

# EMALAHLENI LOCAL MUNICIPALITY



## AUDITED DRAFT ANNUAL REPORT FINANCIAL YEAR 2023/2024

A large, stylized handwritten signature in black ink, appearing to read 'Ms POB Makoma', is written over a horizontal line.

Ms POB Makoma  
MUNICIPAL MANAGER

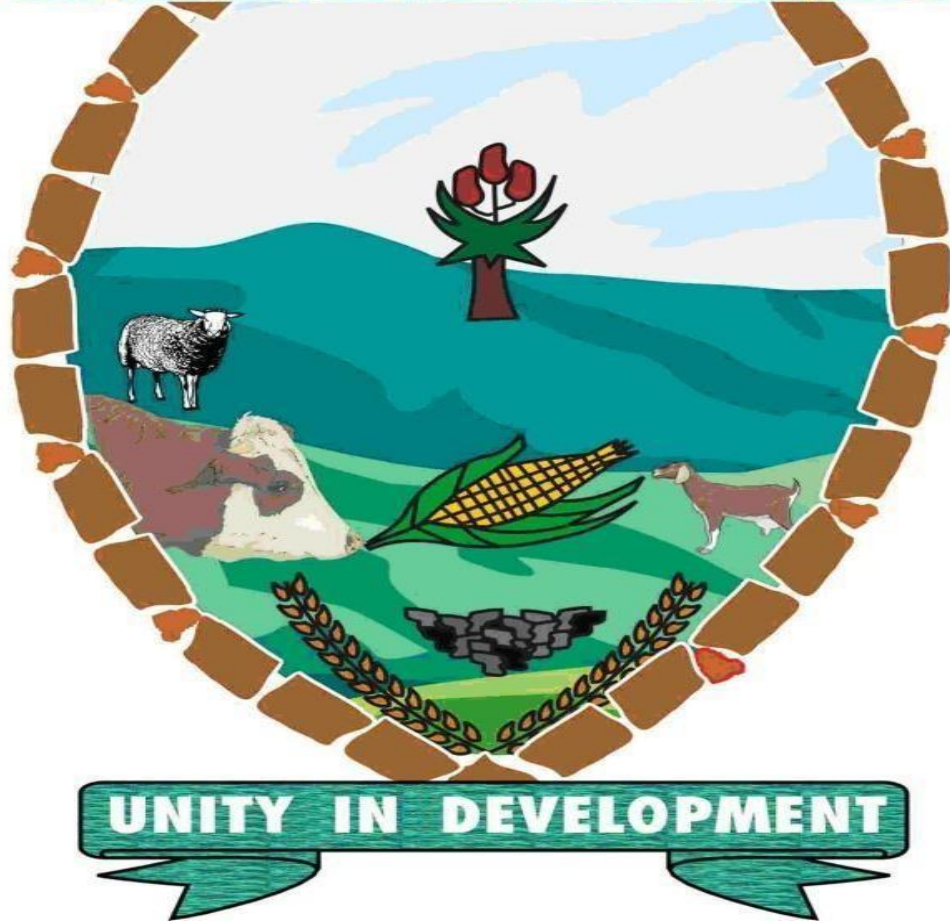
DATE: 29 January 2025

CLLR N. KONI  
HONOURABLE MAYOR

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DATE: 29 January 2025

# EMALAHLENI MUNICIPALITY



AUDITED DRAFT ANNUAL REPORT 2023/2024

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# CHAPTER 1

## 1.1 MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### **Municipal Vision**

An accountable, transformational, and financially viable municipality that delivers quality, sustainable and affordable services towards socio-economic growth and development of its communities.

It is my greatest pleasure and honour to present the 2023/2024 financial year, on behalf of the municipal council and administration. The commitments and working efforts of municipal council in addressing all various ward challenges in working together has been outstanding. In the past two years the municipality has been also hit by heavy rains by collapsing our road infrastructure which demoralized our efforts of service delivery.

The accountability through IDP plan had been one of the processes that seeks to interact with the communities. The municipality had to embark on the roadshows in all the wards on prioritization of ward needs which called good governance that will be addressing the needs of Emalahleni residents guided by the Municipal Systems Act 2000 Act 32. This ensures that the municipality will adopt its budget according to the IDP document within the budget. Therefore, the 2024/25 IDP and Budget are community driven outputs.

Our vision for Emalahleni Local Municipality is to develop and strengthen our communities by creating a better and sustainable livelihood for all. Effective service delivery is the only way we can see our vision come to reality. National and Provincial development plan is one of the guiding documents which is expected to take advantage of giving opportunities while create economic growth, job opportunities, infrastructure development, improve on good governance and sound financial management.

The municipality always strives to render services to the community but due to budget cuts on the MIG affected by the dwindling fiscus nationally, the projects which could be completed in the financial of 2023/2024 will be effectively implemented in the financial year of 2024/2025. Our administration is working diligently to ensure effective service delivery, to make a significant impact on the lives of our community members.

The pandemic pushed us to acknowledge the advancements of technology as well as opportunities thereof. The reality is that the municipality needs to adapt modern ways of doing things coupled by a behavioural change on a variety of aspect. This is not our challenge alone, but the world was affected by this pandemic. In our continuous interest to improve on various alternative public consultation methods so that our communities continue to engage and understand the direction the municipality is taking on its developmental agenda, the Municipality has used, community radio, print media and various social media platforms as an alternative to engage with the Emalahleni communities.

The municipality is stable, as we have managed to hold council business without any fail, political as well as the administrative. There are some areas that we can improve on such as the crime in our communities and the overwhelming access to drugs. Gender Based Violence is prevalent; elderly, women and children are raped and killed mostly by family members or people known to them and trusted as siblings.

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We appeal to men and women to play their part in fighting against Gender Based Violence and accepting the LGBTQI through the various community structures and law enforcement to guard against this heartless behaviour that is spoiling our society.

Water and sanitation are also still a huge problem which needs our intervention as the Emalahleni Municipal Council as well as Chris Hani District Municipal Council as the water authority and provider. We will continue with the Community Works Programme (CWP) and the Expanded Public Works Programme (EPWP) that are community programmes driven to employ and capacitate people in our communities.

## **LOCAL ECONOMIC DEVELOPMENT REPORT**

As a part of our developmental agenda as the municipality to always bring awareness to cleanliness and adherence to municipal by-laws, we are proud to announce that we will be embarking on developing a container mall in Cacadu which will cater and be an economic benefit to the SMME's and street traders in the town. Our focus is on improving the economic lives of the people in Emalahleni and this rests on rural development and agrarian development. On behalf of the Council, I wish to thank all stakeholders from different spheres of government, including Provincial Treasury for the input in IDP and Budget Processes. The Executive Committee and all Councillors need to be appreciated; they are public servants, but their efforts do not go unnoticed. The Management and all officials of the municipality, you deserve to be appreciated. It will be difficult, but I have faith that we will achieve what we set out to do and more.

**COUNCILLOR NONTOMBIZANELE KONI  
HONOURABLE MAYOR.**

## 1.2 EXECUTIVE SUMMARY

The 2023/2024 financial year has showed the municipality many services delivery challenges on all fronts. However, the municipality has managed to ensure that the quality of service delivery is provided to our people. Realising the objective of developmental local governance still remain a challenging task for the municipality. The municipality is continuously reviewing the five-year strategic planning tool known as the Integrated Development Plan (IDP) with a cash-back budget premised on a medium-term revenue and expenditure framework.

The needs and priorities of communities are derived from public participation and Mayoral outreach programmes, inclusive of all sector departments which are conducted as per the requirements of the Municipal Systems Act 32 of 2000. It should be noted that IDP and Budget are living documents, and their implementation is assessed in terms of service delivery and budget implementation plan which confirms the relevance of programmes and projects of Council.

IDP and Budget are designed in such a way that they fulfil the constitutional mandate of Local Government that promote institutional development and transformation, service delivery, local economic development, job creation, spatial planning as well as financial viability and financial management. In addition to this, Emalahleni Local Council developed and approved a business process reengineering to inform its macro institutional organogram as an attempt to give effect to the five key priority areas. The high light of our successes and initiatives embarked upon the strategic planning session which resolved to advance the idea of investment in the municipality by hosting the investment summit and enhancing municipal initiatives through strategic infrastructure investment such container mall project.

The year of 2023/2024 was not a successful year in terms of the revenue targets planned. The municipality managed to collect 50% on billed income instead of the planned 95%.

In relation to changes of section 57, the employment contract of Director PEDTA came to an end March 2024 however the recruit process was fast tracked and mid-June 2024, a new director for PEDTA was appointed on a permanent contract which resulted in the municipality having a full complement in this regard.

The Emalahleni municipality does have a Council adopted Risk Management Strategy and Operational Plan which is used as a mitigation strategy to counter the identified top five risks.

Our slogan remains “Unity in development” and we are committed and continue to serve our community with dignity and best of our abilities. This will be achieved by our well-motivated and skilled workforce and adopted of customer centric planning and implementation approach, with the continued support of our Council, Traditional Leadership, Communities, Key Stakeholders and Sector Departments on our endeavors of accelerating service delivery to all communities.

The management sees the importance and relevance of an annual report in an accountability, participatory and development of our communities as valuable assessment tool. The municipal adopted annual report for the 2022/2023 financial year within prescribed time frames. Then that means the report is not for only compliance but rather provides a clear presentation of performance of the municipality for the year of 2023/2024.

**MS POB MAKOMA  
MUNICIPAL MANAGER**

## 1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### POPULATION

Emalahleni population is 128 873 people, the Emalahleni Local Municipality houses 0.2% of South Africa's total population in 2022. Between 2010 and 2022 the population growth averaged 0.57% per annum which is more than half than the growth rate of South Africa as a whole (1.55%). Compared to Chris Hani's average annual growth rate (0.69%), the growth rate in Emalahleni's population at 0.57% was very similar than that of the district municipality (*Statistics 2022*). Emalahleni Municipality is third largest population being 16% of the district population in the Chris Hani district which extended over an area of approximately 3 840 square kilometres, including more than 200 rural villages and comprising seventeen (17) wards. In 2022, Statistics SA conducted a survey which revealed that Emalahleni population had increased to 128 873. This is an increase of 9.2% in the total population of the municipal area in a space of 13 years.

The head office of the Emalahleni Local Municipality is situated in Cacadu and has satellite offices in Dordrecht and Indwe. Growth trend analysis shows that Emalahleni population had a marginal

The following tables and graphs reflect the population of Emalahleni by various categories. The Black Africans and Black African females are the largest group of the population at 51% (and 53% including all races) of the total population. The high representation of females in the population represents an opportunity for the municipality to develop and implement programs for women empowerment.

#### POPULATION BY POPULATION GROUP, GENDER, AND AGE - EMALAHLENI LOCAL MUNICIPALITY, 2022 [NUMBER].

	African		White		Coloured	
	Female	Male	Female	Male	Female	Male
00-04	7,160	7,440	29	21	39	54
05-09	7,140	7,830	41	29	48	54
10-14	5,950	6,480	10	4	55	49
15-19	5,480	6,200	16	16	35	51
20-24	4,260	5,140	9	17	12	24
25-29	4,480	5,560	18	18	21	24
30-34	3,800	5,220	35	15	24	13
35-39	3,250	4,160	33	32	30	38
40-44	2,580	2,270	27	33	23	20
45-49	2,750	1,670	17	16	15	19
50-54	3,210	1,540	21	14	2	8
55-59	3,440	1,640	22	20	12	21
60-64	3,510	1,650	30	45	32	11
65-69	2,930	1,520	14	26	6	14
70-74	3,030	1,600	11	27	2	5
75+	3,010	1,310	18	0	26	12
<b>Total</b>	<b>66,000</b>	<b>61,200</b>	<b>351</b>	<b>333</b>	<b>382</b>	<b>417</b>

## AGE AND SEX DISTRIBUTION

Using the 2011, 2016 and 2022 Census data, the population is 128 873 people.

Population by Gender									
Age Groups	2011			2016			2022		
	Male	Female	Total	Male	Female	Total	Female	Male	Total
Age: 0 - 4	7 242	7 086	14 328	7 431	7 187	14 619	7228	7515	14 743
Age: 5 - 9	7 578	7 083	14 661	7 675	7 187	14 862	7229	7913	15 142
Age: 10 - 19	14 529	13 023	27 552	14 862	13 279	28 141	6015	6 533	12 548
Age: 20 - 29	8 238	7 665	15 903	8 406	7 797	16 202	8 800	10 783	19 583
Age: 30 - 39	4 887	5 196	10 083	4 995	5 238	10 233	7 172	9 478	16 650
Age: 40 - 49	3 756	6 084	9 840	3 898	6 213	10 111	5 412	4 028	9 440
Age: 50 - 59	4 206	6 540	10 746	4 386	6 578	10 964	6 707	3 243	9 950
Age: 60 - 69	3 231	4 608	7 839	3 289	4 629	7 918	6 522	3 266	9 266
Age: 70+	2 955	5 559	8 514	3 046	5 726	8 771	6 097	2 954	9 051

