funding to enterprises which are not able to access funding from commercial banks and other developmental funding institutions to start-up new enterprises or expand existing enterprises. This initiative therefore aims to disseminate

CHAPTER 3

information and guidance to potential applicants and clarity on the mandatory requirements for government funding, available non-financial support and associated policies. The LRED Fund policy as well as a draft programme is attached hereto for ease of reference.

Other stakeholders that were invited include the Department of Social Development (DSD), the Department of Rural Development and Agrarian Reform (DRDAR) with attendance of SMMEs and Cooperatives on accessing information on services rendered by each department.

2. SMMEs Roadshow for quarter two (2) was successfully hosted by LED as follows:

SMME Roadshow was conducted successfully by Mbhashe Local Municipality on the 19 October 2023 at TRC Hall in Gatyane to workshop or to empower SMMEs and Cooperatives with funding and other opportunities.

Other stakeholders that were invited include the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), Department of Labour, Department of Social Development (DSD), the Department of Rural Development and Agrarian Reform (DRDAR), and South African Revenue Service (SARS) with attendance of SMMEs and Cooperatives on accessing information on services rendered by each department.

3. SMMEs Roadshow for quarter three (3) was successfully hosted by LED as follows:

SMME Roadshow was conducted successfully by Mbhashe Local Municipality in partnership with the Department of Small Business Development (DSBD) on the 05 February 2024 at Town Hall in Xhora to workshop SMMEs and Cooperatives with on TREP Funding.

TREP aims to assist informal, micro and small enterprises operating in townships and rural areas that meet the qualifying criteria. Therefore, DSBD in partnership with MLM were conducting a training workshop so that potential applicants may be able to complete the application forms and submit all the required documentation.

4. SMMEs Roadshow for quarter four (4) was successfully hosted by LED as follows:

SMME Roadshow was conducted successfully by Mbhashe Local Municipality in partnership with key industry partners on the 06 June 2024 at TRC Hall in Dutywa to workshop SMMEs and Cooperatives with on compliance requirements and funding opportunities.

Among the invited stakeholder were SARS, SEDA, DEDEAT, DRDAR, DSD and ADM.

Incubation programmes:

Mbhashe Local Municipality issued an advert for two Incubation programmes to develop and promote local SMMEs which are:

1. Construction and Maintenance Incubation- 29 SMMEs appointed.

CHAPTER 3

2. Supply and Delivery Incubation - 13 SMMEs appointed.

-The amount that was budgeted for SMMEs during 2023/24 FY = R105 053 187.10 which is 30% of the actual budget.

-The amount spent to SMMEs during 2023/24 FY = R112 429 145.25

Therefore, the actual percentage = 107% due to the above- mentioned incubation programmes that are there to develop and promote local SMMEs.

Tourism Development:

Performance Overview on Key Strategy Drivers

- As part of providing support to Marine Economic Initiatives to Fishing Projects by means of giving them a fishing equipment in order to perform the Marine activities and the fishing projects that were assistance were (Tenza in Ward 22, Dwesa in Ward 29 and Mpame in Ward 19).
- Tourism Product Owners from Dutywa, Elliotdale and Willowvale were provided an non-financial support by means of capacitating them.
- There were 2 Internal Events that was held as part of promoting and marketing of Mbhashe and boasting the local economy (namely Ilifa lo Mbhashe, Tenza Coastal Festival and Mbhashe Horse Racing Event)
- There were 2 External events participated on (namely Travel Indaba and Makhandla National Arts Festival)
- Heritage tourism: LED has been providing hand on approach by ensuring preservation of heritage sites/ resources at Mbhashe Municipality which are then made available as tourist products for consumption and research. Furthermore, 3 heritage properties have been maintained (Fort Marlan Memorial, King Hintsa s' Grave and King Sarhili s' Grave).

Lifeguards Support

Seasonal Lifeguards were assisted with training and equipment to provide safety to Mbhashe Beaches during pick seasons (December and April). They were provided a 2 day practical training on the beach in order to see the capacity.

During big seasons, festive and easter holidays, the municipality trained and employed 30 seasonal lifeguards to provide life rescue services in 10 beaches of Mbhashe LM.

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As part of promoting Mphashe Heritage sites the focus was at the Battle of Lurhwayizo Heritage Sites.

As part of implementing the project of Battle of Lurhwayizo, heritage development project, the municipality supported the Battle of Lurhwayizo development initiative (BOLD) with funding for commemorative event. Also, forged partnership with DSRAC to support the project with theatre production and it was stage at Makhanda Arts festival.

Marine Economy Projects

Three Marine economic initiatives or projects (Mpame in Ward 19 Elliotdale, Tenza in Ward 22 in Willowvale and Dwesa in Ward 29 in Willowvale) were assisted with fishing equipment in order to perform marine activities

T3.11.4

LED JOB CREATION for 2023/24 FY

NAME OF PROJECT	WARD/TOWN	NO. JOBS CREATED	SHORT/LONG
Tourism development			
Seasonal Lifeguards were employed during peak seasons (29 in Festive season and 30 during Easter Holidays)	Elliotdale and Willowvale	59 casual workers	Short term
Infrastructure department			
Msikithi access road, Nkalweni access road Skhobeni to Chaba, Ntlonyane bridge	Dutywa and Elliotdale Willowvale	24 casual workers	Short term
Community services			

CHAPTER 3

Mbhashe long/short term opportunities	Idutywa Elliotdale Willowvale	1403 short term	1403 short term
Total job opportunities for short term		1427 casual workers	

T3.11.4

The targets set out in the IDP schedule can be attained and achieved with approved budget provision. LED does not have capital projects as projects its support are community-based and therefore the issue of variances from budgeting for net operating and capital expenditure does not necessarily affect the unit.

JOB CREATION THROUGH EPWP PROJECTS		
Details	EPWP Projects	Number of jobs created through EPWP projects
FY 2023/24	Recycling	120
	Street Cleaning	54
	Data Capturer	6
	Libraries	4

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	Parks,cemetries gardens and Beautification	12
	Peace officers	08
	Tea makers	04
	TOTAL	208

T3.11.5



CHAPTER 3

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project implemnetatio n	employemen t opportunitie s (EPWP & CWP)											
By using different marketing tools to market Mbhashe as Tourism destination	Number of events hosted and participated on Ilifa Lo Mbhashe Signature event, Tenza beach festival, Horse racing, Africas travel Indaba and Makanda Arts Festival											
										To promote agrarian reform and increase food security to emerging famers by June 2027		
By conducting continuous engagements with DRDAR & other relevant stakeholders	Number of programs implemen											

CHAPTER 3

		ted to assist emerging famers (Crop production inputs 79 projects supported) and Stock remedy from ward 1-32 supported.										
To promote agrarian reform and increase food security to emerging famers by June 2027												
By capacitating famers to meet quality and safety requirements through exposure.										Number of agricultural roadshows held for famers in each Dutywa, Gatyana and Xhorha as per the assessment report		

T3.11.7

CHAPTER 3

ECONOMIC ACTIVITY BY SECTOR

COMMENT ON LOCAL JOB OPPORTUNITIES

EMPLOYEES: Local Economic Development Services

Job level	2022/23	2023/24			
	No. of employees	No. of posts	No. of employees	Vacancies	Vacancies (as a % of total posts)
0 – 3	0	0	0	0	
4 – 6	0	0	0	0	
7 – 9	0	1	0	0	
10 – 12	2	3	3	0	0%
13 – 15	0	0	0	0	0%
16 – 18	1	1	1	0	0%
19 – 20	0	0	0	0	0%
20-59	0	0	0	0	0%
Total	3	5	4	0	0%

T3.11.8

The unit of Local Economic Development (LED) does not necessarily have capital projects. LED fully supports community driven development projects and initiatives and therefore its budget is spent on supporting projects that cannot be categorized as CAPITAL Projects, as they are community based, largely driven by SMME's and Cooperatives. The community-based projects are supported on the basis that they are key drivers on local economy in terms of employment creation and poverty alleviation opportunities they offer. More importantly, the support of

CHAPTER 3

community-based projects in pursuit of constitutional obligation as outlined in terms of Section 152, subsection (1) © of the Constitution of the Republic Act. No. 108 of 1998.

Financial Performance Year 0: Local Economic Development Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	2,347,181	2,967,719	2,967,719	904,773	31%
Repairs and Maintenance	-				
Other	13 252 614	11,666,450	11,666,450	8,996,870	78%
Total Operational Expenditure	15,599,795	14,634,169	14,634,169	9,901,643	68%
Net Operational Expenditure	(15,599,795)	(14,634,169)	(14,634,169)	(9,901,643)	(68%)

T3.11.9

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The unit of Local Economic Development (LED) does not necessarily have capital projects. LED fully supports community driven development projects and initiatives and therefore its budget is spent on supporting projects that cannot be categorized as CAPITAL Projects, as they are community based, largely driven by SMME's and Cooperatives. The community-based projects are supported on the basis that they are key drivers on local economy in terms of employment creation and poverty alleviation opportunities they offer. More importantly, the support of community-based projects in pursuit of constitutional obligation as outlined in terms of Section 152, subsection (1) © of the Constitution of the Republic Act. No. 108 of 1998.

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

LED does not have capital projects. However, the unit is responsible for implementation and support of community-driven development initiatives, in a form of various projects such as ploughing of sorghum, repairs and maintenance of LED infrastructure such as dipping tanks, shearing shed. Thus, the unit does not have any capital projects except those that are mentioned here, which are community-driven initiative hence no variations from budget.

T3.11.11

CHAPTER 3

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; community halls & cemeteries.

Introduction to Community & Social Services

This component includes libraries, archives, community halls & cemeteries.

Mbhashe has a competence for amenities and community facilities like halls, pounds, cemeteries, sports fields, ablution facilities, beaches, Early Childhood Development Centers, parks & public places, and municipal offices.

The municipality continues in constructing multi-purpose community halls in many of its wards to aid communities with proper spaces for their meetings and functions. These facilities are constructed using Municipal Infrastructure Grant (MIG), when the halls are completed, they are owned, operated and maintained by the municipality. The key challenge so far has been the lack of adequate funds to constantly maintain and offer security services to our facilities. It is proposed that once completed (renovation and construction), Community halls are under the care of communities that have halls.

Cemeteries: Cemeteries are a core competence of Mbhashe municipality, and its role is largely to plan and ensure provision of land for burial as well as support with such services as registrations and mobilization of resources for fencing of facilities. Lack of funds is often cited as a reason why there is poor maintenance of cemeteries across all wards. Cemeteries are currently categorized into urban and rural (communal and private).

Beaches: Mbhashe is well endowed with a beautiful and wild coastline that covers certain parts of Gatyana and Xhorha. These pilot sites of the coastline are used by the public for leisure, especially during Easter and summer holidays. There are leisure facilities in the form of public toilets, signage, braai areas and others that needs to be managed and maintained from time to time. Mbhashe, through the EPWP programme and assistance from Department Of Forestry Fisheries & Environment programmes further provides personnel to continuously clean the coastline as well as the lifeguards throughout the year.

T3.52

CHAPTER 3

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

Libraries: The Department of Sports, Recreation, Arts and Culture (DSRAC) has since entered into a memorandum of agreement with local municipalities, including Mbhashe to manage and administer the library facilities. Currently the Municipality has eight (08) fully operational libraries that are within Mbhashe Jurisdiction area namely: Dutywa, Gatyana, Xhorha, Bolothwa, KwaNomaka Mbeki, kwaNtshunqe, Lower Mbangcolo and Nqabara Libraries.

DSRAC has committed an amount of R500 000.00 for the running of libraries in the current year in order to give effective and efficient library services to the communities, we are hoping that DSRAC can increase the budget so that it can cover all the expenditure in relation to libraries.

T3.12.1

SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

The Local Municipality has none of these facilities managed within its jurisdiction. Information libraries is with DASRAC as the driver of the facility.

T3.12.2.

CHAPTER 3

[illegible]

There are no policy objectives for Libraries

T3.12.3

CHAPTER 3

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0.5	17%
7 - 9	6	6	6	1.5	25%
10 - 12	7	7	7	1	14%
13 - 15	9	9	9	2.2	24%
16 - 18	11	11	11	0.9	8%
19 - 20	18	18	18	1	6%
Total	55	55	55	7.1	13%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i> <i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i> <i>T3.52.4</i>					

There are no employees employed by the municipality, they are paid by DSRAC

T3.12.4

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	4,285,497.91	4,867,644.00	6,017,644.00	5,676,242.00	6%
Expenditure:					
Employees	11,159,938.95	14,161,945.00	14,161,945.00	14,132,524.00	0%
Repairs and Maintenance	4,570,232.24	4,353,947.00	5,403,946.00	4,486,295.00	17%
Other	10,516,939.36	10,340,075.00	11,373,875.00	10,584,266.00	7%
Total Operational Expenditure	26,247,110.55	28,855,967.00	30,939,766.00	29,203,085.00	6%
Net Operational Expenditure	-21,961,612.64	-23,988,323.00	-24,922,122.00	-23,526,843.00	6%

T3.12.5

CHAPTER 3

Capital Expenditure Year 1: Libraries; Archives; Museums; Galleries; Community Facilities; Other R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.52.6

There are no capital projects implemented for libraries

T3.12.6

CHAPTER 3

CHAPTER 3

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

The municipality is only providing library services. There were no capital projects that were implemented in 2023/24. Only overhead costs were utilised for stationery and conducting awareness's. T3.12.7

3.13 CEMETORIES AND CREMATORIALS

INTRODUCTION TO CEMETORIES & CREMATORIALS

The routine maintenance in the form of grass cutting and clearing of the overgrown vegetation in cemeteries on a monthly basis.

T3.13.1

SERVICE STATISTICS FOR CEMETORIES & CREMATORIALS

The services are being done through EPWP and there are no permanent employees.

T3.13.2

CHAPTER 3

Employees: Cemeteries and Crematoriums					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0.5	17%
7 - 9	6	6	6	1.5	25%
10 - 12	7	7	7	1	14%
13 - 15	9	9	9	2.2	24%
16 - 18	11	11	11	0.9	8%
19 - 20	18	18	18	1	6%
Total	55	55	55	7.1	13%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i> <i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i> <i>T3.55.4</i>					

There are no employed for Cemeteries.

CHAPTER 3

Financial Performance Year 1: Cemeteries and Crematoriums					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T3.55.5

CHAPTER 3

Capital Expenditure Year 1: Cemeteries and Crematoriums					
R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.55.6

There are no capital projects

CHAPTER 3

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

T3.13.7

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

This function is not under the functions of the municipality

T3.14.1

SERVICE STATISTICS FOR CHILD CARE

N/A

T3.14.2

CHAPTER 3

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes pollution control; biodiversity and landscape; and coastal protection.

INTRODUCTION TO ENVIRONMENTAL PROTECTION

The municipality has committed itself in the protection of the environment through the implementing service delivery in a sustainable manner for the coming generations of Mphashe to benefit from the municipality's endemic natural resources.

Environmental Management Act (Act 107 of 1998), which stipulates that everyone has the right:

to an environment that is not harmful to their health or well-being; and

to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that prevent pollution and ecological degradation;

promote conservation; and

Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

The Environmental management function is coordinated and implemented under community services department. The purpose of this function is to oversee that Environmental Protection is practiced and Environmental Compliance is adhered to. This assist in equipping the municipality in promoting sustainability in all its practices.

Vegetation of any region is determined by the two factors; climate and soil types. Generally, Mphashe is dominated by the grassland biome inland, but also has biome types like the Transkei coastal belt grasslands, scarp forest along the coast and the Indian Ocean coastal belt, which forms part of the Maputo-Pondoland Albany Hotspot (MPAH). The hotspot is the remarkable meeting point of six major vegetation types with unique species and ecosystems. The biodiversity of Mphashe shows that most of the natural and near-natural landscapes are located along the coast and adjacent interior. The more degraded areas are found in the northwestern portion of Mphashe with too much disturbance caused by overgrazing and burning of grasslands on the biodiversity occurring on that particular area. The decreased spatial extent of the Grassland Biome

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is also likely to be reduced due to the invasion of alien trees, bush encroachment and woody species. This would ultimately lead to a shift towards Savanna type characteristics.

Currently Mbashe hosts, the beauty of two joint Protected Areas declared as Nature Reserves and Marine under the protected areas Act. The Dwesa- Cwebé Nature Reserves encompasses pristine biodiversity of the coastal flora and fauna.

Mbashe also has a strong potential of an area known to be a habitat to the Threatened Cape Vulture (*Gyps coprotheres*). The area of Sundwana (Collywobbles) is an ancestral vulture colony occurring along the cliffs of the complex gorge formed by the meandering Mbashe River. This Vulture is endemic to South Africa.

T3.14.

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

As required by the National Environmental Management Act, all municipalities are expected to develop the Air Quality Management Plan as a measure towards pollution Control. Mbashe has successfully developed the plan. However, the municipality does not have much pollution as it is a space that does not trigger much emissions.

The Mbashe Local Municipality have not developed Air Quality related by-laws, however the municipality relies on the adopted Amathole District Municipality Air Pollution Control By-Law which addresses air pollution and the control thereof under Chapter 9. This by-law defines 'air pollution' as "any change in the composition of the air caused by smoke, soot, dust (including fly ash), cinders, solid particles of any kind, gases, fumes, aerosols and odorous substances." This by-law is enforceable by the ADM for all areas within their jurisdiction.

T3.15.1

CHAPTER 3

SERVICE STATISTICS FOR POLLUTION CONTROL

None.

T3.15.2

CHAPTER 3

Employees: Pollution Control					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0.5	17%
7 - 9	6	6	6	1.5	25%
10 - 12	7	7	7	1	14%
13 - 15	9	9	9	2.2	24%
16 - 18	11	11	11	0.9	8%
19 - 20	18	18	18	1	6%
Total	55	55	55	7.1	13%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i> <i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i> <i>T3.59.4</i>					

T3.15.4

There are no employees for pollution control as it is not the municipalities' function.

CHAPTER 3

Financial Performance Year 1: Pollution Control					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.15.5

Capital Expenditure Year 1: Pollution Control					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.15.6

There are no capital projects

T3.15.6

CHAPTER 3

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

There are no capital projects prioritized for Pollution Control within the municipality and, therefore, no budgeted expenditure. The projects and expenditure falls within the operational focus of the Solid Waste division in Community Services. The Environmental Management Department participates in an Authorities Forum coordinated by DEDEAT to address pollution issues in the Mbhashe Area. The key focus of the department is to assist in reducing the chemical and organic pollutants entering the air space through the restoration of eco systems.

T3.15.7

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

The region has a fragmented topography and comprises of undulating landscapes towards the coast and flat grasslands inland. The coastal terrain is therefore mountainous with steep valleys, whereas in land the flat grasslands suffer from drought and eroded lands. The diversity of topography does however create many different opportunities for a great diversity of ecosystems and their inhabitant plant and animal species. The topography, however, also poses a multitude of challenges to development as accessibility is limited and settlement has taken place in a dispersed and haphazard manner.

There is great variety in the geology of the region as different portions of sedimentary and igneous layers are exposed during the transition from the high-altitude Mountains in the North- Eastern side to the coast in the east.

The area around Idutywa is largely underlain by Mesozoic sediments of the Karoo Supergroup. Soils are mostly red-yellow apedal freely drained soils and are vulnerable to erosion as they originate from their easily weathered parent material on the north western part of Mbhashe. Coastally, the soils are rich for agricultural activities which prove high soil fertility and rich in nutrients which is influenced by the coastal climate.

T3.16.1

CHAPTER 3

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

none

T3.16.2

CHAPTER 3

Employees: Bio-Diversity; Landscape and Other					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0.5	17%
7 - 9	6	6	6	1.5	25%
10 - 12	7	7	7	1	14%
13 - 15	9	9	9	2.2	24%
16 - 18	11	11	11	0.9	8%
19 - 20	18	18	18	1	6%
Total	55	55	55	7.1	13%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i> <i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i> <i>T3.60.4</i>					

T3.16.4

CHAPTER 3

Financial Performance Year 0: Environmental Management					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	
Expenditure:					
Employees	330,964	473,494	473,494	416,250	88%
Repairs and Maintenance					
Other	666,847	2,250,962	2,250,962	1,517,527	68%
Total Operational Expenditure	997,811	2,724,456	2,724,456	1,933,777	71%
Net Operational Expenditure	(997,811)	(2,724,456)	(2,724,456)	(1,933,777)	(71%)

T3.16.5

CHAPTER 3

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

Other (Disaster Management, Animal Licencing and Control, Control of Public Nuisances and Other)

Invasive plant control continues through the EPWP programme with teams focusing on waterways, wetlands and municipal owned land with dense stands of invasive plants.. Accredited skills training and capacity building continued throughout the year to ensure that participants on short term contracts of one year and a certificate to obtain are able to enter the open market at the end of their contracts.

T3.16.7

COMPONENT F: HEALTH

This component is provided by Department of Health.

3.17 CLINICS

This component is provided by Department of Health.

3.18 AMBULANCE SERVICES

The component is provided by Department of Health

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

CHAPTER 3

The component is provided by Department of Health.

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY & SAFETY

The Law Enforcement section was established in 2016 with the purpose of enforcing the municipal by laws in all units of Mbhashe, the section is now fully functional. Our Law enforcement officers deal with the enforcement of By-laws, Criminal offences under criminal procedure act (Act 57/1977) and Traffic officers deal with the enforcement of National road traffic act (Act 93/1996). There is also licensing section that deals with all the licensing activities in the institution.

T3.20

3.20 POLICE

This component is provided by Department of South African Police Services.

3.21 FIRE

This component is provided by Amathole District Municipal Fire Services.

CHAPTER 3

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

- (a) This Disaster Management is performed in accordance with the legislative requirements in the Disaster Management Act. In terms of Section 46 of Disaster Management Act, the municipality co-ordinates its activities with those of the – National Disaster Management Centre;
- (b) The Eastern Cape Provincial Disaster Management Centre; and
- (c) Amathole District Municipality's Disaster Management Centre

The Mbhashe Local Municipality adopted the Disaster Management Plan during 2018/19 FY. The plan stipulates that the municipality is responsible for executing some obligations with regards to disaster in terms of the Disaster Management Act.

The Disaster Management Plan of the Local Municipality reflects:

- I. Compliance with the provisions of the Disaster Management Act.
- II. Alignment and integration with the current Integrated Development Plan (IDP).
- III. Assessment of risk and vulnerability of its communities and anticipate and prioritize disasters that are likely to occur in the municipality.
- IV. Place emphasis on measures that reduce risk and vulnerability of disaster-prone areas, communities and households.
- V. Identify areas, communities and households that are vulnerable and at risk.
- VI. Respect and use the indigenous knowledge relating to disaster management.
- VII. Promote disaster management research.
- VIII. Identify and address the weakness in capacity of the municipality to deal with possible disasters.
- IX. Facilitate maximum emergency preparedness

CHAPTER 3

The following risks are identified as priority risks at Mbhashe that will be addressed by risk reduction and preparedness planning as contained in the plan.

Mbhashe Local Municipality uses the services of the Amathole District Municipality in the fire services; this is in terms of the assigned powers by the MEC for Local Government.

T3.22.1

- | |
|--|
| |
|--|
- (d) National Disaster Management Centre;
 - (e) The Eastern Cape Provincial Disaster Management Centre; and
 - (f) Amathole District Municipality's Disaster Management Centre

The municipality continuously develops disaster contigs plan

The Disaster Management Plan of the Local Municipality reflects:

- X. Compliance with the provisions of the Disaster Management Act.
- XI. Alignment and integration with the current Integrated Development Plan (IDP).
- XII. Assessment of risk and vulnerability of its communities and anticipate and prioritize disasters that are likely to occur in the municipality.
- XIII. Place emphasis on measures that reduce risk and vulnerability of disaster-prone areas, communities and households.
- XIV. Identify areas, communities and households that are vulnerable and at risk.
- XV. Respect and use the indigenous knowledge relating to disaster management.
- XVI. Promote disaster management research.
- XVII. Identify and address the weakness in capacity of the municipality to deal with possible disasters.
- XVIII. Facilitate maximum emergency preparedness

CHAPTER 3

The following risks are identified as priority risks at Mbhashe that will be addressed by risk reduction and preparedness planning as contained in the plan.

Mbhashe Local Municipality uses the services of the Amathole District Municipality in the fire services and disaster assessment; this is in terms of the assigned powers by the MEC for Local Government .

Due to heavy rains our roads infrastructure were heavily affected.

T3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

T3.22.2

CHAPTER 3

Employees: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc					
Job Level	Year 0	Year 1			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0.5	17%
7 - 9	6	6	6	1.5	25%
10 - 12	7	7	7	1	14%
13 - 15	9	9	9	2.2	24%
16 - 18	11	11	11	0.9	8%
19 - 20	18	18	18	1	6%
Total	55	55	55	7.1	13%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.
 *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.67.4

there are no employees under disaster

T3.22.4

Financial Performance Year 1: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc					
R'000					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T3.67.5

T3.22.5

CHAPTER 3

Capital Expenditure Year 1: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R' 000					
Capital Projects	Year 1				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.67.6

T3.22.6

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

T3.22.7

COMPONENT H: SPORT AND RECREATION

CHAPTER 3

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites

INTRODUCTION TO SPORT AND RECREATION

The following constructed sport fields are ward 13 phase 1, ward 25. Ward 1 is still in the progress

T3.23.

3.23 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

N/A

T3.23

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

CHAPTER 3

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

Corporate policy is the guide post to decision making. It helps in the managerial thinking process and thus leads to the efficient and effective attainment of the objectives of any organization.

T3.24

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

The municipality has the political stability which enables Council to oversight through its section 79 and 80 committees. The Mbhashe municipality has two management teams a political and an administrative team. The political leadership is made up of Councillors and Traditional Leaders. The political leadership makes strategic and policy decisions. The administration is headed by the Municipal Manager assisted by senior manager in ensuring that the decisions taken by the council are implemented

T3.24 .1

The Executive and Council Policy Objectives Taken From IDP

Service Objective s	Outline Service Targets	Year -1		Year 0			Year 1
		Target	Actual	Target		Actual	Target
		*Previous Year		*Previous Year	*Current Year		*Current Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
<i>To ensure clean and accountable governance in the municipality by 2024</i>							
	Number of meeting s held by council structure s in 2020/21	51 meetings held by council structures in 2020/21	51 meetings held by council structures in 2019/20	51 meetings held by council structures 2020/21	51 meetings held by council structures in 2021/22	63 meetings held by council structures in 2022/23	51 meetings held by council structures in 2023/24

CHAPTER 3

T3.24.3

Employees : The Executive and Council					
Job Level	Year 1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies(as a % of total posts) %
0-3	0	0	0	0	0%
4-6	8	8	8	0	0%
7-9	2	8	8	0	0%
10-12	12	12	12	0	0%
13-15	0	0	0	0	0%
16-18	6	6	6	0	0%
19-20	0	0	0	0	0%
Total	30	27	27	0	0%

T3.23.4

CHAPTER 3

Financial Performance Year 1: The Executive and Council					
Details	Year 0	Year 1			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.69.5

T3.24.5

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

Council Meetings

The Municipal Structures Act requires that council should meet at least a minimum of four (4) times a year. Mbhashe Municipality has in the previous year exceeded the above requirement. An action plan to monitor resolution taken by the council was developed and assessed on a quarterly basis.

Attendance to Council Meetings

CHAPTER 3

Mbhashe Municipality maintained adequate attendance of council meetings convened for the year under review, in most of the instances wherein councillors were unable to attend, apologies were tendered and approved.

All Party Whippery

Whippery is comprised of all chief whips for all parties represented in the council. The council has elected Whip of the council who is the chairperson of the whippery committee. The whippery committee sits every quarter before every council meeting for effective functioning and smooth running of council meeting.

Section 80 Committees

The Municipality has 5 Section 80 committees which are sitting on a quarterly basis where the chairpersons are elected by Executive Mayor and are functioning effectively. They assist the Executive Mayor in ensuring effective functioning of the standing committees.

Section 79 Committees

The Municipal Public Accounts Committee has been fully constituted and members were given the requisite training.
T3.24.7

CHAPTER 3

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The department is tasked with the provision of financial services in an accountable, effective and transparent manner. Strict measures are put in place to protect the financial viability of the municipality as well as to ensure compliance with the Municipal Finance Management Act, Act 56 of 2003 (MFMA). The department renders the following main services:

Asset Management

The municipality has and maintains a GRAP compliant asset register and a conditional assessment was carried out on our infrastructure assets especially the roads infrastructure.

Financial Reporting

The Annual Financial Statements were finalised and submitted as required by legislation. The municipality received Unqualified audit opinions for the following years 2016/17, 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22. The budget was tabled and approved in line with the legislative requirements and monthly and quarterly reports were submitted in line with legislative deadlines. All financial and budget related policies were reviewed and approved.

Revenue Management

The municipality achieved 122% collection rate against its annual target for billable services. Major contributor to this achievement was government accounts which were paid. Ongoing interactions are taking place with customers in order to convince them to settle their accounts or make arrangements. A debt collector is also in place and long outstanding accounts are handed over for collection.

CHAPTER 3

Expenditure Management

Expenditure management is an ongoing function with the aim of improving creditor's efficiency by ensuring that all creditors are paid within 30 days. More than 90% of all invoices are paid within 30 days with only invoices that are in dispute being paid later. A single payroll function is rendered, and employees are paid via EFT on a monthly basis. All statutory deductions are paid to the relevant bodies within the prescribed timeframes.

T3.25.1

Debt Recovery							
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	10,928,823.53	67%	19,990,931.00	9,627,989.71	48%	19,990,931.00	100%
Electricity - B							
Electricity - C							
Water - B							
Water - C							
Sanitation							
Refuse	219,523.05	8%	3,490,927.00	105,959.45	3%	3,490,927.00	100%
Other							

T3.25.2

CHAPTER 3

Employees : Financial Services					
Job Level	Year 1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies(as a % of total posts) %
0-3	0	0	0	0	
4-6	10	6	10	0	
7-9	3	3	2	1	
10-12	7	8	7	1	
13-15	0	0	0	0	
16-18	3	3	3	0	
19-20	0	0	0	0	
Total	23	20	22	2	

T3.25.4

CHAPTER 3

Financial Performance Year 0: Financial Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	249,464,000.00	263,748,000.00	314,001,000.00	314,001,000.00	0%
Expenditure:					
Employees	9,661,882.00	8,759,923.00	9,905,956.00	9,661,882.00	2%
Repairs and Maintenance	-	-	-	-	0%
Other	23,264,825.00	18,141,356.00	25,321,122.00	23,264,825.00	8%
Total Operational Expenditure	32,926,707.00	26,901,279.00	35,227,078.00	32,926,707.00	7%
Net Operational Expenditure	216,537,293.00	236,846,721.00	278,773,922.00	281,074,293.00	-1%

T3.25.5

Capital Expenditure Year 0: Financial Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	7,100,000	7,100,000	494,917	93%	151,449
ACQUISITION OF VEHICLES	7,000,000	7,000,000	494,917	93%	-
OFFICE FURNITURE	100,000	100,000	-	100%	151,449
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.25.6</i>

T3.25.6

CHAPTER 3

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

T3.25.7

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resources Management Services rendered by Mbhashe aim to achieve the following:

1. Manage training and development initiatives
2. Recruit and hire new employees
3. Track and analyze employee performance and be able to provide feedback and guidance to the employee
4. Facilitate and moderate the employee-employer relationship.
5. Manage organizational and company culture for the successful functioning of each organization.
6. Create a safe and inclusive work environment
7. Oversee and manage benefits and compensation
9. Handle conflicts, disciplinary actions, and terminations

T3.26.1

CHAPTER 3

SERVICE STATISTICS FOR HUMAN SERVICE RESOURCE SERVICES

As per approved structure, as of 30 June 2023 there are 07 vacancies.