## TOTAL POPULATION BY PROVINCE – CENSUS 2011, COMMUNITY SURVEY 2016 AND CENSUS 2022

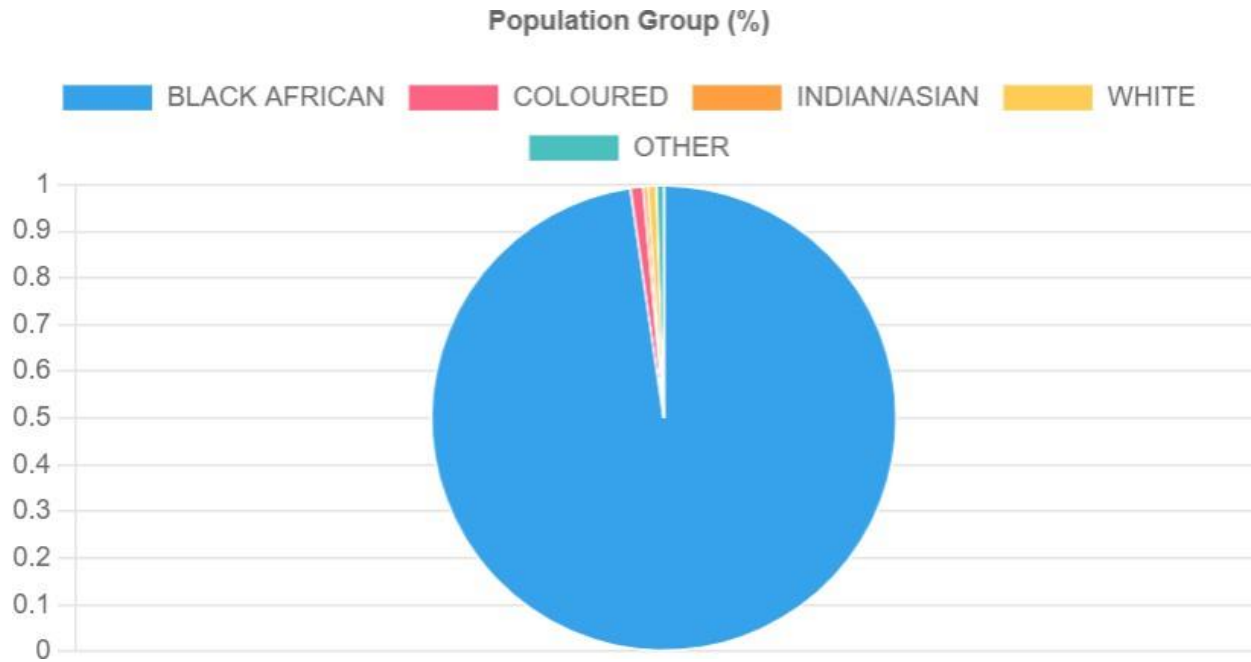
Rank Population	Province Percentage	Census 2011		2016 community survey		Census 2022	
		Population	Percentage	Population	Percentage		
1	Gauteng	12,272,263	23.7	13,399,724	24.1	15,099,422	24.3
2	KwaZulu-Natal	10,267,300	19.8	11,065,240	19.9	12,423,907	20.0
3	Western Cape	5,822,734	11.2	6,279,730	11.3	7,433,019	12.0
4	Eastern Cape	6,562,053	12.7	6,996,976	12.6	7,230,204	11.6
5	Limpopo	5,404,868	10.4	5,799,090	10.4	6,572,720	10.6
6	Mpumalanga	4,039,939	7.8	4,335,964	7.8	5,143,324	8.3
7	Northwest	3,509,953	6.8	3,748,435	6.7	3,804,548	6.1
8	Free State	2,745,590	5.3	2,834,714	5.1	2,964,412	4.8
9	Northern Cape	1,145,861	2.2	1,193,780	2.1	1,355,946	2.2
<b>South Africa</b>		51,770,561	100.0	55,653,654	100.0	62,027,503	100.0

- The census results showed that the population increased from 51, 7 million in 2011 to 61 million in 2022. The community survey estimated population of 55,6 million, showing an overall increase of 10.3% in 2022.
- The above figures are based on the new boundaries of the demarcation.
- The largest percentage/rate of increase in population between 2011 and 2022 was in Gauteng Province with 24.3%, followed by KwaZulu Natal with 20.0%.
- Eastern Cape, experiencing a decrease to 11, 5% compared to the community survey of 2016 which 12,6%

<b>Key Statistics</b>	<b>2011</b>	<b>2022</b>
Total population	119,460	128 873
Young (0-14)	35,1%	30,6%
Working Age (15-64)	55%	57,6%
Elderly (65+)	9,9	11,8%
Dependency ratio	81,8%	73,5
Sex ratio	90,1	94,8
Growth rate	-0,2% (2011-2016)	0,6% (2011-2022)
Population density	35 persons/km <sup>2</sup>	37 persons/km <sup>2</sup>
Unemployment rate	46,3%	42,4
Youth unemployment rate	55,3%	
No schooling aged 20+	18,8%	12,0%
Higher education aged 20+	3,8%	4,2%
Number of households	32 005	32 771
Average household size	3,7	3,9
Female headed households	53,8%	
Formal dwellings	56,1%	83,4%
Housing owned/paying off	61,3%	
<b>Key Statistics</b>	<b>2011</b>	<b>2022</b>
Flush toilet connected to sewerage	11,8%	38,6%
Weekly refuse removal	8,3%	39,2%
Piped water inside dwelling	8,7%	31,1%
Electricity for lighting	78,5%	95,5%

### Population Groups

<b>Race</b>	<b>Number of people</b>	<b>%</b>
Black African	125 929	97,7%
Coloured	1 144	0,9%
Indian/Asian	333	0,3%
White	831	0,6%
Other	619	0,5%

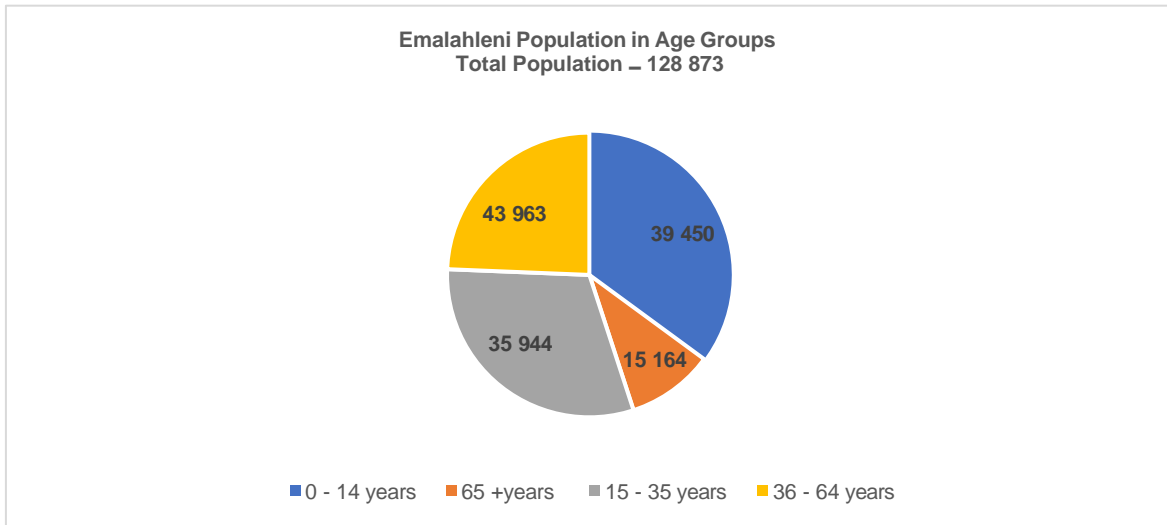


### Age And Gender Distribution

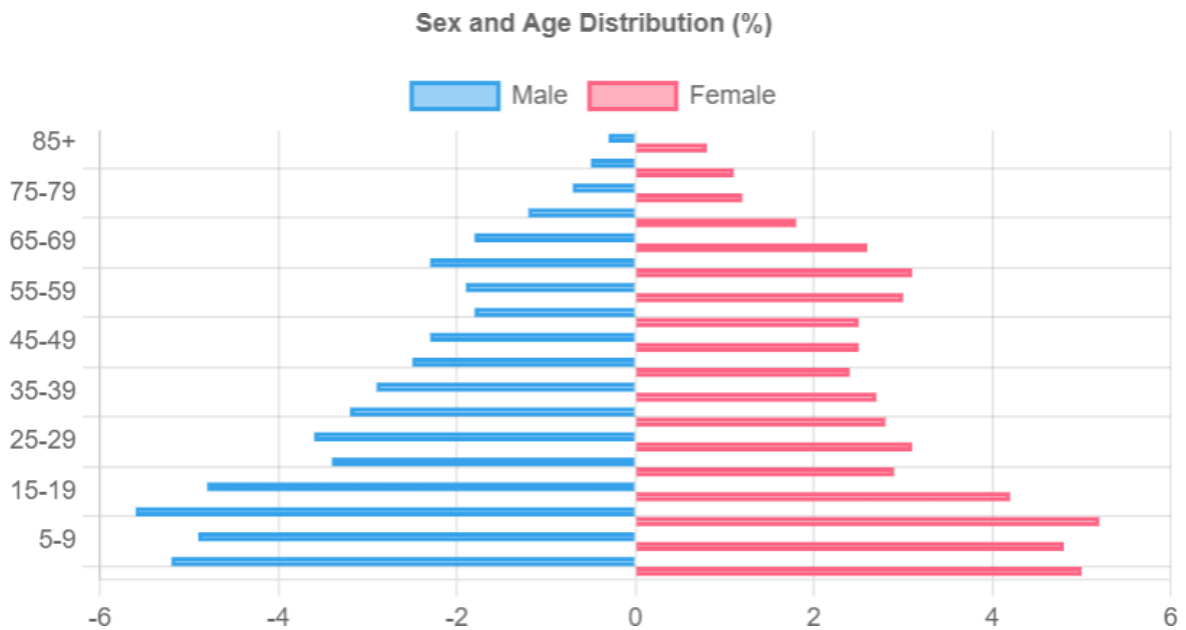
The table and pie chart below reflect the 2022 Census statistics and provide an age-gender distribution analysis. This situation reflects the high levels of poverty and unemployment that are experienced throughout the municipal area with its simultaneous effect on revenue generation and service delivery.

Name	Male	Male (%)	Female	Female (%)
85+	340	0,3%	990	0,8%
80-84	622	0,5%	1 354	1,1%
75-79	854	0,7%	1 489	1,2%
70-74	1 603	1,2%	2 263	1,8%
65-69	2 267	1,8%	3 382	2,6%
60-64	2 954	2,3%	3 956	3,1%
55-59	2 419	1,9%	3 906	3,0%
50-54	2 313	1,8%	3 193	2,5%
45-49	2 936	2,3%	3 162	2,5%
40-44	3 161	2,5%	3 051	2,4%
35-39	3 788	2,9%	3 475	2,7%
30-34	4 141	3,2%	3 577	2,8%
25-29	4 579	3,6%	3 956	3,1%
20-24	4 377	3,4%	3 746	2,9%
15-19	6 171	4,8%	5 397	4,2%
10-14	7 160	5,6%	6 680	5,2%
5-9	6 363	4,9%	6 136	4,8%
0-4	6 655	5,2%	6 456	5,0%

**Pie Chart of Gender Distribution**



*Sources: Statistics SA, CS 2022*



*Sources: Statistics SA, 2022*

The age groups of 0 to 4; 5 to 14; 10 to 19 and 20 to 29 years old show a slant towards females being in the majority. However, this trend does not continue through into the economically active age groups, and it is widely accepted that this is caused by the tendency of the majority of males to seek better schooling or employment opportunities in developed urban centres outside the municipal jurisdiction.

Females form the greater portion of the economically active population in the 30-to-59-year bracket. This directs the strategic planning of the municipality to focus on increasing involvement opportunities within local economic development and local initiatives for this group. In support of the above trend, it can further be seen that within the elderly population age group (60 years and older), women dominate by 9.8% as compared with 6.8% for males. While women account for 15. % of the age group 30 to 59 years, males only account for 14.6% of the population within the same age group. This impacts negatively on the local labour market and the potential workforce and needs to be considered as it deprives the local labour market of its potential workforce.

Efforts to encourage members of the economically active population and retired (but economically independent population) must be encouraged and built into the strategic objectives of the municipality for future growth and sustainability.

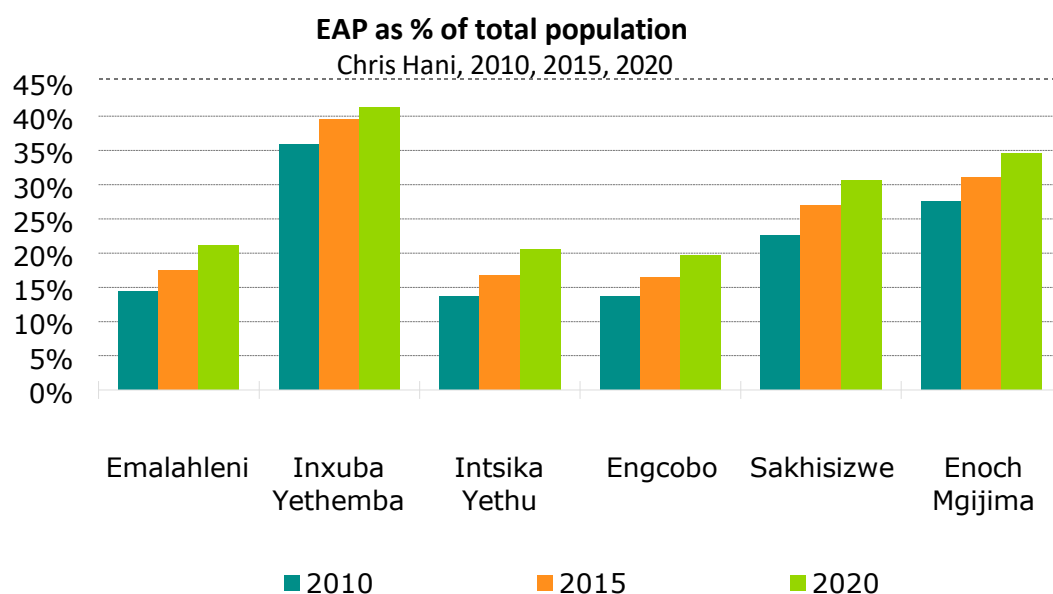
### ECONOMY IN EMALAHLENI LOCAL MUNICIPALITY

ECONOMICALLY ACTIVE POPULATION (EAP) - EMALAHLENI, CHRIS HANI, EASTERN CAPE AND NATIONAL TOTAL, 2010-2020 [NUMBER, PERCENTAGE]

	Emalahleni	Chris Hani	Eastern Cape	National Total	Emalahleni as % of district municipality	Emalahleni as % of province	Emalahleni as % of national
2010	17,500	167,000	1,720,000	18,000,000	10.5%	1.02%	0.10%
2011	17,600	167,000	1,730,000	18,300,000	10.5%	1.02%	0.10%
2012	18,000	170,000	1,760,000	18,700,000	10.6%	1.02%	0.10%
2013	19,000	178,000	1,830,000	19,300,000	10.7%	1.04%	0.10%
2014	20,500	191,000	1,920,000	20,100,000	10.8%	1.07%	0.10%
2015	21,700	200,000	2,000,000	20,800,000	10.8%	1.09%	0.10%
2016	23,100	211,000	2,090,000	21,500,000	10.9%	1.11%	0.11%
2017	24,800	223,000	2,180,000	22,000,000	11.1%	1.14%	0.11%
2018	25,700	229,000	2,230,000	22,300,000	11.2%	1.15%	0.12%
2019	27,100	239,000	2,310,000	22,700,000	11.3%	1.17%	0.12%
2020	27,300	240,000	2,320,000	22,100,000	11.4%	1.18%	0.12%
<b>Average Annual growth</b>							
2010-2020	4.53%	3.67%	3.06%	2.09%	11.6	1.19	0.12%

Source: IHS Markit Regional eXplorer version 2175

Emalahleni Local Municipality's EAP was 27 300 in 2020, which is 21.2% of its total population of 128 783, and roughly 11.38% of the total EAP of the Chris Hani District Municipality. From 2010 to 2020, the average annual increase in the EAP in the Emalahleni Local Municipality was 4.53%, which is 0.87% points higher than the growth in the EAP of Chris Hani's for the same period.



*Source: IHS Markit Regional eXplorer version 2175*

In 2010, 14.4% of the total population in Emalahleni Local Municipality were classified as economically active which increased to 21.2% in 2020. Compared to the other regions in Chris Hani District Municipality, Inxuba Yethemba Local Municipality had the highest EAP as a percentage of the total population within its own region relative to the other regions. On the other hand, Engcobo Local Municipality had the lowest EAP with 19.7% people classified as economically active population in 2020.

#### TOTAL EMPLOYMENT

Employment data is a key element in the estimation of unemployment. In addition, trends in employment within different sectors and industries normally indicate significant structural changes in the economy. Employment data is also used in the calculation of productivity, earnings per worker, and other economic indicators. Total employment consists of two parts: employment in the formal sector, and employment in the informal sector.

#### TOTAL EMPLOYMENT - EMALAHLENI, CHRIS HANI, EASTERN CAPE AND NATIONAL, 2010-2022 [NUMBERS]

	Emalahleni	Chris Hani	Eastern Cape	National Total
2010	7,620	111,000	1,230,000	13,500,000
2011	7,740	112,000	1,230,000	13,700,000
2012	7,820	113,000	1,240,000	14,000,000
2013	8,150	117,000	1,270,000	14,400,000
2014	8,820	126,000	1,340,000	15,000,000
2015	9,360	133,000	1,400,000	15,500,000s
2016	9,670	137,000	1,430,000	15,800,000
2017	9,750	138,000	1,440,000	16,000,000
2018	9,610	136,000	1,440,000	16,200,000
2019	9,420	134,000	1,420,000	16,200,000
2022	74,2308	501,1741	4,518877	41,682482
<b>Average Annual growth</b>				
2010-2022	<b>1.22%</b>	<b>1.04%</b>	<b>0.95%</b>	<b>1.39%</b>

*Source: IHS Markit Regional eXplorer version 2175*

In 2022, Emalahleni employed 8 600 people which is 6.98% of the total employment in Chris Hani District Municipality (123 000), 0.64% of total employment in Eastern Cape Province (1.35 million), and 0.06% of the total employment of 15.5 million in South Africa. Employment within Emalahleni increased annually at an average rate of 1.22% from 2010 to 2022.

**TOTAL EMPLOYMENT PER BROAD ECONOMIC SECTOR - EMALAHLENI AND THE REST OF CHRIS HANI, 2022  
[NUMBERS]**

	<b>Emalahleni</b>	<b>Inxuba Yethemba</b>	<b>Intsika Yethu</b>	<b>DR AB Xuma</b>	<b>Sakhisizwe</b>	<b>Enoch Mgijima</b>	<b>Total Chris Hani</b>
Agriculture	630	3,000	853	342	1,190	4,090	10,107
Mining	10	8	5	13	11	92	140
Manufacturing	313	977	565	468	191	2,450	4,965
Electricity	43	60	43	40	77	218	480
Construction	1,230	2,280	1,900	1,630	1,670	5,360	14,077
Trade	1,750	3,380	2,720	2,890	1,970	11,800	24,476
Transport	275	1,180	523	431	215	2,020	4,653
Finance	656	1,900	1,060	1,130	737	5,620	11,105
Community services	2,940	6,640	4,900	5,140	3,320	19,200	42,113
Households	757	1,880	1,050	720	805	5,980	11,188
<b>Total</b>	<b>8,600</b>	<b>21,300</b>	<b>13,600</b>	<b>12,800</b>	<b>10,200</b>	<b>56,800</b>	<b>123,304</b>

Source: IHS Markit Regional eXplorer version 2175

Emalahleni Local Municipality employs a total number of 8 600 people within its local municipality. The local municipality that employs the highest number of people relative to the other regions within Chris Hani District Municipality is Enoch Mgijima local municipality with a total number of 56 800. Emalahleni Local Municipality also employed the lowest number of people within Chris Hani District Municipality.

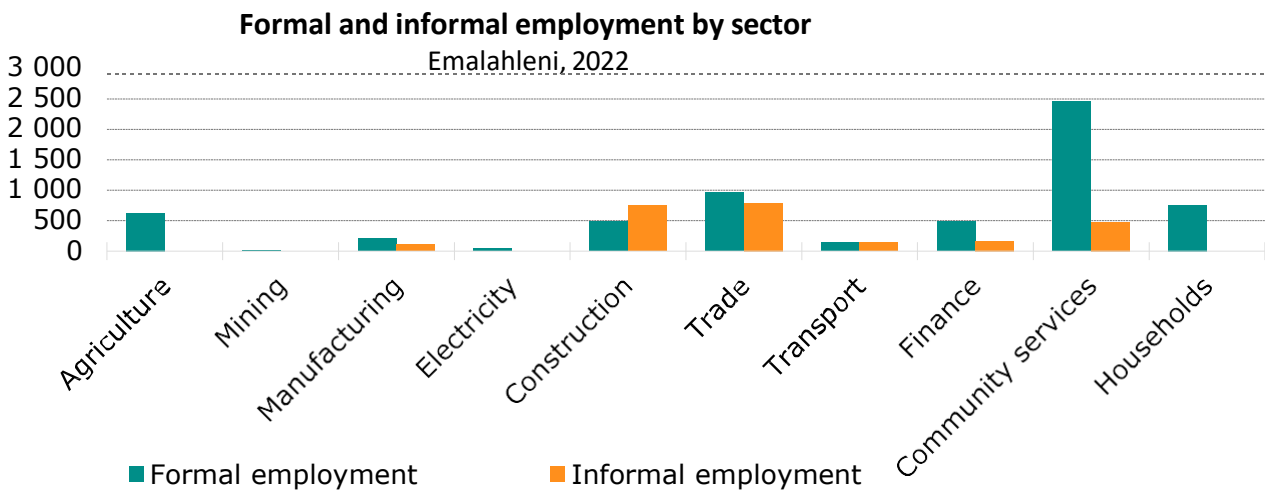
In Emalahleni Local Municipality the economic sectors that recorded the largest number of employments in 2022 were the community services sector with a total of 2 940 employed people or 34.1% of total employment in the local municipality. The trade sector with a total of 1 750 (20.3%) employs the second highest number of people relative to the rest of the sectors. The mining sector with 10.4 (0.1%) is the sector that employs the least number of people in Emalahleni Local Municipality, followed by the electricity sector with 42.7 (0.5%) people employed.

**FORMAL AND INFORMAL EMPLOYMENT**

Total employment can be broken down into formal and informal sector employment. Formal sector employment is measured from the formal business side, and the informal employment is measured from the household side where formal businesses have not been established.

Formal employment is much more stable than informal employment. Informal employment is much harder to measure and manage, simply because it cannot be tracked through the formal business side of the economy. Informal employment is however a reality in South Africa and cannot be ignored. The number of formally employed people in Emalahleni Local Municipality counted 6 180 in 2022, which is about 71.86% of total employment, while the number of people employed in the informal sector counted 2 420 or 28.14% of the total employment. Informal employment in Emalahleni increased from 1 990 in 2010 to an estimated 2 420 in 2022.

**FORMAL AND INFORMAL EMPLOYMENT BY BROAD ECONOMIC SECTOR - EMALAHLENI LOCAL MUNICIPALITY, 2022 [NUMBERS]**



Source: IHS Markit Regional eXplorer version 2175

*Some of the economic sectors have little or no informal employment:*

*Mining industry, due to well-regulated mining safety policies, and the strict registration of a mine, has little or no informal employment. The Electricity sector is also well regulated, making it difficult to get information on informal employment. Domestic Workers and employment in the Agriculture sector is typically counted under a separate heading.*

In 2022 the Trade sector recorded the highest number of informally employed, with a total of 788 employees or 32.55% of the total informal employment. This can be expected as the barriers to enter the Trade sector in terms of capital and skills required is less than with most of the other sectors. The Manufacturing sector has the lowest informal employment with 105 and only contributes 4.34% to total informal employment.

FORMAL AND INFORMAL EMPLOYMENT BY BROAD ECONOMIC SECTOR - EMALAHLENI LOCAL MUNICIPALITY, 2022 [NUMBERS]

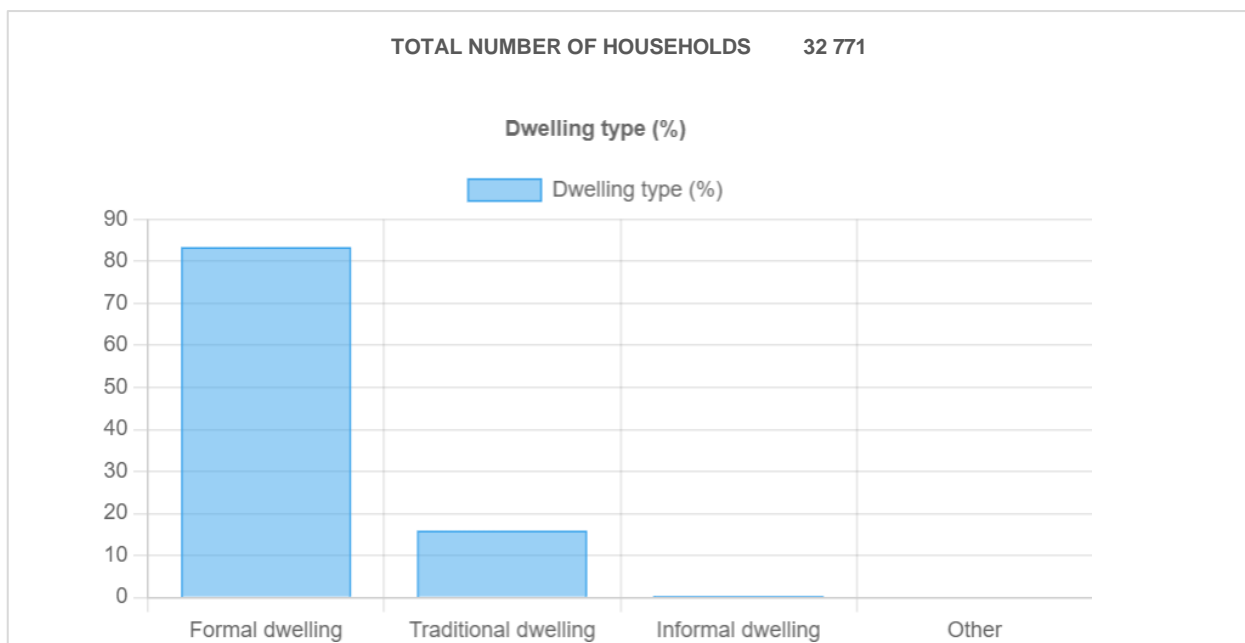
	Formal employment	Informal employment
Agriculture	630	N/A
Mining	10	N/A
Manufacturing	208	105
Electricity	43	N/A
Construction	486	748
Trade	962	788
Transport	137	138
Finance	492	164
Community services	2,460	479
Households	757	N/A

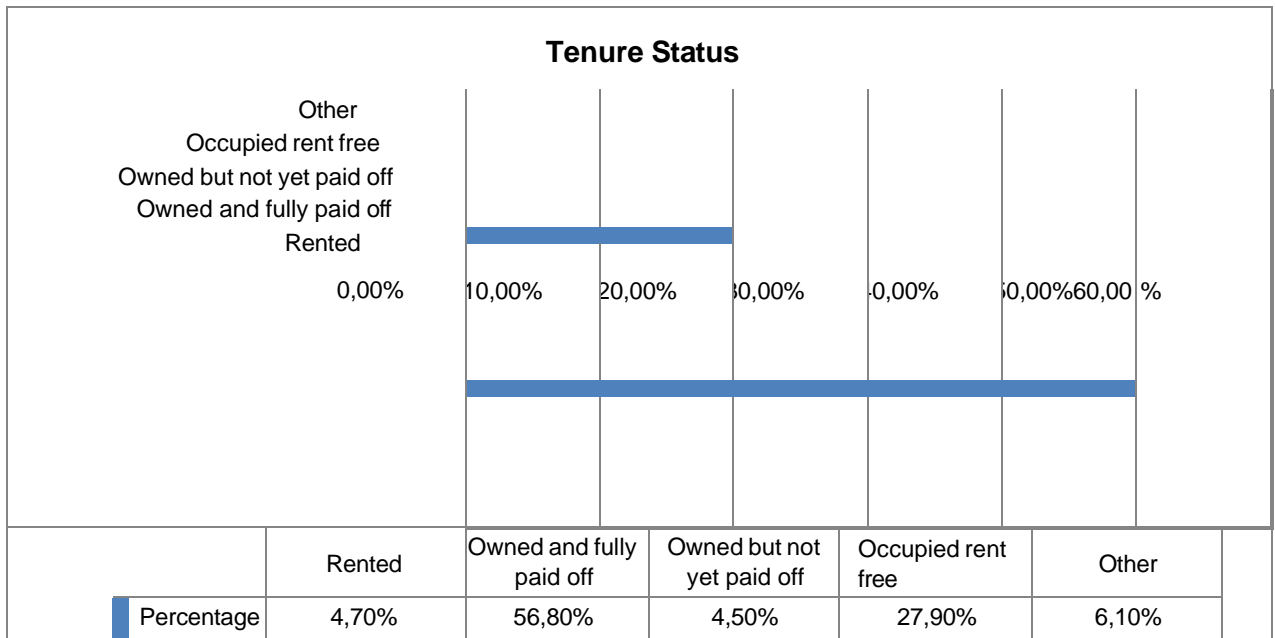
Source: IHS Markit Regional eXplorer version 2175