T3.26.2

CHA

Service	Outline	Year -1		Year 0			Year 1
Objectives Service Indicators (i)	Service						
	Targets	Target	Actual	Target		Actual	Target
		*Previous Year (iii)		*Previous Year (v)	*Current Year (vi)		*Current Year (viii)
To provide and enhance skills among the Councillors, Traditional Leaders, Ward Committees and Employees to ensure effective service delivery by 2027							
By up skilling employees and Councillors through formal and informal qualifications as per WSP and other funders (SETA, SALGA, TVET)		5 training interventions implemented as per approved WSP	5 training interventions implemented as per approved WSP	Computer Course (38) Occupational health and safety (15)	10 Formal Interventions and 2 Informal Interventions 30 unemployed graduates registered for internship programme	Councillors Project Management (1) Computer Course (61) Occupational health and safety (15) Waste management (50) Supervisory management skills (28) Project Management (25) Hygiene cleaning (10) Team Building (55) Municipal governance (3)	1.Skills Development Training (8 Cllrs) 2.Perform ance Management (99) 3.Employ ment Equity (19) 4.CIGFAR O (4) 5.IMPSA (3) 6. Grader (12) 7.TLB (5)

CHAPTER 3

					Waste management (50)		Anti-fraud and corruption (44)	8. Project Management (25 Cllrs)
					Supervisory management skills (28)		Conflict Management (66)	9. Report Writing (120)
					Project Management (25)		Close Corporation (1)	10. Human Resource Practitioners (2)
					Hygiene cleaning (10)			11. Occupational Health and Safety (3)
					Team Building (100)			12. Staff Establishment (2)
					SAMTRAC(1)			13. MIC and MIS Training (2)
					Municipal governance (3)			14. Asset Management (4)
					Antifraud and corruption (44)			15. National Local

CHAPTER 3

							Government Service Delivery Indaba (4) 16.Archives and Records Management (4) 17.Multi-streaming Governance (2 Cllrs) 18.Human Resource Policies (123)
		5 formal qualifications		5 qualifications implemented for officials	9 Formal Qualifications implemented for officials & Councillors	7 qualifications implemented for officials (LLB (2), ,Degree in Public Administration(6), and Honours in Public Administration (5) Post Grad in Public Admin (1)	1.Examiner of Driving Licence (1) 2.CPMD (3) 3.Advance Public

CHAPTER 3

						Basic Traffic Diploma (7)	Managem ent (1)
						Peace officers (4)	4.PHD Public Managem ent (1)
						Examiner of driving licence(6)	5.Degree Public Managem ent (1)
							6.Degree LLB (1)
							7.Certifica te in Finance Managem ent (1)
							8.NHC: Achieves and Records Managem ent (1)
							9.Degree: Bachelor Waste Managem ent /Environm

CHAPTER 3

							ental Managem ent (1)
							10.NHC: Tourism Managem ent (1)
							11.Advanc ed Diploma Accountin g Sciences (1)
							12.Bachel or of Commerc e SCM (1)
							13.Bachel or of Business Administra tion (1)
							14.Post Grad: Accountin g Science (1)

CHAPTER 3

							15.Honours Public Administration (1)
			25 Unemployed Community programme	25 Unemployed Community programme	30 unemployed graduates were enrolled in an internship programme and placed in various departments	25 unemployed graduates participated in the programme	30 unemployed graduate s participate d in the programm e.

T3.25.3

CHAPTER 3

Job Level	Employees: Human Resource Services				
	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	9	2	11	0	
4 – 6	7	5	7	0	
7 – 9	1	2	1	1	
10 – 12	5	5	5	0	
13 – 15	1	1	1	0	
16 – 18	1	1	1	0	
19 – 20	0	0	0	0	
Total	23	15	26	1	

T3.26.4

CHAPTER 3

Financial Performance Year 0: Human Resource Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	47,874.41	100,000.00	100,000.00	471,823.00	-372%
Expenditure:					
Employees	3,570,204.61	7,109,701.00	7,109,701.00	6,697,171.00	6%
Repairs and Maintenance	7,242.42	-	32,996.00	32,996.00	0%
Other	5,594,714.60	4,640,604.00	5,233,540.00	4,669,612.00	11%
Total Operational Expenditure	9,172,161.63	11,750,305.00	12,376,237.00	11,399,779.00	8%
Net Operational Expenditure	-9,124,287.22	-11,650,305.00	-12,276,237.00	-10,927,956.00	11%

T3.26.5

CHAPTER 3

Capital Expenditure Year 0: Human Resources					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	800,000	800,000	582,676	27%	800,000
Computers and Printers	50,000	50,000	24,370	51%	50,000
Office Furniture & Equipment	50,000	50,000	1,320	97%	50,000
Vehicles	700,000	700,000	556,986	20%	70,000

T3.26.6

CHAPTER 3

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL

The section has successfully held conducted the following programmes:

Career Expo, Employment Equity Analysis, Training and Development, etc

The reviewed Organizational Structure for 2023/2024 was approved by Council consisting of 6 departments: Municipal Operations, Budget and Treasury, Corporate Services, Infrastructure, Community Services and Development Planning.

Comment on Injuries

The Municipality strives to ensure that the injured employees are given the necessary medical care so that the injured can return to work at the shortest period possible. The Occupational Safety offices core function is to develop, monitor and implement health and safety systems and procedures within the Municipality. This monitoring and reporting is undertaken to ensure compliance with the occupational Health and Safety Act. In order to ensure compliance with the Act, an operational plan was developed in accordance with the SDBIP to conduct occupational health and safety workshops.

T3.26.7

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

CHAPTER 3

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

SERVICES

Information and Communication Technology to make sure alignment of ICT strategy with a well-defined business strategy that is supported by clearly documenting business processes and translates the business vision, the municipal structure and behaviour of the municipality including its information systems into a strategic roadmap. Ensuring that ICT delivers against the strategy through clearly defined expectations and measurement. Directing ICT strategy to balance investments between systems that support the enterprise as-is, as well as transform ICT capabilities to enable the business to grow and support new programs and/or directives. Making deliberate decisions about the focus of ICT resources, including personnel, contracted services, hardware, software assets and and ICT risks are mitigated.

The municipality have ICT Steering Committee which is the committee of the municipality charged with the responsibility to oversee the development, implementation, monitoring and review of IT investments and to ensure that a satisfactory ICT environment is maintained. This means the committee has to review the implementation of municipal policies, procedures, practices, and guidelines and alignment of ICT infrastructure to the municipal objectives.

Implement ICT service strategy which is a plan of action to create an information technology capability for maximum, and sustainable value for an organization which helps to create shareholder value, that is, it helps maximize return on IT investments. Oversee the stability of business systems and network infrastructure within the organization, which require constant performance monitoring. Set institution-wide standards for software configurations and implementation guidelines in line with Policies and Procedure Manuals. Ensure maximized uptime, performance optimization, and full utilization of ICT resources and implementation of security measures & electronic data operations. Co-ordinates tasks/activities associated with the provision of End User support and analyses, diagnoses and resolves software/ hardware related problems.

Everything implemented is in line with Fourth Industrial Revolution and comply with all legislation and ICT governance.

T3.27.1

CHAPTER 3

SERVICE STATISTICS FOR ICT SERVICES

As per approved structure, as of 30 June 2024 there are 02 and 1 vacant.

T3.27.2

CHAPTER 3

ICT Service Policy Objectives Taken From IDP								
Service Objectives	Service Objectives	2021/22		2022/23				2023/24
	Service Indicators	Target	Actual	Target		Actual	Target	
Service Indicators		*Previous Year		*Previous Year	*Current Year	*Previous Year		*Previous Year
(i)	(i)	(iii)	(iv)	(v)	(vi)	(iii)	(iv)	(v)
To ensure an integrated, stable and responsive ICT infrastructure driving 4IR by June 2027.								
Review ICT policies	Reviewed ICT policies							11
Review ICT Governance Framework	Reviewed ICT governance framework							1
Review ICT Governance Charter	Review ICT Governance Frameworks							1
Review Disaster Recovery –	Reviewed Disaster							1

CHAPTER 3

Business Continuity Plan	Recovery – Business Continuity Plan							
Review ICT Strategic Plan- ICT Master Plan	Reviewed ICT Master Plan							1
Review ICT Service Strategy	Reviewed ICT Service Strategy							1
ICT Acceptance Use Policy	Developed ICT Acceptance Use Policy							1

T3.27.3

CHAPTER 3

Employees: ICT Services					
JOB LEVEL	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	0	0	0	0	
4-6	4	2	4	0	
7-9	0	0	0	0	
10-12	3	3	3	0	
13-15	0	0	0	0	
16-18	1	1	0	1	
19-20	0	0	0	0	
Total	8	6	7	1	

T3.27.4

CHAPTER 3

Financial Performance Year 0: ICT Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	0%
Expenditure:					
Employees	1,083,758	1,075,164	1,075,164	1,075,160	0%
Repairs and Maintenance	-	-	-	-	
Other	1,244,428	2,465,049	2,434,832	2,390,906	2%
Total Operational Expenditure	2,328,186	3,540,213	3,509,996	3,466,066	1%
Net Operational Expenditure	-2,328,186	-3,540,213	-3,509,996	-3,466,066	1%

T3.27.5

Capital Expenditure Year 0: ICT Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance to budget	Total Project Value
Total All	2,436,291	2,536,291	1,249,030	51%	2,536,291
Computers & Printers	300,000	350,000	207,384	52%	350,000
Cables	300,000	300,000		100%	300,000
Software	686,291	886,291	685,646	23%	886,291
Servers	450,000	450,000	161,000	64%	450,000
Data Recovery	200,000	300,000	195,000	35%	300,000
VPN	500,000	250,000	-	100%	250,000
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.27.6

CHAPTER 3

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

Information Communication Technology section made sure that they manage the stability of business systems and network infrastructure within the organization, which required constant performance monitoring.

The municipality is still busy with processes to upgrade Virtual Private Network and Internet connection that gives access to municipal systems and network in all municipal offices, Voice over Internet Protocol Telephone system across municipal offices to enhance communication internal and with outside stakeholders and also including WiFi connection for Mbhashe employees and citizens at last using municipal buildings as hot spot.

Municipal financial system, HR and Payroll systems are mSCOA compliant as per National treasury requirements, New network cabling infrastructure for satellite offices, Upgraded municipal website with constant maintenance,

Reviewed Disaster recovery- Business Continuity Plan, ICT Governance Framework, ICT Governance charter, ICT Policies and Procedure manuals. Developed new ICT Master Plan and ICT Service Strategy to enhance ICT services to municipal ICT end users.

ICT Steering Committee TOR reviewed and new appointments made and was established to enhance ICT performance. ICT Steering Committee meetings are held quarterly and it's recommendations are implemented timeously. System trainings attended by ICT employees to enhance their skills.

Upgraded server room infrastructure and it complies with standards. Upgraded email solution to meet all current municipal needs and to comply with Governance.

T3.72.7

CHAPTER 3

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Property in this context refers to land and buildings (immovable properties). Owners of the immovable property in the municipality are the following:-

- 1) Communal under traditional leadership
- 2) Privately owned properties
- 3) Government owned properties (DRDLR and Department of Public Works)
- 4) Municipal owned properties

The municipal valuation roll is used as database where all properties registered on the deeds office are kept. The latest valuation was updated in 2014 and supplementary valuation rolls done in every year thereafter. The municipal valuation roll for the third cycle was supposed to start beginning of July 2019 for implementation but there were issues with rate payers and the municipality was unable to implement as per the approved valuation project plans and we have applied for condemnation from MEC.

The municipality also leases land to enterprises with the purpose of uplifting and promoting private sector investment. In 2018/19 financial year, the municipality has improved in the internal controls with regard to leases. The lease policy has been adopted by council; more lease agreements have been signed and the collection rate on leases has improved. The municipality has lease register that is updated on a yearly basis.

T3.28.1

CHAPTER 3

Property; Legal; Risk Management; and Procurement Services Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year 0		Year 1			Year 2	Year 4	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	 (iv)	*Previous Year (v)	*Current Year (vi)	 (vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year 0 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 1 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 2 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T3.73.3

T3.28.3

CHAPTER 4

Employees: property, Legal, risk management and procurement services

Job Level	Year 1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies(as a % of total posts) %
0-3	0	0	0	0	
4-6	0	1	0	0	
7-9	0	0	0	0	
10-12	0	1	1	0	
13-15	0	0	0	0	
16-18	1	1	0	1	
19-20	0	0	0	0	
Total	1	3	1	1	

T 3.28.4

CHAPTER 4

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	0%
Expenditure:					
Employees	7,304,949	12,128,357.00	12,128,357.00	12,001,800.00	1%
Repairs and Maintenance	26,567	-	3,460.00	3,460.00	0%
Other	6,253,228	4,136,255.00	4,793,227.00	4,546,550.00	5%
Total Operational Expenditure	13,584,745	16,264,612.00	16,925,044.00	16,551,810.00	2%
Net Operational Expenditure	-13,584,745	-16,264,612.00	-16,925,044.00	-16,551,810.00	2%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.28.5 T3.28.5

COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:

Municipal properties include community facilities, social facilities, residential and investment properties. The municipality budgets and maintains the properties every financial year to keep them in a good condition.

CHAPTER 4

Investment properties contribute on revenue collection through rentals from various leased properties. In the 2023/24 financial year there was a verification of all existing leases which resulted in identification of previously unaccounted leases which resulted in an increase of 41 to 100 leases which include billboards, vacant land and municipal owned buildings. The leasing of properties has a potential to increase revenue for the municipality.

T3.28.7

COMPONENT J: MISCELLANEOUS

MUNICIPALITY DOES NOT HAVE AIRPORT, ABATTOIRS, MUNICIPAL COURTS AND FORESTRY.

CHAPTER 4

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

SECTION A1: SERVICE DELIVERY PERFORMANCE FOR 2023/24

A1.1: SUMMARY OF ANNUAL ORGANISATIONAL PERFORMANCE RESULTS

SECTION A1: SERVICE DELIVERY PERFORMANCE FOR 2023/24

A1.1: SUMMARY OF ANNUAL ORGANISATIONAL PERFORMANCE RESULTS

CHAPTER 4

DETAILED PERFORMANCE

Unacceptable	1	66% and below
KPI not fully effective	2	67% - 99%
KPI Fully effective	3	100-132%
Significantly above expectations	4	133% - 159%
KPI's outstanding	5	160%

CHAPTER 4

SUMMARY OF PERFORMANCE PER KEY PERFORMANCE AREAS (KPAs)

KEY PERFORMANCE AREAS	TOTAL NO OF KPA'S	RATING 1	RATING 2	RATING 3	RATING 4	RATING 5	% Achieved 2023/24 FY	% Achieved 2022/23 FY	VARIANCE
MTI	14	0	3	11	0	0	100%	69%	31
SDI	29	3	10	14	0	2	90%	88%	2
LED	13	0	0	10	0	3	100%	100%	0
MFV	14	1	1	10	1	1	93%	100%	(7)
GGP	40	0	0	37	1	2	100%	100%	0
TOTAL NO OF KPA'S	110	4	14	82	2	8	96%	94%	2

CHAPTER 4

8. SUMMARY OF PERFORMANCE PER KPI'S

DEPARTMENTS	TOTAL KPI	RATING 1	RATING 2	RATING 3	RATING 4	RATING 5	% Achieved 2023/24 FY	% Achieved 2022/23 FY	VARIANCE
Corporate Services	21	1	3	17	0	0	95%	70%	25
Infrastructure	28	3	10	15	0	0	89%	86%	3
Community Services	18	0	0	14	0	4	100%	100%	0
Developmental Planning	25	1	0	22	0	2	96%	90%	6

CHAPTER 4

BTO	19	1	1	15	1	1	95%	100%	(5)
Operations	33	0	0	30	1	2	100%	94%	6
Total No of KPI's	144	6	14	113	2	9	96%	93%	3

CHAPTER 4

CHAPTER 1

DETAILED PERFORMANCE INFORMATION 2023/24 FINANCIAL YEAR

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
KPA 1: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT												
To provide and enhance skills among the Councilors, Traditional	By up skilling employees and Councillors, through formal and informal qualifications	Study Assistance	Number of new and continuing formal qualifications registered/ informal qualifications conducted as per approved	MTI 1.1	6 new formal and continuing qualifications registered and 12 Informal qualifications conducted as per approved	Informal qualification-14 Formal qualification 4	21 formal & Informal qualification conducted as follows: Formal-6 Informal-15	3	3	Due to high demand of training needs and requests reviewed from	N/A	SM Corp

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATIONAL ACTION	RESPONSIBILITY
Leaders, Ward Committees, unemployed youth and employees to ensure effective service delivery by June 2027	as per WSP and other funders (SETA, SALGA, TVET)		skills development plan (WSP and SETA, SALGA, TVET)		skills development plan (WSP and SETA, SALGA, TVET) R4 290 000					department because of operational reasons. The department conducted training programs more than planned. For 2024/25 FY, the department		

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATION ACTION	RESPONSIBILITY
										nt will focus and provide training needs as planned.		
		Unemployed Community Programs (youth, women and	Number of unemployed youth participating in internship and learnership programs (Youth, Gender and persons	MTI 1.2	29 unemployed youth participating in internship and learnership programs (Youth, Gender and	30	26	2	2	High rate of resignation by the Interns participating in an internship program, the department		SM Corp

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
		other groups.)	living with disabilities)		persons living with disabilities) R1 500 000					fall below planned number. Policy doesn't allow for replacement in 2024/25 FY, interns will be counted in regardless of SETA.		

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
	By maintaining a low vacancy rate	Recruitment and Selection	Turnaround time taken to fill vacant positions	MTI 2.1	90 days turnaround time taken to fill the vacant positions R300 000	Signed report by SM illustrating those 60 days turnaround time taken to fill vacant posts have not been taken. The post for Secretary to Speaker was advertised 2 nd -May 2023 but has not yet been filled, SM	90 days' time taken to fill vacant posts as follows: Communications manager, Manager Revenue & Expenditure, Secretary to Speaker, Secretary to Mayor, Messenger. Posts not filled within 90 days'	2	2	Recruitment and selection plan will be provided, presented to management and extended management meetings for commitment reason.		SM Corp

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
						Comm & Operations advertised on 7 & 8 May 2023, however there are posts which were filled within 60 days as follows: SCM Officer, PA Mayor,	time: PA Mayor, SPU Coordinator, Credit Controller, Revenue Accountant, Risk Officer & Property Clerk.					
	By organizing or coordinating	Employee Wellnes	Number of Employees and	MTI 2.2	4 Employees and	6	4	3	3	N/A	N/A	SM Corp

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATIONAL ACTION	RESPONSIBILITY
	assistance programs for Councillors, Traditional Leaders and Employees	s programmes	Councillors Wellness activities / Interventions / programs organized/ coordinated		Councillors Wellness activities / Interventions / programs organized/ coordinated R1 200 000							
		Career Expo	Number of career Expo conducted at Xhorha	MTI 2.3	1 Career Expo conducted as follows: Xhorha-1 R300 000	N/A	1	3	3	N/A	N/A	SM Corp

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
To ensure monitoring and evaluation of IDP to improve institutional performance by June 2027	By coordinating performance reporting, monitoring and evaluation.	Performance Management	Number of consolidated Institutional Reports on Individual Performance Reviews submitted to Municipal Manager	MTI 3.1	6 consolidated Institutional Reports on Individual Performance reviews submitted to Municipal Manager R240 000	6	6	3	3	N/A	N/A	SM Corp

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATION ACTION	RESPONSIBILITY
	By improving organizational performance through monitoring and evaluation of reports		Number of quarterly organizational performance assessment reports submitted to Council	MTI 3.2	6 quarterly organizational performance assessment reports submitted to Council R0	6	6	3	3	N/A	N/A	SM Oper
	By developing 2022/2023 annual report	Annual report development	Turnaround time for the submission of 2022/2023 final and audited	MTI 3.3	2022/2023 Annual report submitted to AGSA by 31 August 2023	Audited Annual Report for 2021/22 FY. Proof of submission to	Audited annual report for 2022/23 FY	3	3	N/A	N/A	SM Oper

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATION ACTION	RESPONSIBILITY
			annual report submitted to Council, AGSA, Provincial and National Treasury, COGTA and Legislature		and to Council, Provincial and National Treasury COGTA and Legislature R150 000	Council proof of submission to COGTA, PT, AGSA, Eastern Cape Legislature.						
To maintain all municipal facilities and	By maintaining Municipal	Maintenance of municip	Number of municipal facilities	MTI 4.1	9 municipal facilities	10	9	3	3	N/A	N/A	SM Corp

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATIONAL ACTION	RESPONSIBILITY
properties by June 2027	facilities and properties	al facilities	maintained as follows: (Staff Accommodation , Dutywa Main building. Customer Care building, Gatyana Municipal building, Dutywa TRC Hall and Tesko building, Xhora municipal building, Municipal workshop and		maintained as follows: (Staff Accommodation, Dutywa Main building. Customer Care building, Gatyana Municipal building, Dutywa TRC Hall x2, and Tesko building, Xhora municipal building,							

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATIONAL ACTION	RESPONSIBILITY
			Site establishment for Dutywa Town Hall		Municipal workshop and Site establishment for Dutywa Town Hall R12 000 000							
To uplift the Municipal image by June 2027	By refurbishing Municipal facilities	LED Screens	Number of LCD Screens installed at Dutywa main building	MTI 5.1	1 LED screen installed at Dutywa main building R400 000	4	1	3	3	N/A	N/A	SM Oper

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATIONAL ACTION	RESPONSIBILITY
	By maintaining public ablutions	Public Ablutions	Number of ablution facilities maintained in each unit (Dutywa, Gatyana and Xhora) as per assessment report	MTI 5.2	4 ablution facilities maintained as follows:(Dutywa-2[Town Hall& TESKO], Gatyana-1[Next to TRC hall] and Xhora-1[Post Office]) as per assessment report R300 000	4 ablution facilities maintained as follows: Dutywa-2 Gatyana-1 Xhorha-1	4	3	3	N/A	N/A	SM Corp

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
	By providing alternative water supply to municipal facilities	Water consumption	Number of municipal facilities provided with boreholes as follows: Dutywa Town Hall, TESKO & White House	MTI 5.3	3 municipal facilities provided with boreholes as follows: (Dutywa Town Hall, TESKO & White House) R1 500 000	2 municipal facilities provided with boreholes as follows: Gatyana-1 Xhorha-0	2 municipal facilities provided with boreholes as follows: Dutywa-2 White House-1	3	2	The department was unable to achieve the target for the installation of borehole due to insufficient budget. Installation will be done in Q2 of 2024/25 FY.		SM Corp

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATIONAL ACTION	RESPONSIBILITY
To ensure an integrated, stable and responsive ICT infrastructure driving 4IR by June 2027.	By ensuring Business Continuity through disaster recovery and Failover solution	ICT Governance	% implementation of ICT Steering Committee resolutions	MTI 6.1	100% Implementation of the ICT Steering Committee resolutions R8 909 500	100%	100%	3	3	N/A	N/A	SM Corp
	By extending connectivity to community members	Installation of WIFI Connection	Number of Municipal offices installed with WIFI Connection for	MTI 6.2	8 Municipal offices installed with WIFI Connection for	0	8	3	3	N/A	N/A	SM Corp

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATIONAL ACTION	RESPONSIBILITY
			community access at (Dutywa main building, Customer Care, Community Services: Dutywa town hall, New Community Services offices(TESKO), Dutywa TRC Hall, Workshop, Xhora and		community access at (Dutywa main building, Customer Care, Community Services: Dutywa town hall, New Community Services offices (TESKO), Dutywa TRC Hall,							

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
			Gatyana main buildings)		Workshop, Xhora and Gatyana main buildings) R2 170 000							
		KPA 2: SERVICE DELIVERY AND INFRASTRUCTURE 40%										
To construct, maintain and upgrade quality infrastructure by June 2027	By constructing new access roads to public amenities and Tourism	Construction of new gravel roads	Number of kms of new access roads constructed as follows 13,14, 17, 26 & 31	SD 1.1	21.8 kms of new access roads constructed as follows: Ward 13 Riverview to	Signed quarterly reports by SM and Consultant illustrating that 17.3km's has been	21.4km's constructed as follows: Ward14-4.3km's Ward17-2km's Ward13-3.8km's of roadbed done Ward26- 3km's of	2	2	Ward 13-delays due to extension of scope for blasting, late delivery for	Ward 13-portal culverts have been procured and	SM Infra

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
	attraction areas				Langeni-3.8km's Ward 14 Nkalweni-4.3km's Ward 17 Ntsingizi to Mantusini-2km's Ward 26 Mathunzini to Nqileni-3km's	constructed and Practical Completion certificates are attached as follows: Ward-23-6.2km's Ward-10-5km's Ward-6-6.1km's Ward-5-0km's Signed quarterly report by SM	access road done, however the bridge is not complete Ward31-8.3kms of access road done, however the bridge is not complete			portal culverts. Ward 26-delay due to inclement weather and poor performance of the service provider. Ward 31-there has been delay due to non-	will be delivered month end July and meetings are held monthly and revised plan is in place, the contractor is in	

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					Ward 31 Chaba to Mdeni Senior Secondary School (Skhobeni) - 8.7km's R30 479 043	and Consultant illustrating that ward 5 access road is not complete and is in progress as follows: Site establishment done. Virgin access road with the below activities is in progress: Clearing and				performance of the contractor. Funds were also exhausted due to RAS implementation which affected Ward 13 and Ward 26 projects.	line with the scope. The project will be completed in Q1 2024/25 FY Ward 26- Two default letters were issued	

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						grubbing, Road preparation is done. 3. Tipping of gravel material is in progress; Compaction & testing is in progress. Prefabricated culverts with the below activity in					to the contract or due to poor performance. Meetings are held monthly, and revised plan is in place. Target will be	

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						progress: Excavation.					achieved in Q1 2024/25 FY Ward 31- Three default letter were issued including notification for ruling of	

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											penalties, meetings are held monthly, and revised plan is in place, the project will be completed in Q1	

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											2024/25 FY	
		Construction of bridges	Number of bridges constructed at Ward 20 (Ntlonyane bridge)	SD 1.1.1	1 bridge Constructed at ward 20 Ntlonyane bridge R1 412 093.00	N/A	0 Report signed by SM illustrating that the bridge is not complete, the following activities have been done: Clearing and Grubbing, foundation excavations for Abutment bases &	2	2	There was re-alignment of the original bridge that resulted in pilling and difficulties in finding the bedrock. Another	There was an alternative of pilling which was done since service provider	SM Infra

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							walls, Reinforced Concrete wingwall bases& walls, Core drilling and geotechnical, Reinforced Concrete Abutments and bases done.			challenge was inclement weather which resulted in slow progress of the project.	could not find the bedrock therefore the implementation of the project continues and will be achieved in Q1 of	

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STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
											2024/25 FY.	
		Construction of existing access roads	Number of Kms of existing access road constructed at Msikithi ward 8 and earthworks at Sibane ward 8	SD 1.1.2	6.21km's of existing access road constructed at ward 8 Msikithi and 7.5km's of earthworks constructed at Sibane ward 8 R12 500 000	6.6km's as follows: Ward-8 Msikithi-5.1km's Ward-Siyibane-1.5km's	Ward 8 (Msikithi)-6.21km's Ward 8 (Sibane)-0km's	2	1	There were delays for approval of appointment of the contractor by OTP for Siyibane access road.	The contractor has since been appointed and site handover has been	SM Infra

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STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
											done and construction of earthworks is in progress. Project will be achieved in Q1 2024/25 FY	

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		Upgrading of surfaced roads	Number of kms of surfaced and paved road upgraded at Ward 1- Dutywa internal streets	SD 1.1.3	1.37 km's of surfaced roads and 57.9m of paved roads upgraded at Ward 1- Dutywa internal streets R12 500 000	1km	0 Report signed by SM illustrating that 1.37km's of surfaced road and 57.9m has not been done.	2	1	Poor performance of the contractor that resulted to delay in implementation of project.	The municipality is in process of terminating the contract and an advert for the remaining works	SM Infra

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											will be issued during July 2024. The project will commence during Q2 of 2024/25 FY and will be completed	

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											ed in the fourth quarter of 2024/25 FY.	
	By maintaining access roads	Gravel roads maintenance	Number of km's of access roads maintained in each unit as follows: (Gatyana, Xhora	SD 1.1.4	240 km's of access roads Maintained as follows: Gatyana-80kms, Xhora-80kms and Dutywa-	301km's maintained as follows: Dutywa-112.8km's Gatyana-96.5km's	231.66km's of access roads maintained as follows: Xhorha-69.3km's Gatyana-71.1km's Dutywa-91.26	2	2	The challenge was with the breakdown of Plant since the municipality is using an	To have a panel of Mechanical Service provider and	SM Infra

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			and Dutywa)		80kms as per assessment report R18 053 560	Xhorha-91.7kms				internal plant and this resulted to slow progress in maintaining access roads.	back up plant that will assist in maintenance of access roads and target will be achieved in the first quarter of	

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											2024/25 FY.	
			Number of square meters of potholes fixed as per the assessment report at Dutywa, Gatyana and Xhorha	SD 1.1.5	280 square meters of potholes fixed as per the assessment report as follows Dutywa-120, Gatyana-80	Xhorha-21 culverts & 12 channels Dutywa- 20 culverts & 13 channels Gatyana-20 culverts & 17 channels	282.11 of square meters as follows: Xhorha-82m Gatyana-80m Dutywa-120.11m	3	3	N/A	N/A	SM Infra

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					and Xhorha-80 R0							
	By upgrading storm water culverts and channels	Upgrading of stormwater control	Number of storm water control measures upgraded in each unit (Gatyana, Dutywa and Xhorha)	SD 1.1.6	32 storm water control measures upgraded in each unit (Gatyana, Dutywa and Xhora) R600 000		96 Storm water control measures upgraded in each unit as follows: Gatyana-39 Dutywa-32 Xhorha-25	3	2	There was a challenge at Xhorha with the breakdown of Plant since the municipality is using an internal plant and	To have a panel of Mechanical Service provider and back up plant that will	SM Infra

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										resulted to slow progress in maintaining access roads.	assist in maintenance of access roads and target will be achieved in the first quarter of 2024/25 FY.	

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		Paving	Number of meters paved and installation of storm water control measures at Gatyana ward 25 and Xhora ward 13 as per assessment report	SD 1.1.7	130m paved at Gatyana ward 25 (Magistrate to Caltex garage) and 380m paved at Xhora ward 13 (Magistrate to Caltex garage) and installation of storm water culverts as per design report R4 000 000	Dutywa-1630m2 Gatyana-1000m2 Xhorha-426m2	Paving as follows: Xhorha-100m Gatyana-130 Installation of culverts as follows: Xhorha- 13 Gatyana-9	2	2	Due to budget, which was not enough to pave 380m at Xhora, the municipality could only be able to pave 100m with the available budget.	The remaining 280m have been budgeted for in the 2024/25 FY and project is currently continuing and is under	SM Infra

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											progress. The project will be completed by the 4 th quarter of 2024/25 FY.	