*The informal sector is vital for the areas with very high unemployment and very low labour participation rates. Unemployed people see participating in the informal sector as a survival strategy. The most desirable situation would be to get a stable formal job. But because the formal economy is not growing fast enough to generate adequate jobs, the informal sector is used as a survival mechanism.*

**LIVING CONDITIONS IN EMALAHLENI LOCAL MUNICIPALITY**

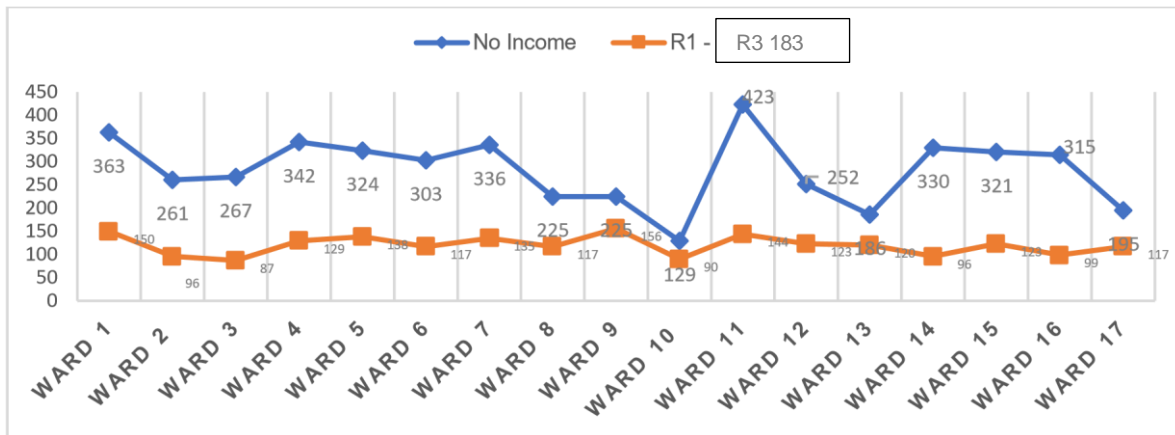
There are 32 771 households in the municipality, with an average household size of 3.9 persons per household.





Source: IHS Global Insight Regional eXplorer version 1029

### INCOME PER HOUSEHOLD

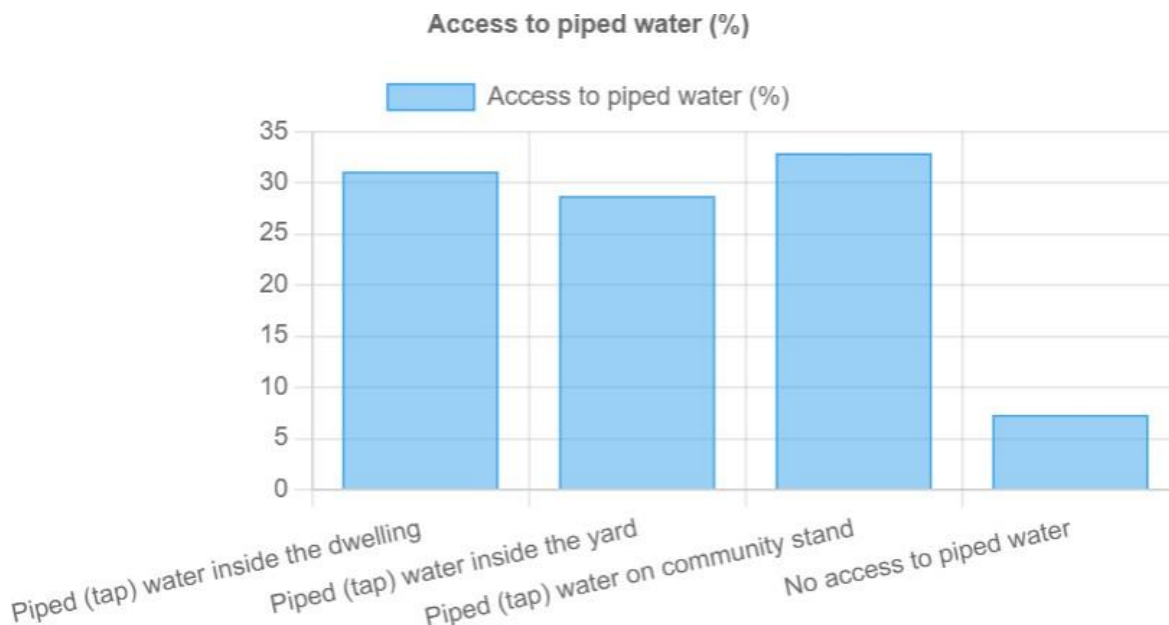


### ACCESS TO PIPED WATER IN CHRIS HANI DISTRICT MUNICIPALITY COMPARED EMALAHLENI LOCAL MUNICIPALITY

The regions within Chris Hani District Municipality with the highest number of households with piped water inside the dwelling is Enoch Mgijima Local Municipality with 53 269 of the households with piped water inside the dwelling within Chris Hani District Municipality. The region with the lowest number of households with piped water inside the dwelling is Sakhisizwe Local Municipality with a total of 6 533 of the total households with piped water inside the dwelling within Chris Hani District Municipality.

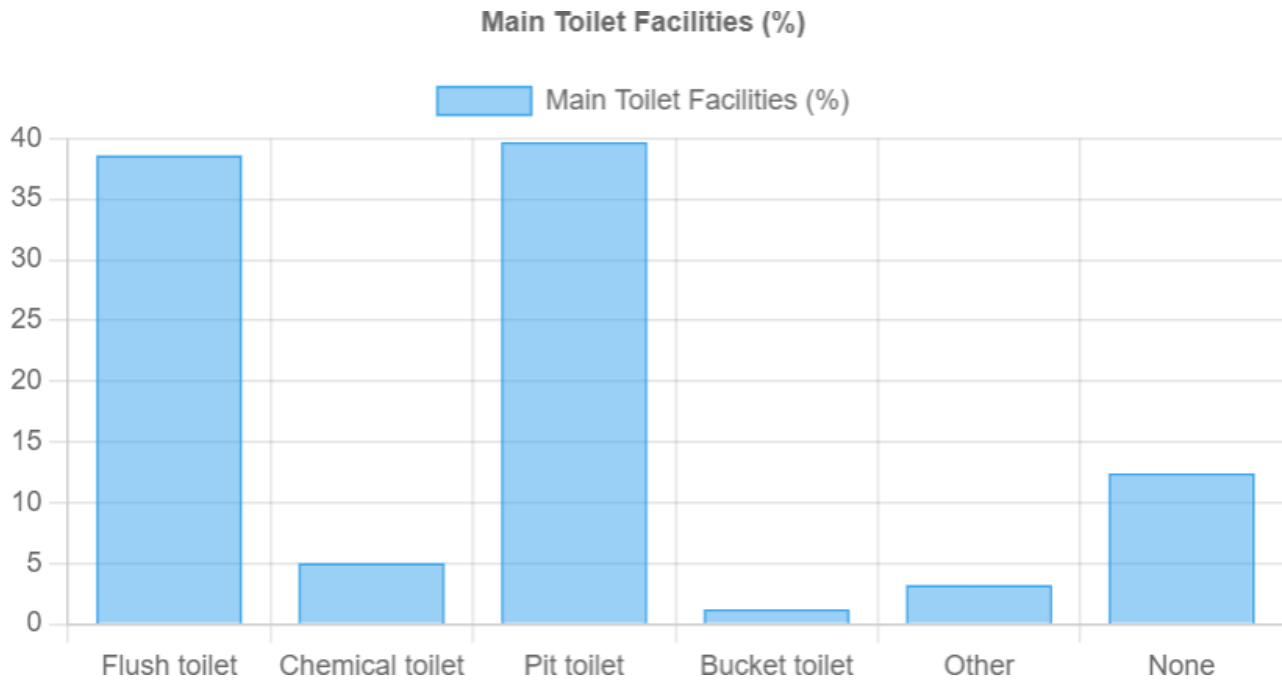
	Piped water inside dwelling	Piped water in yard	Communal piped water less than 200m from dwelling	No formal piped water	%
<b>Enoch Mgijima LM</b>	53 269	26 858	12 100	4 554	95.2%
<b>Inxuba Yethemba LM</b>	17 390	4 836	625	142	99.9%
<b>Emalahleni</b>	10 185	9 393	10 786	2 407	100%
<b>Ntsika Yethu LM</b>	9 770	1 850	9 807	10 799	99.9
<b>Dr AB Xuma LM</b>	6 891	1 259	7 162	8 996	100%
<b>Sakhisizwe LM</b>	6 533	5 777	3 495	1 551	99.9%
<b>TOTAL CHRIS HANI</b>	104 038	49 973	43 974	28 460	100%

#### ACCESS TO PIPED WATER EMALAHLENI LOCAL MUNICIPALITY



% of households have access to piped water inside dwelling, 28,7% inside their yard, 32,9% access piped water on a community stands less than 200m from the dwelling. 7.3% of households do not have access to piped water.

## ACCESS TO SANITATION IN EMALAHLENI LOCAL MUNICIPALITY



*Sources: Statistics SA, 2022*

This graph presents a picture of Emalahleni local municipality in as far as it relates to the provision of sanitation (Flush or chemical toilets; Pit latrine; and Bucket latrine).

## PERCENTAGE OF HOUSEHOLDS USING ELECTRICITY OF LIGHTING IN EMALAHLENI

NAME	FREQUENCY	%
Electricity from mains	31 296	95,5%
Gas	43	0,1%
Paraffin	466	1,4%
Candles	767	2,3%
Solar	11	0,0%
Other	59	0,2%
None	129	0,4%

*Statistics SA 2022*

Electricity for lighting has increased in all provinces with 95.5% of households in South Africa using electricity for lighting.

## REFUSE REMOVAL

The data presented above was extracted from Statistics SA Census report 2022 and the current strides in terms of service improvement relates reflects expansion of services of refuse removal.

	Census 2011	Census 2022
Unspecified / other	1303	671
Removed by local authority at least once a week	2637	12 853
Removed by local authority less often	165	245
Communal refuse dump	528	113
Own refuse dump	20165	13 473
No rubbish disposal	6883	4 960

## POVERTY

**Definition:** The upper poverty line is defined by Stats SA as the level of consumption at which individuals can purchase both sufficient food and non-food items without sacrificing one for the other. This variable measures the number of individuals living below that particular level of consumption for the given area, and is balanced directly to the official upper poverty rate as measured by Stats SA.

Poverty is a key development challenge in social, economic, and political terms, not only in South Africa but throughout the developing world. In post-apartheid South Africa, fighting the legacy of poverty and under-development has always been a central theme of Government.

This was cemented in the Reconstruction and Development Plan (RDP) of 1994 and reiterated in the National Development Plan (NDP) published in 2011.

The guiding objectives of the NDP are the elimination of poverty and the reduction in inequality and all the elements of the plan must demonstrate their effect on these two objectives. The Living Conditions Survey (LCS) and the Income and Expenditure Survey (IES) conducted by Stats SA are the two primary contributors toward profiling and monitoring poverty and inequality over time.

These two surveys are fundamental components to the survey programme of any statistical agency. They are the leading tools for the measurement of absolute poverty and inequality, and they are an extremely important building block for the Consumer Price Index (CPI) to stay current with the changing spending and consumption patterns of the country.

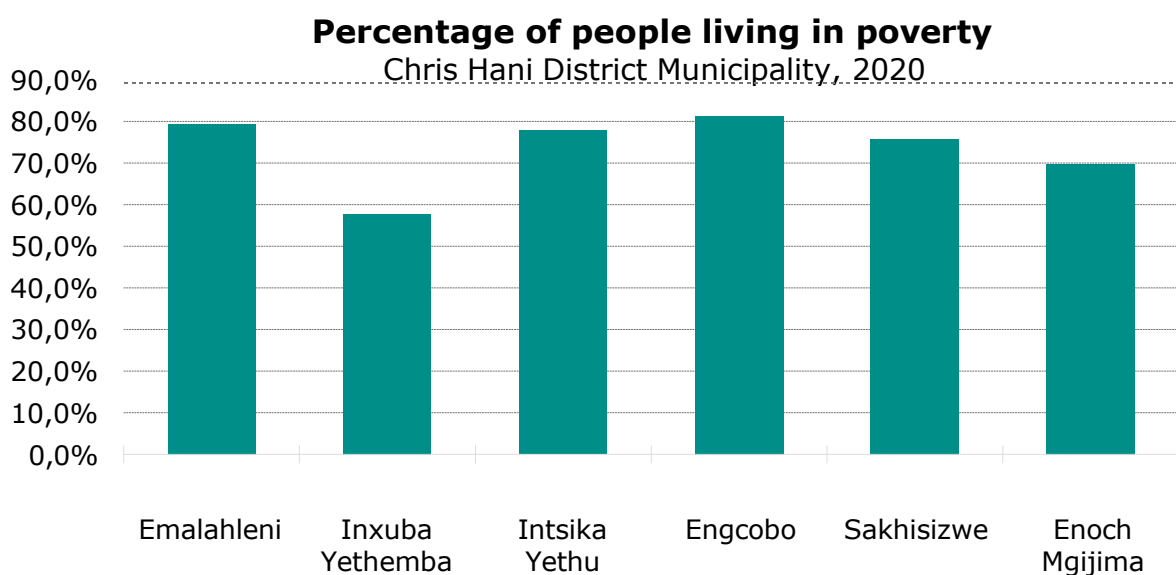
**PERCENTAGE OF PEOPLE LIVING IN POVERTY BY POPULATION GROUP - EMALAHLENI, 2010-2022[PERCENTAGE]**

African	
2010	79.4%
2011	74.9%
2012	75.2%
2013	75.4%
2014	75.8%
2015	75.5%
2016	77.4%
2017	77.9%
2018	78.1%
2019	78.7%
2020	80.2%

Source: IHS Markit Regional eXplorer version 2175

In 2022, the population group with the highest percentage of people living in poverty was the African population group with a total of 80.2% people living in poverty, using the upper poverty line definition. The proportion of the African population group, living in poverty, decreased by -0.797 percentage points, as can be seen by the change from 79.38% in 2010 to 80.18% in 2022.