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			Number of households electrified at ward 23 & ward 14	SD 1.2	434 households electrified as follows: ward 14-129 & ward 23-305 R17 284 182, 45		434 Households electrified as follows: ward 23-305 ward 14-129 Practical completion certificate and report signed by SM is attached. However, confirmation letters from beneficiaries and list is not provided.	3	2			SM Infra

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	By electrifying Municipal buildings through energy saving technology	Electrification with energy saving technology	Number of Municipal solar systems installed and electrified with energy saving technology (Dutywa main Office new building)	SD 1.3	1 Municipal Solar system installed and electrified with Energy saving technology (Solar Systems) in Dutywa main office new building R5 000 000	N/A	1	3	3	N/A	N/A	SM Infra

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	By maintaining solar systems to qualifying households	Maintenance of solar systems	Number of solar systems maintained at ward 8 Sibane as per assessment report	SD 1.4	30 solar systems maintained at ward 8 Sibane R300 000	Ward 8- Chaphaza village-22 Ward 8- Msikithi village-8 Report signed by SM illustrating that 30 households were supported with maintenance of solar systems at	30	3	3	N/A	N/A	SM Infra

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						ward 8. List of beneficiaries and 30 confirmation letters signed by beneficiaries.						
	By upgrading streetlights in all towns	Upgrade of streetlights	Number of streetlights upgraded at ward 1 and ward 25 as per assessment report.	SD 1.5	50 streetlights upgraded at ward 1 and 25 as follows: Ward 1 – 30	64	50 upgraded streetlights as follows: Ward 1-30 Ward 25-20	3	3	N/A	N/A	SM Infra

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					Ward 25 – 20 R2 000 000							
	By maintaining streetlights in all towns	Maintenance of street lights	% of street lights and high mast lights maintained as per the assessment report at Dutywa, Gatyana and Xhora	SD 1.6	100% of streetlights and high mast lights maintained as per the assessment report at Dutywa, Gatyana and	Streetlights Dutywa = 97% Gatyana = 78% Xhora = 25%	71% of Streetlights Maintained as follows: Dutywa- 78% Gatyana- 52% Xhorha- 83% 70% of High mast lights maintained as follows: Dutywa- 92%	3	2			SM Infra

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					Xhora R1 000 000	High Masts Dutywa = 69% Gatyana = 78% Xhora = 63%	Gatyana- 25% Xhorha-78%					
	By energizing high mast lights in all units	Installation of high mast	Number of high mast lights energized as per the assessment report at ward 13, 32 and 25	SD 1.7	6 high mast lights energized as per the assessment report at ward 13- 1, ward 32- 1 and ward	4 high mast lights energized as follows: Ward 32-1 Ward 13-2	2 high mast lights maintained as follows: Ward 13-1 ward 32-1 ward 25-0 The report signed by SM illustrating that	3	1	Energizing was done but they were vandalized.	The municipality has planned to fence high masts in order to	SM Infra

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					25- 4 R150 000	Ward 25-1 Ward 1-0 Ward 22 -0	high mast lights have been maintained, however at Gatyana they were vandalised.				safeguard them. Another stage of energizing will be done in Q3 2024/25 FY.	
	By constructing sport facilities	Construction of sport facilities	Number of phase 1 activities in construction of ward 1 sports	SD 1.8	5 activities for Phase 1 sport facility constructed at ward 1 as	1	3 activities for phase 1 sport facility constructed as follows: Soccer Pitch, irrigation system &	2	2	There has been delays due to poor performance	The contract or signed a cession	SM Infra

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			facility (soccer pitch, running track, fencing and irrigation system & ablution facilities)		follows: soccer pitch, running track, fencing and irrigation system, ablution facilities R9 835 093.53		ablution facilities. However, fencing and running track is in progress and not yet complete.			e of the contractor.	agreement with the service provider to complete the works and the municipality to monitor the project. The	

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											target will be completed in Q1 2024/25 FY	
			Number of phase 3 activities constructed at ward 2 sport facility	SD 1.9	2 activities for phase 3 sport facility constructed at ward 2 as follows: Installation of fencing and design report	N/A	1 activity done as follows: Design report for ward 2 sport facility.	2	2	The Installation of fencing was not done due to the late approval of the project by COGTA	To Fastrack the appointment of the service provider , now	SM Infra

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					submitted to COGTA for approval. R1 000 000						that the project has been approved and this will be met in the 2 nd quarter of 2024/25 FY	

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	By constructing public facilities	Construction of public facilities	Number of ablution facilities constructed at old Gatyana taxi rank	SD 1.10	1 ablution facility constructed at old Gatyana taxi rank R200 000	1 ablution facility constructed as follows: Xhorha-1 Gatyana-1 Signed report by SM is provided illustrating that construction of ablution facility was done at Xhorha and at Gatyana a construction of	1	3	3	N/A	N/A	SM Infra

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						septic tank was done.						
		Construction of community halls	Number of community halls constructed at Ward 8 (Gem Community Hall)	SD 1.11	1 community hall constructed at ward 8 Gem Community Hall R3 568 041.60 1 community hall constructed at	N/A	1	3	3	N/A	N/A	SM Infra

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					ward 8 Gem Community Hall 1 community hall constructed at ward 8 Gem Community Hall							
To provide safe and healthy environment	By implementing road safety measures	Implementation of safety	Number of road safety measures implemented in each unit Gatyana,	SD 1.12	12 road safety measures implemented as follows: Gatyana-4,	Gatyana-4 Xhorha-4 Dutywa-4	32 road safety measures implemented as follows: Gatyana-11	5	5	There were many joint operations and safety measures		SM Comm

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to the community by June 2027		measures	Xhorha and Dutywa		Xhorha-4 and Dutywa-4 R2 244 800		Xhorha-9 Dutywa-12			taking place within the space of Mbhashe LM conducted by different institutions.		
To provide effective and affordable safety services to the community	By providing quality waste management services	Waste Management services	Number of households and commercial areas serviced at Dutywa, Gatyana & Xhora	SD 2.1	164 households and 20 commercial areas serviced as follows:	60124	164 households and 20 commercial areas serviced as follows: (Dutywa-65 households and	3	3	N/A	N/A	SM Comm

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by June 2027					(Dutywa-65 households and 10 commercial areas, Gatyana-49 households and 5 commercials, and Xhora-50 households) and 5 commercialR6 050 000		10 commercial areas, Gatyana-49 households and 5 commercials, and Xhora-50 households) and 5 commercials					

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			Number of programmes implemented as per the waste management plan at ward 1, 13 and 25.	SD 2.2	3 programmes implemented as per the waste management plan at ward 1, 13 and 25.	Ward 1-2 Ward 13-2 Ward 25-1	5 Programs implemented for waste management services as follows: Ward 1-2 Ward 13-1 Ward 25-2	3	5		N/A	SM Comm

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	By providing effective and responsive safety services to coastal communities during peak seasons (December - April).	Life Rescue Services	Number of beaches provided with life rescue services during peak seasons as follows: (Qhorha, Tenza, Dwesa, Cwebe, Qatywa, Mpame, Mbolompo, Bulungula, Lubanzi and Haven).	SD 3.1	10 beaches provided with life rescue services during peak seasons as follows: (Qhorha-W22, Tenza-W22, Dwesa-W29, Cwebe-W20, Qatywa-W32, Mpame-W19, Mbolompo-W19, Bulungula-	10	10	3	3	N/A	N/A	SM Dev

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					W19, Lubanzi-W19 and Haven-W20). R770 000							
To Facilitate the development of sustainable and viable	By facilitating the provision of appropriate houses to destitute households.	Layout Plans	Number of relocation plans developed for Dutywa ward 9 and Gatyana ward 25	SD 4.1	2 relocation plans developed for Dutywa ward 9 and Gatyana ward 25 R1 000 000	Dutywa ward 9-1 Gatyana ward 25-1	2 Relocation plans as follows: Ward 9-1 Ward 25-1	3	3	N/A	N/A	SM Dev

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human settlements by June 2027	By developing layout plans for the purpose of an integrated human settlements development	Township establishment	Number of townships registered and proclaimed at ward 1 & 13	SD 4.2	2 townships registered and proclaimed at ward 1 & 13 R700 000	Ward 1-1 Ward 13-1	2 townships registered and proclaimed as follows: Dutywa Township Ext 3 Ward 1-1 Xhorha Ext 5 Ward 13-1.	3	3	N/A	N/A	SM Dev
KPA 3: LOCAL ECONOMIC DEVELOPMENT 20%												

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To promote agrarian reform and increase food security to emerging farmers by June 2027.	By conducting continuous engagements with DRDAR and other relevant stakeholders	Maintenance of LED Infrastructure	Number of LED Infrastructure projects (Dipping tanks & shearing sheds) maintained at ward 24,25,26,27,28, 29,30,31 & 32 as per assessment report	LED 1.1	9 LED Infrastructure projects maintained at Ward 24 (Luthombothi Cattle Dip), 30 (Mboya Cattle Dip Tank), 26 (Gxobongwana Cattle Dip Tank), 27 (Fort Marlan Cattle Dip Tank), 28 (Mqhele Shearing	10	9	3	3	N/A	N/A	SM Dev

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					Shed),29 (Nqabarha A/A Cattle Dip Tank) ,30 (Ntlabane Cattle Dip Tank), 31(Ziwundwana Cattle Dip Tank) & 32 (Gusi Cattle Dip Tank) as per assessment report R600 000							

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	By providing assistance to emerging farmers in primary production	Crop production	Number of programs implemented to assist emerging farmers (Crop production inputs-79 projects supported) and Stock remedy from ward 1-32 supported.)	LED 1.2	2 programs implemented to assist emerging farmers (Crop production inputs-79 projects supported) and Stock remedy from ward 1-32 supported. R3 400 000	2	2	3	3	N/A	N/A	SM Dev

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	By capacitating farmers to meet quality and safety requirements through exposure	Agricultural roadshows	Number of agricultural roadshows held for farmers in each unit (Gatyana, Dutywa & Xhorha) as per assessment report	LED 1.3	10 agricultural roadshows held for farmers in three units (Gatyana-3, Dutywa-4 & Xhora-3) as per assessment report R200 000	Dutywa-4 Gatyana-3 Xhorha-3	11	3	3	N/A	N/A	SM Dev

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To ensure use of agricultural value chain to stimulate local economic development by June 2027	By encouraging value chain and value addition through support given to emerging enterprises and high value crops	High Value Product	Number of High Value Crop enterprises supported with agricultural inputs and tools of trade as per approved business plan (Sorghum production at ward 8 & 12)	LED 2.1	2 High Value Crops enterprises supported with agricultural inputs and tools of trade as per the approved business plan (Sorghum Production at ward	Ward 8-1 Ward 12-1	2	3	3	N/A	N/A	SM Dev

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					8 and 12) R700 000							
To reduce poverty and unemployment through viable and sustainable job creation strategies by June 2027	By facilitating short term employment through EPWP projects implementation	EPWP	Number of participants on short-term employment opportunities (EPWP and CWP)	LED 3.1	627 participants on short-term employment opportunities (EPWP- 227 and CWP- 400) R1 600 000	EPWP- 441 CWP -1186	1403 participants on short-term employment opportunities as follows: (EPWP- 316 and CWP- 1087)	5	5	Due to more funding from DFFE AND CWP we have managed to recruit more participants		SM Comm
To develop and capacitate	By supporting local SMMEs	Co-operative's	% of the Mbhashe operational	LED 4.1	30% of the Mbhashe operational	(R185 758 068 .82/R17 000 0	182% (R47 715 419.47/R26	5	5	The Mbhashe operational		SM Dev

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enterprises by June 2027	through targeted procurement	development	budget allocated to SMMEs		budget allocated to SMMEs R105 053 187,1	00 x100=1092%)	263 296.75x100=182 (%)			budget has been spent to support local SMMEs through incubation program		
	By conducting and hosting SMME's roadshows	SMMEs Road shows	Number of roadshows conducted for SMMEs as per approved concept plan in	LED 4.2	4 roadshows conducted for SMME's as per approved concept plan in Dutywa-2, Xhorha-1 &	4	4 roadshows conducted as follows: Dutywa-2 Gatyana-1 Xhorha-1	3	3	N/A	N/A	SM Dev

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			Dutywa, Xhorha & Gatyana		Gatyana-1 R400 000							
To unlock opportunities and transform marine economic sector by June 2027	By supporting marine economic activities	Marine economic initiatives	Number of marine economic initiatives conducted for SMME's or Cooperatives as per approved concept plan at ward 19, 22 and 29.	LED 5.1	3 marine economic initiatives supported for SMME's or Cooperatives as per approved concept plan at ward 19, 22 and 29 (Fishing	3	3	3	3	N/A	N/A	SM Dev

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					equipment) R200 000							
	By Capacitating and supporting local SMMEs	Co-operative's development	Number of local SMMEs capacitated and supported with tools of trade/trainings as per approved concept plan in Dutywa, Gatyana & Xhorha	LED 5.2	50 local SMMEs capacitated and supported with tools of trade/trainings as per approved concept plan in Dutywa, Gatyana & Xhorha R1 500 000	50	236	5	5	Their support programs done by other government departments and agencies in providing support in Local SMMEs	N/A	SM Dev

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To position and promote Mbhashe as a tourist destination of choice by June 2027	By using different marketing tools to market Mbhashe as a tourism destination	Internal events(Tourism)	Number of events hosted and participated on- Ilifa Lo Mbhashe signature event, Tenza Beach Festival, Horse Racing, Africas Travel Indaba & Makhanda Arts Festival.	LED 6.1	5 events hosted and participated on as follows: 3 events hosted (Ilifa Lo Mbhashe signature event, Tenza Beach Festival & Horse Racing and 2 events participated on-Africas	2	5 events hosted and participated as follows: Hosted- Ilifa lo Mbashe, Tenza beach festival & Horse racing. Participated on- Mkhanda Arts festival and Africa travel Indaba.	3	3	N/A	N/A	SM Dev

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					Travel Indaba & Makhandla Arts Festival. R2 075 530							
KPA 4: MUNICIPAL FINANCIAL VIABILITY 10%												
To ensure alignment of IDP with Budget and compliance with municipal	By Budgeting according to IDP priorities	mSCOA Implementation	% alignment of 2024/25 Budget to the approved 2024/25 IDP	MFV 1.1	100% alignment of 2024/25 Budget to the approved 2024/25 IDP R2 403 596	100%	100%	3	3	N/A	N/A	CFO

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budget and reporting regulations by June 2027	By ensuring budget process and format is in compliance with municipal budget & reporting regulations		Number of financial reports submitted (Section 71, Section 52d, Section 72 and Data strings) submitted to the Executive Mayor and Treasury by the 10th working day of the following month and 30 days	MFV 1.2	29 financial reports submitted (12- Section 71, 4- Section 52d, 1-Section 72 and 12- Data strings) submitted to the Executive Mayor and Treasury by the 10th working day of the following month and 30	29	29 Financial reports as follows: S71-12 S52d-4 S72-12 Data Strings- 1	3	3	N/A	N/A	CFO

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			after the end of the quarter.		days after the end of the quarter							
	By ensuring that a healthy liquidity position of the municipality is maintained		Financial Viability as expressed by Cost Coverage Ratio $(B+C) \div D$ B represents all available cash at a particular time C represents investments D	MFV 1.3	3:1	7.63:1 (R333 076 883 /R43 633 753 x100=7.63:1)	13:85:1 (R538 492 502.62/39 092 212.61X100=13:85:1).	5	5	The municipality has received all its allocation for the year and has invested its excess funds and reserves on a fixed term	N/A	CFO

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			represents monthly fixed operating expenditure"Financial Viability as expressed by Cost Coverage Ratio $(B+C) \div D$ B represents all available cash at a particular time							investment which generates higher returns. The municipality has also been able to increase its reserves through the unspent operational budget.		

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			C represents investments D represents monthly fixed operating expenditure"									
To achieve sound financial management through accountability and transparency	By compiling AFS that fairly present the financial position, financial performance,	AFS Preparation	Number of recurring material audit queries raised by AG on the 2022/23	MFV 2.1	Zero recurring material audit queries raised by AG on the 2022/23 R1 340 000	Signed AGSA report for the year ended June 2022, Submission of AFS to IA for audit purposes to ensure that there are no	Zero	3	3	N/A	N/A	CFO

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by June 2027	and cash flows		Annual Financial Statements			recurring material audit findings raised by AG.						
To ensure maximization of revenue collection by June 2027	By ensuring accurate and timeously billing	General Valuation Roll	% of billable properties included in the municipal billing system as per the General Valuation Roll	MFV 3.1	100 % of billable properties included in the municipal billing system as per the General Valuation Roll R1 875 000	100%	100%	3	3	N/A	N/A	CFO

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	By fully implementing the debt collection and credit control policy	Debt Collection	% of budgeted income collected	MFV 3.2	100% of budgeted income collected R8 000 000	122% (R9 733 949/R8 000 000 x 100=122%)	148% of budgeted income collected (R12 589 470.72/R8 500 000 x100=148%)	4	4	The municipality extended its debt incentive scheme to end in April 2024 and the credit controller has been following up on long outstanding debts including	N/A	CFO

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										government departments . The municipality also received a huge payment of R7m from provincial public works.		
			% Collected on other own	MFV 3.3	100% collected on other own	Comm Serv- 155% (R5 130 612/R	120% collected on other own budgeted revenue	4	3	The municipality received a		CFO, Planning,

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			budgeted revenue		budgeted revenue (BTO- R30 400 000, Community services- R 2 900 000, Development Planning- R1 790 000) R35 090 000	3 300 000 x100=155%) Dev Planning- 158% (R3 614 229/R 2 290 000 x100=158%) BTO-150% (R26 179 945/ R17 400 000 x100=150%) The overall % achieved is 152% (R34 924 786/	as follows: Community services- 301% BTO-106% Dev Planning- 57%			huge refund from SARS from June 2023 to May 2024 from VAT and interest from investments		Comm

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						R22 990 000 x100=152%)						
To alleviate poverty to improve quality of household life by June 2027	By investigating and advising on poor households to participate in indigent support program	Indigent support	Number of updated indigent register	MFV 4.1	1 Updated Indigent Register R995 000	1	0 Attached is a signed report by SM illustrating that wards were visited to update the indigent register, however there is no proof of submission of Updated Indigent Register to Council not in the file.	1	1	The FABS team continued collecting data during 4 th quarter because the information was unverified	The indigent register has since been updated and will be submitted to council	CFO

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											31 July 2024	
	By Utilizing equitable share to support Indigent households	Free Basic Services	% Spent on allocation of equitable share on free basic services	MFV 4.2	100% spent on the allocated equitable share portion towards free basic services	100%	100%	3	3	N/A	N/A	CFO
Efficient, cost effective and transparent Supply	By complying with Supply Chain Regulations and National	Full Implementation of SCM system	% Incurred of irregular expenditure on new procurement	MFV 5.1	0% of new irregular expenditure incurred on procurement in	0%	0% of new irregular expenditure.	3	3	N/A	N/A	CFO

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Chain Management system by June 2027	Treasury Guidelines on procurement processes				the 2023/24 FY R450 000							
	Conditional Grants	Financial Management Grant	% expenditure on conditional Grants received	MFV 5.2	100% expenditure on conditional Grants received	MIG- (R68 458 000/ R68 458 000 x100=100%) FMG- (R1 720 000/R	100% overall expenditure spent on conditional grant as follows: MIG-100% Energy-100% EPWP-100% FMG-100% INEP-100%	3	3	N/A	N/A	CFO, SM Infra, SM Comm

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						1 720 000 x100=100%) EPWP- (R3 498 000/R 3 498 000 x 100= 100%) Library (R 1 354 605.96/ R1 781 376 x100= 76%) MDRG- (R14 415 000/ R14 415 000 x100=100%)						

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	By ensuring timeous payment of creditors in compliance with MFMA	Expenditure and payroll management	Turnaround time taken for paying creditors.	MFV 5.3	30 days' time taken for paying creditors R1 320 000	30 days	30 days' time taken to pay creditors	3	3	N/A	N/A	CFO
8cTo manage, control and maintain all assets of the municipality by June 2027	By allocating budget provision for repairs and maintenance of assets to be in line	GRAP Compliant Asset Register	% Expenditure of the operational budget allocated for repairs and maintenance.	MFV 6.1	100% expenditure of the operational budget allocated for repairs and maintenance	117% (R30 075 496.44/R25 601 120.85 x100= 117%	93% expenditure on repairs and maintenance as follows: Infrastructure-100% Corporate Serv-56% BTO-86%	2	2	The municipality adjusted its budget upwards in preparation of repairing old white fleet	The evaluation process will be concluded during the first	CFO, SM Infra, SM Corp

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	with NT norms									however, the evaluation process overlapped into 2024/25 FY hence the funds not spent	quarter 2024/25 FY	
	By regularly updating the existing Asset Management System	Asset register	Updating of GRAP compliant asset register	MFV 6.2	Updated GRAP Compliant Asset	Updated GRAP compliant asset register. The list of asset	Updated GRAP compliant asset register. Proof of asset addition in the asset register	3	3	N/A	N/A	CFO

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					Register R3 060 000	additions is also provided.						
		KPA 5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION 20%										
To ensure clean and accountable governance in the municipality by June 2027	By identifying, assessing, managing, monitoring & reporting fraud and risk exposure to the institution	Risk Management-Strategic and Operational Risk registers	Number of updated risk registers (Fraud, ICT, Operational, National & Provincial Disaster and Strategic) submitted to the Risk	GGP 1.1	10 updated risk registers (Fraud-1, ICT-1, Operational-6, National & Provincial Disaster-1 and Strategic-1) submitted to the Risk Management	10	10	3	3	N/A	N/A	All SM's

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			Management Committee		Committee R75 000							
	By developing 2022/2023 audit action plan based on AGSA repor	Audit action plan	Number of audit reports for 2022/2023 FY and 2021/22 FY AG action plan report on unresolved issues submitted to audit committee and Council for progress on implementation	GGP 1.2	2 audit reports for 2022/2023 FY and 2 2021/22 FY AG action plan report on unresolved issues submitted to audit committee and Council for progress on	2	2	3	3	N/A	N/A	All SM's

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			of audit action plan		implementation of audit action plan							
	By conducting anti-fraud and corruption awareness workshop to employees	Fraud awareness campaign	Number of anti-fraud and corruption awareness workshops conducted per department	GGP 1.3	1 anti-fraud and corruption awareness workshop conducted in 6 departments R400 000	1	1	3	3	N/A	N/A	SM Oper
	By developing 2022/2023	Legal cases	Number of updated reports on legal matters	GGP 1.4	4 updated reports on	4	4	3	3	N/A	N/A	SM Oper

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	municipal litigation register		(litigation Trends) and their status with financial implication and legal opinion submitted to Council		legal matters (litigation Trends) and their status with financial implications and legal opinion to Council R3 000 000							
	By conducting audit assignments as per	Audit Assignments and Adhoc	Number of audit reports on assignments conducted as per approved	GGP 1.5	20 audit reports on assignments conducted as per approved	16	20	3	3	N/A	N/A	SM Oper

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	approved Internal Audit Annual Plan of 2023/2024	assignments	Internal Audit Plan submitted to the Audit committee		Internal Audit Plan submitted to the Audit committee R1 000 000							
		Coordination of Audit and Risk Committee meetings	Number of Audit and Risk Committee meetings coordinated in 2023/2024 FY	GGP 1.6	8 meetings held as follows: 4 Audit and 4 Risk Committee meetings coordinated in 2023/2024FY R494 000	Audit Committee-4 Risk Management Committee-4	8 meetings held as follows: Risk committee meeting-4, attendance registers are attached and Audit committee meeting-4, attendance registers are attached.	3	3	N/A	N/A	SM Oper

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	By coordinating implementation of MPAC activities as per the Annual Plan	Convening of MPAC site visits as per the approved MPAC Annual Plan	Number of projects conducted or verified by MPAC in 2023/24 FY	GGP 1.7	24 Projects visited by MPAC R535 000	24	35.	5	5	The were many projects that were planned to be conducted in quarter fore, therefore the committee wanted to cover as many as possible for	N/A	SM Oper

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										their oversight		
	By coordinating the sitting of council oversight structures	Coordination of oversight structures meetings	Number of coordinated council structures held in 2023/24	GGP 1.8	55 coordinated council structures held in 2023/24 R500 000	58	55	3	3	N/A	N/A	SM Corp
		Implementation of council	% Implementation of all council resolutions due	GGP 1.9	100% update on implementation of all council	100% update on implementation of all	100%	3	3	N/A	N/A	SM Corp

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		resolution	for the period under review		resolutions due for the period under review R0	council resolutions						
	By ensuring effective functionality of satellite units	Management of satellite units	Number of reports on service delivery and operational issues in the Satellite Offices (Gatyana and Xhorha) submitted to Management	GGP 1.10	8 reports on service delivery and operational issues reported in the Satellite Offices (Gatyana and Xhorha) submitted to	8	8 Reports on service delivery and operational issues for Satellite units with extended management agendas as follows: Gatyana-4 Xhorha-4	3	3	N/A	N/A	SM Oper

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					Management R0							
			% Implementation of issues raised in satellite units reports	GGP 1.11	100% implementation of action issues raised in satellite units reports R0	N/A	100%	3	3	N/A	N/A	All SM's
To ensure compliance with legislation as per Section	By developing and reviewing Institutional	Development of Policies	Number of policies/strategies developed	GGP 2.1	5 policies developed as follows: Community Services- 2,	1	5 policies developed as follows: Community Services- 2	3	3	N/A	N/A	SM Comm, SM Dev,

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11 (3)(a) of Municipal Systems Act	policies, strategies, plans and by-laws				Developmental Planning-1, Operations-1 and Corporate Services-1 R1 000 000		Operations-1 Corporate services-1 Developmental Planning-1					SM Oper, SM Corp
To ensure that all municipal properties are properly registered and effectively	By continually updating and reviewing lease register	Lease register	Number of property lease registers updated and reviewed	GGP 3.1	1 property lease register updated and reviewed R0	1	1	3	3	N/A	N/A	SM Dev

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used by June 2027												
To ensure adherence to sound environmental practices and to protect environmental sensitive areas by June 2027	By Implementing climate change mitigation strategy	Climate change mitigation measures	Number of programs implemented as per Climate Change Strategy at ward 31 & 25	GGP 4.1	2 programs implemented as per Climate Change Strategy at ward 31 & 25 R400 000	2	2	3	3	N/A	N/A	SM Comm
	By implementing the coastal	Coastal Management Plan	Number of programs implemented as per the Coastal	GGP 4.2	3 Programs implemented as per the Coastal	3	3	3	3	N/A	N/A	SM Comm

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STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATIONAL ACTION	RESPONSIBILITY
	management plan		management plan in Coastal areas (ward 19, 20, 21, 22, 29 & 32)		management plan (ward 19, 20, 21, 22, 29 & 32) R20 000							
	By implementing greening and beautification programme	Greening and Beautification programmes	Number of greening and beautification programmes implemented at Dutywa Gatyana and Xhora	GGP 4.3	3 greening and beautification programmes implemented at Dutywa, Gatyana and Xhora R320 000	3	3	3	3	N/A	N/A	SM Comm

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STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATIONAL ACTION	RESPONSIBILITY
To ensure maximum and adequate land use management practices by June 2027	By reviewing coherent spatial plan	LSDF's	Number of reviewed coastal Local Spatial Development Framework (LSDF), ward 19, 20, 22, 29 & 32	GGP 5.1	1 reviewed LSDF at 19, 20, 22, 29 & 32 R370 000	1	1	3	3	N/A	N/A	SM Dev
	By Surveying properties	Surveying at Ward 1, 13, 25	Number of surveyed properties in Ward 1,13,25	GGP 5.2	20 surveyed properties in Ward 1,13 & 25 R1 000 000	20	20	3	3	N/A	N/A	SM Dev

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
To strengthen and ensure coordination of integrated and joint planning with spheres of government by June 2027	By strengthening the functionality of IGR	Co-ordination of IGR meetings	Number of IGR meetings coordinated	GGP 6.1	4 IGR meetings coordinated R30 000	4	4	3	3	N/A	N/A	SM Oper
To mainstream special		Programmes for	Number of programs implemented for	GGP 7.1	9 programs implemented for designated	9	10 Programs implemented for designated groups as	3	3	N/A	N/A	SM Oper

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STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATIONAL ACTION	RESPONSIBILITY
programs into the municipality by June 2027	By implementing SPU strategy	Designated groups as per SPU Strategy	designated groups (Youth, Older persons, Persons with disability, Gender)		groups (4 Youth, 1 Older persons, 2 Persons with disability, 2 gender) R1 930 000		follows: Youth-4 Older Persons-2 Persons with disability-2 Gender-2					
		Mayors Cup	Number of Mayoral Cup 2023/24 Tournaments hosted	GGP 7.2	1 Mayoral Cup 2023/24 Tournament hosted	1	1	3	3	N/A	N/A	SM Oper

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIATIONAL ACTION	RESPONSIBILITY
To promote ethical and moral transformation by June 2027	By implementing annual plans of designated groups in line with HIV/AIDS, STI and TB Strategy implementation plan	Programmes as per HIV/AIDS, STI & TB Strategy Implementation Plan	Number of programmes as per HIV/AIDS, STI and TB strategy Implementation plan	GGP 8.1	3 programmes as per HIV/AIDS, STI and TB strategy Implementation plan R95 000	3	3	3	3	N/A	N/A	SM Oper

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STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
To ensure strategic development , coordinated, integrated planning, budgeting, reporting and legislative compliance on governance	By coordinating development and alignment of IDP	Development of IDP	Date on which the 2024/2025 reviewed IDP is submitted to Council for approval	GGP 9.1	2024/25 Reviewed IDP submitted to Council for approval by 31 May 2024 R632 000	Copy of Final IDP, Council extract dated May 2024.	Copy of Final IDP, Council extract dated May 2024.	3	3	N/A	N/A	SM Oper
	By coordinating the development and alignment of	Implementation of SDBIP	Number of days by which the SDBIP is submitted to the Mayor for approval after	GGP 9.2	2024/2025 SDBIP submitted to the mayor for approval within 28 days after approval of the	Copy of SDBIP	Copy of Final SDBIP with approval by the Executive Mayor signed on the 28 th of June 2024	3	3	N/A	N/A	SM Oper

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STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
matters by June 2027	SDBIP with IDP		approval of the IDP and budget		IDP and budget R390 000							
	By implementing communication plan as per communication strategy		Number of media Interviews/activities Conducted	GGP 10.1	6 media Interviews/activities Conducted R1 700 000	10	17 media interviews/activities conducted.	3	5	There were more activities to be supported than the planned activities including Initiation Awareness	N/A	SM Oper

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STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
										s activities.		
		Development of newsletter	Turnaround time taken to distribute the developed newsletters	GGP 10.2	20 days turnaround time taken to distribute the developed newsletters R550 000	20	4 newsletters developed with proof that newsletters have been distributed within 20 days turnaround time	3	3	N/A	N/A	SM Oper
To ensure that all stakeholders participate in	By strengthening community	Ward Committee reports	Number of status quo reports on functionality of	GGP 11.1	4 status quo reports on functionality of	4	4	3	3	N/A	N/A	SM Oper

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STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
the affairs of the municipality by June 2027.	participation		Ward Committees		Ward Committees							
		Public Participation Programmes/ Meetings	Number of Public Participation programs coordinated (IDP/Budget/PM S Rep Forum, MPAC Roadshows, IDP Budget Roadshows and Mayoral	GGP 12.2	7 Public Participation programs coordinated (4x IDP/Budget/PM S Rep Forum, 1x MPAC Roadshows,	7	7 Public Participation programs coordinated as follows: IDP Rep forum-4 MPAC Roadshows-1 IDP & Budget Rep Forum-1 MPAC Roadshows-1	3	3	N/A	N/A	SM Oper

CHAPTER 4

STRATEGIC OBJECTIVE	STRATEGY	PROJECT	INDICATOR	INDICATOR NO	ANNUAL TARGET & ANNUAL BUDGET	2022/23 ACTUAL PERFORMANCE	2023/24 ACTUAL PERFORMANCE	DEPARTMENTAL RATING	PMS RATING	REASONS FOR DEVIATION	REMEDIAL ACTION	RESPONSIBILITY
			Imbizo)		1xIDP Budget Roadshows and 1x Mayoral Imbizo) R1 970 000							

CHAPTER 4

CHAPTER 5

PERFORMANCE OF SERVICE PROVIDERS DURING THE 2023/24 FINANCIAL YEAR

INTRODUCTION

Municipalities are required to assess the performance of service providers appointed in each financial year. In this regard, an internal performance assessment was conducted by Section 56 managers on various projects targeted for the 2023/24 financial year. Service Providers and Contractors are rated on the following categories:

Below Standard - The Contractor/Service Provider did not meet the basic requirements as spelt out in the tender or contract. This may result in the contract being cancelled and/or the retention fee being withheld from the contractor. The Contractor may be asked to rectify the problem or the contract may be cancelled and another Contractor/Service Provider may be appointed to complete the contract/ project.

Acceptable performance - The Contractor/Service Provider completed the project and met the basic requirements of the tender/contract. The standard of work was good enough, passable or adequate in terms of the requirements by the MLM.

Excellent performance- The Contractor/Service Provider completed the work above the standard required. The requirements of the tender were achieved above the expectation of the MLM. There is a high quality of work and outstanding results were achieved.

ANALYSIS OF THE SUPPLY CHAIN MANAGEMENT BID PROCESS WITHIN MLM

Number of Bids on Contract Register	Number of Awards made	Number of completed projects	Number of Bids in Tendering Process	Number of projects still in progress	Cancelled Projects
121	24	12	6	121	0

The purpose of this analysis is to determine the percentage of bids awarded as at the end financial year. This assessment is used to measure the effectiveness of the MLM's Supply Chain processes.

Results of performance assessment of service providers

Below Standard – 1 %

CHAPTER 4

Of all the projects awarded, as at 30 June 2023 in terms of performance levels the following summary reflects the number of projects rated as below standard.

Acceptable performance – 55 %

Of all the projects awarded as at **30 June 2024** in terms of performance levels the following summary reflects the number of projects rated as acceptable.

Of all the projects awarded, as at **30 June 2024** in terms of performance levels the following summary reflects the number of projects rated as excellent.

A copy of the Contract Register for the 2023/24 financial year is attached hereto as **Annexure “A”**

Below Standard – 1%

CHAPTER 4

NAME OF SERVICE PROVIDER	TENDER/BID/PROJECT NUMBER	APPOINTMENT DATE (CCCC/MM/DD)	ORIGINAL CONTRACT PRICE (OR AMOUNT DETERMINED) (INCLUSIVE)	REASON
DINTWA TRADING	MBH/PSP/0015/2014/15: Construction of Ward 01 Sports Field	2022/11/08	9,243,380.13	Intension to terminate was sent however the contract actioned remedial actions
DINTWA TRADING	MBH/PSP0004/2022-23: Cizama to Singeni Access Road	2022/12/15	25,760,702.05	Intension to terminate was sent however the contract actioned remedial actions

Acceptable performance - 55%

CHAPTER 4

Of all the projects awarded as at year ending **30 June 2022** in terms of performance levels the following summary reflects the number of projects rated as acceptable.