**PERCENTAGE OF PEOPLE LIVING IN POVERTY - EMALAHLENI AND THE REST OF CHRIS HANI DISTRICT MUNICIPALITY, 2020 [PERCENTAGE]**



Source: IHS Markit Regional eXplorer version 2175

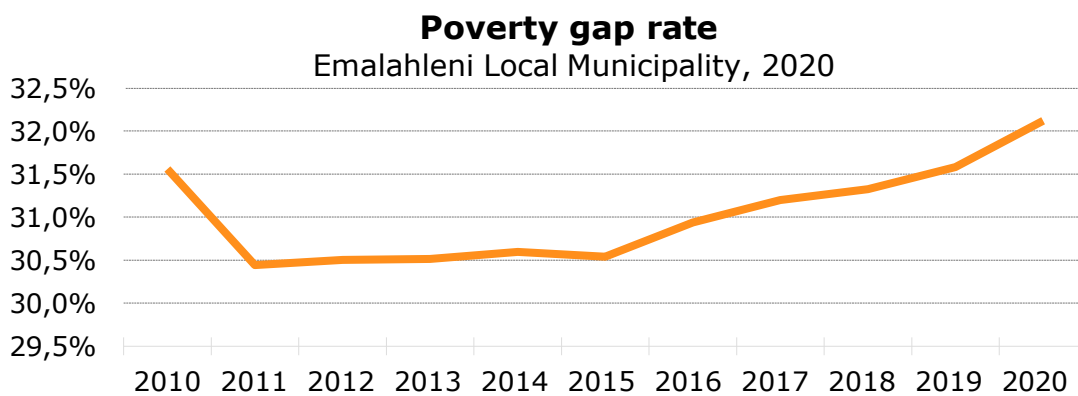
In terms of the percentage of people living in poverty for each of the regions within the Chris Hani District Municipality, Engcobo Local Municipality has the highest percentage of people living in poverty, with a total of 81.4%. The lowest percentage of people living in poverty can be observed in the Inxuba Yethemba Local Municipality with a total of 57.7% living in poverty, using the upper poverty line definition.

**POVERTY GAP RATE**

The poverty gap is used as an indicator to measure the depth of poverty. The gap measures the average distance of the population from the poverty line and is expressed as a percentage of the upper bound poverty line, as defined by StatsSA. The Poverty Gap deals with a major shortcoming of the poverty rate, which does not give any indication of the depth, of poverty. The upper poverty line is defined by StatsSA as the level of consumption at which individuals are able to purchase both sufficient food and non-food items without sacrificing one for the other.

It is estimated that the poverty gap rate in Emalahleni Local Municipality amounted to 32.1% in 2020 - the rate needed to bring all poor households up to the poverty line and out of poverty.

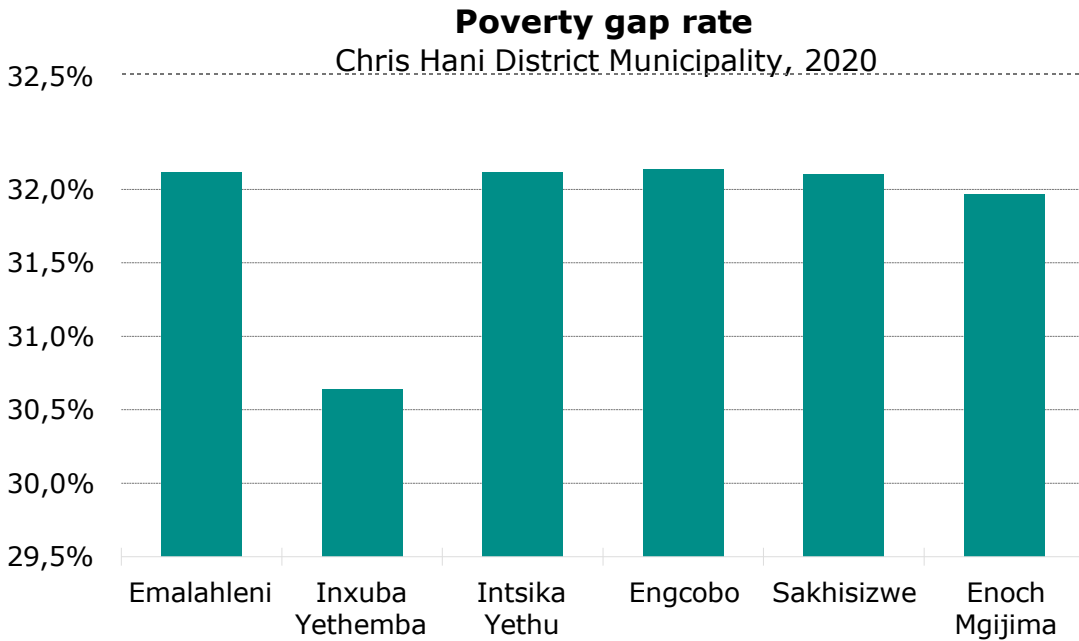
**POVERTY GAP RATE BY POPULATION GROUP - EMALAHLENI LOCAL MUNICIPALITY, 2010-2020 [PERCENTAGE]**



Source: IHS Markit Regional eXplorer version 2175

In 2020, the poverty gap rate was 32.1% and in 2010 the poverty gap rate was 31.6%, it can be seen that the poverty gap rate increased from 2010 to 2020, which means that there were no improvements in terms of the depth of the poverty within Emalahleni Local Municipality.

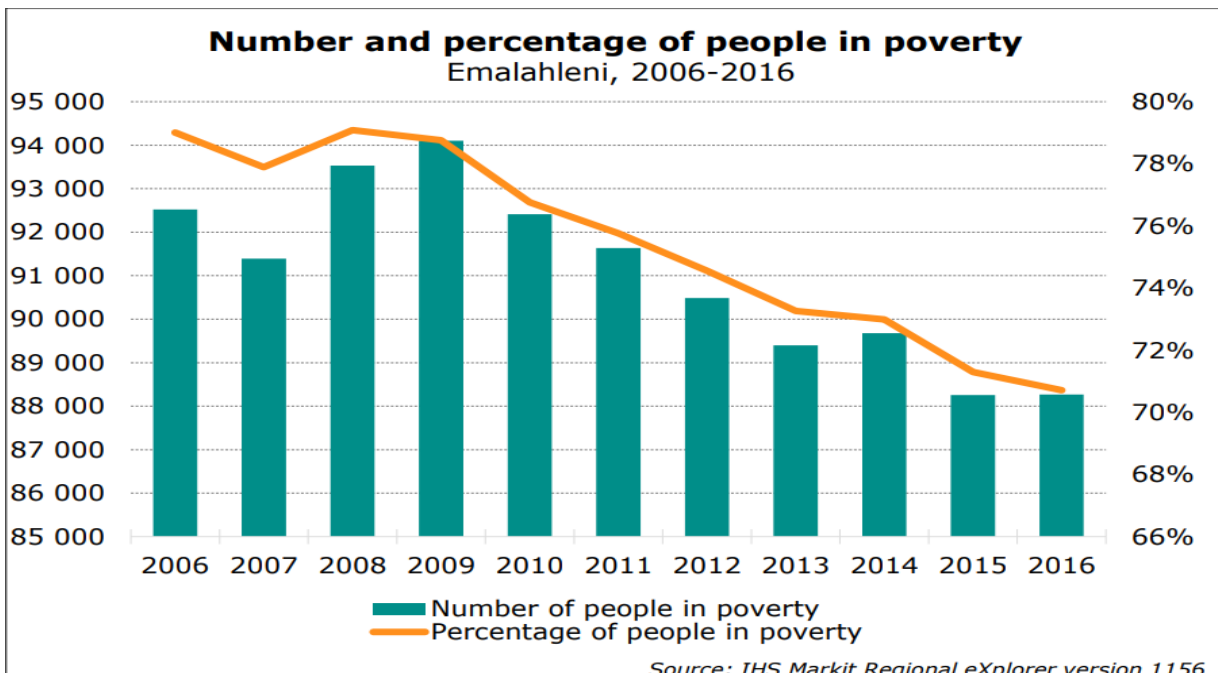
**POVERTY GAP RATE - EMALAHLENI LOCAL MUNICIPALITY AND THE REST OF CHRIS HANI, 2020 [PERCENTAGE]**



Source: IHS Markit Regional eXplorer version 2175

In terms of the poverty gap rate for each of the regions within the Chris Hani District Municipality, Engcobo Local Municipality had the highest poverty gap rate, with a rand value of 32.1%. The lowest poverty gap rate can be observed in the Inxuba Yethemba Local Municipality with a total of 30.6%.

**NUMBER AND PERCENTAGE OF PEOPLE LIVING IN POVERTY - EMALAHLENI LOCAL MUNICIPALITY, 2006-2016 [NUMBER PERCENTAGE]**



Source: IHS Markit Regional eXplorer version 1156

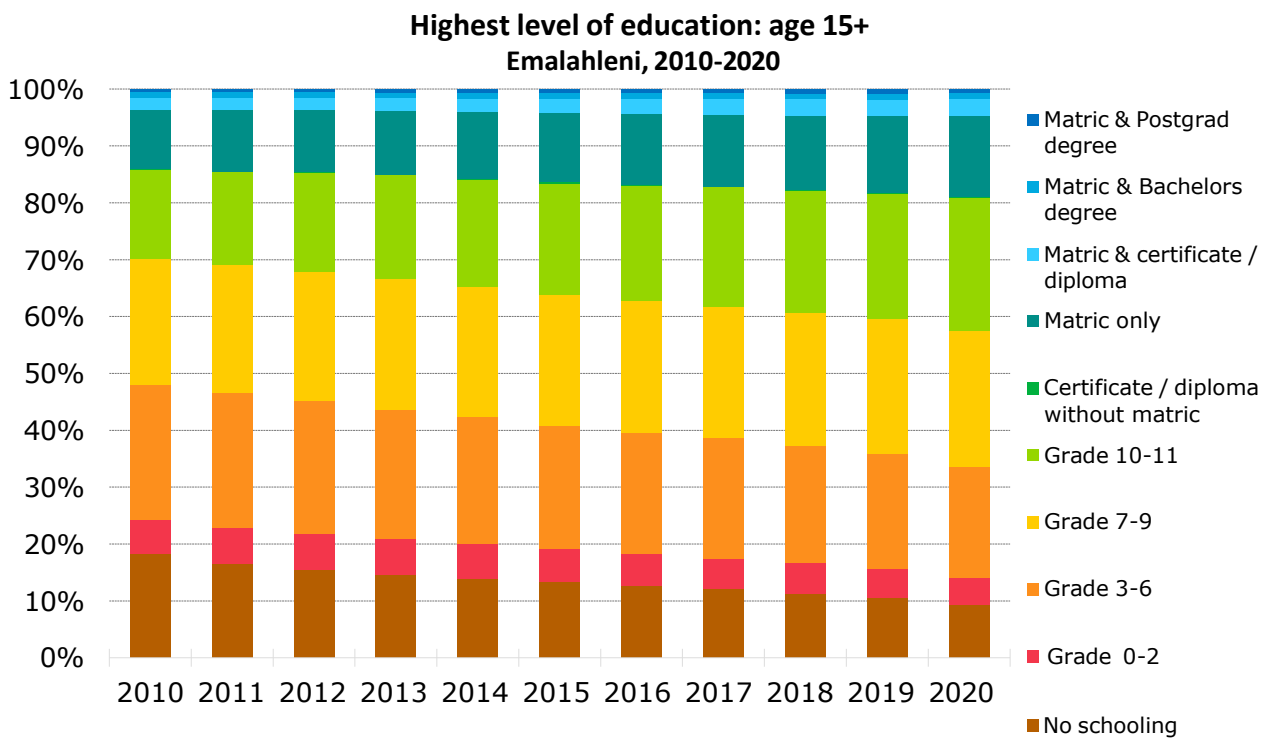
In 2016, there were 88 300 people living in poverty, using the upper poverty line definition, across Emalahleni Local Municipality - this is 4.59% lower than the 92 500 in 2006. The percentage of people living in poverty has decreased from 79.01% in 2006 to 70.71% in 2016, which indicates a decrease of 8.3 percentage points. (*Stats SA census 2022 community-based data has not yet released*).

## EDUCATION

Educating is important to the economic growth in a country and the development of its industries, providing a trained workforce and skilled professionals required.

The education measure represents the highest level of education of an individual, using the 15 years and older age category. (According to the United Nations definition of education, one is an adult when 15 years or older. IHS uses this cut-off point to allow for cross-country comparisons. Furthermore, the age of 15 is also the legal age at which children may leave school in South Africa).

### HIGHEST LEVEL OF EDUCATION: AGE 15+ - EMALAHLENI LOCAL MUNICIPALITY, 2010-2020 [PERCENTAGE]



Source: IHS Markit Regional eXplorer version 2175

Within Emalahleni Local Municipality, the number of people without any schooling decreased from 2010 to 2020 with an average annual rate of -4.81%, while the number of people within the 'matric only' category, increased from 6,440 to 10,600. The number of people with 'matric and a certificate/diploma' increased with an average annual rate of 4.67%, with the number of people with a 'matric and a Bachelor's' degree increasing with an average annual rate of 1.69%. Overall improvement in the level of education is visible with an increase in the number of people with 'matric' or higher education.