DESCRIPTION	NAME OF SERVICE PROVIDER	TENDER/BID/PROJECT NUMBER	APPOINTMENT DATE (CCCC/MM/DD)	REASON
PANEL OF CONTRACTORS FOR CONSTRUCTION OF ROADS & BRIDGES -CONSTRUCTION OF MATHUNZINI TO NQILENI ACCESS ROAD	CLOUD 1 TRADING (PTY) LTD	MBH/MIG/0023/2022-23	2023-06-09	Acceptable performance they respond to issues raised

CHAPTER 4

MAINTENANCE , LICENCE AND SYSTEM SUPPORT FOR THE FOLLOWING ALREADY IN-USE SYSTEM -SAGE EVOLUTION AND SAGE VIP (SAGE 300) IN LINE WITH NATIONAL TREASURY REQUIREMENTS FOR A PERIOD OF 36 MONTHDS	CCG SYSTEMS (PTY) LTDS	MBH/BTO/0025/2022-23	23/02/2023	Acceptable performance they respond to issues raised
MBHASHE MUNICIPALITY LOCAL ECONOMIC DEVELOPMENT (LED) STRATEGY REVIEW	EXECUTIVE INSIGHT	MBH/P&D/0016/2022-23	2023-01-19	Acceptable performance they respond to issues raised
MBHASHE LOCAL MUNICIPALITY INCUBATION PROGRAMME FOR SUPPLY & DELIVERY FOR THE PERIOD OF TWO (02) YEARS	IMBEWU YESIZWE GROUP (PTY) LTD	MBH/P&D/0021/2022-23	2023-04-11	Acceptable performance they respond to issues raised

CHAPTER 4

MBHASHE LOCAL MUNICIPALITY INCUBATION PROGRAMME FOR SUPPLY & DELIVERY FOR THE PERIOD OF TWO (02) YEARS	LIZILE TRADING	MBH/P&D/0021/2022-23	2023-04-11	Acceptable performance they respond to issues raised
PANEL OF CONTRACTORS FOR CONSTRUCTION OF ROADS & BRIDGES -CONSTRUCTION OF NTLONYANA BRIDGE	MADSTOF (PTY) LTD	MBH/MIG/0023/2022-23	2023-06-15	Acceptable performance they respond to issues raised
PANEL OF CONTRACTORS FOR CONSTRUCTION OF ROADS & BRIDGES -CONSTRUCTION OF NKALWENI ACCESS ROAD	Kwandie Trading	MBH/MIG/0023/2022-23	2023-05-19	Acceptable performance they respond to issues raised

CHAPTER 4

MBHASHE LOCAL MUNICIPALITY INCUBATION PROGRAMME : CONSTRUCTION AND MAINTENANCE FOR THE PERIOD OF THREE (03) YEARS	MEN GO CIVILS (PTY) LTD	MBH/P&D/0022/2022-23	2023-04-12	Acceptable performance they respond to issues raised
PANEL OF CONTRACTORS FOR CONSTRUCTION OF ROADS & BRIDGES -MAINTANANCE OF LUDONDOLO ACCESS ROAD	EKENE INVESTMENT CC	MBH/MIG/0023/2022-23	2023-06-12	Acceptable performance they respond to issues raised
PANEL OF CONTRACTORS FOR CONSTRUCTION OF ROADS & BRIDGES -MAINTANANCE OF ZITHULELE ACCESS ROAD	LOMZI CIVILS	MBH/MIG/0023/2022-23	2023-06-13	Acceptable performance they respond to issues raised

CHAPTER 4

PANEL OF CONTRACTORS FOR CONSTRUCTION OF ROADS & BRIDGES -MAINTANANCE OF QATYWA ACCESS ROAD	LOMZI CIVILS	MBH/MIG/0023/2022-23	2023-06-13	Acceptable performance they respond to issues raised
PANEL OF CONTRACTORS FOR CONSTRUCTION OF ROADS & BRIDGES -MAINTANANCE OF NGQEZA ACCESS ROAD	MABOKA CONTRACTORS	MBH/MIG/0023/2022-23	2023-06-13	Acceptable performance they respond to issues raised
PANEL OF CONTRACTORS FOR CONSTRUCTION OF ROADS & BRIDGES -MAINTANANCE OF MKHAMBHI ACCESS ROAD	MABOKA CONTRACTORS	MBH/MIG/0023/2022-23	2023-06-13	Acceptable performance they respond to issues raised

CHAPTER 4

MBHASHE LOCAL MUNICIPALITY INCUBATION PROGRAMME FOR SUPPLY & DELIVERY FOR THE PERIOD OF TWO (02) YEARS	TANDO MULTI TRADERS	MBH/P&D/0021/2022-23	2023-04-11	Acceptable performance they respond to issues raised
MBHASHE LOCAL MUNICIPALITY INCUBATION PROGRAMME FOR SUPPLY & DELIVERY FOR THE PERIOD OF TWO (02) YEARS	NOWONGILE TRADING	MBH/P&D/0021/2022-23	2023-04-12	Acceptable performance they respond to issues raised
MBHASHE LOCAL MUNICIPALITY INCUBATION PROGRAMME FOR SUPPLY & DELIVERY FOR THE PERIOD OF TWO (02) YEARS	COLOSA CROP FARM	MBH/P&D/0021/2022-23	2023-04-11	Acceptable performance they respond to issues raised

CHAPTER 4

MBHASHE LOCAL MUNICIPALITY INCUBATION PROGRAMME FOR SUPPLY & DELIVERY FOR THE PERIOD OF TWO (02) YEARS	INIHTA GROUP	MBH/P&D/0021/2022-23	2023-04-11	Acceptable performance they respond to issues raised
MBHASHE LOCAL MUNICIPALITY INCUBATION PROGRAMME FOR SUPPLY & DELIVERY FOR THE PERIOD OF TWO (02) YEARS	NALAH CONSULTING	MBH/P&D/0021/2022-23	2023-04-11	Acceptable performance they respond to issues raised
MBHASHE LOCAL MUNICIPALITY INCUBATION PROGRAMME FOR SUPPLY & DELIVERY FOR THE PERIOD OF TWO (02) YEARS	SIYAZAMA TRADING 22	MBH/P&D/0021/2022-23	2023-04-11	Acceptable performance they respond to issues raised

CHAPTER 4

PANEL OF LAND SUREYORS FOR A PERIOD OF TWO (02) YEARS	MNT Geomatics	MBH/P&D/0029/2022- 23	2023-09-25	Acceptable performance they respond to issues raised
MBHASHE LOCAL MUNICIPALITY INCUBATION PROGRAMME : CONSTRUCTION AND MAITENANCE FOR THE PERIOD OF THREE (03) YEARS	MASIMBONGESONKE TRADING	MBH/P&D/0022/2022- 23	2023-04-11	Acceptable performance they respond to issues raised
MBHASHE LOCAL MUNICIPALITY INCUBATION PROGRAMME FOR SUPPLY & DELIVERY FOR THE PERIOD OF TWO (02) YEARS	MJOLELA TRADING	MBH/P&D/0021/2022- 23	2023-04-11	Acceptable performance they respond to issues raised

CHAPTER 4

MBHASHE LOCAL MUNICIPALITY INCUBATION PROGRAMME : CONSTRUCTION AND MAINTENANCE FOR THE PERIOD OF THREE (03) YEARS	SILULUTHO SERVICES	MBH/P&D/0022/2022-23	2023-04-11	Acceptable performance they respond to issues raised
DATA CENTRE, REGISTRY & ARCHIVES EQUIPMENT MAINTENANCE FOR A PERIOD OF THREE (03) YEARS	TRACKOS PROJECTS	MBH/CORP/0030/2022-23	2023-08-25	Acceptable performance they respond to issues raised
PANEL OF THREE ENVIRONMENTAL CONSULTING FOR A PERIOD OF THREE (03) YEARS-DUTYWA LANDFILL SITES	INDALO GREENING AND WASTE MANAGEMENT (PTY) LTD	MBH/P&D/0002/2022-23	2023-10-12	Acceptable performance they respond to issues raised

CHAPTER 4

PANEL OF THREE ENVIRONMENTAL CONSULTING FOR A PERIOD OF THREE (03) YEARS-NTLAHLANE ACCESS ROAD	SPM ENVIRONMENTAL CONSULTING	MBH/P&D/0002/2022-23	2023-10-12	Acceptable performance they respond to issues raised
PANEL OF THREE ENVIRONMENTAL CONSULTING FOR A PERIOD OF THREE (03) YEARS-BOBANI ACCESS ROAD	DELTA BUILT ENVIRONMNT CONSULTANTS	MBH/P&D/0002/2022-23	2023-10-12	Acceptable performance they respond to issues raised
PANEL OF THREE ENVIRONMENTAL CONSULTING FOR A PERIOD OF THREE (03) YEARS-NTLILINI TO BOTWE ACCESS ROAD	DELTA BUILT ENVIRONMNT CONSULTANTS	MBH/P&D/0002/2022-23	2023-10-12	Acceptable performance they respond to issues raised

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HIRING OF BACK-UP CONSTRUCTION MACHINERY FOR A PERIOD OF THREE (03) YEARS	THEMBA LESIZWE HOLDINGS (PTY) LTD	MBH/INFRA/0001/2021- 22	2022-10-06	Acceptable performance they respond to issues raised
SERVICES AND REPAIRS OF EARTHMOVING MACHINERY FOR A PERIOD OF THREE (03) YEARS	THEMBA LESIZWE HOLDINGS (PTY) LTD	MBH/INFRA/0008/2021- 22	2022-10-06	Acceptable performance they respond to issues raised
ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT (EEDSM) FOR A PERIOD OF THREE (03) YEARS	XSEMBLE (PTY) LTD	MBH/INFR/0009/2022- 23	2022-11-10	Acceptable performance they respond to issues raised

CHAPTER 4

CONSTRUCTION OF ACCESS ROAD FROM RIVERVIEW TO LANGENI VILLAGE	KOPANONG INVESTMENT PROJECTS	MBH/MIG/0013/2020-21	2023-04-26	Acceptable performance they respond to issues raised

Of all the projects awarded, as at **30 June 2022** in terms of performance levels the following summary reflects the number of projects rated as excellent.

Excellent performance – from 55%-86%

CHAPTER 4

Project Name	Name of Service Provider	Bid No.	Award Date	Reason
UPGRADE OF STREETLIGHTS IN DUTYWA AND WILLOWVALE	KOMANIM TRADING	MBH/INEP/0024/2022-23	2023-09-01	Perform exceedingly well
MBHASHE LOCAL MUNICIPALITY INCUBATION	ZOLANI TOURS	MBH/P&D/0022/2022-23	2023-04-11	Perform exceedingly well
PANEL OF CONTRACTORS FOR CONSTRUCTION OF	LIYEMA CIVLS	MBH/MIG/0023/2022-23	2023-11-06	Perform exceedingly well
MBHASHE LOCAL MUNICIPALITY INCUBATION PROGRAMME : REHABILITATION YANASE	AVEO CONSTRUCTION T/A VALOTHRON 57	MBH/P&D/0022/2022-23	2024-03-18	Perform exceedingly well
MBHASHE LOCAL MUNICIPALITY INCUBATION	WILLSKOSA (PTY) LTD	MBH/P&D/0022/2022-23	2024-03-26	Perform exceedingly well
MBHASHE LOCAL MUNICIPALITY INCUBATION	ALFRED ENGINEERING SERVICES	MBH/P&D/0022/2022-23	2024-03-25	Perform exceedingly well
MBHASHE LOCAL MUNICIPALITY INCUBATION	BLAZINGO'S TRADING ENTERPRISE	MBH/P&D/0022/2022-23	2024-03-18	Perform exceedingly well
MBHASHE LOCAL MUNICIPALITY INCUBATION	TRIPLE Q INVESTMENT	MBH/P&D/0022/2022-23	2023-09-27	Perform exceedingly well
PANEL OF CONTRACTORS FOR CONSTRUCTION OF DATA CENTRE, REGISTRY & ARCHIVES EQUIPMENT	BONTINITE CONSTRUCTION (PTY) LTD	MBH/P&D/0023/2022-23	2023-10-17	Perform exceedingly well
MAINTENANCE FOR A	TRACKOS PROJECTS	MBH/CORP/0030/2022-23	2023-08-25	Perform exceedingly well
MBHASHE LOCAL				

CHAPTER 4

CHAPTER 4 –ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

INTRODUCTION

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

T4.0.1

CHAPTER 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Mbhashe Local Municipality employed 265 officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function

CHAPTER 4

TOTALS, TURNOVER AND VACANCIES

Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Employees	Appr oved Posts
	No.	No.		No.	No.
Electricity	5	3	Electricity	5	3
Solid Waste Management	105	10	Solid Waste Management	105	10
Housing	2	2	Housing	2	2

CHAPTER 4

Infrastructure	42	15	Infrastructure	42	15
Local Economic Development	11	7	Local Economic Development	11	7
ICT	7	3	ICT	7	3
Archives (Administration)	17	11	Archives (Administration)	17	11
Human Resource Services	08	08	Human Resource Services	08	08
BTO Services	18	22	BTO Services	18	22

CHAPTER 4

Police (Traffic Officers)	18	4	Police (Traffic Officers)	18	4
Law Enforcement	12	2	Law Enforcement	12	2
Licensing Services	05	05	Licensing Services	05	05
Municipal Managers Office	26	24	Municipal Managers Office	26	24
Total	276	114	Total	276	114

T4.1.1

CHAPTER 4

Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S56 Managers (excluding Finance Posts)	3	2	0%
Traffic and Law Enforcement officers	35	0	0%
Fire fighters	0	0	0%

CHAPTER 4

Middle management: Levels 13-15 (excluding Finance Posts)	1	0	0%
Middle management: Levels 13-15 (Finance posts)	3	0	0%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	46	2	0,9%
Highly skilled supervision: levels 9-12 (Finance posts)	5	2	0,1%
Total	95	6	0,1%

T4.1.2

CHAPTER 4

Turn-over Rate			
Details	Details No.	Details No.	Details
Year -2	Year -2	Year -2	Year -2
Year -1	Year -1	Year -1	Year -1
Year 0	Year 0	Year 0	Year 0

T4,1,3

CHAPTER 4

COMMENT ON VACANCIES AND TURNOVER:

In order to ensure reasonable standardisation and consistency in the handling of the workforce, staff policies and procedures are developed and workshops for employees are held. These policies & procedures are reviewed as the need arises or annually. They are implemented together with the condition of service which are developed at central level. During the period under review, 34 policies have been reviewed. This was done through transparent and consultative process involving Councillors and Labour through workshops and Local Labour Forum

T4.1.4

CHAPTER 4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Section 67 of the Municipal Structures Act 2000 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998. Workforce management is a core function of each line manager at Mbhashe Local Municipality.

In order to ensure reasonable standardization and consistency in the handling of the workforce, staff policies and procedures are developed and workshops for employees are held. These policies & procedures are reviewed as the need arises or annually.

Conditions of service of senior managers are regulated and promulgated by the Minister of Cooperative Governance. All employees below section 56 level are negotiated for at a central level by the National and Provincial Divisions of the South African Local Government Bargaining Council (SALGBC) and, where relevant, at a local level between management and the representative unions SAMWU and IMATU i.e Local Labour Forum.

T4.2.0

CHAPTER 4

4.2 POLICIES

HR POLICIES AND PLANS				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1.	Recruitment and Selection Policy	100%	100%	23/05/2024
2.	Subsistence and travelling Policy	100%	100%	23/05/2024
3.	Alcohol and Substance Abuse Policy	100%	100%	23/05/2024
4.	Financial Study Assistance Policy	100%	100%	23/05/2024
5.	Succession Planning Policy and Retention Policy	100%	100%	23/05/2024
6.	Employment Equity Plan	100%	100%	23/05/2024
7.	Employment Equity Policy	100%	100%	23/05/2024
8.	Acting Allowance Policy	100%	100%	23/05/2024
9.	Transfer and Demotion Policy	100%	100%	23/05/2024
10.	Training and Development Policy	100%	100%	23/05/2024
11.	Abscondment Policy	100%	100%	23/05/2024

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12.	Placement policy	100%	100%	23/05/2024
13.	Residential Allowance policy	100%	100%	23/05/2024
14.	Occupational Health and Safety policy	100%	100%	23/05/2024
15.	Sexual Harassment policy	100%	100%	23/05/2024
16.	Workplace on HIV and AIDS	100%	100%	23/05/2024
17	Dress Code Policy	100%	100%	23/05/2024
18.	Smoking Policy	100%	100%	23/05/2024
19.	Whistle Blowing policy	100%	100%	23/05/2024

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20.	Councilor and Employee Assistance	100%	100%	23/05/2024
21.	Attendance and punctuality	100%	100%	23/05/2024
23.	Bereavement policy	100%	100%	23/05/2024
24.	Disability policy	100%	100%	23/05/2024
25.	Employee Induction policy	100%	100%	23/05/2024
26.	Incapacity policy	100%	100%	23/05/2024
27.	Job Evaluation policy	100%	100%	23/05/2024
28.	Exit Management policy	100%	100%	23/05/2024

CHAPTER 4

29.	COVID 19 MANAGEMENT POLICY	100%	100%	23/05/2024	T4.2.1
30.	Leave Management Policy	100%	100%	23/05/2024	
31.	Internship Policy	100%	100%	23/05/2024	
32.	Individual PMS Policy	100%	100%	23/05/2024	
33.	Overtime Policy	100%	100%	23/05/2024	
34.	PPE Policy	100%	100%	23/05/2024	

CHAPTER 4

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

During the period under review, thirty- three (34) policies have been reviewed. This was done through a transparent and consultative process, involving Councillors through a workshop and Labour through the Local Labour Forum. The reviewed and newly developed policies went to council for adoption before implementation

T4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

CHAPTER 4

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	60	5	8.33%	12	60
Temporary total disablement					
Permanent disablement					
Fatal					
Total	60	5	8.33%	12	60
					T4.3.1

CHAPTER 4

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification % No.	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per employees Days	Estimated cost
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	112	7%	30	55		

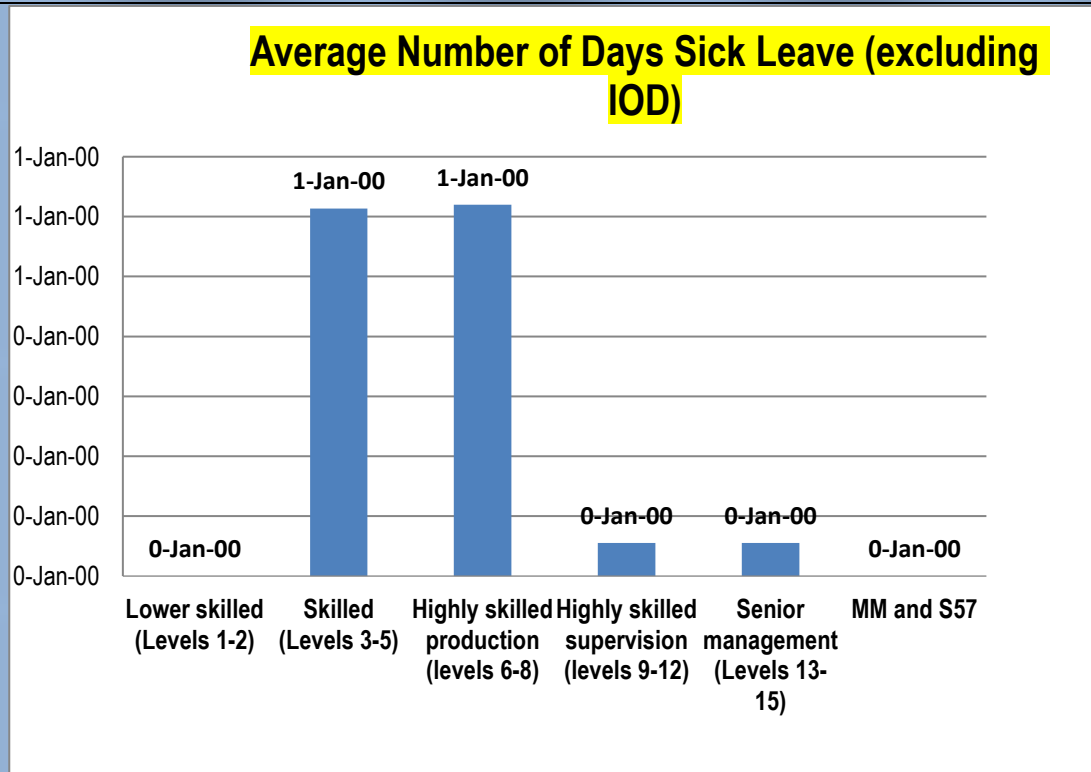
CHAPTER 4

Highly skilled production (levels 6-8)	615	15%	75	125		
Highly skilled supervision (Levels 9-12)	313	10%	32	62		
Senior Management Levels 13-15)	67	5%	4	18		
MM and S57	51	0	3	7		
Total	801	37	144	267		

T4.3.2

CHAPTER 4

CHAPTER 4



T4.3.3

CHAPTER 4

COMMENT ON INJURY AND SICK LEAVE:

Although there were no injuries during the year under review the municipality strengthened the implementation of policies so as to avoid any workplace injuries working together with the Department of Labour in order to ensure safety in the workplace. The Occupational Health and Safety Committee work hand in hand with the management to make sure that safety measures are in place.

Sick leave is monitored closely and trends are identified. During period under review no employees were referred to any doctor as there were no challenges in as far as sick leave is concerned.

T4.3.4

CHAPTER 4

CHAPTER 4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

T4.3.5

CHAPTER 4

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
N/A	N/A	N/A	N/A
			T4.3.6

CHAPTER 4

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

There were no suspension or cases of financial misconduct in the year under view.

T4.3.7

CHAPTER 4

4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R'000	Proportion of beneficiaries within group %
Lower Skilled (Levels 1-2)	Female	0	0		
	Male	0	0		

CHAPTER 4

Skilled (Levels 3-5)	Female	0	0		
	Male	0	0		
Highly skilled production (levels 6-8)	Female	0	0		
	Male	0	0		
Highly skilled supervision (Levels 9-12)	Female	0	0		
	Male	0	0		
Senior management (Levels 13-15)	Female	0	0		
	Male	0	0		
MM and S57	Female	0	0		

CHAPTER 4

	Male	0	0		
Total		217	0	0	

T4.4.1

CHAPTER 4

COMMENT ON PERFORMANCE REWARDS:

In terms of regulation 8 of the Local Government: Municipality Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers. All Senior Managers appointed in terms of Section 54A and 56 of the MSA are on fixed-term performance based contracts.

All Senior Managers have signed Performance Agreements. Performance assessments have been conducted and performance bonuses were paid. The individual performance management system has been cascaded to the second reporting line of managers and officers reporting to them. Currently no performance bonus paid. This will be implemented in the following financial year as stipulated in the Municipal Staff Regulations.

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T4.4.1.1

CHAPTER 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Section 68(1) of the MSA states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a Municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

One of the key programmes was the implementation of the Workplace skills Plan wherein employees and unemployed youth were trained and acquired skills. A plan was developed and submitted to the Local Government SETA. Some capacity building programmes were implemented in the year for both officials and councillors. Unemployed graduates were taken in as Learners in departments to assist them with workplace exposure. In line with the Council's Financial Study Assistance , a considerable number of employees were offered financial study assistance to further enhance themselves. A Panel of Service Providers was appointed so as to make training and development much easier for employees and councillors.

T4.5.0

CHAPTER 4

CHAPTER 4

CHAPTER 4

CHAPTER 5

CHAPTER 5

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and s57	Female	3	0	0	0	0	3	0	0	0	0	0	3	0
	Male	4	0	0	0	0	4	0	0	0	0	0	4	0
Councillors,	Female	32	0	3	0	0	28	0	0	1	0	0	1	0
	Male	33	0	3	0	0	28	0	0	2	0	0	32	0
Managers	Female	6	0	0	0	0	5	0	0	1	0	0	6	0
	Male	10	0	1	0	0	7	0	0	0	0	0	8	0

CHAPTER 4

Technicians, foremen, artisans, inspectors & drivers	Female	7	0	0	0	0	2	0	0	5	0	0	6	0
	Male	21	0	0	0	0	5	0	0	0	0	0	5	0
Professionals	Female	19	0	2	0	0	10	0	0	6	0	0	18	0
	Male	11	0	2	0	0	7	0	0	2	0	0	11	0
Clericals	Female	40	0	6	0	0	13	0	0	5	0	0	23	0
	Male	36	0	0	0	0	4	0	0	5	0	0	9	0
Community service workers	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	28	0	0	0	0	13	0	0	0	0	0	13	0
Operators Elementary workers		52	0	0	0	0	6	0	0	30	0	0	36	0
	Male	28	0	0	0	0	4	0	0	0	0	0	4	0
	Female	135	0	0	0	0	0	0	0	0	0	0	0	0
	Male	195	0	0	0	0	0	0	0	0	0	0	0	0
Sub total	Female	330	0	0	0	0	0	0	0	0	0	0	0	0
	Male	3	0	0	0	0	3	0	0	0	0	0	3	0

CHAPTER 4

Total		4	0	0	0	0	4	0	0	0	0	0	4	0
														T4. 5.1

Total number trained for councillors- 65

Total number of trained staff-265

CHAPTER 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	0	1	1
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	5	0	5	0	5	5
<i>Any other financial officials</i>	0	0	0	0	0	0
Supply Chain Management Officials	0	0	0	0	0	0

CHAPTER 4

<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	1	0	0	0	0	1
TOTAL	8	0	0	0	8	8
T4.5.2						

Reporting on Training Expenditure for 01 July 2023 – 30 June 2024

Reporting on Training Experience				
Funding source	Building Spent- Employed	Budget Unemployed – Unemployed	Committee Spent – EMPLOYED	Committed Spent- Unemployed
Mandatory Grant Funds	R288 644,79	0	R288 644.79	0
Outstanding Mandatory Grant funds from previous year	0	0	0	0
Discretionary Grants funds	0	R216 000	R216 000	0
Additional funding (Municipality/entity, donor funds, other government funds e.t.c.	R2 500 000	R1 500 000	R1 500 000	0
Total	R2 788 644,79	R1 716 000	R2 004 644,79	0

T4.5.3

CHAPTER 4

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

The municipality managed to appoint a Panel Of Service Providers after struggling to get qualified bidders after several advertisements. This resulted into a massive implementation of training interventions and as such a number of employees and councillors were trained in different programmes. The municipality is prioritizing skills development and as such it is budgeted for and all employees are encouraged to submit their Skills Audit forms and even the Training Committee make use of the forms when prioritizing.

T4.5.4

CHAPTER 4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

The municipality has ensured that the workforce expenditure is kept within the accepted proportions in relation to capital expenditure. Grants meant for service delivery are not used for operational expenditure.

T4.6.0

4.6 EMPLOYEE EXPENDITURE

Reporting on Training Experience

Funding source	Building Spent- Employed	Budget Unemployed – Unemployed	Committee Spent – EMPLOYED	Committed Spent- Unemployed
Mandatory Grant Funds	R288 644,79	0	R288 644.79	0

CHAPTER 4

Outstanding Mandatory Grant funds from previous year	0	0	0	0
Discretionary Grants funds	0	R216 000	R216 000	0
Additional funding (Municipality/entity, donor funds, other government funds e.t.c.	R2 500 000	R1 500 000	R1 500 000	0
Total	R2 788 644,79	R1 716 000	R2 004 644,79	0

T4.6.1

COMMENT ON WORKFORCE EXPENDITURE:

Delete Directive note once comment is complete – Explain the spending pattern in the context of the actual and two previous years plus the budget year. Refer to implications for workforce ratio in Chapter 5. Comment on factors influencing workforce expenditure during the year.

T4.6.1.1

CHAPTER 4

NUMBER OF EMPLOYEES WHOS SALARIES WERE INCREASED DUE TO THE POSITIONS BEING UPGRADED

None

EMPLOYEES WHOS SALARIES LEVEL EXCEED THE GRADE DETERMINE BY JOB EVALUATION

None

DISCLOSURE OF FINANCIAL INTEREST BY EMPLOYEES

All section 56 managers, all Bid Committee members, Employees and SCM officials have declared their financial interest.

T4.6.2

WORKFORCE/PERSONNEL EXPENDITURE FOR FINANCIAL YEAR 2023/2024

R 126 265 245

CHAPTER 4

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	
	Male	
Skilled (Levels 3-5)	Female	
	Male	
Highly skilled production (Levels 6-8)	Female	
	Male	
Highly skilled supervision (Levels9-12)	Female	
	Male	
Senior management (Levels13-16)	Female	
	Male	
MM and S 57	Female	
	Male	
Total		0
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the		T4.6.2

There are no employees whose salary levels were increased during the financial year of 2023/24.

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
				T4.6.3

There are no employees whose salary levels were increased during the financial year of 2023/24.

CHAPTER 4

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

Although the positions were upgraded they were not affected financially as they were well above the brackets of the Task grades. The municipality has evaluated all the outstanding posts and as the Organogram has been reviewed, the maintenance stage will start.

T4.6.5

DISCLOSURE OF FINANCIAL INTEREST BY EMPLOYEES

All section 56 managers, all Bid Committee members, Employees and SCM officials have declared their financial interest.

T4.6.6

CHAPTER 5

CHAPTER 4

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION:

The annual financial statements have been prepared on the accrual basis of accounting and in accordance with historical cost convention, unless otherwise specified. The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

The purpose of the Statement of Financial Performance is to give an account of the results of Mbhashe Local Municipality's operations. These transactions result from the operating budget and can be expressed as being a surplus or deficit. The purpose of the Statement of Financial Position is to give an account of Assets and Liabilities at the end of the financial year. Net assets reflect the difference between the assets and liabilities.

The cash flow statement shows the net cash result. Technically, the statement starts with the accounting surplus as per the Statement of Financial Performance which gets adjusted for all non-cash transactions. All other cash transactions not resulting from the Statement of Financial Performance are recorded. These items can be referenced back to both the capital budget as well as the items reported as part of the quarterly Section 11-withdrawals reports, submitted to Council.

There are three main categories:

Net cash resulting from operating activities – this section shows the result of the operations of Mbhashe Local Municipality in cash terms. It includes the rendering of municipal services, purchasing of goods kept in stores, debtors and creditors transactions and interest paid and received.

Net cash resulting from investing activities – this section shows the result from amounts invested (either assets through the capital budget or as cash investments) as well as investments withdrawn.

Net cash resulting from financing activities – this section shows the result from financing activities, being mainly external loans taken up or redeemed. A healthy financial situation is one where the municipality has a net cash surplus resulting from operations as main source of revenue rather than from financing activities. A second important measure is to look for a correlation between cash generated from financing activities and investing activities which shows that funds borrowed, were invested in capital infrastructure, and not used for operations. A very serious situation would be where there is a net cash

CHAPTER 4

deficit from operations, no or limited cash invested, but cash received from financing activities. That would be indicative of a municipality utilising borrowing to fund operations instead of infrastructure assets.

T5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The annual financial statements have been prepared on the accrual basis of accounting and in accordance with historical cost convention, unless otherwise specified. The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

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CHAPTER 4

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T5.1.0

STATEMENTS OF FINANCIAL PERFORMANCE

CHAPTER 4

MBHASHE LOCAL MUNICIPALITY (EC 121)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Service charges	18	3 730 340	3 490 927
Construction contracts	26	14 090 339	5 070 361
Rental of facilities and equipment	19	3 188 573	3 692 802
Interest income (trading)	17	5 123 180	3 373 321
Other income	23	1 310 054	950 660
Interest earned	24	40 207 257	26 197 502
Revenue from non-exchange transactions			
Property rates	25	20 429 729	19 982 333
Licence and permits	2122	2 542 902	2 863 539
Grants and subsidies	26	434 662 283	425 913 468
Fines and penalties	20	1 615 121	2 046 439
Total revenue		526 899 778	493 581 352
Expenditure			
Employee related costs	27	(135 668 746)	(127 937 795)
Remuneration of Councillors	28	(23 227 383)	(23 443 839)
Depreciation and amortisation	29	(51 687 783)	(51 576 602)
Finance costs	31	(1 438 823)	(3 250 664)
Debt Impairment	32	(20 896 464)	(2 722 217)
Administrative and other expenditure	33	(157 081 204)	(146 069 425)
Total expenditure		(390 000 403)	(355 000 542)
Total revenue		526 899 778	493 581 352
Total expenditure		(390 000 403)	(355 000 542)
Operating surplus		136 899 375	138 580 810
Profit/(Loss) on disposal of assets		(90 481)	(89 843)
Impairment (loss)/Reversal	30	(4 936 633)	(6 156 342)
		(5 027 114)	(6 246 185)
Operating surplus/deficit		(5 027 114)	(6 246 185)
Surplus before taxation		131 872 261	132 334 625
Taxation		-	-
Surplus for the year		131 872 261	132 334 625

CHAPTER 4

MBHASHE LOCAL MUNICIPALITY (EC 121)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	500 000	-	500 000	3 730 340	3 230 340	49.1
Construction contracts	-	-	-	14 090 339	14 090 339	
Rental of facilities and plant equipment	1 770 000	500 000	2 270 000	3 188 573	918 573	49.2
Interest received (trading)	-	-	-	5 123 180	5 123 180	49.3
Other income	16 070 000	10 000 000	26 070 000	1 310 054	(24 759 946)	49.4
Interest received - investment	15 000 000	15 000 000	30 000 000	40 207 257	10 207 257	49.5
Total revenue from exchange transactions	33 340 000	25 500 000	58 840 000	67 649 743	8 809 743	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	8 000 000	-	8 000 000	20 429 729	12 429 729	49.6
Licenses and permits	1 100 000	1 000 000	2 100 000	2 542 902	442 902	49.7
Transfer revenue						
Government grants & subsidies	328 088 350	31 837 608	359 925 958	434 662 283	74 736 325	49.8
Fines, Penalties and Forfeits	650 000	500 000	1 150 000	1 615 121	465 121	49.9
Total revenue from non-exchange transactions	337 838 350	33 337 608	371 175 958	459 250 035	88 074 077	
'Total revenue from exchange transactions'	33 340 000	25 500 000	58 840 000	67 649 743	8 809 743	
'Total revenue from non-exchange transactions'	337 838 350	33 337 608	371 175 958	459 250 035	88 074 077	
Total revenue	371 178 350	58 837 608	430 015 958	526 899 778	96 883 820	
Expenditure						
Employee related costs	(140 867 440)	29 310	(140 838 130)	(135 668 746)	5 169 384	49.10
Remuneration of councillors	(27 749 802)	-	(27 749 802)	(23 227 383)	4 522 419	49.11
Depreciation and amortisation	(55 000 000)	-	(55 000 000)	(51 687 783)	3 312 217	49.12
Impairment loss/ Reversal of impairments	-	-	-	(4 936 633)	(4 936 633)	49.13
Finance costs	-	-	-	(1 438 823)	(1 438 823)	49.13
Debt impairment	(2 000 000)	-	(2 000 000)	(20 896 464)	(18 896 464)	49.14
General Expenses	(130 161 104)	(23 839 025)	(154 000 129)	(157 081 204)	(3 081 075)	49.15
Total expenditure	(355 778 346)	(23 809 715)	(379 588 061)	(394 937 036)	(15 348 975)	
	371 178 350	58 837 608	430 015 958	526 899 778	96 883 820	
	(355 778 346)	(23 809 715)	(379 588 061)	(394 937 036)	(15 348 975)	
Operating surplus	15 400 004	35 027 893	50 427 897	131 962 742	81 534 845	
Loss on disposal of assets and liabilities	-	-	-	(90 481)	(90 481)	
	15 400 004	35 027 893	50 427 897	131 962 742	81 534 845	
	-	-	-	(90 481)	(90 481)	
Surplus	15 400 004	35 027 893	50 427 897	131 872 261	81 444 364	

CHAPTER 4

COMMENT ON FINANCIAL PERFORMANCE:

The municipality recorded a surplus for the year under review although the surplus decreased from the previous year and this was due to an increase in debt impairment during the year under review.