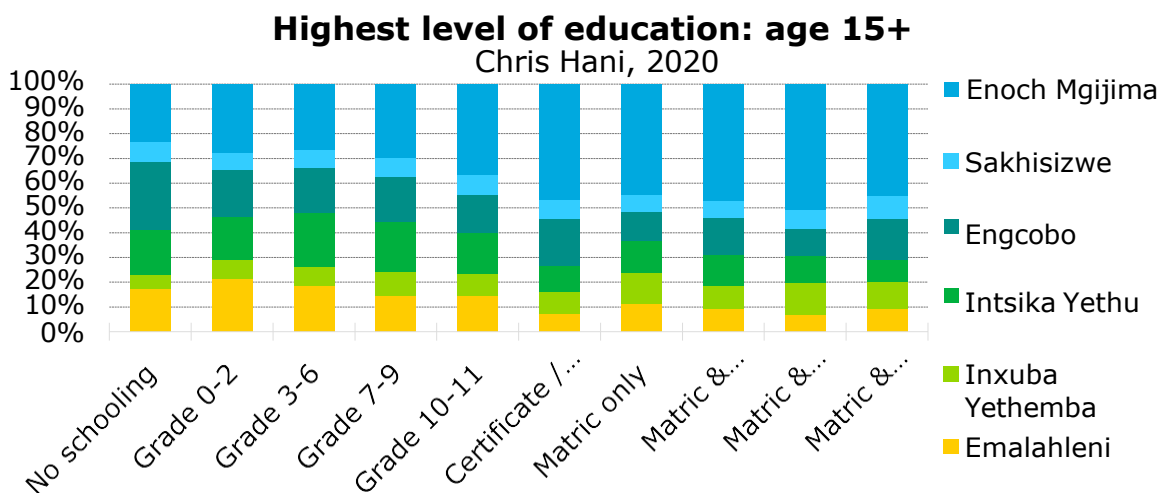
**HIGHEST LEVEL OF EDUCATION: AGE 15+ - EMALAHLENI, CHRIS HANI, EASTERN CAPE AND NATIONAL TOTAL, 2020 [NUMBERS]**

	Emalahleni	Chris Hani	Eastern Cape	National Total	Emalahleni as % of district municipality	Emalahleni as % of province	Emalahleni as % of national
No schooling	6,990	40,600	240,000	1,790,000	17.2%	2.9%	0.39%
Grade 0-2	3,580	16,700	108,000	546,000	21.4%	3.3%	0.65%
Grade 3-6	14,500	77,300	513,000	2,870,000	18.7%	2.8%	0.50%
Grade 7-9	17,900	124,000	986,000	5,970,000	14.5%	1.8%	0.30%
Grade 10-11	17,400	119,000	1,120,000	9,420,000	14.6%	1.6%	0.18%
Certificate / diploma without matric	136	1,860	14,300	196,000	7.3%	1.0%	0.07%
Matric only	10,700	94,200	994,000	12,000,000	11.3%	1.1%	0.09%
Matric certificate / diploma	2,240	24,300	228,000	2,560,000	9.2%	1.0%	0.09%
Matric Bachelors degree	794	11,500	129,000	1,710,000	6.9%	0.6%	0.05%
Matric Postgrad degree	468	5,020	55,700	848,000	9.3%	0.8%	0.06%

Source: IHS Markit Regional eXplorer version 2175

The number of people without any schooling in Emalahleni Local Municipality accounts for 17.21% of the number of people without schooling in the district municipality, 2.91% of the province and 0.39% of the national. In 2020, the number of people in Emalahleni Local Municipality with a matric only was 10,600 which is a share of 11.30% of the district municipality's total number of people that has obtained a matric. The number of people with a matric and a Postgrad degree constitutes 6.89% of the district municipality, 0.62% of the province and 0.05% of the national.

**HIGHEST LEVEL OF EDUCATION: AGE 15+, EMALAHLENI, INXUBA YETHEMBA, INTSIKA YETHU, ENGCOBO, SAKHISIZWE AND ENOCH MGIJIMA 2020 [PERCENTAGE]**



Source: IHS Markit Regional eXplorer version 2175

## FUNCTIONAL LITERACY

For the purpose of this report, IHS defines functional literacy as the number of people in a region that are 20 years and older and have completed at least their primary education (i.e. grade 7).

Functional literacy describes the reading and writing skills that are adequate for an individual to cope with the demands of everyday life - including the demands posed in the workplace. This is contrasted with illiteracy in the strictest sense, meaning the inability to read or write. Functional literacy enables individuals to enter the labour market and contribute towards economic growth thereby reducing poverty.

FUNCTIONAL LITERACY: AGE 20+, COMPLETED GRADE 7 OR HIGHER - EMALAHLENI LOCAL MUNICIPALITY, 2010-2020 [NUMBER PERCENTAGE]

	<b>Illiterate</b>	<b>Literate</b>	<b>%</b>
2010	32,557	46,687	58.9%
2011	31,891	48,049	60.1%
2012	31,394	48,965	60.9%
2013	30,857	49,812	61.7%
2014	30,406	50,794	62.6%
2015	29,916	51,914	63.4%
2016	29,459	53,019	64.3%
2017	29,105	54,099	65.0%
2018	28,411	55,738	66.2%
2019	27,743	57,524	67.5%
2020	26,458	60,062	69.4%

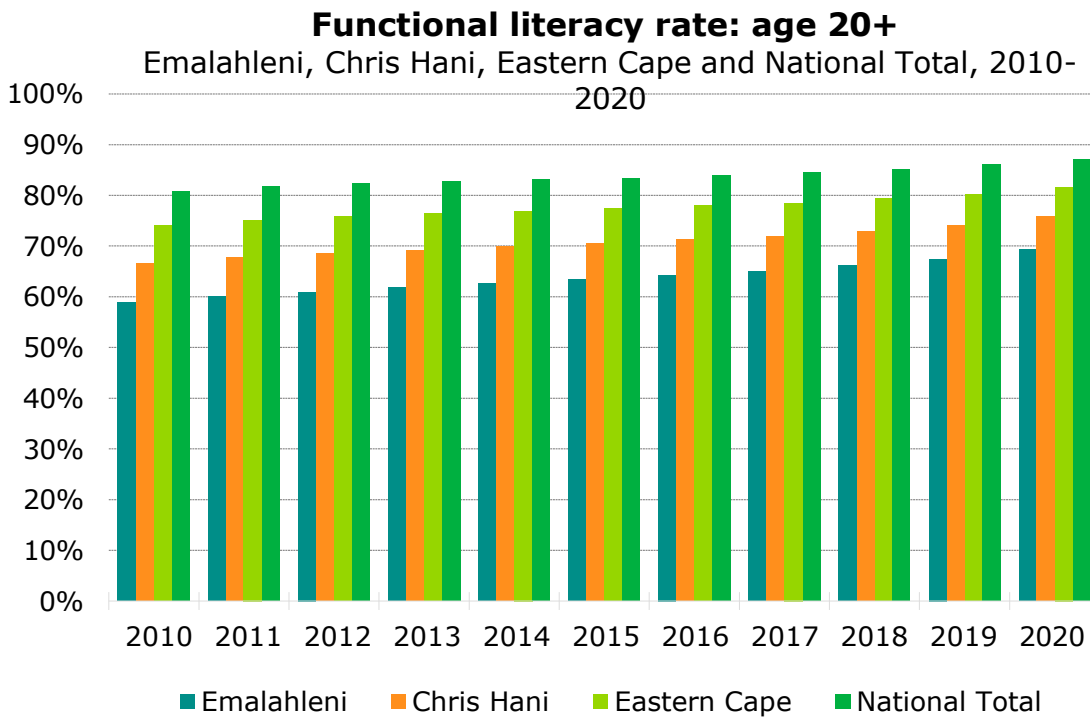
### Average Annual growth

2010-2020	<b>-2.05%</b>	<b>2.55%</b>	<b>1.65%</b>
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Source: IHS Markit Regional eXplorer version 2175

A total of 60 100 individuals in Emalahleni Local Municipality were considered functionally literate in 2020, while 26 500 people were considered to be illiterate. Expressed as a rate, this amounts to 69.42% of the population, which is an increase of 0.11 percentage points since 2010 (58.92%). The number of illiterate individuals decreased on average by -2.05% annually from 2010 to 2020, with the number of functional literate people increasing at 2.55% annually.

**FUNCTIONAL LITERACY: AGE 20+, COMPLETED GRADE 7 OR HIGHER - EMALAHLENI, CHRIS HANI, EASTERN CAPE AND NATIONAL TOTAL, 2010-2020 [PERCENTAGE]**

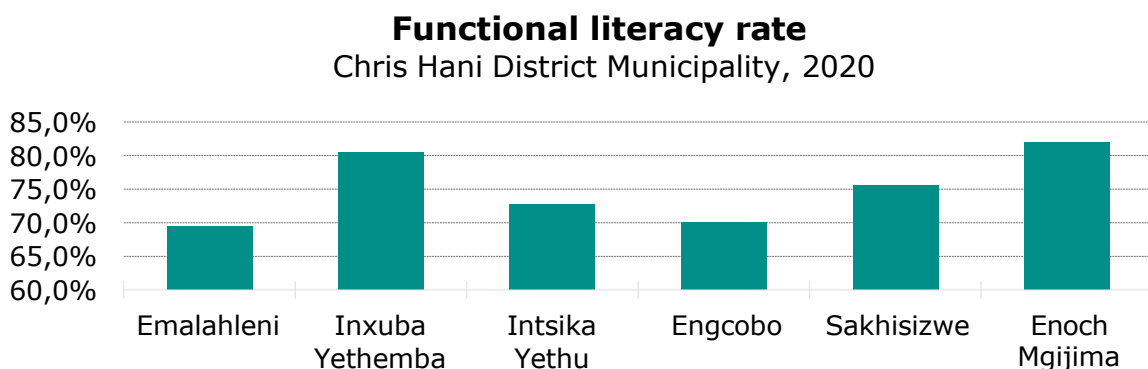


Source: IHS Markit Regional eXplorer version 2175

Emalahleni Local Municipality's functional literacy rate of 69.42% in 2020 is lower than that of Chris Hani at 75.79% and is lower than the province rate of 81.62%. When comparing to National Total as whole, which has a functional literacy rate of 87.14%, the functional literacy rate is higher than that of the Emalahleni Local Municipality.

*A higher literacy rate is often associated with higher levels of urbanization, for instance where access to schools is less of a problem, and where there are economies of scale. From a spatial breakdown of the literacy rates in South Africa, it is perceived that the districts with larger cities normally have higher literacy rates.*

**LITERACY RATE - EMALAHLENI LOCAL MUNICIPALITY AND THE REST OF CHRIS HANI DISTRICT MUNICIPALITY, 2020 [PERCENTAGE]**



Source: IHS Markit Regional eXplorer version 2175

In terms of the literacy rate for each of the regions within the Chris Hani District Municipality, Enoch Mgijima Local Municipality had the highest literacy rate, with a total of 82.0%. The lowest literacy rate can be observed in the Emalahleni Local Municipality with a total of 69.4%.

## **SERVICE DELIVERY OVERVIEW**

The primary role of a municipality is to provide and facilitate the delivery of services to its communities. It is therefore imperative for the municipality to understand the extent to which households in its areas of jurisdiction have access to the various services that are essential for their livelihood.

Emalahleni Local Municipality is in the process of developing an inclusive Infrastructure Investment Plan and currently utilizes various sector plans to plan for infrastructure planning and investment.

ELM is quite advanced in providing the prescribed basic service per household relating to human settlements and electricity. Provisions of electricity services is dispensed by using internal capacity within the municipality, as well as contractors which are procured through the supply-chain management process.

All indigent consumers are provided free basic services through this model of operations and service provision.

## **Water and Sanitation**

### **Water Provision**

The provision of water in the Emalahleni Local Municipality is a key performance area of the District Municipality – Chris Hani District Municipality (CHDM). All the water connections are done by CHDM.

### **Sanitation**

The provision of sanitation and water in the Emalahleni Local Municipality is a key performance area of the District Municipality – Chris Hani District Municipality (CHDM). All the water connections are done by CHDM, either yard connections in the suburban areas or the RDP standards in the rural areas.

### **Electricity**

Emalahleni Local Municipality is licensed by the National Electricity Regulator of South Africa (NERSA) to supply electricity to 70% of the total customers in the Municipality's area of jurisdiction and the remainder which is comprised of Cacadu areas is supplied by Eskom. The Electricity Unit operates under the National Regulator of South Africa Act of (2006). Overall, it is to be noted that The greatest challenges relate to infrastructure. Backlogs (while in existence) are being eradicated and being achieved annually as the Chris Hani District does include in their IDP Review for 2024/2025 projects to address water and sanitation backlogs within Emalahleni.

### **Financial Health Overview**

Emalahleni Local Municipality is passionate about revenue collection and strives to ensure that municipal debt is reduced to accepted norms in the public sector. This is sought to be done through addressing the completeness and accuracies in the consumer database to ensure accurate consumer accounts. Further revenue enhancement strategies have been enacted to further improve the municipal revenue generation capacity.

### **Organisational Development Overview**

During the year under review the municipality reviewed its macro-structure to align it to the municipality's IDP. This sets out the broad functional structure of the municipality; the political governance structure and Senior Management posts (section 56 posts), inclusive of the Municipal Manager and Heads of Departments. The macro-structure has been revised and adopted by Council in 27 June 2024. This has paved the way for both the filling of the Heads of Department posts, as well as the finalisation of the micro-structure i.e., the organisational structure below S 56 level. The population of the structure is done annually, depending on the available and/or approved budget in the financial year. All Section 56 managers are all filled, and a few 57 managers position remain vacant due to resignations however the recruitment processes are underway (LED Manager and Revenue Manager).

### **Auditor General Report**

Emalehleni Local Municipality has received a qualified audit opinion for the financial year of 2022/2023 for the 3<sup>rd</sup> time, with specific emphasis on the following matters:

- Receivable from exchange transactions
- Receivables from non-exchange
- Payables from exchange transactions
- Net cash flows from operating activities
- Prior year adjustments

## STATUTORY ANNUAL REPORT PROCESS COMMENT ON THE ANNUAL REPORT PROCESS

The reporting process conducted in 2023/2024 financial year is guided by MFMA Circular 63 issued by National Treasury in the years 2012, without replacing Circular 11, which regulated the content of the Annual Report and sets out a revised format. In addition, this circular prescribes new timeframes within which the Annual Reports shall be compiled and presented. The timeframes have been adjusted to coincide with the submission of the Annual Financial Statements in August each year. This has required the IDP and PMS unit, which is responsible for the collation of the Annual Report, and the Budget and Treasury Office, responsible for the Annual Financial Statements, to work closely together.