5.2 GRANTS

CHAPTER 4

Grant Performance						
R' 000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	296,643,000.00	312,504,000.00	312,504,000.00	312,504,000.00	100%	0%
Equitable share	294,923,000.00	310,734,000.00	310,734,000.00	310,734,000.00	100%	0%
Municipal Systems Improvement	-	-	-	-		
Department of Water Affairs	-	-	-	-		
Levy replacement	-	-	-	-		
Other transfers/grants [FMG]	1,720,000.00	1,770,000.00	1,770,000.00	1,770,000.00	100%	0%
Provincial Government:	1,377,779.00	903,597.00	903,597.00	903,597.00	100%	0%
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation	1,377,779.00	903,597.00	903,597.00	903,597.00	100%	0%
District Municipality:	-	-	-	-		
<i>[insert description]</i>						
Other grant providers:	127,479,835.00	120,984,518.00	120,984,518.00	120,984,518.00		
EPWP	3,498,000.00	1,750,000.00	1,750,000.00	1,750,000.00	100%	0%
Waste Recycling Solutions Subsidy	-	3,859,000.00	3,859,000.00	3,859,000.00	100%	0%
Energy Efficiency	4,500,000.00	5,000,000.00	5,000,000.00	5,000,000.00	100%	0%
Municipal Infrastructure Grant (MIG)	91,390,860.00	66,706,000.00	66,706,000.00	66,706,000.00	100%	0%
OTP Grant	14,464,117.00	21,442,764.00	21,442,764.00	21,442,764.00	100%	0%
Municipal Disaster Relief Grant	13,626,858.00	22,226,754.00	22,226,754.00	22,226,754.00	100%	0%
Total Operating Transfers and Grants	425,500,614.00	434,392,115.00	434,392,115.00	434,392,115.00	100%	0%

CHAPTER 4

T5.2.1

CHAPTER 5

COMMENT ON OPERATING TRANSFERS AND GRANTS

The gazetted grants were all received during the year under review. Only the Disaster Relief Grant was not spent fully at 30 June 2024 and the municipality had to apply for a rollover since the funds were only received in March 2024.

T5.2.2

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Foreign Governments/Development Aid Agencies						
OTP Grant	14,464,117.00	21,442,764.00	-	30-Jun-24		0 The grant is meant to fund the Small Towns Revitalisation programme
Waste Recycling Solutions Subsidy	-	3,859,000.00	-	30-Jun-24		0 The grant was meant to support the recycling programme
LG SETA Grant	33,229.00	270,168.00		30-Jun-24		0 An incentive grant which contributes towards the capacity building for employees and training
B - "Project 2"						
Private Sector / Organisations						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Provide a comprehensive response to this schedule						T 5 2 3

CHAPTER 5

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

The municipality received grant funding from LG Seta for capacity building towards employees. Several employees have been enrolled with tertiary institution utilizing the received funds. The municipality also received funds from The Office of the Premier for town revitalisation and number of internal streets have been identified for construction. Another grant was also received in order to implement Waste Recycling programme

T5.2.4

ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Asset management is crucial for the sustainability of the Municipality as it is not possible to render any services without properly maintained assets. From the capital budget, it can be noted that the objective is to upgrade and maintain assets on a continuous basis. The condition of assets should be such that they can provide minimum level of service if not they should be replaced. Increased investment in sustainable infrastructure, particularly roads network is necessary and maintenance thereof to keep it at a good state. After assessing the condition of the assets, the ones with poor condition will be impaired.

T5.3.1

CHAPTER 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	Dutywa Sports Facility - Ward 1			
Description	Construction of Sports Facility			
Asset Type	Community Assets			
Key Staff Involved	PMU Staff			
Staff Responsibilities	Monitoring and Evaluation			
Asset Value	Year -3	Year -2	Year -1	Year 0
				31,123,243.31
Capital Implications				
Future Purpose of Asset	To be utilised for sporting events by the community			
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name	Willowvale Sports Facility - Ward 25			
Description	Construction of Sports Facility			
Asset Type	Community Assets			
Key Staff Involved	PMU Staff			
Staff Responsibilities	Monitoring and Evaluation			
Asset Value	Year -3	Year -2	Year -1	Year 0
				22,876,443.75
Capital Implications				
Future Purpose of Asset	To be utilised for sporting events by the community			
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 3				
Name	Willowvale Sports Facility - Ward 25			
Description	Construction of Sports Facility			
Asset Type	Community Assets			
Key Staff Involved	PMU Staff			
Staff Responsibilities	Monitoring and Evaluation			
Asset Value	Year -3	Year -2	Year -1	Year 0
				21,799,238.21
Capital Implications				
Future Purpose of Asset	To be utilised for sporting events by the community			
Describe Key Issues				
Policies in Place to Manage Asset				
				T 5.3.2

gg T

CHAPTER 5

COMMENT ON ASSET MANAGEMENT:

Asset Management is done in line with the requirements of GRAP 17 and best practices as per National Treasury Asset Management Guide. Various assets were impaired after conducting a conditional assessment. This was based on the asset condition assessment performed which was informed by the heavy rains that the region experienced. An increased maintenance spending in future years should lead to reduced asset impairments.

T5.3.3

Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	35,471,970.00	67,675,970.00	53,199,063.00	21%

T5.3.4

CHAPTER 5

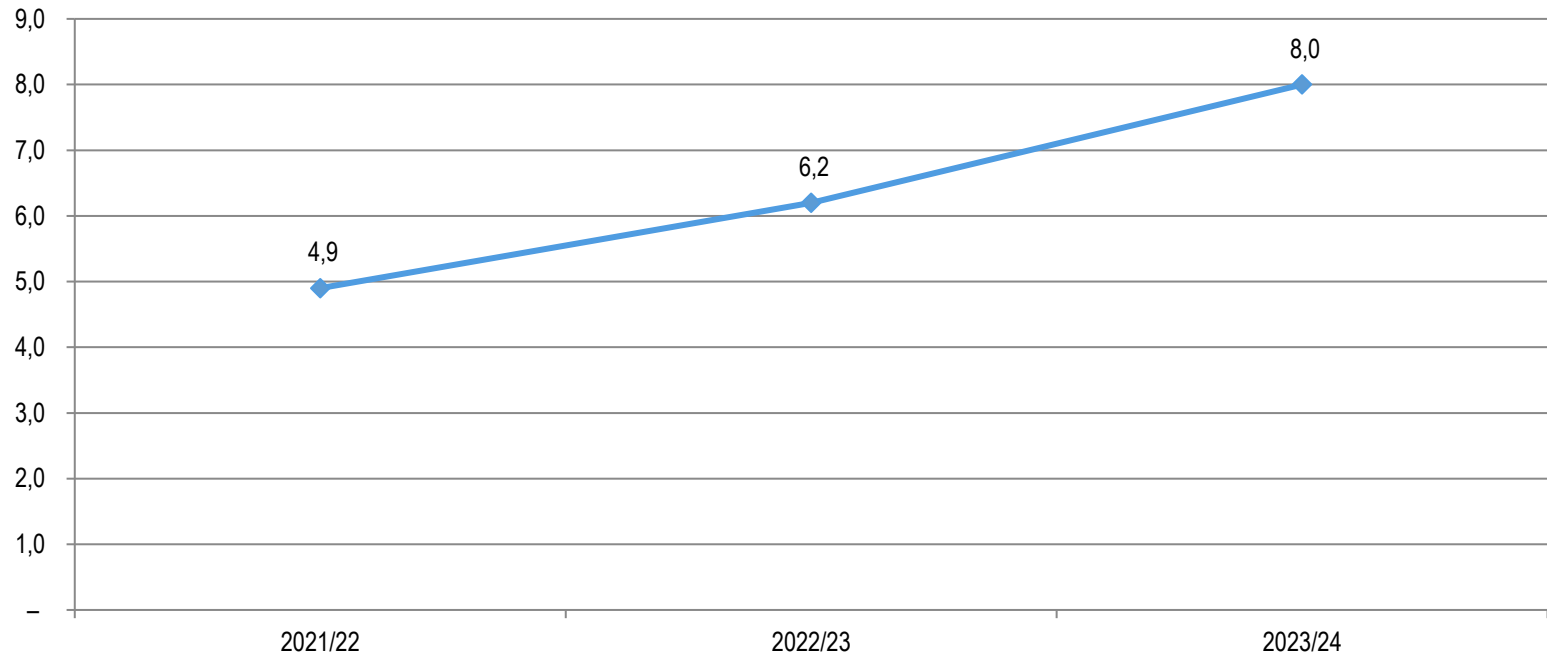
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

The Repairs and Maintenance budget for the municipality is lower than the 8% norm of the asset value as prescribed by the National Treasury, however the municipality was able to spend 79% of its Repairs and Maintenance budget for the financial year ended 30 June 2024. This was due to the fact that some funds for Disaster Relief Grant were only received in February 2024 and hence the municipality was not able to spend all those funds. In addressing the budget issues the municipality will strive to increase this percentage in the next coming financial years.

T5.3.4.1

.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

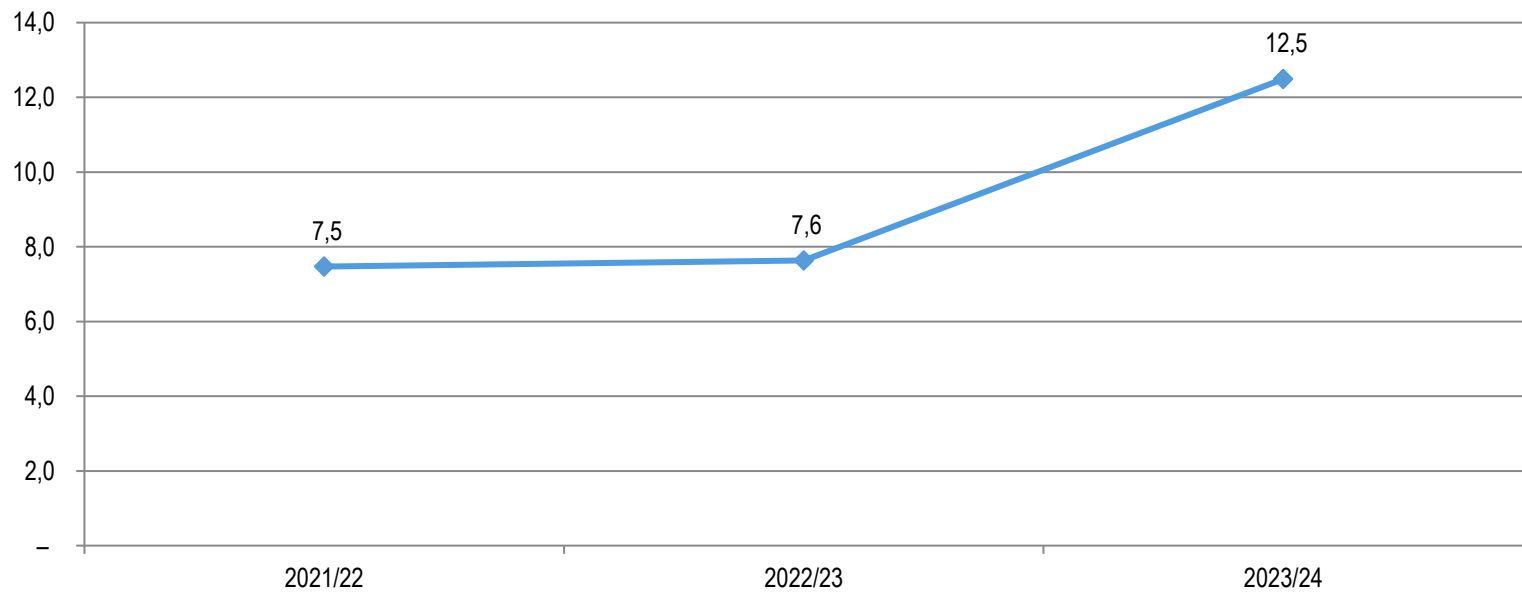
Liquidity Ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

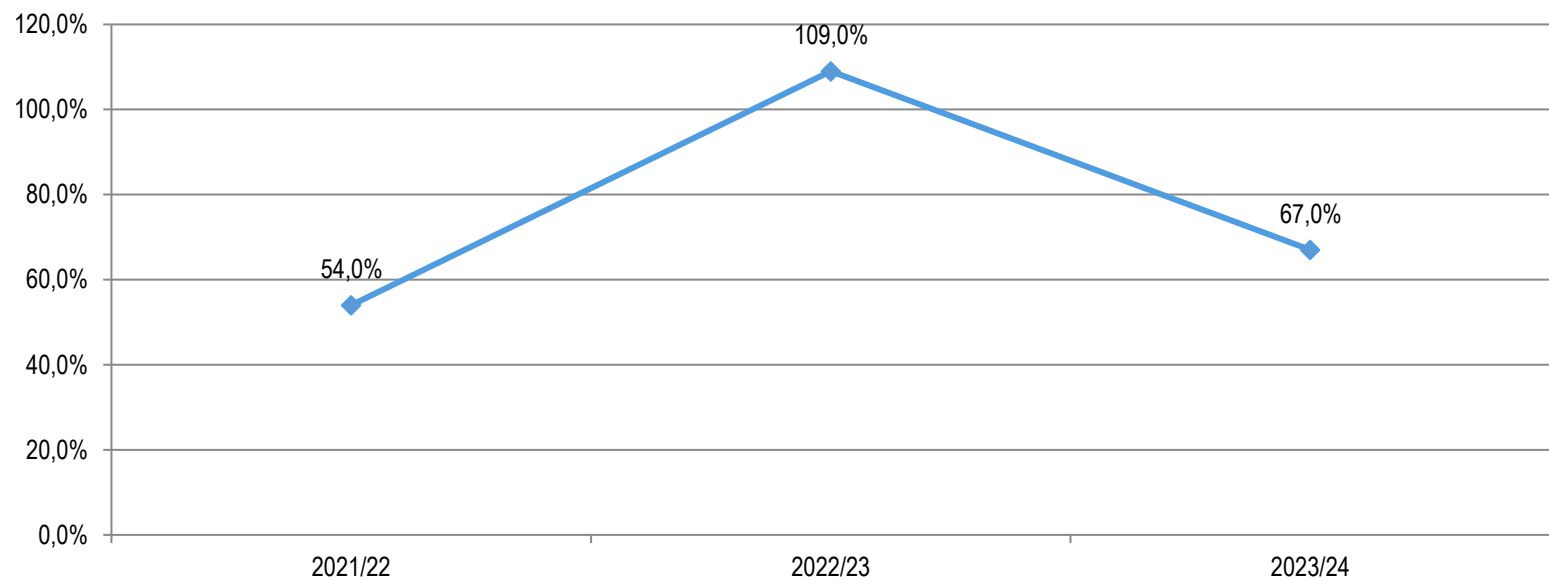
Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

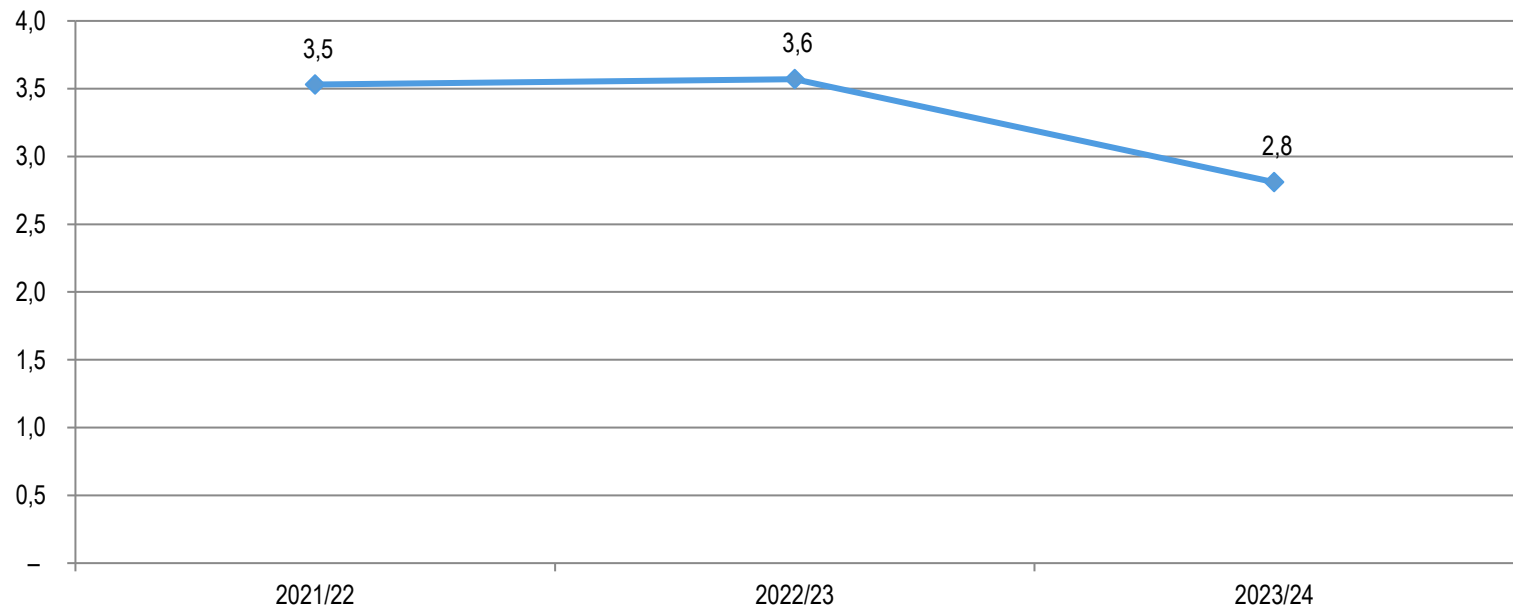
Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

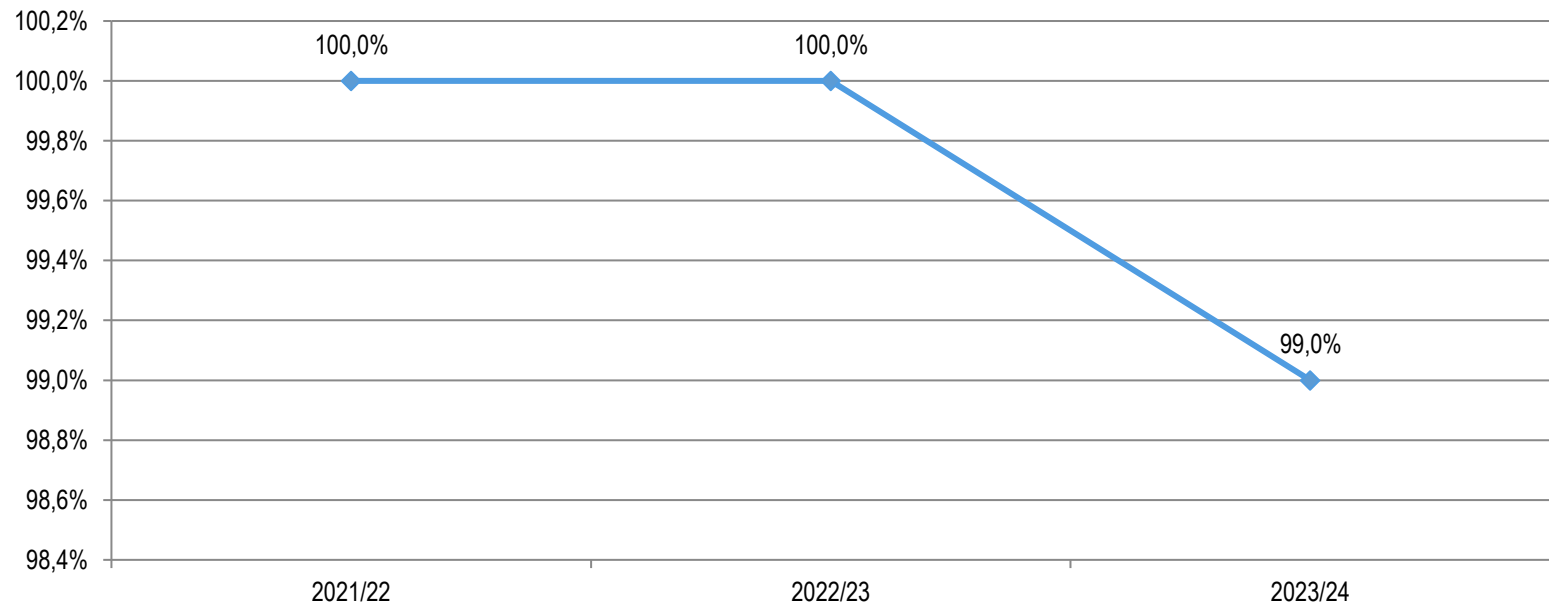
Debt Coverage



Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

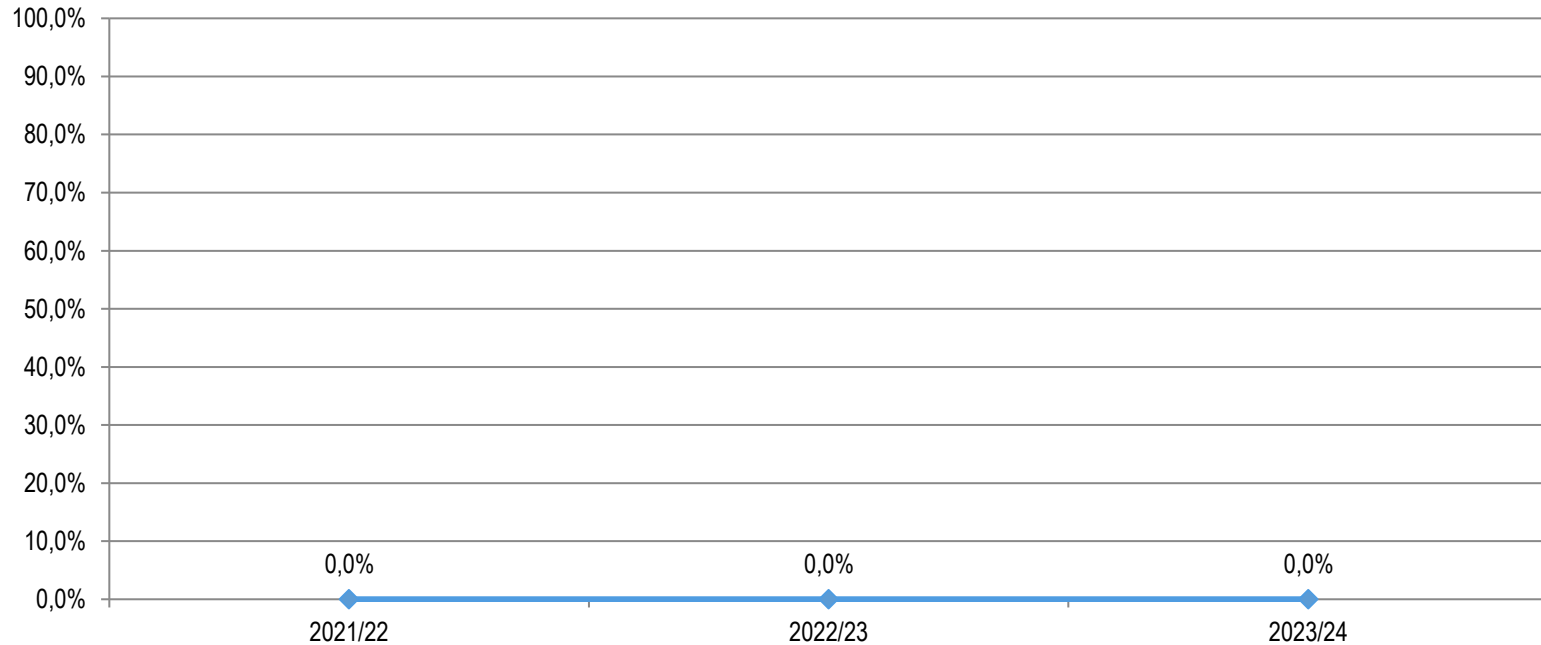
Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

Capital Charges to Operating Expenditure



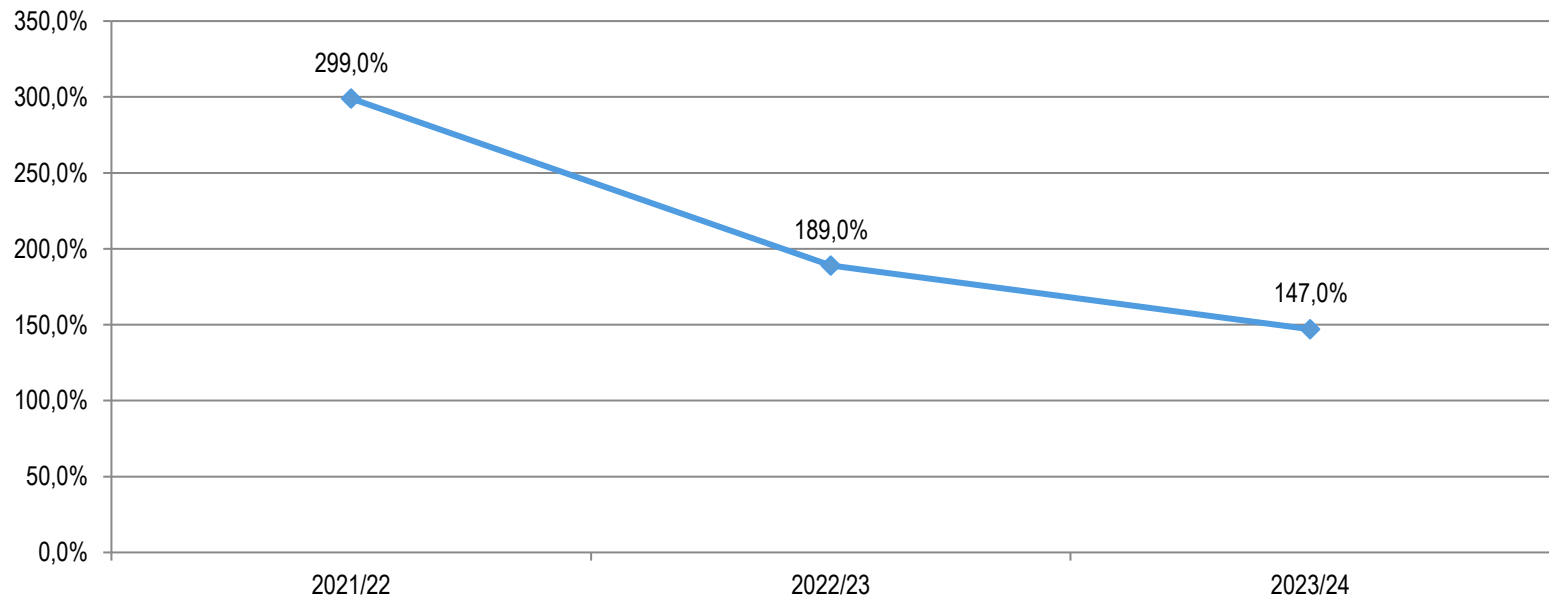
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T5.4.6

CHAPTER 5

Employee Costs

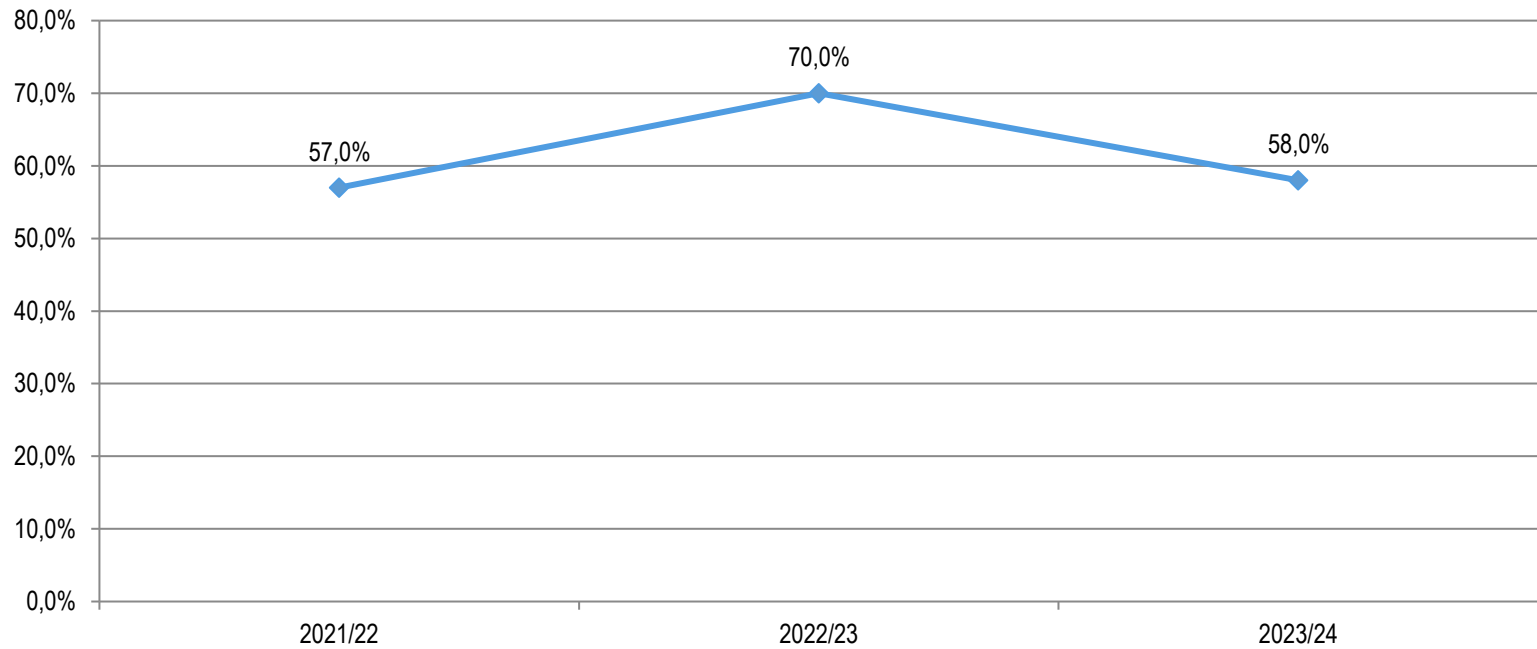


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T5.4.7

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

CHAPTER 5

T5.4.8

COMMENT ON FINANCIAL RATIOS:

Liquidity Ratio

This ratio provides an indication of the municipality's ability to pay its short term debts in the short-term (viability of an entity). These ratios focus on current assets (debtors, bank and cash, inventory) and current liabilities (trade and sundry creditors, provisions, accruals). In the current year, the municipality's ratio has increased from 6.2 in 2022/23 to 8 in 2023/24 financial year, which is way above the norm. This is an excellent indicator for the municipality's financial health status.

Cost coverage

The cost coverage is calculated as available cash plus investments divide by monthly fixed operational expenditure. The municipal budget reporting regulations table for 2023/24 shows the coverage ratio at 12.5, this indicates that the municipality had sufficient reserves to meet its fixed monthly operational costs for the 12 months ahead that clearly indicates the improved liquidity status.