Below is the process plan presented in several municipal structures for monitoring for purposes of developing the audited annual report.

Chapter	Required Content Material	Responsible person	Due Date
1	<b>1. Mayor's Foreword and Executive Summary to include:</b> <ul style="list-style-type: none"> <li>• Introduction</li> <li>• Overview of the Municipality</li> <li>• Political and Administrative Overview</li> <li>• Overview of functions</li> <li>• Geographic overview of the Municipality</li> </ul>	Manager Operations/Communications	July 2024
	<b>2. Municipal Manager's Foreword. Inclusive in this foreword should be information pertaining to:</b> <ul style="list-style-type: none"> <li>• Functions and Powers of the municipality in relation to Section 155/156 of the Constitution and Chapter 3 of the MSA.</li> <li>• Sector departments and the sharing of functions between the municipality / entity and sector departments.</li> <li>• A statement on the previous financial year's audit opinion.</li> <li>• A short statement on the current financial health of the municipality / entity based on new budget formats as required by Treasury Regulations No 31804.</li> <li>• Information relating to the revenue trend by source including borrowings undertaken by the municipality.</li> <li>• The internal management changes in relation to Section 56/57 managers.</li> <li>• Risk assessment, including the development and implementation of measures to mitigate the top 5 risks.</li> </ul>	Manager Operations/Communications	July 2024
	<b>3. Municipal Overview</b> <ul style="list-style-type: none"> <li>• This section provides an overview on how the municipality as separate legal entity function based on its relationship with other political structures, office bearers, administration, and the community.</li> <li>• Information on the demographics, economic growth, population, growth, and development structure of the municipality should be reported including the outcomes both</li> </ul>		

Chapter	Required Content Material	Responsible person	Due Date
	success and not so successful initiatives embarked upon.		
Chapter 2	<p><b>1. Governance</b> Information to be included in this chapter is divided into four sections:</p> <ul style="list-style-type: none"> <li>• Component A: Governance Structures <ul style="list-style-type: none"> <li>○ Political Governance Structure</li> <li>○ Administrative Governance Structure</li> </ul> </li> </ul>	<b>Corporate Services</b>	July 2024
	<ul style="list-style-type: none"> <li>• Component B: Intergovernmental Relations <ul style="list-style-type: none"> <li>○ Intergovernmental Relations</li> </ul> </li> <li>• Component C: Public Accountability and Participation <ul style="list-style-type: none"> <li>○ Public Meetings</li> <li>○ IDP Participation and Alignment</li> </ul> </li> <li>• Component D: Corporate Governance <ul style="list-style-type: none"> <li>○ Risk Management</li> <li>○ Anti-corruption and fraud</li> <li>○ Supply Chain Management</li> </ul> </li> </ul>	<b>PEDTA/Manager Operations</b>  <b>Manager Operations</b>  <b>BTO</b>	July 2024
	<ul style="list-style-type: none"> <li>○ By-laws</li> <li>○ All municipal oversight committees</li> </ul>	<b>Corporate Services</b>	July 2024
	<ul style="list-style-type: none"> <li>○ Websites</li> <li>○ Public Satisfaction on Municipal Services</li> </ul>	<b>ICT</b>	July 2024
Chapter 3	<p><b>1. Service Delivery Performance</b> Chapter 3 focuses on service delivery on a service-by-service basis. It considers</p> <ul style="list-style-type: none"> <li>• Municipal performance derived from IDP objectives, translated into the SDBIP, and presents data on Community needs and resource deployment.</li> <li>• Some indicators are offered for some services as a basic set of key comparative data to be amassed from all relevant municipalities and other services are left for municipalities to address entirely as they consider appropriate.</li> <li>• The service delivery issues must be structured, captured, and reflected under each priority as contained in the IDP to allow for easy comparisons on achievements against budget and SDBIP.</li> </ul>	<b>All directorates</b>	July and August 2024

Chapter	Required Content Material	Responsible person	Due Date
Chapter 4	<p><b>1. Organizational Development Performance</b>  This chapter addresses information pertaining to the implementation of an effective performance management system, organizational development, and performance of a municipality. Such information is required to identify skills gaps and plans for the development of such skills. To measure the outcome of effective organizational development the following is highlighted:</p> <ul style="list-style-type: none"> <li>• organizational structure enhancement.</li> <li>• increased accountability.</li> <li>• increased participation in problem solving, goal setting and new ideas; and</li> </ul> <p>In relation to the above, the content of this chapter include:</p> <ul style="list-style-type: none"> <li>• <b>Component A:</b> <ul style="list-style-type: none"> <li>○ Introduction to the municipal workforce (Total Employment, to include staff turnover. This could indicate a stable or unstable institution).</li> </ul> </li> <li>• <b>Component B:</b> <ul style="list-style-type: none"> <li>○ Managing the municipal workforce Levels on reporting should be broken down to MM &amp; Section 56, top management, assistant managers, supervisors, etc and not pay levels as there is no consistency among municipalities.</li> </ul> </li> <li>• <b>Component C:</b> <ul style="list-style-type: none"> <li>○ Capacitating the municipal workforce.</li> </ul> </li> <li>• <b>Component D:</b> <ul style="list-style-type: none"> <li>○ Managing the municipal workforce expenditure</li> </ul> </li> </ul>	<p><b>Corporate Services</b></p> <p><b>Corporate Services</b></p>	July and August 2024
Chapter 5	<p><b>1. Financial Performance</b>  The aim of this chapter is to provide an overview of the financial performance of the municipality through measuring of results. It further provides an opportunity for planning, to ensure that future budgetary allocations are brought in line with IDP and functional area activities and outputs. Information included in this chapter is divided into the following framework:</p> <ul style="list-style-type: none"> <li>• <b>Component A:</b> <ul style="list-style-type: none"> <li>○ Statement of Financial Performance</li> </ul> </li> <li>• <b>Component B:</b></li> </ul>	<b>BTO</b>	July and August 2024

Chapter	Required Content Material	Responsible person	Due Date
	<ul style="list-style-type: none"> <li>○ Spending against Capital Budget</li> <li>• <b>Component C:</b> <ul style="list-style-type: none"> <li>○ Cash flow Management and Investment</li> </ul> </li> <li>• <b>Component D:</b> <ul style="list-style-type: none"> <li>○ Other Financial Matters</li> </ul> </li> </ul>		
Chapter 6	<p><b>1. Auditor General's Findings</b>  Besides the Auditor-Generals Report, information pertaining to the following is to be included in the chapter on the Auditor-General report. This chapter provides an overview of the Auditor-General Report of the previous financial year. Specific topics that should receive attention include:</p> <ul style="list-style-type: none"> <li>• Detail on issues raised during the previous financial year.</li> <li>• Remedial action taken to address the above and preventative measures.</li> </ul>	<b>BTO</b>	July and August 2024
	<p><b>2. Appendices</b>  Appendices Descriptions  The following information must be completed and added to the Annual Report to ensure that it complies with the requirements of various legislations. The content of these appendices is described below.</p> <ul style="list-style-type: none"> <li>• <b>Appendix A: Councilors; Committee Allocation and Council Attendance.</b>  This Appendix relates to Chapter 1 of the Format and requires the compilation of a complete list of all Councilors, the party they belong to and the ward which they represent. Information pertaining to the number of Council meetings attended by each of the Councilors also needs to be provided.</li> <li>• <b>Appendix B: Committee and Committee Purpose</b>  This Appendix also relates to information required to be included in Chapter 1 of the Format. A list of all Committees of Council, the purpose of each Committee and the names of Councilors serving on them. It also requires the inclusion of information related to the attendance of each Councilor.</li> <li>• <b>Appendix C: Third Tier Administrative structure</b></li> </ul>	<p><b>Corporate Services</b></p> <p><b>Corporate Services</b></p>	July and August 2024



Chapter	Required Content Material	Responsible person	Due Date
	<p>projects, agreements or contracts should also be included.</p> <ul style="list-style-type: none"> <li> <p>• <b>Service Provider Performance Schedule</b> This statement should include no more than the top four priorities indicators as articulated in the IDP. Note that all must be funded within approved budget provision.</p> </li> <li> <p>• <b>Appendix J: Disclosure of Financial Interest</b> This Appendix relates to financial disclosures of senior managers and other section 56 officials. The financial interest disclosure is required even if posts were occupied for part of the year.</p> </li> <li> <p>• <b>Appendix K: Revenue Collection Performance</b></p> </li> <li> <p>• <b>Appendix K (i): Revenue Collection Performance by Vote</b> This Appendix relates to information on revenue collected by votes, based on prior year and current year actual collections.</p> </li> <li> <p>• <b>Appendix K (ii): Revenue Collection Performance by Source</b> This Appendix relates to information on revenue collected by source, based on prior year and current year actual collections. Information by ward may also assist decision makers on the extent of indigent households and need for further support or policy changes.</p> </li> <li> <p>• <b>Appendix L: Conditional Grants Received: Excluding MIG</b> This Appendix relates to all conditional grants received in the current year, excluding the Infrastructure Grants, indicating adjustments budget and the actual, showing percentage variances of the two and indicating any major conditions applied by Donors on each grant, if applicable.</p> </li> <li> <p>• <b>Appendix M: Capital Expenditure – New &amp; Upgrade/ Renewal Programmes: Including MIG</b></p> </li> <li> <p>• <b>Appendix M(i): Capital Expenditure – New Assets Programme</b></p> </li> </ul>	<p>BTO</p> <p>BTO/SCM</p> <p>BTO</p> <p>BTO</p> <p>BTO</p> <p>BTO</p> <p>IDHS</p> <p>IDHS</p>	<p>July and August 2024</p>

Chapter	Required Content Material	Responsible person	Due Date
	<p>This Appendix relates to all capital expenditure relating to the new asset programme, showing the actual of the prior year, the adjusted budget and actual expenditure in the current year.</p> <ul style="list-style-type: none"> <li> <p>• <b>Appendix M(ii): Capital Expenditure – Upgrade/Renewal Programme</b>  This Appendix relates to all capital expenditure relating to upgrade/renewal programme, showing the actual of the prior year, the adjusted budget and actual expenditure in the current year.</p> </li> <li> <p>• <b>Appendix N: Capital Programme by Project current year</b>  This Appendix relates to all capital projects in the current financial year, indicating the adjusted budget, actual in the current year and the variance between the two.</p> </li> <li> <p>• <b>Appendix O: Capital Programme by project by Ward current year.</b>  This Appendix relates to all capital projects per ward in the current financial year and indicates if work was completed or not.</p> </li> <li> <p>• <b>Appendix P: Service Connection Backlogs at Schools and Clinics.</b>  This Appendix relates to all backlogs in schools and clinics, the name and location of the schools and clinics is required, this information is provided to assist the national and provincial departments improve planning, budgeting, and implementation.</p> </li> <li> <p>• <b>Appendix Q: Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision.</b> This Appendix relates to all service backlogs experienced by the community where another sphere of government is responsible for providing the service, this information is provided to assist the national and provincial departments improve planning, budgeting, and implementation.</p> </li> <li> <p>• <b>Appendix R: Declaration of Loans and Grants Made by the Municipality</b></p> </li> </ul>	<p>BTO</p> <p>Corporate services</p> <p>IDHS</p>	<p>July and August 2024</p>

Chapter	Required Content Material	Responsible person	Due Date
	<p>This Appendix relates to the list of all organization or person in receipt of loans and grants from the municipality, to state the nature of the projects funded and conditions attached to such projects together with the rand value.</p> <ul style="list-style-type: none"> <li>• <b>Appendix S: Declaration of Returns not Made in due Time under MFMA s71</b> This Appendix relates to all monthly budget statement not made in time as required by s71 of the MFMA. This information is critical for municipalities and oversight institutions so that early detection of problems can be made, and corrective action taken sooner.</li> <li>• <b>Appendix T: National and Provincial Outcome for local government</b> This Appendix covers information not addressed in any of the other areas of the Annual Report, relating to municipal powers and functions that can be used by the National and Provincial Spheres to monitor and evaluate service delivery performance. This should indicate the progress to date, numbers and percentage achieved.</li> </ul>		July and August 2024
	<p><b>Volume II: Annual Financial Statements</b> Section 67(1)(a)(iv) states that audited financial statements for the financial year must be reported on. Financial statements to be displayed within the municipal/municipal entity Annual Report include</p> <ul style="list-style-type: none"> <li>• Summary of operating results presented by the CFO, including <ul style="list-style-type: none"> <li>○ Operating revenue</li> <li>○ Operating expenditure</li> <li>○ Operating results per service</li> <li>○ Capital expenditure and financing</li> <li>○ External loans, investments, and cash</li> </ul> </li> <li>• Statement of financial position</li> <li>• Statement of financial performance</li> <li>• Statement of changes in net assets</li> <li>• Cash-flow statement</li> <li>• Accounting policies</li> <li>• Notes to financial statements</li> </ul>	BTO	July and August 2024

# CHAPTER 2 – GOVERNANCE

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### 2.1 INTRODUCTION TO GOVERNANCE

#### **Political Governance**

The section 12 notice published by the Member of the Executive Council for Cooperative Government and Traditional Affairs, Eastern Cape determined that Emalahleni Local Municipal Council, in terms of section 9(d) of the Municipal Structures Act 1998, would have a Mayoral Executive System combined with a Ward Participatory System.

#### **Introduction to Political Governance**

The Municipal Council is the ultimate political decision-making body of the municipality. The Mayor, Councillor Nontombizanele Koni, together with the Executive Committee of Council, takes overall strategic and political responsibility for the municipality. Ward Councillors links the community with the municipal council and administration through functional ward committees. Below are political governance structures in the municipality:

#### **Council**

The Council has a speaker who chairs the meetings of Council. The Council is the legislative arm of the municipality and is ultimately responsible for the approval of IDP and Budget and other important decisions of the institution.

#### **Audit Committee**

The municipality has its own committee which reports directly to Council, providing opinions and recommendations on internal controls, financial management and performance.