Total outstanding service debtors

This ratio measures how much money is owed by the consumers on services provided by the municipality. The municipality only provides refuse removal. The percentage of 67% indicates that the municipality is progressing well in terms of debt collection against the billed amount.

Debt coverage

The municipality has a low debt coverage rate of 2.8, which indicates that it does not generate sufficient own revenue to cover its own operational costs.

Creditor's system efficiency

The municipality is developing systems in place to ensure that the creditors are paid within 30 days on receipt of valid invoice. This has led to a 99% improvement in the payment rate and the reduction in the creditors balance at year end.

Capital charges to Operating Expenditure

The rate is low because the municipality did not have capital loans and the interest incurred was on late payment of creditors.

CHAPTER 5

Employee costs

The rate of 35% is lower than the norm of 40%, because the municipality had some vacant positions that were budgeted for. The municipality reviewed its structure, however not all the posts were filled but it reduced its percentage to 40% in the 2023/24 budget.

Repairs and Maintenance (Operating)

The rate of repairs and maintenance has declined due to projected not completed during the year on the maintenance of access roads and budget constraints.

Detail	%
Employee Cost	41%
Repairs & Maintenance	9%
Finance Charges & Impairment	1%

T5.4.9

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of

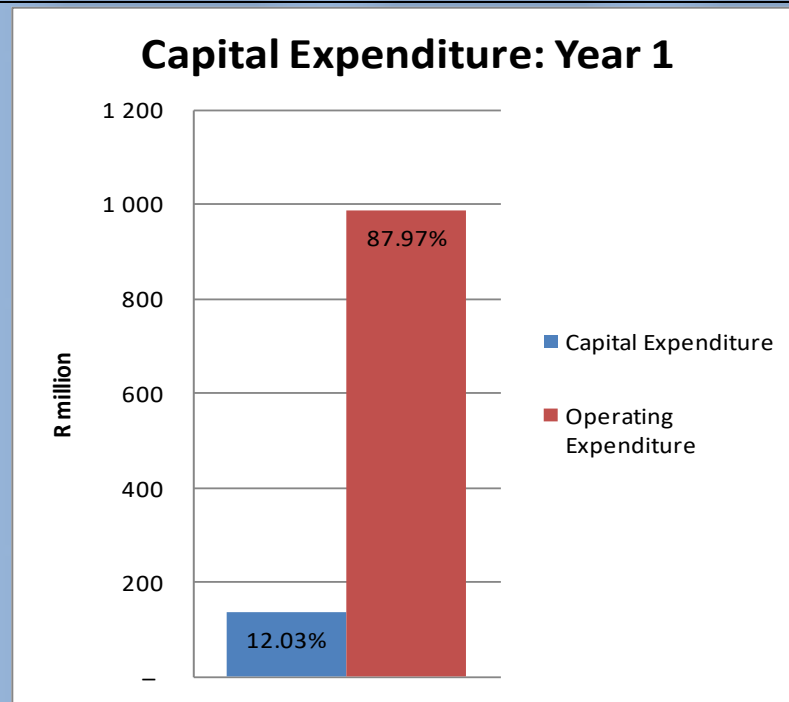
CHAPTER 5

funding as well as how these funds are spend. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

T5.5.0

5.5 CAPITAL EXPENDITURE

CHAPTER 5



T5.5.1

CHAPTER 5

5.6 SOURCES OF FINANCE

T5.6.1

CHAPTER 5

Capital Expenditure - Funding Sources: Year -1 to Year 0						
R' 000						
Details	Year -1	Year 0				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans						
Public contributions and donations						
Grants and subsidies	91,390,860.00	66,706,000.00	66,706,000.00	66,706,000.00	0%	0%
Other						
Total	91,390,860.00	66,706,000.00	66,706,000.00	66,706,000.00	0%	0%
<i>Percentage of finance</i>						
External loans						
Public contributions and donations						
Grants and subsidies	1.00	1.00	1.00	1.00	0%	0%
Other	-	-	-	-		
Capital expenditure						
Water and sanitation						
Electricity	-				#DIV/0!	#DIV/0!
Housing	-			-	#DIV/0!	#DIV/0!
Roads and storm water	91,390,860.00	66,706,000.00	66,706,000.00	66,706,000.00	0%	0%
Other					#DIV/0!	#DIV/0!
Total	91,390,860.00	66,706,000.00	66,706,000.00	66,706,000.00	0%	0%
<i>Percentage of expenditure</i>						
Water and sanitation						
Electricity	-	-	-	-		
Housing	-	-	-	-		
Roads and storm water	1.00	1.00	1.00	1.00		0%
Other	-	-	-	-	#DIV/0!	#DIV/0!

CHAPTER 5

COMMENT ON SOURCES OF FUNDING:

Delete Directive note once comment is complete – Explain any variations from the approved budget of more than 10% and discuss the total capital expenditure as a viable proportion of total expenditure.

T5.6.1.1

CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Dutywa Sport Facility	31,123,243	31,123,243	8,170,032	74%	0%
Dutywa Internal Streets	29,947,362	29,947,362	17,066,277	43%	0%
Willowvale Sports Facility	22,876,444	22,876,444	19,923,934	13%	0%
Elliotdale Sports Facility	21,799,238	21,799,238	21,106,747	3%	0%
Xhora Mouth to Ndalatha Bridge	16,574,563	16,574,563	14,432,023	13%	0%

CHAPTER 5

COMMENT ON CAPITAL PROJECTS:

Delete Directive note once comment is complete - Provide information in the template above on the 5 largest projects, ranked according to their approved budget provision year 1. Comment on the variance between the original and adjustment budgets and on availability of future Budget provision to operate the projects and lessons learnt in the year about capital project implementation on time to budget.

T5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Delete Directive note once comment is complete – Explain that need and cost of backlogs are the result of migration into an area; migration out of an area; the trend towards disaggregation of families into more than one housing unit; and the cost of renewing and upgrading core infrastructure. Explain how this balance effects net demand in your municipality and how your municipality is responding to the challenges created.

T5.8.1

CHAPTER 5

Service Backlogs as at Year 1				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management		%		%
Housing		%		%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				
T5.8.2				

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport	71496000.00	67496000.00	67496000.00	0	6%	Compliance with division of revenue act
<i>Roads, Pavements & Bridges</i>	39338273,7	0	39338273,7	0	0	N/A
<i>Storm water</i>		0	0	0	0	N/A
Infrastructure - Electricity	4142000	0	4142000	0%	0%	Compliance with division of revenue act
<i>Generation</i>				%	%	
<i>Transmission & Reticulation</i>				%	%	
<i>Street Lighting</i>	3 000 000	0	3 000 000	0	0	N/A
Infrastructure - Water				%	%	
<i>Dams & Reservoirs</i>				%	%	
<i>Water purification</i>				%	%	
<i>Reticulation</i>				%	%	
Infrastructure - Sanitation				%	%	
<i>Reticulation</i>				%	%	
<i>Sewerage purification</i>				%	%	
Infrastructure - Other				%	%	

CHAPTER 5

Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
				%	%	
Total	50931634,20	18400000	69331634,20	%	%	

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.8.3

CHAPTER 5

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
Infrastructure - Road transport	71496000.00	67496000.00	67496000.00	0	6%	Compliance with division of revenue act
<i>Roads, Pavements & Bridges</i>	39338273,7	0	39338273,7	0	0	N/A
<i>Storm water</i>		0	0	0	0	N/A
Infrastructure - Electricity	4142000	0	4142000	0%	0%	Compliance with division of revenue act
<i>Generation</i>				%	%	
<i>Transmission & Reticulation</i>				%	%	
<i>Street Lighting</i>	3 000 000	0	3 000 000	0	0	N/A
Infrastructure - Water				%	%	
<i>Dams & Reservoirs</i>				%	%	
<i>Water purification</i>				%	%	
<i>Reticulation</i>				%	%	
Infrastructure - Sanitation				%	%	
<i>Reticulation</i>				%	%	
<i>Sewerage purification</i>				%	%	
Infrastructure - Other				%	%	
<i>Waste Management</i>				%	%	
<i>Transportation</i>				%	%	
<i>Gas</i>				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
				%	%	
Total	50931634,20	18400000	69331634,20	%	%	

CHAPTER 5

** MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.*

T 5.8.3

COMMENT ON BACKLOGS:

Delete Directive note once comment's completed - Comment on how MIG grants have been utilised to redress the backlogs and on the variances in T 5.8.3. If appropriate, comment that **Appendix P** contains details of schools and clinics that have been established that do not have ready access to one or more basic services and **Appendix Q** contains details of those services provided by other spheres of government (whether the municipality is involved on an agency basis or not) that carry significant backlogs.

T5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

CHAPTER 5

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality's consistent strong liquidity profile over the past few years reflects a viable administrative system geared towards fiscal discipline despite challenges associated with the collection of revenues. The municipality prepares highly informative and comprehensive annual financial statements, including a balance sheet that is independently audited by the Auditor General. The municipality received an unqualified audit opinion for the financial year ended 30 June 2024. There were no material qualifications that affect the cash flow of the municipality.

T5.9

CHAPTER 5

MBHASHE LOCAL MUNICIPALITY (EC 121)

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		18 072 732	5 596 735
Grants		446 949 044	429 433 137
Interest income		40 207 257	26 197 502
Other receipts		5 468 077	5 860 638
		<u>510 697 110</u>	<u>467 088 012</u>
Payments			
Employee costs		(159 043 895)	(147 459 777)
Suppliers		(158 975 268)	(150 800 569)
Finance costs		(20 984)	(9 057)
		<u>(318 040 147)</u>	<u>(298 269 403)</u>
Total receipts		510 697 110	467 088 012
Total payments		(318 040 147)	(298 269 403)
Net cash flows from operating activities	34	<u>192 656 963</u>	<u>168 818 609</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(94 021 914)	(87 788 194)
Purchase of other intangible assets	5	-	(104 041)
Proceeds from sale of other asset		-	3 824 518
Net cash flows from investing activities		<u>(94 021 914)</u>	<u>(84 067 717)</u>
Net increase/(decrease) in cash and cash equivalents		98 635 049	84 750 892
Cash and cash equivalents at the beginning of the year		333 319 501	248 568 609
Cash and cash equivalents at the end of the year	13	<u>431 954 550</u>	<u>333 319 501</u>

CHAPTER 5

Cash Flow Outcomes				
				R'000
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	18,354,751	88,937	14,136	14,136
Government - operating	197,686,000	213,179	213,241	213,241
Government - capital	92,311,410	72,745	82,745	82,745
Interest	9,004,105	10,479	10,479	10,479
Dividends				
Payments				
Suppliers and employees	(267,776,448)	(227,128)	(289,529)	(289,529)
Finance charges	(15,294)		(9,122)	(9,122)
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	34,285	158,211	21,950	21,950,226
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE			1,431	1,431
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(121,629)	(158,211)	(52,445)	(52,445)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(121,629)	(158,211)	(51,014)	(51,013,749)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	9,087		24,079	(24,079)
NET CASH FROM/(USED) FINANCING ACTIVITIES	9,087	–	24,079	(24,078,763)
NET INCREASE/ (DECREASE) IN CASH HELD	(78,257)	–	(4,985)	(53,142,286)
Cash/cash equivalents at the year begin:	145,034			66,777,287
Cash/cash equivalents at the year end:	66,777	–	(4,985)	13,635,001

CHAPTER 5

COMMENT ON CASH FLOW OUTCOMES:

Delete Directive note once comment is completed - Supply a brief summary about the cash flow status of the municipality. Explain variances from Original and Adjustment Budget to Actual. Include information on operating activities and what effect they had on cash flow and on cash backing of surpluses. Information regarding cash flow may be sourced from **Table A7 of the MBRR**.

T5.9.1.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality did not have borrowings in the 2023/24 financial year

T5.10.1

Investment profile

The municipality has short term investments with different banks. This is under cash and cash equivalents under the AFS note 5.

CHAPTER 5

MBHASHE MUNICIPALITY										
INVESTMENTS AS AT 30 JUNE 2024										
	Bank	Account Type	Acc name	Status	Acc number	2023/07/01	Total	Deposits Total	Total	Closing Balance as at 30/06/2024
1	FNB	7 Day Interest Plus	Mbhashe Municipality	Active	74321424942	21.378.937.46	4.273.286.71	165.752.000.00	(165.000.000.00)	26.404.224.17
2	FNB	Call Account	EPWP Call Account	Active	62562355373	114.894.23	20.180.23	1.000.000.00	(1.100.000.00)	35.074.46
3	FNB	Call Account	FMG Call Account	Active	62562352410	8.901.61	382.783.25	24.452.000.00	(24.700.000.00)	143.684.86
4	FNB	Call Account	Depreciation Account	Active	74813155287	11.212.409.96	2.654.254.00	21.000.000.00	-	34.866.663.96
5	ABSA	Fixed Deposit	Mbhashe Municipality	Inactive	2080521361	-	5.875.857.53	120.000.000.00	(125.875.857.53)	-
6	Standard Bank	Fixed Deposit	Mbhashe Municipality	Inactive	88629511	-	2.879.589.04	60.000.000.00	(62.879.589.04)	-
7	Nedbank	Fixed Deposit	Mbhashe Municipality	Inactive	03/7881169370/000003	-	5.875.857.53	120.000.000.00	(125.875.857.53)	-
8	FNB	Fixed Deposit	Mbhashe Municipality	Inactive	76202166685	-	-	-	-	-
9	ABSA	Fixed Deposit	Mbhashe Municipality	Active	2081429350	-	5.747.671.23	150.000.000.00	(155.747.671.23)	-
10	Nedbank	Fixed Deposit	Mbhashe Municipality	Active	03/7881169370/000006	-	2.996.330.96	80.000.000.00	(82.996.330.96)	-
11	Standard Bank	Fixed Deposit	Mbhashe Municipality	Active	088629511-004	-	4.654.109.58	120.000.000.00	(124.654.109.58)	-
						32.715.143.26	35.359.920.06	862.204.000.00	(868.829.415.87)	61.449.647.45

T5.10.2

T5.10.3

CHAPTER 5

COMMENT ON BORROWING AND INVESTMENTS

The municipality did not have borrowings in the 2023/24 financial year. T.5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIP

PUBLIC PRIVATE PARTNERSHIPS

The municipality did not have any Public Private Partnerships during the 2023/24 financial year

T5.11.1

CHAPTER 5

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Section 3(1)(b) and (c) of the SCM Regulations states that the accounting officer of a municipality must at least annually review the implementation of the SCM policy and when necessary submit proposal for the amendment of the policy to council.

Section 117 of the MFMA states that: “No councilor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, not attend any such meeting as an observer.” The Accounting Officer established a committee system that is consistent with the MFMA and Municipal SCM Regulations for competitive bids consisting of

- A bid specification committee
- A bid evaluation committee
- A bid adjudication committee

Chapter 6 of the Municipal Regulations on Minimum Competency Levels states that: “The accounting officer and any other official of a municipal entity involved in the implementation of the SCM Policy of the municipal entity must generally have the skills, experience and capacity to assume and fulfil the responsibilities and exercise the functions and power in respect of Supply Chain Management.” The regulations indicate the minimum competency levels for Heads and Managers in Supply Chain Management and Supply Chain Management Practitioners.

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Supply Chain Management is centralized and situated in the Budget and Treasury Department with 5 permanent staff members, 1 of them has completed the minimum competency requirements, whilst 4 are in the final stages of meeting these competencies.

T5.12.1

T5.12.1

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications. The municipality is yet to achieve full compliance with GRAP but notable strides have been made as captured in the Audit Action Plan. Material misstatements were identified by the Auditor-General that were subsequently corrected, leading to the Annual Financial Statements receiving an unqualified audit opinion with emphasis of matter.

T5.13.1

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CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA S45 states that the results of performance measurement... must be audited annually by the Auditor-General.

Refer to the Annual Financial Statements set out in Volume II and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter. If this is the version of the annual report presented to Council in September then the Auditor-Generals statements on this year's submissions will not be available for inclusion in this Chapter and this should be explained.

T6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR 0 (PREVIOUS YEAR)

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Report of the auditor-general to Eastern Cape Provincial Legislature and the council of the Mbhashe Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Mbhashe Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mbhashe Local Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Impairment of assets

8. As disclosed in note 30 to the financial statements, material impairments of R 6,2 million were incurred on infrastructure and community assets, mainly on roads and bridges as a result of floods that occurred during the financial year.

Unspent conditional grants and receipts

9. As disclosed in note 14 to the financial statements, the municipality had unspent conditional grants and receipts totalling R21,8 million.

Irregular expenditure

10. As disclosed in note 43 to the financial statements, irregular expenditure of R12,8 million was incurred during the year.

Other matter

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

Unaudited disclosure notes

12. In section 125(2) (e) of the MFMA, the Municipality must disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements, and accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the MFMA and the Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

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considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

17. 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 development priority presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following development priority presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected development priority that measures municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Development priority	Page numbers	Purpose
Service delivery and Infrastructure	XX	To develop, maintain and upgrade quality infrastructure

19. I evaluated the reported performance information for the selected development priority 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.
20. 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
 - 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

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- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

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

22. The material findings on the reported performance information for the selected development priority are as follows:

Service Delivery & Infrastructure

SD.2.1 Number of households serviced

23. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined nature and required level of performance to be used when measuring the reported achievement for the target of 60 124. This was due to a lack of measurement definitions and processes. I was unable to test whether the target for this indicator was clearly defined by alternative means. Consequently, I could not confirm the reliability of the reported achievement.

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

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

Material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for the development priority. Management did not correct all of the misstatements and I reported a material finding in this regard.

Report on compliance with legislation

27. 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.

28. 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

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(AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

29. 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.
30. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual report

31. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current asset, liabilities and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
32. The oversight report adopted by the council on the 2021/22 annual report was not made public, as required by section 129(3) of the MFMA.

Procurement and contract management

33. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). This non-compliance was identified in the procurement processes for supply and delivery of law enforcement personal protective equipment.

Strategic planning and performance management

34. The performance management system and related controls were inadequate as it did not describe how the performance planning, monitoring, measurement, review and reporting processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).

Other information in the annual report

35. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected development priority presented in the annual performance report that have been specifically reported on in this auditor's report.
36. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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37. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

39. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
40. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
41. Leadership has not institutionalised all the disciplines necessary to enable oversight and monitoring to promote efficiency and effectiveness in financial and performance management and compliance with legislation. The leadership was unable to detect and prevent material misstatements in the financial statements and annual performance report as well as prevention of irregular expenditure. Management did not respond to all the recommendations of the audit committee and internal audit, which impacted the effectiveness of these governance structures and resulted repeat audit findings being raised.

Material irregularities

42. 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.

Material irregularities identified during the audit

43. The material irregularities identified are as follows:

Payment of hawker stalls not received

44. The municipality did not comply with section 65(2)(a) of the MFMA, which requires that reasonable steps are taken to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal, and payment of funds.

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45. The municipality appointed a contractor on 12 November 2015, for the installation of the Idutywa Hawker Stalls Phase 2 project for an amount of R16 million over a period of three years. The supplier delivered 60 hawker stalls, which left a balance of 260 hawker stalls not delivered. The municipality did not comply with section 65(2)(a) of the MFMA, as the accounting officer did not ensure that reasonable steps were in place to ensure payments were approved and made for goods that had been delivered and installed.
46. I notified the accounting officer of the material irregularity on 14 February 2023, and invited him to make a written submission on the actions taken.
47. In August 2022, the municipality advertised for a legal firm to remedy the matter and was appointed, and an urgent application for the delivery of the 260 Hawker Stalls from the supplier was sought.
48. On 6 March 2023, a consultation was conducted with the signatories who are still in the employ of the municipality. MPAC took the resolution that all involved employees must be investigated by the disciplinary board. The municipality had received correspondence from attorneys stating that it should approach a court of law to demand the hawker stalls from the supplier.
49. The matter was taken to East London High Court by the municipality on 12 October 2023, demanding monies that the consultants were unjustifiably enriched with as they never delivered the remaining 260 hawker stalls from the contractor. The municipality is in the process of making an application for the default judgement, as the consultant never filed their intention to oppose the matter.
50. A follow-up will be done in the next audit cycle to confirm that the monies lost have been recovered from the responsible parties.

Auditor - General

East London

06 February 2024



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COMPONENT B: AUDITOR-GENERAL OPINION YEAR 1 (CURRENT YEAR)

Report of the auditor-general to the Eastern Cape Legislature and Council on the Mbhashe Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Mbhashe Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mbhashe Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Allowance for impairment

7. As disclosed in note 12 to the financial statements, a provision for impairment of R60,4 million (2022-23: R39,6 million) was made in respect of consumer debtors.

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Restatement of corresponding figures

8. As disclosed in notes 39 and 40 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Unspent conditional grants and receipts

9. As disclosed in note 14 to the financial statements, the municipality had unspent conditional grants and receipts totalling R19,9 million.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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

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Report on the audit of the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected development priority presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
17. I selected the following development priority presented in the annual performance report for the year ended 30 June 2024. I selected a development priority that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Development priority	Page numbers	Purpose
Service delivery and infrastructure development	XX	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.

18. I evaluated the reported performance information for the selected development priority against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
19. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance, as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information 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.

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20. I performed the procedures only for the purpose of reporting material findings and not to express an assurance opinion or conclusion.
21. The material findings on the reported performance information for the selected development priority are as follows:

SD 2.1 Number of households and commercial areas serviced at Dutywa, Gatyana and Xhora

22. I was unable to obtain sufficient appropriate audit evidence of a clear definition of the predetermined nature and required level of performance to be used when measuring the reported achievement for the target of 164 households and 20 commercial areas serviced as follows: (Dutywa – 65 households and 10 commercial areas; Gatyana – 49 households and 5 commercials; and Xhora – 50 households and 5 commercial). This was due to a lack of measurement definitions and processes. I was unable to test by alternative means whether the target for this indicator was clearly defined. Consequently, I could not confirm the reliability of the reported achievement.

Other matter

23. I draw attention to the matters below.

Achievement of planned targets

24. 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.
25. The table that follows provides information on the achievement of planned targets and lists the 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.

Service delivery and infrastructure development

<i>Targets achieved: 54%</i> <i>Budget spent: 64%</i>		
Key indicator not achieved	Planned target	Reported achievement
SD 1.1.5 – Number of square meters of potholes fixed as per the assessment report at Dutywa, Gatyana and Xhora	280 square meters of potholes fixed as per the assessment report as follows: Dutywa – 120, Gatyana – 80 Xhora – 80 R0	281,57 square meters as follows: Xhora – 82m Gatyana – 80m Dutywa – 120,11m

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SD 1.2 – Number of households electrified in ward 23 and ward 14	434 households electrified as follows: Ward 14-129 & Ward 23-305 R17 284 182,45	434 households electrified as follows: Ward 23-305 Ward 14-129 Practical completion certificate and report signed by the senior manager, confirmation letters from beneficiaries and list of beneficiaries.
SD 1.3 – Number of municipal solar systems installed and electrified with energy saving technology (Dutywa main office new building)	1 Municipal solar system installed and electrified with energy-saving technology (solar systems) in Dutywa main office new building R5 000 000	1
SD 1.4 – Number of solar systems maintained in ward 8 Sibane and as per assessment report	30 solar systems maintained in ward 8 Sibane R300 000	30
SD 1.5 – Number of streetlights upgraded in ward 1 and ward 25 as per assessment report.	50 streetlights upgraded in wards 1 and 25 as follows: Ward 1 – 30 Ward 25 – 20 R2 000 000	50 upgraded streetlights as follows: Ward 1-30 Ward 25-20
SD 1.10 – Number of ablution facilities constructed at old Gatyana taxi rank	1 ablution facility constructed at old Gatyana taxi rank R200 000	1
SD 1.11 – Number of community halls constructed at ward 8 (Gem Community Hall)	1 community hall constructed at ward 8 Gem Community Hall R3 568 041,60	1
SD 2.1 – Number of households and commercial areas serviced at Dutywa, Gatyana and Xhora	164 households and 20 commercial areas serviced as follows: (Dutywa – 65 households and 10 commercial areas, Gatyana – 49 households and 5 commercials, and Xhora – 50 households) and 5 commercial R6 050 000	164 households and 20 commercial areas serviced as follows: (Dutywa – 65 households and 10 commercial areas, Gatyana – 49 households and 5 commercials, and Xhora – 50 households) and 5 commercials
SD 2.2 – Number of programmes implemented as per the waste management plan in wards 1, 13 and 25.	3 programmes implemented as per the waste management plan in wards 1, 13 and 25.	5 Programmes implemented for waste management services as follows: Ward 1-2 Ward 13-1 Ward 25-2
SD 1.12 – Number of road safety measures implemented in each unit – Gatyana, Xhorha and Dutywa	12 road safety measures implemented as follows: Gatyana – 4, Xhorha – 4 and Dutywa – 4 R2 244 80	32 road safety measures implemented as follows: Gatyana – 11 Xhorha – 9 Dutywa – 12

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SD 3.1 – Number of beaches provided with life rescue services during peak seasons as follows: Qhorha, Tenza, Dwesa, Cwebe, Qatywa, Mpame, Mbholompo, Bulungula, Lubanzi and Haven.	10 beaches provided with life rescue services during peak seasons as follows: Qhorha – W22, Tenza – W22, Dwesa – W29, Cwebe – W20, Qatywa – W32, Mpame – W19, Mbholompo – W19, Bulungula – W19, Lubanzi – W19 and Haven – W20). R770 000	10
SD 4.1 – Number of relocation plans developed for Dutywa ward 9 and Gatyana ward 25	2 relocation plans developed for Dutywa ward 9 and Gatyana ward 25 R1 000 000	2 relocation plans as follows: Ward 9-1 Ward 25-1
SD 4.2 – Number of townships registered and proclaimed at ward 1 & 13	2 townships registered and proclaimed at ward 1 and 13 R700 000	2 townships registered and proclaimed as follows: Dutywa Township Ext 3 Ward 1-1 Xhorha Ext 5 Ward 13-1.

Material misstatements

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

Report on compliance with legislation

27. 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.
28. 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.
29. 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 for 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.
30. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

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Annual financial statements and annual report

31. The financial statements submitted for auditing were not fully 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 and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

32. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R239 859 as disclosed in note 44 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. Most of the disclosed fruitless and wasteful expenditure was caused by payment of fuel and oil for a non-municipal vehicle.

Asset management

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

Strategic planning and performance management

34. The performance management system and related controls were inadequate as they did not describe how the performance planning, monitoring, measurement, review and reporting processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).

Procurement and contract management

35. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA.

Other information in the annual report

36. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
37. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
38. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priorities

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presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Internal control deficiencies

40. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
41. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
42. Leadership has not institutionalised all the disciplines necessary to enable oversight and monitoring to promote efficiency and effectiveness in financial and performance management and compliance with legislation. The leadership was unable to detect and prevent material misstatements in the financial statements and annual performance report. Management did not respond to all the recommendations of the audit committee and internal audit, which impacted the effectiveness of these governance structures and resulted in repeat audit findings being raised.

Material irregularities

43. 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

Payment of hawker stalls not received

44. The municipality did not comply with section 65(2)(a) of the MFMA, which requires that reasonable steps be taken to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds.
45. The municipality appointed a contractor on 12 November 2015 for the installation of the Idutywa Hawker Stalls Phase 2 project for an amount of R16 million over a period of three

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years. The supplier delivered 60 hawker stalls, which left a balance of 260 hawker stalls not delivered. The municipality did not comply with section 65(2)(a) of the MFMA, as the accounting officer did not ensure that reasonable steps were in place to ensure that payments were approved and made for goods that had been delivered and installed.

46. I notified the accounting officer of the material irregularity on 14 February 2023 and invited him to make a written submission on the actions taken.
47. In August 2022, the municipality advertised for a legal firm to remedy the matter. A firm was appointed, and an urgent application for the delivery of the 260 hawker stalls from the supplier was sought.
48. On 6 March 2023, a consultation was conducted with the signatories who are still in the employ of the municipality. Municipal Public Accounts Committee (MPAC) adopted a resolution that all employees involved had to be investigated by the disciplinary board. The municipality had received correspondence from attorneys stating that it should approach a court of law to demand the hawker stalls from the supplier.
49. The municipality referred the matter to the East London High Court on 12 October 2023, demanding the monies by which the consultants were unjustifiably enriched as the contractor had never delivered the remaining 260 hawker stalls. The municipality is in the process of making an application for the default judgement, as the consultant never filed their intention to oppose the matter.
50. The municipality sought a default judgement after the defendant failed to respond within the required time, but following recent legal guidance, the attorneys are now preparing for a trial, potentially next year.
51. Based on my evaluation of the information and evidence provided, the steps taken by the accounting officer are appropriate and the material irregularity is therefore resolved.

Auditor General

East London

29 November 2024



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

CHAPTER 6

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

CHAPTER 6

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance 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.

From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

CHAPTER 6

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 – Paragraph (a), (b) & (d) of the definition: irregular expenditure Section 1 – Definition: service delivery and budget implementation plan Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1) Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b) Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i) Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b) Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e) Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1) Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii) Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170 Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a) Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a) Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b) Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c) Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43 Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b)

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Legislation	Sections or regulations
	Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a) Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J (1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Sections 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8) Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2) Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

CHAPTER 6

6.2 AUDITOR GENERAL REPORT YEAR 1

CHAPTER 6

MBHASHE LOCAL MUNICIPALITY (EC 121)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Current Assets			
Receivables from exchange transactions	9&12	1 733 482	9 865 283
Receivables from non-exchange transactions	10&12	22 824 055	18 532 070
VAT receivable	11	753 050	11 062 299
Cash and cash equivalents	13	431 954 550	333 319 501
		457 265 137	372 779 153
Non-Current Assets			
Investment property	3	33 511 900	33 511 900
Property, plant and equipment	4	683 192 446	645 978 137
Intangible assets	5	333 807	420 351
Heritage assets	6	11	11
		717 038 164	679 910 399
Non-Current Assets		717 038 164	679 910 399
Current Assets		457 265 137	372 779 153
Total Assets		1 174 303 301	1 052 689 552
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	34 927 908	37 534 738
Employee benefit obligation	8	1 067 000	770 000
Unspent conditional grants and receipts	14	19 965 196	21 768 774
		55 960 104	60 073 512
Non-Current Liabilities			
Employee benefit obligation	8	6 438 000	6 170 000
Provisions	15	24 382 042	21 779 404
		30 820 042	27 949 404
Non-Current Liabilities		30 820 042	27 949 404
Current Liabilities		55 960 104	60 073 512
Total Liabilities		86 780 146	88 022 916
Assets		1 174 303 301	1 052 689 552
Liabilities		(86 780 146)	(88 022 916)
Net Assets		1 087 523 155	964 666 636
Accumulated surplus		1 087 523 155	964 666 636
Total Net Assets		1 087 523 155	964 666 636

CHAPTER 6

MBHASHE LOCAL MUNICIPALITY (EC 121)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Service charges	18	3 730 340	3 490 927
Construction contracts	26	14 090 339	5 070 361
Rental of facilities and equipment	19	3 188 573	3 692 802
Interest income (trading)	17	5 123 180	3 373 321
Other income	23	1 310 054	950 660
Interest earned	24	40 207 257	26 197 502
Revenue from non-exchange transactions			
Property rates	25	20 429 729	19 982 333
Licence and permits	2122	2 542 902	2 863 539
Grants and subsidies	26	434 662 283	425 913 468
Fines and penalties	20	1 615 121	2 046 439
Total revenue		526 899 778	493 581 352
Expenditure			
Employee related costs	27	(135 668 746)	(127 937 795)
Remuneration of Councillors	28	(23 227 383)	(23 443 839)
Depreciation and amortisation	29	(51 687 783)	(51 576 602)
Finance costs	31	(1 438 823)	(3 250 664)
Debt Impairment	32	(20 896 464)	(2 722 217)
Administrative and other expenditure	33	(157 081 204)	(146 069 425)
Total expenditure		(390 000 403)	(355 000 542)
Total revenue		526 899 778	493 581 352
Total expenditure		(390 000 403)	(355 000 542)
Operating surplus		136 899 375	138 580 810
Profit/(Loss) on disposal of assets		(90 481)	(89 843)
Impairment (loss)/Reversal	30	(4 936 633)	(6 156 342)
		(5 027 114)	(6 246 185)
Operating surplus/deficit		(5 027 114)	(6 246 185)
Surplus before taxation		131 872 261	132 334 625
Taxation		-	-
Surplus for the year		131 872 261	132 334 625

CHAPTER 6

MBHASHE LOCAL MUNICIPALITY (EC 121)

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance as previously reported	826 495 616	826 495 616
Prior year adjustments	5 836 395	5 836 395
Balance at 01 July 2022 restated	832 332 011	832 332 011
Changes in net assets		
Surplus/(Deficit) for the year	132 334 625	132 334 625
Total changes	132 334 625	132 334 625
Restated Opening balance	964 666 636	964 666 636
Other prior year adjustments	(9 015 742)	(9 015 742)
Total Net changes	955 650 894	955 650 894
Changes in net assets		
Surplus/(Deficit) for the year	131 872 261	131 872 261
Total changes	131 872 261	131 872 261
Balance at 30 June 2024	1 087 523 155	1 087 523 155

CHAPTER 6

MBHASHE LOCAL MUNICIPALITY (EC 121)

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		18 072 732	5 596 735
Grants		446 949 044	429 433 137
Interest income		40 207 257	26 197 502
Other receipts		5 468 077	5 860 638
		<u>510 697 110</u>	<u>467 088 012</u>
Payments			
Employee costs		(159 043 895)	(147 459 777)
Suppliers		(158 975 268)	(150 800 569)
Finance costs		(20 984)	(9 057)
		<u>(318 040 147)</u>	<u>(298 269 403)</u>
Total receipts		510 697 110	467 088 012
Total payments		(318 040 147)	(298 269 403)
Net cash flows from operating activities	34	<u>192 656 963</u>	<u>168 818 609</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(94 021 914)	(87 788 194)
Purchase of other intangible assets	5	-	(104 041)
Proceeds from sale of other asset		-	3 824 518
		<u>(94 021 914)</u>	<u>(84 067 717)</u>
Net cash flows from investing activities		<u>(94 021 914)</u>	<u>(84 067 717)</u>
Net increase/(decrease) in cash and cash equivalents		98 635 049	84 750 892
Cash and cash equivalents at the beginning of the year		333 319 501	248 568 609
Cash and cash equivalents at the end of the year	13	<u>431 954 550</u>	<u>333 319 501</u>

CHAPTER 6

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 1

T6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 1:

Delete Directive note once comment's completed - Provide comments from the Municipal Manager / CFO on the Auditor-General's opinion. Include comments on YEAR 0 if it provides useful context.

T6.2.4COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES: Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief financial officer states that these data sets have been returned according to the reporting requirements/ with the exception of those items and for those reasons given at **Appendix S (delete '...' if not applicable)**.

Signed (Chief financial Officer)..... Dated

T6.2.5

CHAPTER 6

CHAPTER 6

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.

CHAPTER 6

Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.

Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.

CHAPTER 6

General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".

CHAPTER 6

Outputs

The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.

CHAPTER 6

Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.

CHAPTER 6

Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a “vote” as: <i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

CHAPTER 6

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

NR	COUNCIL MEMBERS	FULL TIME / PART TIME (FT/ PT)	COMMITTEES ALLOCATED	*WARD AND/ OR PARTY REPRESENTED	PERCENTAGE COUNCIL MEETINGS ATTENDANCE	PERCENTAGE APOLOGIES FOR NON ATTENDANCE
					NR	NR
1.	CLLR. A TYATYAZA	P/T	MPAC MEMBER	ANC	99%	1%
2.	CLLR. TOMOSE	P/T	BSD	ANC	90%	10%
3.	CLLR. ZUKILE C. GOBINDUKU	P/T	MFV	ANC	95%	5%
4.	CLLR. SIMPHIWE FUTSHANE	F/T	GGP	ANC	98%	2%

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5.	CLLR. M NDIKINDA	P/T	GOOD GOVERNANCE PUBLIC PARTICIPATION & ETHICS	ANC	100%	0%
6.	CLLR. THOBELA NODLIWA	P/T	MPAC	ANC	99%	1%
7.	CLLR. BUYISWA GAVEN	P/T	LED	ANC	95%	5%
8.	CLLR. ANDA MPATUSE	PT	LED	ANC	98%	2%
9.	CLLR. KUNGEKA SIGWAYI	P/T	BSD, WOMAN'S CAUCUS	ANC	99%	1%
10.	CLLR. ERNEST FIPAZA	P/T	MPAC	ANC	100%	0%
11.	CLLR. NONYUSILE NGOLOTHI	P/T	LED	ANC	99%	1%

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12.	CLLR. MNIKELO VINCENT MURU	P/T	BASIC SERVICE DELIVERY,	ANC	99%	1%
13.	CLLR. SONWABILE TOYANA	P/T	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	ANC	95%	5%
14.	CLLR. LUYANDA MPUNZI	P/T	MPAC	ANC	97%	3%
15.	CLLR. SIYABULELA MDABUKA	P/T	MUNICIPAL FINANCIAL VIABILITY,	ANC	95%	5%
16.	CLLR. NOSIPHO STAFANA	P/T	LED	ANC	80%	20%
17.	CLLR. NOSIPHO NANCY NTSHONTSHO	P/T	MUNICIPAL TRANSFORMATION	ANC	95%	5%

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			& INSTITUTIONAL DEVELOPMENT			
18.	CLLR. LUNGISA MAHOBE	P/T	MFV	ANC	85%	15%
19.	CLLR. PHUMELELE METHU	P/T	GGP	ANC	90%	10%
20.	CLLR. SHEPSTONE THETHEMINI SITWAYI	P/T	MPAC	ANC	98%	2%
21.	CLLR. NONCEDILE KOPOLO	P/T	BSD	ANC	90%	10%
22.	CLLR. SILULAMI NDINISA	P/T	MUNICIPAL TRANSFORMATION &INSTITUTION, PUBLIC PARTICIPATION & PETITION	ANC	96%	4%

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23.	CLLR. LULAMILE KHUMELWANA	P/T	GGP	ANC	98%	2%
24.	CLLR. BONISWA SITHELA	P/T	MFV	ANC	98%	2%
25.	CLLR. NOKANYO MAGATYA	P/T	MPAC	UDM	98%	2%
26.	CLLR. WILSON GENYANE	P/T	MUNICIPAL TRANSFORMATION &INSTITUTION	ANC	97%	3%
27.	CLLR. TAMELLA NOKELE	P/T	MPAC	ANC	100%	0%
28.	CLLR. PHUMZILE MSARO	P/T	GGP	ANC	97%	3%

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29.	CLLR. THEOPHILUS MANELISI NXUSANI	P/T	BASIC SERVICE DELIVERY	ANC	98%	2%
30.	CLLR. PATRICK PATUXOLO ZUMA	P/T	MFV	ANC	99%	1%
31.	SIMOTHULELE LABHATALA	P/T	GGP	ANC	99%	1%
32.	CLLR CELIWE GENYANE	P/T	GGP	ANC	75%	25%
33.	CLLR. BABALWA MAJAVU	F/T	RULES COMMITTEE	ANC	100%	0%
34.	CLLR. SIBINGIBINGI	F/T	WHIPS	ANC	99%	1%
35.	CLLR. MIRRIAM KUNGEKA MAKAPELA	F/T	MAYCO, BSD	ANC	96%	4%

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36.	CLLR. NOLUSINDISO NKOMONYE	P/T	BSD, GGP	ANC	90%	10%
37.	CLLR. NOLUMANYANO NTOMBENKOSI NGOMTHI	P/T	MAYCO AND MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT, GGP, LLF	ANC	98%	2%
38.	CLLR. NOMBONGO APLENI	P/T	MAYCO, MFV, MTI, LLF	ANC	98%	2%
39.	CLLR. FIKISWA NDAULE	P/T	MAYCO, MFV, GGP	ANC	97%	3%
40.	CLLR. XOLISWA MORRIN TYODANA	P/T	WOMENS CAUCUS MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	ANC	95%	5%

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41.	CLLR. NOLUNDI GXAMTWANA	F/T	MAYCO, BSD, LED, LLF	ANC	99%	1%
42.	CLLR. NOMVUYISEKO MGEDESI	P/T	MAYCO AND LED	ANC	97%	3%
43.	CLLR. PAKAMA PATRICIA KONDILE	F/T	LED	ANC	100%	0%
44.	CLLR. LUDWE MANTSHIOSE	P/T	WHIPS	ANC	100%	0%
45.	CLLR. NOMABANDLA MIRRIAM MKHEDAMO	P/T	WOMAN'S CAUCUS, LED	ANC	97%	3%
46.	CLLR. SAMKELO NICHOLAS JANDA	P/T	MAYCO	ANC	95%	5%

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47.	CLLR. NOSIPHO GANDA	F/T	MPAC	ANC	100%	0%
48.	CLLR. MANGALISO SABELO JAFTA	F/T	MFV	ATA	97%	3%
49.	CLLR. BHOMELA	F/T	GGP	BPM	99%	1%
50.	CLLR. FEZEKA MBIKO	F/T	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT, WHIPS, LLF	DA	85%	15%
51.	CLLR. MPENDULO HERBERT GWESHA	P/T	LED	PAC	90%	10%
52.	CLLR. D T TSENGWA	P/T	MTI	UDM	50%	50%

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53.	CLLR. NTSIKELELO MAHLATI	P/T	MFV	UDM	90%	10%
54.	CLLR. NOLUVO TYELINGANYE	P/T	BASIC SERVICE DELIVERY	UDM	85%	15%
55.	CLLR. USIVILE MBONELI	P/T	GGP, WHIPS	UDM	95%	5%
56.	CLLR. MZIMKULU TETYANA	P/T	LED	UDM	90%	10%
57.	CLLR. YOLISWA GRISSEL MHLATHI	P/T	BASIC SERVICE DELIVERY	UDM	95%	5%
58.	CLLR MNTUWAKHE TAKANI	P/T	MFV	UDM	60%	40%
59.	CLLR. NYAMEKA MONGEZI	P/T	BASIC SERVICE DELIVERY	ATM	95%	5%

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60.	CLLR. ASANDA MATSHOBENI	P/T	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT, LED	EFF	98%	2%
61.	CLLR L. MDINISO	P/T	MFV, WOMANS CAUCUS	EFF	95%	5%
62.	CLLR ZANELE MBOXELA MAGAZI	P/T	MPAC	EFF	99%	1%
63.	CLLR B. DUMEZWENI	P/T	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	EFF	95%	5%
TRADITIONAL LEADERS SERVING IN THE MUNICIPAL COUNCIL						
1	ZUNGUZANE	P/T	MPAC	CHIEF	100%	0%
2.	MANXIWA	P/T	LED,	CHIEFTAIN	95%	5%

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APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees(Other than Mayoral/Executive committee) and Purpose of Committees	
Municipal Committees	Purpose of Committee

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1. With due regard to the extent of the functions and powers of the municipality, the need for the delegation of those functions and powers in order to ensure efficiency and effectiveness in performance and the available financial and administrative resources of the municipality to support a committee, the Council may, in terms of Section 80 of the Structures Act- establish one or more Committees

Standing Committees:

Municipal

The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998)

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• Municipal Transformation and Institutional Development • Basic Service Delivery • Municipal Financial Viability • Local Economic Development 2. Good Governance and Public Participation	
2. The Rules Committee	• The purpose of the committee is necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers in terms of Section 79 of the Municipal Structures Act (Act No 117 of 1998) • To develop, formulate and adopt policy concerning the exclusive business of the Council including its proceedings, procedures, rules, orders and practices;
3. MPAC	• The purpose of the committee is necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers in terms of Section 79 of the Municipal Structures Act (Act No 117 of 1998)

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	To perform an oversight function on behalf of council, including, but not limited to, overseeing expenditure of public funds and the utilization of Council resources;
4. Women's Caucus	- Working towards profile building of women councilors for effective capacity building. - Ensure gender mainstreaming and equity within municipal processes. - Re-affirm and strengthen partnership and networks that support women in local government and other spheres of government and civic society. - Act as an advisory and consultative body for all women councilors raising and representing their interests within Municipal Council structures.
5. Public Participation Committee	- To encourage active involvement of communities and community organizations in the affairs of the municipality; - To ensure the consideration, monitoring and tracking of petitions lodged to the municipality; - To ensure that timeous feedback is given to Petitioners; - To ensure adherence to Community Complaints and Petitions Handling Policy; Public Participation Policy; Public Participation Strategy and communication strategy are in place
6. Training & Equity Committee	The purpose of the committee is necessary for the effective and efficient performance of any of its functions or the exercise of any

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	of its powers in terms of Section 79 of the Municipal Structures Act (Act No 117 of 1998)
7. Whippy Committee	To discuss and process matters relating to political management of the institution
8. Local Labour Forum	The purpose of the committee is to strengthen the working relations between the employer and the employee
9. Audit Committee	The purpose of the committee is to function in line with section 166 of the Municipal Finance Management Act 56 of 2003
10. Risk Committee	The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998)
11. IGR Forum	The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998)
12. IDP, Budget & PMS Technical Steering Committee	The purpose of the committee to provide technical support towards assisting the Mayoral Committee in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998)
13. IDP, Budget & PMS Steering Committee	The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998)
14. IDP, Budget & PMS Rep Forum	The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No 117 of 1998)
15. Local Communicators Forum	

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APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Operations	Thabisa Goniwe-Mafanya), Babalwa Magqwanti, Anele Mtyhida, Sisa Baliso, Siyabulela Tyali and Gcina Sityata
Developmental Planning	Lithalobom Mtirara,Sikhusele Cobokana
Infrastructure Services	Chuma Lusanda Makonza, Thulani Masangwana
Corporate Services	Nonzwakazi Hanise, Siyamthanda Mashologu, Xolisa Susela
Budget & Treasury Office	Vuyo Jam Jam,Bongumusa September and Nkosinathi Mbedla.
Community Services	Lungisa Bongo,Sinesipho Mboxo.

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APPENDIX D- FUNCTIONS OF MUNICIPALITY/ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution		
Building regulations		
Child care facilities		
Electricity and gas reticulation		
Firefighting services		
Local tourism		
Municipal airports		
Municipal planning		
Municipal health services		
Municipal public transport		
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this		
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters		
Stormwater management systems in built-up areas		
Trading regulations		
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems		
<i>Continued next page</i>		

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APPENDIX E – WARD REPORTING

The following Ward Councillors and Ward Committee are comprised of the current and previous members who either passed on, resigned or removed during the financial year 2023-2024.

Name of Ward Councillor / Ward Committee	Ward and Title	Status of office
Neziswa Jack	Ward 05 Ward Committee	Resigned
Linda Ntantala	Ward 12 Ward Committee	Resigned

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of quarterly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	Cllr A. Tyatyaza - Nomfusi Mniki - Bonganie Owen Mndondo - Luxolo Magwentshu	Yes	1	1	none

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	• Nomfundo Teresa Sofika • Sindisa Mkhiva • Khanyisa Ntantala • Ntombovuyo Jama • Nezisa Tyalisi • Fikiswa Makeleni • Buyisile Mgayo				
Ward 2	Cllr P.N. Tomose • Zandile Babana • Siyamboleka Tyeshani • Vusumzi Abraham Madalane • Sindiswa Sitwayi • Portia Matshexana • Phicile Joseph Skota • Nomzwandile Francina Voko • Buyiselwa Ndabeni • Sandiso Ndzo	Yes	1	1	none

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	• Mlungiseleli Maxawulana				
Ward 3	Cllr Z.C Gobinduku • Tabisa Roji • Nonkumbulo Mntwini • Monwabisi Gadlela • Bolekwa Sangqu • Nosipho Winkiness Zide • Nomamane Bomoyi • Snovuyo Janyawuli • Nokuzolo Cynthia Thuthu • Philani Ntshingo • Nokubonga Ndevu	Yes	12	4	none
Ward 4	Cllr S. Futshane • Akhona Zwemu	Yes	9	1	0

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	• Mthethunzima Stiwga • Maneli Mduba • Zukiswa Mbi • Nonkoliso Manko • Mziwoxolo Njengele • Bobo Welcome Mthombeni • Andiswa Fikiso • Nobantu Diniso • Funeka Damoyi				
Ward 5	Cllr M. Ndikinda • Ntombeqgira Nyholo • Nomfuneko Faniso • Busiswa Matokazi • Simon Sitembele Fulanisi • Zoliswa Makatisi • Bambalwa Munnick Ndikinda • Kholekile Mdlatu	Yes		1	None

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	• Nandipha Jack-Mhambi • Sifanele Damba • Buyiswa Jack				
Ward 6	Cllr T. Nodliwa • Mphumzi Alson Hlwele • Sonwabo Sagaxa • Vuyelwa Tikana • Galelekile Alson Ngubesilo • Nomzamo Siyo • Nokwanda Mpumpumiso • Masonic Siqwephu • Phelokazi Zondani • Sivuyile Zandile • Menzi Jongisa	Yes	24	1	4
Ward 7	Cllr B. Gaven • Mlamli Siyikili	Yes	1	1	0

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	• Ndiboleke Peter • Bulelwa Ngoza • Nomfundo Veronica Jevu • Zanele Molo • Amdiswa Mdashe • Ncumisa Futshane • Siyamcela Dyakopu • Nolukholo Siyo • Nokulunga Swaartbooi				
Ward 8	Cllr A. Mpatuse • Siyabulela Menziwa • Mthwesi Mlenzana • Thumeka Best • Nomsa Gwadiso • Siphakaphaka Magcweka • Nombuyiselo Gelem • Mtundini William Sikuni	Yes	1	1	0

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	• Lindiwe Mcalu • Vuyani Faku • Morriva Nake				
Ward 9	CLlr K. Sigwayi • Bulelwa Henrietta Sijaji • Bathandwa Coyotte Masani • Mzingisi Elliot Ngwedla • Mzimkhulu Wellington Nombila • Nokwanguye Mbulawa • Mfuzo Maqgaza • Nonkazimlo Ngqongwa • Nomfefe Khaile • Phindiwe Gqagqa • Nomancebo Gina	Yes	None	0	None
Ward 10	CLlr E. Fipaza • Philiswa Gladys Seretse	Yes	1	1	None

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	• Zukisani Cravel Xhalabile • Zimbini Nontsapho Magqazana • Nosiniya Mangisa • Simphiwe Herbert Mbukuqu • Noma-Indiya Thandathu • David Nyangiwe • Nolutindiso Siko • Ntutuzelo Nxiweni • Mncedisi Bambiso				
Ward 11	Cllr N. Ngothi • Nolutapho Krishe • Stanford Lumnkile Nciyo • Anelisa Mjiwu • Malgas Magazine Mbuyiseli Gwadiso • Sigadla Talita • Nonkululeko Vaice	Yes	0	4	

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	• Nologyiso Matsheke • Nosapho Nqanqali • Fezeka Lindiwe Kwati • Nompucuko Jilingisi				
Ward 12	Cllr M.V Muru • Nokuphumla Zenzile • Nozabo Kuk • Xolile Tsatsisa • Sibongiseni Mehlwana • Phumla Mangaliso • Samuweli Maphelwula • Noluthando Cordllia Mfazwe • Hothewu Nelson Kaleni	Yes	12	4	none
Ward 13	Cllr S. Toyana • Nophumzile Vevetya • Nomvuyiso Mswelanto	ýes	0	0	0

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	• Sivuyile Mgwede • Ondela Dwakasa • Andisiwe Mgudlwa • Nomathamsanqa Tshinini • Nozethu Matutu • Phindiwe Sybil Fojile • Thandeka Tyushani • Mtutuzeli Melitata				
Ward 14	Cllr L. Mpunzi • Yoliswa Nomfundiso Ntini • Nomlindo Khohliso • Nosebenzile Khadoyi • Alfred Onke Delani • Nikithemba Siga • No-one Florence Sanda • Mhlangabezi Sixaba • Khungiwe Mnukwa	yes	1	1	0

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	• Sidima Beme • Bolekwa Dani				
Ward 15	CLlr S. Mdabuka • Nomalizo Mangxola • Nomsa Finiza • Andiswa Mputi • Bulelwa Mtshokotsho • Loyiso Tini • Celiwe Qwelayo Bhusmane • Lindeka Nonkatha • Nozukile Bhityileyo • Phakama Nana • Mawetu Smause	Yes	0	1	0

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Ward 16	Cllr N. Stafana - Neliswa Nompfo - Falangile Ratirati - Zwelinzima Demfu - Welcome Ngwenya - Lindiwe Bhungeni - Nomvelwano Bomvu - Siphiwo Tshaka - Bradley Leonard Isaacs - Dumisa Mdanda - David Nyawana	yes	0	1	0
Ward 17	Cllr N.N Ntshontsho - Mbekeni Colbert Tyali - Solomzi Steven Mjanyelwa - Melumzi Sihoni - No one Zweekibhangile	yes	0	4	0

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	- Nosintu Nkelebisa - Yizani Dunyiswa - Mnikelo Bontsolo - Rodole Manqobo - Sindiswa Maliwa - Thumeka Magade				
Ward 18	CIlr Mahobe - Nosebenzile Bhulu - Nothemba Balindlela - Msukeni Mdlali - Manelisi Siyeka - Feziwe Venevene - Lusindiso Mandla - Onke Galaweni - Feziwe Tyali - Sihle Ngamntwini - Mbulelo Mpiyonke	yes	0	1	0

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Ward 19	Cllr P. Methu • Lungile Zokwana • Nosipho Banjwa • Philemon Fanekaya Ntsomi • Dumisani Ngubenja • Thembile Nyalivani • Vumile Maleyile • Nomawele Ndabeni • Zulu Mnyasa • Monwabisi Tongwana	Yes	0	1	0
Ward 20	Cllr Sitwayi • Nokholekile Sindiswa Majambe • Nowethu Ginyamathe • Nosiviwe Makhwezi • Ndileka Marhabula • Sityhilelo Succcess Madingana	yes	0	4	0

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	• Thandeka Manini • Cingiswa Nobhola • Thamkazi Jo • Nozukile Siloko • Mlamli Dalindyebo				
Ward 21	Cllr N. Kopolo • Mkhuseli Siko • Khayalethu Kaka • Mesuli Matsoko • Nomapholi Constance Ndilele • Phindiwe Mgweje • Gcinithemba Welcome Mzantsi • Nosisa Cynthia Ndabeni • Ntombovuyo Dlova • Amanda Nyembezi • Nosithembele Nontsasa Phandle	yes	0	1	0
Ward 22	Cllr S. Ndinisa	yes	12	4	0

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	• Nompilo Sidlanga • Zizo Delihlazo • Kolekile Sitshaka • Nompotisho B. Mthini • Thobeka Nukani • Noziphiwo Nkohla • Nonkqubela Yoli • Sikhumbuzo Ndindi • Nosinala Ranuga • Nontobeko Matshini				
Ward 23	Cllr L. Khumelwana • Siphokazi Lwangu • Mawethu Theophilus Nosilela • Nkululeko Gebeshu • Ntomboxolo C. Zweni • Gibson No- Asiphe Tshephe • Ntombokuqala Meje	Yes	10	1	1

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	• Sibongile Sydney Mngesi • Zoleka Kondile • Nobahle Mchelesi • Vuyiswa Mgwebi				
Ward 24	Cllr B. Sithela • Mzowonke Maqhubela • Sanele E. Masebeni • Bonakele Sidiya • Nolula Sikobi • Nokulunga Dyomfana • Welisa Maninjwa • Vusumzi Makaya • Nosiphelo Wagraya • Phelisa Bangeni	Yes	2	1	13

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Ward 25	Cllr N. Magatya • Auldfrea Dlulane • Mbiko Nonyameko • Sibongile Elias Batyi • Lindelwa Mdlalo • Rose Nosingile Lubaxa • Notwocent Patricia Ngwaca • Noludwe Gladis Kasa • Nokusasa Tshetu • Nkosinathi Nongwane • Fundile Gunguluza	Yes	1	1	
ward 26	Cllr W. Genyane • Vuyani Mathambo • Ntombencinci Jebe -Jebe • Funeka Mtata • Bonginkosi Nqabeni	Yes	1	1	

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	• Nikiwe Diliza • Nokwenzeka Msiswa • Mbulelo Hagu • Smith Mavathulana • Mpumelelo Joker Balindaba • Sithandiwe Notoyi				
Ward 27	CIlr T. Nokhele • Bangile Cishe • Ngubezulu Mlanjeni • Champion Mqokeleli Mahlanyana • Sinethemba Mhaga • Malusi Malangeni • Londoloza Mzendana • Thobeka Filane • Nandipa Qina • Skoki Qavane	Yes	1	1	

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	• Sisonke Ntontela				
Ward 28	Cllr P. Msaro • Nkosiphendule Nkundla • Nandipha Madlebe • Nokubonga Nkatshu • Nomakhaya Saqoni • Ntombifikile Vepulana • Mncekeleli Hlahla • Chumani Mlawu • Boniwe Gcuwa • Nojelasi Khoniseni Mkhwambi • Ntohlelekisa Nqandeka	yes	1	1	0

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Ward 29	Cllr Mayiji • Madilakhe Ndabeni • Lunga Lenox Kondlo • Ntombetshezi Mcetywa • Mkhuseli Selby Tununu • Mlungiseleli Maxhiniva • Nolundi Dlova • Nobahle Florence Mtawuli • Mzwabantu Ngalo • Nomziyanda Dunga • Noteko Sokudela	Yes	1	1	0
Ward 30	Cllr P.P Zuma • Xolelwa Xhelo • Bongekile Malingatshoni • Nolundi Mpakama • Unathi Faith Sigagana	Yes	1	1	0

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	• Phandlekazi Maqwelane • Nomazizi Ivy Mnukwa • Madevu Nowakhe • Thingaza Moshile • Noluthando Sityata • Zoleka Vivian Sigobongo				
Ward 31	CIlr S. Labhatala • Ganed Nkqi • Nobuhle Grace Gaga • Sinazo Mazongolo • Nokwanele Olivia Mgengo • Nosisa Dumezweni • Phindile Eric Majola • Gcobisa Getrude Gwele • Nokhephu Qwesha • Nokwakha Mhlanga • Noluvuyo Sigaba	Yes	1	1	None

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Ward 32	Cllr C. Genyane • Thethani Mbhofithi • Noluthando Nomgcana • Nonkululeko Kruxu • Ntombizandile Qhijana • Thandeka Mphikwa • Nontuthuzelo Jwara • Nosakhele Nogingxa • Nokubonga Ndayenjani • Lungile Toyiya • Lalendle Dikolokhwe	Yes	1	1	0

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

CONSOLIDATED AUDIT COMMITTEE RESOLUTION REGISTER/REPORT TO THE COUNCIL OF MBHASHE MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2023

Purpose of the resolution register/report:

To provide the Audit Committee and Senior Management with progress on the resolutions that were taken during the meeting of the Audit committee. On a quarterly basis Audit Committee recommendations are reviewed to assess level of implementation by management

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APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)			
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)			
R ' 000			
Project Name and Details	Start Date	End Date	Total Value
Sport facilities Ward 25	23-Nov-17	22-Sep-23	R 47 044 468,70
Dutywa Internal Street	30 June 2022	30 June 2024	R36 530 600.53
Sport facility phase 01 ward 01	15-Jan-23	15-Dec-23	R 29 465 237.84
Sport facility phase 01 ward 13	10 –Apr-22	30-Jun-23	R23 366 016.15
Ntlonyana Bridge -Ward 20	20-June-23	20-June-24	R 18 743 885.18
Dutywa internal streets ward 01	30-Jun-22	27-Feb-24	R 24 436 018.66
Msikithi access road ward 08	21-Feb-23	27-Oct-23	R 20 384 117.20
Riverview to Langeni Access Road	10 May 2023	30 August 2024	R 16 646 002.11

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BASIC SERVICES PROVISION					
DETAILS	WATER	SANITATION	ELECTRICITY	REFUSE	HOUSING
Households with minimum service delivery	ADM	ADM	58754	36074	20091
Households without minimum service delivery	ADM	ADM	1370	24050	40033
Total House holds			60124	60124	60124
TOP FOUR SERVICE DELIVERY PRIORITIES PER WARD					
NO	Priority Name and Details		Progress During Year 0		
1	Municipal Roads Constructed		21.3km		
2	Municipal Roads Maintained		230.3km		
3	Electrification (Grid Connections)		2090 Connections		
4	Community Services infrastructure		3 sport fields and 1 Community Hall		

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

CONSOLIDATED AUDIT COMMITTEE RESOLUTION REGISTER/REPORT TO THE COUNCIL OF MBHASHE MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2024

Purpose of the resolution register/report:

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To provide the Audit Committee and Senior Management with progress on the resolutions that were taken during the meeting of the Audit committee. On a

AUDIT COMMITTEE RESOLUTIONS						
	Item no	Resolutions	Action Owner	Progress	Evidence	Status

quarterly basis Audit Committee recommendations are reviewed to assess level of implementation by management.

AUDIT COMMITTEE MEETING FOR 21 JULY 2024

7	7.1	Risk management chaiperson requested that IA manager to filter out resolutions that must be addressed at risk management level.	Audit Manager	No issues yet, only the findings that have been identified in the first quarter risk management risk(assurance reviews on risk management)	N/A	
7	7.2	Audit manager to remind and send the audit committee resolution register to management on a monthly basis for updates and progress	Audit Manager	Audit committee resolution is sent to management on a qaurtely basis for them to provide progress on the issues raised as resolutions	Done	Done
7	7.2.2	Audit committee requested and emphasized that only reports with management comments that should be discussed in the audit committee meeting	ALL HOD's	Only the audit reports with management comments that are presented to the meetings of audit committee	Done	Done

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7	7.2.3	Infrastructure to consult and invite internal audit and PMS when they are attending their projects on sites for the purposes to ensure that IA and PMS is conversant with the status quo of the infrastructure projects	Senior Manager: Infrastructure	No progress so far	Not done	
7	7.4	CFO will give a report back on how he will move forward with advertising for the third time on internal audit system or consider deviation and should also attach the expenses that have incurred starting from the 1 st advert.	CFO	-	-	
7	7.5	Audit committee recommended that, all the internal audit policies should be first presented to the audit committee before submitted to the council for approval and implementation Chairperson recommended that comments should be submitted on or before the 31 st of July 2024.	Internal audit Manager	Before ther end of the financial year during May 2025 any changes to the internal audit documents will be first presented to AC members for consideration and approval before presented to council	-	
7	7.7	Internal audit to revise the internal audit plan as per the audit committee inputs and submit to the next audit committee for final approval	Internal audit manager	Done-revised internal audit plan was submitted to the meeting of 26 August 2024 for final approval	Done	Done
7	7.10	Since there is no ICT manager in the meeting, ICT report to be presented in the next audit committee meeting	Senior Manager: Corporate Services and ICT Manager	Done-ICT report was presented to the next audit committee meeting dated 26 August 2024	Done	Done

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AC MEETING FOR THE DATE OF 25 AUGUST 2022

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AUDIT COMMITTEE MEETING FOR 30 AUGUST 2022

	Item No	Resolution	Responsible person	Progress	Status
		(i) Management to submit all the outstanding information to internal auditors for further reviews to complete the AFS review for 2021/22	Mbhashe Management	Done	Done
		(ii) IA to make further reviews to ensure that all outstanding information is effected to the report	Internal Audit Manager	Done	Done
		(iii) APR after reviews and correction of identified items be submitted to AGSA for annual audit	Management	Done	Done
	6.3	(iv) Annual Financial Statement were approved by Audit Committee and will be submitted to AGSA for annual audit	AC Members and CFO	Done	Done

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AUDIT COMMITTEE MEETING FOR 20TH OCTOBER 2022

	Item No	Resolution	Responsible person	Progress	Status
	6.2	(i) The progress and status of the audit committee resolutions should be reported on a quarterly basis to all audit committee meetings.	IA Manager	Done	Done
		(ii) For previous minutes, Audit Committee to send review notes to Internal Audit for consideration and corrections.	IA Manager	Done	Done

AUDIT COMMITTEE MEETING FOR 20 JANUARY 2023

	Item No	Resolution	Responsible person	Progress	Status
	6.1	(i) Minutes should specify names of the members made comments during the meeting discussions	Internal audit manager	Done	Done

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	Item No	Resolution	Responsible person	Progress	Status
	6.2	Action plans for targets not achieved in previously quarters should be implemented to avoid underperformance	All HOD's but coordinated by SM: Operations/PMS	The action has been prepared as it will be submitted to AG	Done
	6.3	Management should give assurance to Audit Committee that spending on conditional grants will be 100% towards year-end	All HOD's	FMG 100%	Done

AUDIT COMMITTEE MEETING FOR 17TH OF AUGUST 2023

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	Item No	Resolution	Responsible person	Progress	Status
	6.4	BTO should ensure that all comments raised by Internal Audit and Audit Committee members in AFS are taken into consideration and resolved before the next Audit Committee meeting.	All HOD's	Done	Done
	6.5	It was resolved in all ordinary Audit Committee meeting a Resolution Register must be a standing item.	IA Manager	Done AC resolution report or register is a standing item only to the ordinary AC meetings but not to special meetings	Done
	6.6	Internal audit plan was approved by the audit committee, and it was also recommended that review of the SCM audit to be covered in the plan every year	IA Manager	Done: SCM audit, Its covered to the current internal audit plan of 2023 F/Y	Done

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	Item No	Resolution	Responsible person	Progress	Status
	6.7	AC resolved and proposed that AC Chairperson must report to Council at least twice a year.	AC Members	Not yet done-Will be discussed and agree with Mayor.	In progress
	6.7	AC recommended that budgeted hours for co-sourced audits must be reflected in the internal audit plan	IA Manager	Done: budget hours for co-sourced projects reflected in the IA Plan	Done
	6.8	On the next ordinary meeting the SM Corporate Service must update the AC members and management about the progress on recruitment process for internal audit position	MM & SM: Corporate Services	The vacancy has since been filled. (to assume duties on 1 st March 2023)	Done
	6.9	For the next program of FMG interns (2023/24) Office of the internal audit should be provided with the intern with internal audit qualifications	MM& CFO	Not yet done	

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	Item No	Resolution	Responsible person	Progress	Status
	6.10	Risk Management should always be item for discussion during management and departmental meetings.	ALL HOD's	Done	Done
	6.11	Management should ensure that creditors are paid within 30 days as per the MFMA requirement to avoid fruitless and wasteful expenditure	ALL HOD's	Done	Done
	6.12	AC Recommended a physical meeting between the Legal manager and Ms Mponco (AC member) to further discuss the litigation register before the end of this year	Legal manager and Ms Mponco (AC member)	Done	Done
	6.13	ICT steering committee chairperson and MPAC should have a standing invitation to audit committee meetings	IA Manager	Done: They are invited to all audit committee meetings	Done

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	Item No	Resolution	Responsible person	Progress	Status
	6.14	ICT Manager should submit the project implementation plan/report on planned 2023 ICT project with budget and cost and their status on implementation	SM: Corporate Services/ ICT Manager	Done: ICT report with status and budget is presented to AC Meetings on a quarterly basis	Done

AUDIT COMMITTEE MEETING 29TH OF AUGUST 2023 (SPECIAL MEETING)

	Item No	Resolution	Responsible official	Progress	Status
	6.1	The Municipality to submit Annual Report to council on the 30 August 2022 together with the Volume 2 of the AFS and APR so that after the council endorsed then should be submit to AGSA	ALLHOD's	Done	Done

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	Item No	Resolution	Responsible official	Progress	Status
	6.2	Management and IA Manager to update the AC members with the outcomes of the project verification that is going the conducted by PMS office and IA on the 30 August 2022	SM: Operations & IA Manager	Done	Done
	6.3	Audit Committee Plan was approved, and the AC chairperson asked the CAE to share the AC plan with the management once it is finalized so that they will know what the expected report from them on a quarterly basis.	ALL HOD's & IA Manager	Done	Done

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AUDIT COMMITTEE MEETING FOR 19TH OCTOBER 2023

	Item No	Resolutions	Responsible person	Progress	Status
	6.1	Audit Committee requested management to correct all the gaps in the institutional performance report and re-submit all outstanding information to AC before 21/10/2022 for approval.	All HOD's	Done	Done
	6.2	The committee requested management not to hesitate to report to the committee all challenges and unresolved findings with AGSA during the external audit	All HOD's	Done	Done
	6.4	The AC recommended that Risk and ICT Committee meetings must be conducted/sitted before the AC meetings so as to allow them to report in Audit Committee meetings about their progress	ALL HODS's; IA Manager, ICT steering committee chairperson & Risk committee chairperson	Done	Done

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AUDIT COMMITTEE MEETING MINUTES 26 JANUARY 2023

	Item No	Resolutions	Responsible person	Progress	Status
	6.2	(I) The Municipality must ensure that at least AFS plan and a complete set of AFS should be submitted on time to internal audit and audit committee for reviews. (II) Municipality should include all the AGSA findings including the one resolved during the audit in the audit action plan. (III) Municipality should ensure that all the reconciling issues like bank reconciliations are performed and reviewed	MM&CFO	Done	
	6.3	(i) Monthly monitoring and reporting of project must be done by management.	ALL HOD; s	Done	Done

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Item No	Resolutions	Responsible person	Progress	Status
6.4	Management to further research relevant Pound Management guiding compliance requirements(legislation) for it to be SPCA compliant.	Community Services	Partially done	
6.5	For 2023/2024 financial year, Municipality to ensure that position of risk officer is filled.	MM's office	Partially done	
6.6	Corporate Services/training Committee should ensure that at least one training needs for internal auditors should be prioritised and attended by internal auditors	SM: Corporate Services	Partially done	
6.7	Corporate Services should ensure that all departments are represented by Senior Managers in the Training Committee	SM: Corporate Services	-	-
6.8	OHS awareness including policies should be performed by the coordinating department (Corporate Services)	SM: Corporate Services	Not done	Not done

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	Item No	Resolutions	Responsible person	Progress	Status
	6.9	To ensure that OHS compliance matters are managed in the municipality, each department must have its OHS representative	-	-	-
	6.10	Since there are still areas with no management comments, AC resolved that the internal audit reviews/report on infrastructure should be re-submit on the next meeting	-	-	-

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1. LEGISLATIVE MANDATE

The Audit Committee is constituted in terms of sections 166(2) and 166 (6) (b) of the Municipal Finance Management Act, No. 56 of 2003 (MFMA) and Section 94 (7) of the Companies Act, No. 71 of 2008, as amended for Municipal Entities (Entities).

The Audit Committee is an independent advisory body which **must** advise the Council of Mphashe local Municipality (Council), Accounting Officers, and the management staff of the Mphashe Municipality (Municipality). It advises on matters relating to:

- Internal Financial Control.
- Internal Audit;
- Risk Management Processes.
- Financial Reporting;
- Performance Management.
- Governance;
- Compliance with Laws and Regulations; and
- Any other issues referred by the Municipality or its Entities.

2. TERMS OF REFERENCE /AUDIT COMMITTEE CHARTER

The Audit Committee has adopted formal terms of reference, *hereafter referred to as the Audit and Performance Audit Committee Charter*. The audit committee is constituted in terms of section 166 of the MFMA and performs responsibilities assigned to it by the same act and also the council approved audit committee charter/terms of reference

The audit committee is a specially appointed subcommittee of council to assist the municipality in the execution of its duties. It performs an advisory role to the municipality and is accountable to council to properly consider and evaluate any matter that it must deal with or is referred to it.

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The purpose of the audit committee is to assist and advise council in fulfilling its oversight responsibilities for the reporting process (financial and non-financial), the system of internal control over reporting, the audit process, risk management, performance management and evaluation, council's process for monitoring compliance with laws and regulations and council's code of conduct.

The AC charter shall be reviewed annually and updated to ensure relevance and consistency with the MFMA, Municipal Systems Act (No 32 of 2000) and other related regulations, guides, and best practice.

Following approval, the audit committee charter shall be published on the municipal website to promote awareness to all stakeholders.

3. COMPOSITION AND MEETINGS

(a) In compliance with circular 65 of the MFMA, Mbhashe audit committee consists of at least three members as required. During council policy review, audit committee charter was also reviewed and there was no gap or changes noted in the document for amendments.

1. THE COMMITTEE'S MANDATE

The broad objectives of the Committee are the following: -

- a. The Committee is advisory in nature and does not have any executive powers.
- b. The Committee will consider matters relating to management and the Council in the discharge of its duties to safeguard assets, operate adequate internal control systems, and review Annual Financial Statements, and on matters relating to performance management and performance evaluation.
- c. The Committee will not perform any management functions or assume any management responsibilities as this could prejudice the objectivity of the Committee. The Committee will make recommendations to Council in respect of the activities which form part of the Committee's terms of reference/ responsibilities.

As per the schedule or plan, the following were applicable in the mandate of the committee:

- (1) Responsibilities related to management and internal control
- (2) Responsibilities related to the Internal Audit function

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- (3) Responsibilities related to External Audit performed by the Auditor-General
 - (4) Performance management and performance evaluation
 - (5) Risk management
 - (6) Compliance management
 - (7) Review Annual Financial Statements
 - (8) Special investigations and
 - (9) Other responsibilities
-
- (i) The Audit Committee met at least more than 6 times including special audit committee meetings to deal with matters relating to the financial year of which amongst to those was to review the Annual Financial Statements of the municipality before they are submitted to AGSA for annual audit.
 - (ii) Members managed to assist the municipality by identifying at least all the material issues that the municipality need to correct and adjust before the financial statements are submitted to Auditor General by the 31 of August 2023
 - (iii) Monitoring of the risk registers and methods used to mitigate risks identified.
 - (iv) For all the planned meeting for 2022 financial year, Managers together with Senior Management attended Committee meetings by invitation. Also, our stakeholders like Auditor General, Provincial Treasury and COGTA have standing invitees to our meetings.
 - (v) Audit committee resolved that, for all their meetings, chairperson of the MPAC, Chairperson of the ICT steering committee and Chairperson of the Risk Committee should have a standing invitee to audit committee meetings.
 - (vi) Enterprise Risk Management Units and External and Internal Auditors have unrestricted access to the Audit Committee. The effectiveness of the Audit Committee as a whole and that of its individual members is assessed on an annual basis.
 - (vii) Mbhashe has appointed three audit committee members with a fixed term of three years (Ms Ntshanga-Chairperson, Mr Nombembe-audit committee member and Ms Mponco-audit committee member)

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- (viii) All the members managed to attend all six planned meetings except for Ms Mponco who has only attended five meetings instead of six meetings due to other commitments

(a) The schedule of meetings and record of attendance by members is indicated below:

Schedule of Audit Committee Meetings relating to financial year starting from 01 July 2022 to 31 June 2023 and attendance of audit committee members.

SCHEDULE OF MEETINGS ATTENDED BY THE AUDIT COMMITTEE MEMBERS				
Name	Name	Name	Name	Name
Ms. Nomthandazo	Ms. Nomthandazo	Ms. Nomthandazo	Ms. Nomthandazo	Ms. Nomthandazo
Ms.Brenda	Ms.Brenda	Ms.Brenda	Ms.Brenda	Ms.Brenda
Mr.Sikhumbuzo	Mr.Sikhumbuzo	Mr.Sikhumbuzo	Mr.Sikhumbuzo	Mr.Sikhumbuzo

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2. STATUTORY DUTIES ASSOCIATED WITH AUDIT COMMITTEE MEMBERS

Mbhashe audit committee members in the execution of its statutory duties during the past financial year, members believed that:

- (i) the appointment of the AGSA, complies with the requirements of the MFMA, the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA) and Public Audit Act of South Africa, 2004 (Act No. 25 of 2004 (PAA);
- (ii) In compliance with the act, audit committee managed to review annual external audit plan and the budgeted fee to be paid to the AGSA.
- (iii) Members considered and noted management reports submitted by the Municipality to each meeting of the Audit Committee.
- (iv) Members reviewed the quality, adequacy, accuracy and reliability of financial information.
- (v) Members reviewed and discussed the audited Annual Financial Statements with the Auditor-General.
- (vi) Responded to any issues raised by Internal Audit and AGSA during the year.
- (vii) Reviewed factors impacting on the financial sustainability of both the Municipality
- (viii) Made submissions to the Executive Committee (MAYCO), and the Municipal Public Accounts Committee (MPAC), on any matters which in the opinion of the Audit Committee needed to be brought to the attention of the oversight structures, emanating from its quarterly meetings.

6. RISK MANAGEMENT AND GOVERNANCE

The Audit Committee has received assurance from Enterprise Risk Management Committee (Risk chairperson and Municipal Manager together with Advisory, Internal Audit, Performance Management, Provincial Treasury and the AGSA and satisfied itself that the following areas have been appropriately addressed with respect to the Municipality:

- (i) Internal financial controls.

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- (ii) Compliance requirements.
- (iii) Financial reporting risks.
- (iv) Fraud risks as it relates to financial reporting.
- (v) IT Governance risks; and Legal Matters.

The Audit Committee believes that there is still room for improvement with regard to management, implementation and monitoring of the risk management to the municipality also in consideration of the risk associated with disaster.

6.1 Enterprise Risk Management

The following main activities were undertaken by the Audit Committee during the year:

- (i) Reviewed the quarterly management risk reports
- (ii) Progress on implementation of mitigations for operational and strategic risks.
- (iii) Emerging and new risk identified.
- (iv) Other significant changes on the risks profile.

6.2 Recommendations: -

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Below are the recommendations for management to consider

The alignment of strategic municipal processes to ensure that the annual development of risk profile takes place during Strategic Planning and is approved simultaneously with the Budget and Service Delivery and Budget Implementation Plan by MAYCO and Council.

- (I) The appointment of the Compliance Officer/Risk Officer by the municipality to ensure custody on the management of compliance risk and adherence to applicable laws and regulations.
- (II) The demonstration of active risk owner participation at operational levels and ongoing accountability for the management of risks at various risk governance structures.
- (III) The development of risk appetite and tolerance levels is critical in yielding the value add and to drive focus to exposure areas that are outside defined risk acceptable levels for the municipality.
- (IV) Define, quantify, and implement risk appetite which will be supported by vigorous analysis, expert judgment and consistent with materiality and significance framework.

6. EFFECTIVENESS OF INTERNAL CONTROLS

During its meetings, as per its mandate reflected in the audit committee charter, the Audit Committee has managed to make the following reviews:

- (i) Reviewed the Municipality's approach on its exposure to the business and financial risks and whether processes are in place to safeguard the assets.
- (ii) Reviewed significant issues raised by the Internal and External Auditors.
- (iii) Reviewed whether the financial systems can be relied upon in the preparation and presentation of financial statements.
- (iv) Reviewed policies and procedures adopted for the prevention and detection of fraud.
- (v) Reviewed significant legal exposures and pending cases.

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- (vi) Reviewed residual risks arising from Enterprise Risk Management risk registers and controls implemented to mitigate risk.
- (vii) Based on the processes and assurances obtained, we believe that the internal controls are effective in most areas, significant areas requiring improvements are addressed in the recommendations included in this report.

7. STATUTORY COMPLIANCE

The Audit Committee Reviewed the effectiveness of the system for monitoring compliance with laws and regulations at the Municipality.

The committee satisfied itself with the policies and processes implemented to provide the required assurance.

Audit Committee appreciate the effort shown by the management to develop the compliance policy or procedure manual to cover all compliance issues related to the municipal operations

Development of the governance and compliance policies including anti-fraud and corruption framework, code of ethics and consequence management policy.

8. PERFORMANCE INFORMATION AND EVALUATION

The Audit Committee has reviewed performance information provided by the Municipality as well as Internal Audit reports at quarterly meetings throughout the year. Whilst the Audit Committee is satisfied with the information provided, it is important that the Key Performance Indicators (KPI's) are comprehensive and relevant to ensure that the Municipality is able to effectively measure and monitor the performance of the Municipality and to implement measures to improve performance where required.

NB: The alignment of the results from key performance Indicators with what can attest to as service delivery remains a challenge where in the year under review there was a challenge of land claims which emanates from the previous years. This had a negative impact in the service delivery as a result some of the projects were delayed/not implemented.

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Audit committee is impressed that the municipality is in a process to migrate from the manual system of performance to E-Performance system

8.1 Recommendations in regard to performance management

The following recommendations were suggested to the management for consideration to improve performance to the municipality:

- (i) Constantly review of the performance management framework or policy that will be aligned with the IDP/SDBIP of the municipality for effective achievement of the municipality
- (ii) Development of the remedial action plans that will respond to the all targets reported as not achieved for the year
- (iii) Improve the performance of the municipality more especial on the service delivery targets since they are the core business of the municipality
- (iv) The Audit Committee recommends that the municipality should keep up the good work and continue performing the physical verification of the service delivery projects

9. EXTERNAL AUDIT (AGSA)

The Audit Committee reviewed the scope of the External Audit to ensure the critical areas within the Municipality are covered:

- (i) Reviewed the AGSA's report on issues arising out of the external audit and concurred with the clean audits/clean administration and unqualified with others matters for the Municipality; and
- (ii) On a continuous basis, monitored the continued relationship between AGSA, the Municipality and the Internal Audit Unit not to duplicate procedures.

NB: Based on processes followed and assurances received from the AGSA, nothing has come to the attention of the Audit Committee with regards to any matter impacting on the independence of the Internal and External Auditors processes/program.

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10. INTERNAL AUDIT

The Audit Committee has managed execute the following in regard to the internal audit unit:

- (i) Reviewed and approved the Internal Audit Plan and applicable policies like Internal Charter, Internal Audit Framework and Methodology
- (ii) Exercised its statutory duty of oversight over the internal audit function.
- (iii) Evaluated the independence, effectiveness and performance of the Internal Audit Unit in the fulfilment of its mandate.
- (iv) Satisfied itself that the Internal Audit function has the necessary resources, budget and authority to enable it to discharge its duties.
- (v) Reviewed and approved the Internal Audit Plan; and
- (vi) Encouraged co-operation between External and Internal Audit work.

A summary of the outstanding findings of all internal audits carried out by the unit during the year was reported quarterly. A consolidated report in as form of Internal Audit Tracker was presented to the management and to also to Audit Committee for consideration.

Audit Committee has noted that, there are still an element of not implementing hundred percent on the recommendations of the Internal Audit. The responses from the Management of the Municipality and its Entities to the internal audit findings were reviewed and where necessary corrective action was recommended, and implementation monitored.

10.1 Recommendations:

The following are recommended to the management

- (i) At least all the recommendations made by the internal audit should be implemented by the management so as to avoid repeating findings raised by auditor general (AGSA)
- (ii) Resolution and or recommendations by the audit committee members through a resolution register should be implemented

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- (iii) Management should ensure that, there are no repeating findings from the AGSA, so therefore the Audit Implementation Plan should be continuously monitored
- (iv) Appointment of the Senior Internal Auditor to improve staff and skill in the unit should be considered
- (v) Reasonable budget for the unit that will cover the issue of trainings

14. APPRECIATION

The Audit Committee would like to express its gratitude to the Council, Accounting Officers for their co-operation and assistance during the year.

Ms. N.Ntshanga

Chairperson:

Audit Committee Chairperson

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

NOT APPLICABLE

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APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

NOT APPLICABLE

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APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

	OFFICIALS	
64	M NAKO	YES
65	M. MPAHLWA	YES
66	V. JAM JAM	YES
67	Z. MSIPHA	YES
68	N. NKUHLU	YES
69	MASHABA. A	YES
70	N. MLUNGU	YES

WARD/PR	COUNCILLOR	
1. ANC	AYABONGA TYATYAZA	
2. ANC	NTOMBIFUTHI TOOSE	

3. ANC	ZUKILE CHRISTOPHER GOBINDUKU	
4. ANC	SIMPHIWE FUTSHANE	
5. ANC	MZEKELO NDIKINDA	
6. ANC	THOBELA NODLIWA	
7. ANC	BUYISWA GAVEN	
8. ANC	ANDA MPATUSE	
9. ANC	KUNGEKA SIGWAYI	
10. ANC	ERNEST FIPAZA	
11. ANC	NONYUSILE NGOLOTHI	
12. ANC	MNIKELO VINCENT MURU	
13. ANC	SONWABILE TOYANA	
14. ANC	LUYANDA MPUNZI	
15. ANC	SIYABULELA MDABUKA	

16. ANC	NOSIPHO STAFANA	
17. ANC	NOSIPHO NANCY NTSHONTSHO	
18. ANC	LUNGISA MAHOBE	
19. ANC	PHUMELELE METHU	
20. ANC	SHEPSTONE THETHEMINI SITWAYI	
21. ANC	NONCEDILE KOPOLO	
22. ANC	SILULAMI NDINISA	
23. ANC	LULAMILE KHUMELWANA	
24. ANC	BONISWA SITHELA	
25. ANC	NOKANYO MAGATYA	
26. ANC	WILSON GENYANE	
27. ANC	TAMELLA NOKELE	
28. ANC	PHUMZILE MSARO	

29. ANC	THEOPHILUS MANELISI NXUSANI	
30. ANC	PATRIC PATUXOLO ZUMA	
31. ANC	SIMOTHULELE LABHATALA	
32. ANC	CELIWE GENYANE	
33. ANC	JANDA S – EXECUTIVE MAYOR	
34. ANC	BABALWA MAJAVU - SPEAKER	
35. ANC	MANDLA SIBINGIBINGI	
36. ANC	MIRRIAM KUNGEKA MAKAPELA	
37. ANC	NOLUSINDISO NKOMONYE	
38. ANC	NOLUMANYANO NGOMTHI	
39. ANC	NOMBONGO APLENI	
40. ANC	FIKISWA NDAULE	
41. ANC	XOLISWA MORRIN TYODANA	

42. ANC	NOLUNDI GXAMTWANA	
43. ANC	NOMVUYISEKO MGEDESI	
44. ANC	PAKAMA PATRICIA KONDILE	
45. ANC	MANTSHIYOSE L. CHIEFWHIP	
46. ANC	NOMABANDLA MKHEDAMO	
47. ANC	NOSIPHO GANDA	
48. ATA	MANGALISO SABELO JAFTA	
49. BPM	BOMELA Z	
50. DA	FEZEKA MBIKO	
51. PAC	MPENDULO HERBERT GWESHA	
52. UDM	DONALD THAMSANQA TSENGWA	
53. UDM	NTSIKELELO MAHLATHI	
54. UDM	NOLUVO TYELINGANYE	

55. UDM	USIVILE MBONELI	
56. UDM	MZIMKULU TETYANA	
57. UDM	YOLISWA GRISSEL MHLATHI	
58. UDM	MNTUWAKHE TAKANE	
59. ATM	NYAMEKA MONGEZI	
60. EFF	ASANDA MATSHOBENI	
61. EFF	BONGANI DUMEZWENI	
62. EFF	LETHU MDINISO / MADAKA	
63. EFF	ZANELE MBOXELA	
64. CHIEF	MANXIWA NN	
65. CHIEF	ZUNGUZANE AMOS	

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APPENDIX K

(i): REVENUE COLLECTION PERFORMANCE BY VOTE

EC121 Mbashe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June										
Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		12,760	9,500	7,500	566	11,630	7,500	4,130	55%	7,500
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		309	500	500	285	3,490	500	2,990	598%	500
Rental of facilities and equipment		1,853	1,850	1,850	111	1,620	1,850	(230)	-12%	1,850
Interest earned - external investments		5,743	3,500	4,000	1,256	5,717	4,000	1,717	43%	4,000
Interest earned - outstanding debtors		1,169	-	-	282	3,031	-	3,031	#DIV/0!	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2,103	1,500	500	6	2,249	500	1,749	350%	500
Licences and permits		2,024	1,200	200	272	2,417	200	2,217	1109%	200
Agency services		(786)	900	400	-	(940)	400	(1,340)	-335%	400
Transfers and subsidies		262,714	262,087	334,788	3,585	332,692	334,788	(2,096)	-1%	334,788
Other revenue		8,550	11,320	16,320	2,357	4,227	16,320	(12,093)	-74%	16,320
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		296,239	312,357	366,058	8,715	366,135	366,058	76	0%	366,058

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APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major condition s applied by donor (continue below if necessar y)
				Budget	Adjust ments Budge t	
Equitable Share	249 464 000	341 100 000	341 100 000	0%	0%	Payment of salaries and other municipal operations
Other Specify:				0%	0%	
<i>Finance Management Grant</i>	1 700 000	1 700 000	1 700 000	0%	0%	Capacity Building for Finance Officials

						and appointme nt of Interns and systems enhancem ent
<i>EPWP Incentive</i>	4 147 000	4 147 000	4 147 000	0%	0%	Capacity Building and employme nt growth
Libraries	500 000	500 000	500 000	0%	0%	Library operations
Electrification	12 492 000	6 492 000	6 492 000	0%	0%	Electrificat ion of municipal wards
Total	281 729 162	354 389 000	354 389 000			

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

Delete Directive note once comment is complete – Use this box to provide additional information on grant benefits or conditions and reasons for acceptance.

TL.1

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APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

VN KWEDINANA	Yes
LM SOSHANKANE	Yes
NN MBOXELA	Yes
N NYALAMBISA	None
NA TYALI	Yes
P MAKELENI	Yes

Applicable

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme							
Description	Year-0	Year-1			Planned Capital Expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY+1	FY+2	FY+3
Capital Expenditure by Asset Class							
Infrastructure - Total							
Infrastructure - Road transport- Total	71496000.00				0		
<i>Roads, Pavements & Bridges</i>	39338273,7	0					
<i>Storm water</i>		0			0		
Infrastructure - Electricity -Total	4 142 000.00				0		
<i>Generation</i>					0		
<i>Transmission & Reticulation</i>					0		
<i>Street Lighting</i>	3 000 000	0			0		
Infrastructure - Water-Total					0		
<i>Dams & Reservoirs</i>					0		
<i>Water purification</i>					0		
<i>Reticulation</i>					0		
Infrastructure - Sanitation -Total					0		
<i>Reticulation</i>					0		
<i>Sewerage purification</i>					0		
Infrastructure - Other -Total					0		
<i>Waste Management</i>					0		
<i>Transportation</i>					0		
<i>Gas</i>					0		
Community- Total					0		

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Parks and Gardens					0		
Sport field and Stadia					0		
Swimming Pools					0		
Community Hall					0		
Libraries					0		
Recreational Facilities					0		
Fire, Safety and Emergency					0		
Security and Policing					0		
Buses					0		
Clinics					0		
Museums and Art Galleries					0		
Cemeteries					0		
Social Rental House					0		
Other					0		
Total	42338273,7	0	0	0	0	0,00	0,00

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

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APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade / Renewal Programme							
Description	Year-0	Year-1			Planned Capital Expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY+1	FY+2	FY+3
Capital Expenditure by Asset Class							
Infrastructure - Total							
Infrastructure - Road transport- Total	60000000				60000000		
<i>Roads, Pavements & Bridges</i>	51000000	0			51000000		
<i>Storm water</i>	9000000	0			9000000		
Infrastructure - Electricity -Total	4 142 000.00				0		
<i>Generation</i>					0		
<i>Transmission & Reticulation</i>					0		
<i>Street Lighting</i>	3 000 000	0			3 000 000		
Infrastructure - Water-Total					0		
<i>Dams & Reservoirs</i>					0		
<i>Water purification</i>					0		
<i>Reticulation</i>					0		
Infrastructure - Sanitation -Total					0		
<i>Reticulation</i>					0		
<i>Sewerage purification</i>					0		
Infrastructure - Other -Total					0		
<i>Waste Management</i>					0		
<i>Transportation</i>					0		
<i>Gas</i>					0		
Community- Total					0		

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Parks and Gardens					0		
Sport field and Stadia					0		
Swimming Pools					0		
Community Hall					0		
Libraries					0		
Recreational Facilities					0		
Fire, Safety and Emergency					0		
Security and Policing					0		
Buses					0		
Clinics					0		
Museums and Art Galleries					0		
Cemeteries					0		
Social Rental House					0		
Other					0		
Total	123000000	0	0	0	123000000	0,00	0,00

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Capital Expenditure - Upgrade/Renewal Programme*							
Description	Year 0	Year 1			Planned Capital		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
Community	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-		-	-	-	-
Buildings							
Other							
Table continued next page							

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<i>Table continued from previous page</i>							
Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year 0	Year 1			Planned Capital		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on renewal of existing assets	-	-		-	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA 34h)

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APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 1

Not Applicable

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APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 1

Capital Programme by Project by Ward: Year 0		
R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
"Project A"		
"Project B"		
Sanitation/Sewerage		
Electricity	23	No (under construction)
	27	No (under construction)

	14	No (under construction)
	23	No (under construction)
	27	No (under construction)
Housing		
Destitute housing	2,3,4,5,6,7,8,9,10,32	Yes
Destitute housing		Yes
Refuse removal	All Wards	Yes
Storm water	01	Yes
	02	Yes
	13	Yes
	03	Yes

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	31	Yes
	30	Yes
Economic development		
Sports, Arts & Culture	13	No
	25	No
	02	No
	13	No
	25	No
	21	Yes
Environment		
Health		

Safety and Security	All Wards	Yes
ICT and Other		

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APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
None		
Housing:		
Low Cost Houses in Gatyana	90 houses	Unhappiness and crime associated with unfinished houses
Xhorha rectification	292 houses	
Licensing and Testing Centre:		
Dutywa	1	Loss of revenue by the municipality.
Reservoirs		
None		

Schools (Primary and High):		
None		
Sports Fields:		
Gatyana	1(Still under construction	Delayed youth development

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APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

None

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APPENDIX S – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

N/A

RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS IN THE ANNUAL REPORT

The following is the list of indicators that were agreed upon and on how the performance information should be populated:-

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	284	273	96%	
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	7	6	85%	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	7	7	100%	
4	Percentage of Managers in Technical Services with a professional qualification	2	2	100%	

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	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
5	Level of PMS effectiveness in the DM – (DM to report)				

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6	Level of effectiveness of PMS in the LM – (LM to report)	The Municipality does have the Performance Management Framework in the financial year. After the consultation process the municipal council adopted the PMS framework in July 2017. The performance agreements were signed by all section 56 managers. The municipality implemented the PMS framework and the PMS reports were done for the year as prescribed by the legislation.				
7	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	275	275	100%		
8	Percentage of councillors who attended a skill development training within the current 5 year term	75	74	98,6%		
9	Percentage of staff complement with disability	5	1	20%		
10	Percentage of female employees	275	129	46,9%		
11	Percentage of employees that are aged 35 or younger	275	123	44.7%		
12	Adoption and implementation of HRD Plan including WSP	30 April 2017	WSP 30 April 2017	100%		

CONCERNING TS

Delete this Appendix if all returns have been made in accordance with reporting requirements.

Delete Directive note before publication

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	Not a WSA nor WSP				
2	Percentage of indigent households with access to free basic potable water	Not a WSA nor WSP				

3	Percentage of clinics with access to potable water	Not a WSA nor WSP				
4	Percentage of schools with access to potable water	Not a WSA nor WSP				
5	Percentage of households in formal settlements using buckets	Not a WSA nor WSP				

Annual performance as per key performance indicators in Electricity services

Annual performance as per key performance indicators in sanitation services

Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year	of
1	Percentage of households without access to gravel or graded roads	58858	58858	17 133	17 133	100%	
2	Percentage of road infrastructure requiring upgrade	58858	58858	0	0	0%	
3	Percentage of planned new road infrastructure actually constructed	58858	58858	0	0	0%	

4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	58858	57684	1174	1174	100%

Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services	60124	60124	60124	60124	100%
	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year	Number of HH/customer reached	Percentage of achievement during the year

				under review		
1	Percentage of households living in informal settlements	910	None	None	None	0%
2	Percentage of informal settlements that have been provided with basic services	910	None	None	None	0%
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	Not known	N/A	N/A		0%
4	Existence of an effective indigent policy	The municipality is in the process of updating the Indigent Register.				
5	Existence of an approved SDF	2019/20 approved reviewed SDF				

6	Existence of Land Use Management System (LUMS)	Zoning Plans, Transkei Town Planning Scheme and SPLUMA currently in use.

CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

Annual performance as per key performance indicators in LED

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	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	None	N/A	N/A
2	Percentage of LED Budget spent on LED related activities.	R5.5m	R4.7m	85%
3	Existence of LED strategy	Yes		
4	Number of LED stakeholder forum meetings held	3	3	100%
5	Plans to stimulate second economy	Yes	Yes	50%
6	Percentage of SMME that have benefited from a SMME support program	35	35 SMMEs	100%

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
7	Number of job opportunities created through EPWP	1540	1540	100%
8	Number of job opportunities created through PPP	None	55	100%

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	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	38%	R 121 256 718	53%
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget

2	Salary budget as a percentage of the total operational budget	46%	R 103 474 974	34%
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Trade creditors as a percentage of total actual revenue	2%	R 7 001 817	3%
		Target set for the year (80% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year
4	Total municipal own revenue as a percentage of the total actual budget	23%	R 27 381 100	8%
		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year

5	Rate of municipal consumer debt reduction	100%	R 8 420 772	41%
6	Percentage of MIG budget appropriately spent	100%	100%	100%
7	Percentage of MSIG budget appropriately spent	100%	100%	100%
8	AG Audit opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
9	Functionality of the Audit Committee	Effective	Effective	Effective
10	Submission of AFS after the end of financial year	31 August 2017	31 August 2017	31 August 2017

Chapter: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established	100%	100%	100%
2	% of ward committees that are functional	95%	95%	95%
3	Existence of an effective system to monitor CDWs	The Municipality does not have the effective system to monitor the CDW as they are not directly reporting to the municipality, however there are sessions that are being held on a quarterly basis between the CDW, Ward Committees, Ward Councillors and COGTA public participation unit. This engagement session is trying to assist the municipality in bridging the gap between the municipality functioning and CDW reporting.		
4	Existence of an IGR strategy	The municipality developed an IGR Framework that was adopted by Council in July 2020 that is fully implemented and used as the Terms of Reference for the IGR Forum.		

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
5	Effective of IGR structural meetings	The IGR structural meetings are effective. The municipality included all the scheduled dates of the IGR in the calendar of events of the municipality which was adopted by Council in July 2019. The sector departments are invited on time and some departments are consistently present in the meetings. The municipality also developed clusters aligned to the 5 KPAs which are reporting directly to the full IGR. However, there are still departments who are constantly not present, this has been uplifted to the District IGR and DIMAFO.		
6	Existence of an effective communication strategy	The municipality does have the communication strategy which was used in the financial year of 2019/20 FY. The reviewed communication strategy was adopted by council in July 2020. The municipality is intending to review the communication strategy on a yearly basis.		
7	Number of mayoral imbizos conducted	32 wards	3 (in all 3 units, all 32 wards participated)	100%

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
8	Existence of a fraud prevention mechanism	The municipality has developed a fraud prevention plan in the financial year under review. Risk Management committee is in place, and is chaired by the independent person.		

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.^a