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

The Municipal Public Accounts Committee is in place to strengthen the oversight arrangements in the municipality and to ensure the efficient and effective use of municipal resources. Its key role is to consider and evaluate the content of the annual report and make recommendations to Council when adopting an oversight report on the annual report as required in terms of section 121 of the Local Government: Municipal Finance management Act and Circular no 32 issued by the Minister of Finance.

#### **Woman Caucus Committee:**

It is a mechanism to institutionalize advocacy processes as the voice of woman in local government and to ensure progress at a local level.

## POLITICAL STRUCTURE



**SPEAKER OF COUNCIL**  
Cllr N Mtyhobile:



**MAYOR**  
Chairperson of Executive Committee  
Cllr N. Koni



**CHIEF WHIP:**  
**Portfolio Head:** Infrastructure Development and Human Settlement  
Cllr X Lali

## EXECUTIVE COMMITTEE MEMBERS



**Portfolio Head:** Community Services Standing Committee  
Cllr Bhebheza



**Portfolio Head:** PEDTA Standing Committee  
Cllr Tom



**Portfolio Head:** Corporate Services Standing Committee  
Cllr Nyukwana



**Portfolio Head:** Budget and Treasury Standing Committee  
Cllr Kowa

## SECTION 79 COMMITTEES



**Chairperson of MPAC**  
Cllr Twala



**Chairperson of Women Caucus**  
Cllr Kulashe

## **Councilors**

The municipality has Thirty-Four Councilors (34): Seventeen (17) Councilors were elected in terms of the system of proportional representation and Seventeen (17) Councilors represent wards. The first Council Meeting elected the Mayor, Council Speaker, and Chief Whip. The mayor has an Executive Committee of five members.

## **Political Decision- Making**

The political decision making is supported by the Executive Management Committee. All recommendations from the Executive Management Committee are put forward to the relevant Portfolio Committees, who then make recommendations to the Executive Committee.

On acceptance of the recommendation by the Executive Committee, such recommendations are made to the Council. Council then takes a final decision on the matter. In the few cases where there was no consensus on a matter within Council, in such instance, the issue will go to vote. Once the Minutes of the Council meeting have been adopted, the responsibility lies with the Accounting Officer to ensure that actions are taken to implement such resolutions through appropriate directorates.

## **ADMINISTRATIVE GOVERNANCE**

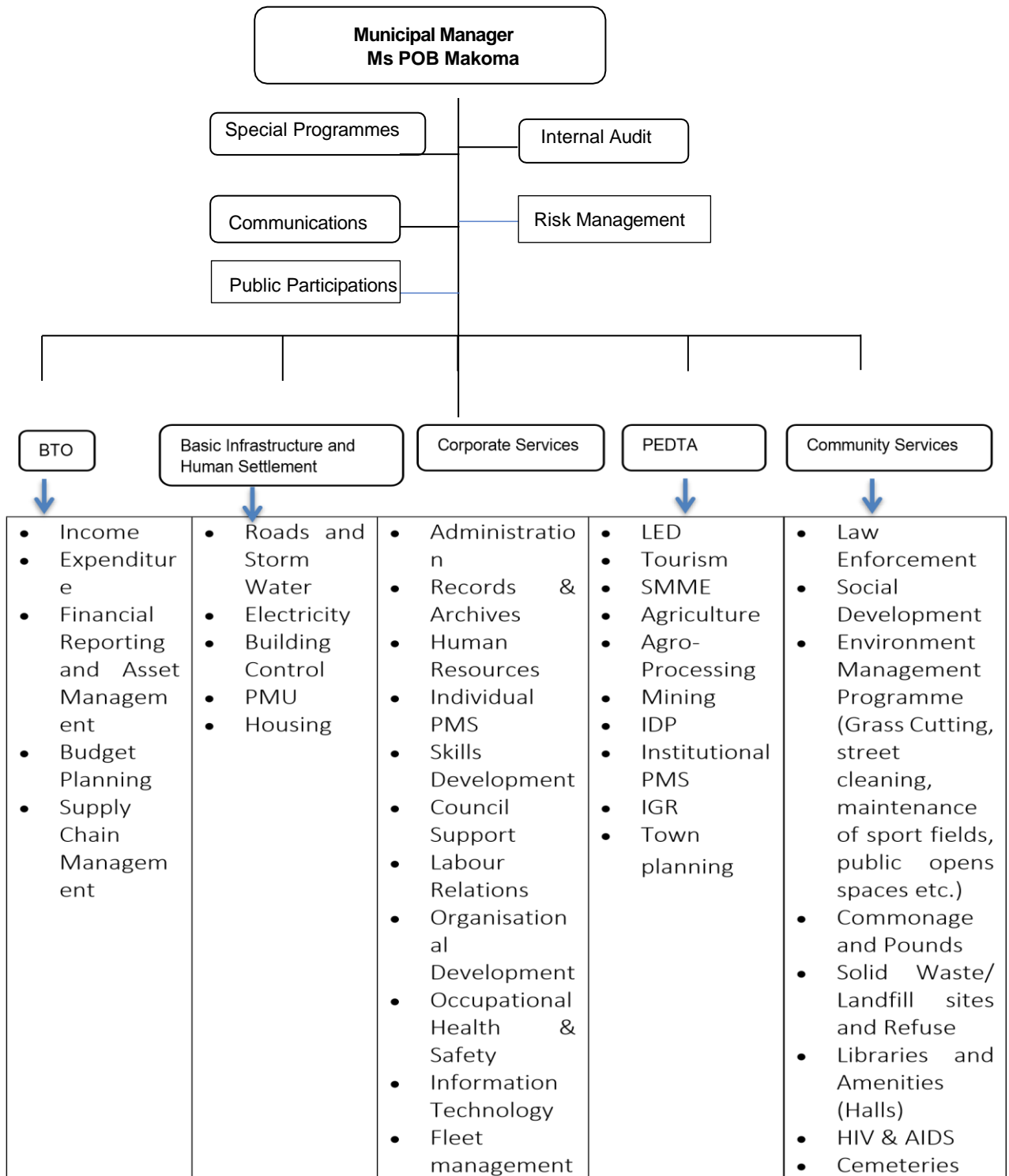
### Introduction to Administrative Governance

Note: MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The 2023/2024 financial year marks the third year of the current term of the administration. The following structure shows the macro-organizational structure which was effective in the 2023/24 financial year.

Accounting Officer	Ms POB Makoma
Chief Financial Officer	Mr X Sikobi
Director: Corporate Services	Mr TT Javu
Director: Economic Development, Tourism and Agriculture	Mr N Mntuyedwa
Director Infrastructure Development and Human Settlement:	Mr M Lehlehla
Director: Community Services	Mr M Gatyeni

In the year under consideration, the organizational structure had also undergone a review and the following macro structure was adopted by Council for implementation in the 2022/2023 financial year.



In addition to the above, the Municipality has a functional Internal Audit Unit, which conducts regular reviews of systems of control as well as compliance with legislated provisions and policies.

**TOP ADMINISTRATIVE STRUCTURE**



**TIER ONE**  
Municipal Manager  
Ms. POB Makoma



**TIER TWO**  
Chief Financial Officer  
Mr X. Sikobi



**DIRECTOR:** Planning  
Economic Development  
Tourism and Agriculture  
**Mr. N Mntuyedwa**



**DIRECTOR:** Infrastructure  
Development and Human  
Settlements  
**Mr. M. Lehlehla**



**DIRECTOR:** Community  
Services  
**Mr M. Gatyeni**



**DIRECTOR:** Corporate  
Service  
**Mr T. Javu**

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## **Middle Managers**

Chief Audit Executive

Mrs N Mzwana

Manager: IDP, Planning and IGR

Ms A Jordaan

Acting Unit Manager: Dordrecht

Ms. L Bolani

Unit Manager: Indwe

Mr M. Nziweni

Manager: Community Services

Mr Z Mzileni

Manager: Public Safety

Mr O. Ndyumbu

Manager: Supply Chain Management

Mr S Xinti

Manager: Financial Reporting and Asset Management

Mr N Madolo

Manager: Project Management Unit

Ms B Mdingi

Manager: Electricity

Mr M Zibi

Manager: Information and Communication Technology Mr P Matinisi

Manager: Local Economic Development

Mr. M. Tikana

Manager: Human Resources

Ms M Matubatuba

Manager: Legal Services and Administration

Ms N Sehoshe

Manager Operations

Mr L Teka

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## COMPONENT B: INTER-GOVERNMENTAL RELATIONS

### **INTER-GOVERNMENTAL RELATIONS**

The municipality has its own IGR structure which composes of the municipal representatives (Members of the Executive Committee of Council and Officials) as well as representatives from sector departments within the Emalahleni jurisdiction including those outside the jurisdiction.

The municipality has had 4 local IGR meetings in 2023/2024 (coordinated by the IDP and PMS Division in the Planning, Economic Development, Tourism and Agriculture Directorate) that were well attended by representatives of sector departments; to discuss issues of mutual interest on the side of the municipality and sector departments, development planning and performance management related issues. The division has as well received support from the IGR unit in the Provincial Department of Cooperative Governance and Traditional Affairs.

Key to the issues discussed in the last financial year were issues relating to the maintenance of access roads and the roads which are placed in the Provincial Department of Transport and major roads which are under SANRAL (specifically R410 from Cacadu to Komani and ); disaster housing, implementation of human settlement projects which should focus in rural areas, bulk infrastructure maintenance and upgrades in all three towns (Cacadu, Indwe and Dordrecht) as well integration of issues raised in war rooms into the municipal systems.

### **Development Cooperation and International Relations**

The role of local government in International Relations has moved significantly from the symbolism of the past to meaningful interaction of mutual benefit with far reaching implications for the image of South Africa and the development agenda at a local government level i.e., attainable economic benefits.

In this regard it has been determined that the growing demands and complexity of South African municipal service-delivery imperatives have impacted significantly on the range and depth of skills and competencies required from within the municipal economy, thereby necessitating serious consideration of municipal intergovernmental relations as an increasingly viable conduit for scarce skills and resources.

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**The municipality is involved in the following IGR programmes and structures:**

**District IGR:** coordinated by the Chris Hani District municipality is in place and functioning effectively.

**Provincial Inter-Governmental Structure**

IGR continues despite many challenges that were experienced in the past. IGR cluster meetings were held although the “then” and “current challenges” relate to the ability to facilitate adequate attendance from all departments from within the IGR Forum. Additional efforts are being made to encourage support and attendance. Meeting dates are circulated, and meetings held as required.

**National Inter-Governmental Structure**

The national department of Communications has identified the municipality as one of areas where broad band communications will be piloted. As part of this project an implementing agent, namely USAASA (Universal Service Access Agency of South Africa), has already set up computer laboratories in three schools, 2 additional network poles have been erected to increase network coverage.

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## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The goal of the Municipality on Good Governance and Public Participation is to realize a viable and caring institution that will promote and support a consultative and participatory local government. This is in keeping with the current municipal vision:

*“An accountable, transformational, and financially viable municipality that delivers quality, sustainable and affordable services towards socio-economic growth and development of its communities”.*

The Municipal Manager’s Office covers the following support units focusing on the inter-face of administration and political leadership:

- Offices of the Mayor and Speaker.
- Communication and Development Cooperation.
- Public Participation and Special Programmes

The activities of this office are primarily focused on support for politically driven programmes in the context of service delivery – and administrative compliance issues that are driven by or delegated through political principles of the municipality.

The following section outlines how this has been carried out in the municipality.

#### **Public Participation**

The municipality has a designated this function in the office of the Municipal Manager and is responsible for:

- Enhancing public participation to ensure participative local government, by engaging in municipal outreach programmes, Council meetings and Mayoral Imbizo’s.
- Maintaining effective contact and interaction with all spheres of government (sector departments, NGO’s, FBO’s, CBO’s as well as public private partnerships);
- Ensuring that all aspects of compliance and legal responsibilities as they relate to public participation are attended to.

#### **Functional Responsibilities**

- Public Participation.
- Ward Committee functioning.
- Community Development Worker (through CDW functioning).
- Twinning relations between Emalahleni Local Municipality and Dordrecht Municipality (Netherlands);
- Communications (Internal and external).

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## **Focus Areas 2023-2024**

- Improved Public Participation initiatives.
- Improving interaction with CDW's.
- Establishing functional war rooms
- Moral regeneration
- Contributing to Intergovernmental Relations.
- Improved Communication (Internally and externally).
- Facilitation and coordination of the IDP roadshows.

## **Public Participation**

Council is committed to the promotion of local democracy through the involvement of communities in its planning and decision-making processes. Consultative forums such as: the IDP Representatives Forum, Mayoral Imbizo's Lekgotlas', EXCO Outreaches, Ward Committee meetings, Traditional Leaders, CDW operations and the like were held and took place.

Communities were encouraged to take part in project implementation exercises via their locally based organizations, such as co-operatives, trusts, NGOs, and Project Steering Committee meetings. Every effort was made to develop and improve relations with stakeholders and customers.

The Presidential Fraud Prevention Hotline was also used to ascertain customer feedback and meetings are regularly, to address issues raised. During the year under review, several effective public participation interventions were held. These include:

## **IDP Outreaches**

As per the IDP/PMS and Budget Development Process Plan adopted by Council, IDP and Budget roadshows were held throughout the municipality and according to a scheduled program to solicit, consolidate and as well confirm ward priorities. Each ward was visited by a team comprising politicians and management and led by an executive committee member. Participation outreaches were held in 17 wards and at least three visits per ward.

## **Ward Committees**

Ward Committees serves as an advisory body to all Ward Councillors to ensure that all issues raised at village & or Ward level is escalated to the level of the Municipality for resolution. In a broader sense a Ward Committee is a communication channel for the entire community residing in each ward.

Ward Committees were established for 2021-2026 Council Term of office of the current Council administration in all our 17 Wards. They were further inducted and trained, during the first quarter of 2023/24 financial year and focused on the areas that will ensure that Ward committee's function appropriately. Monthly meetings are held as scheduled and Ward Committee quarterly meetings are held with all ward committee members, CDW's and Ward Councillors (coordinated by the Office of the Speaker).

## Major Issues Dealt with by the Ward Committee System

The following key issues were addressed through the ward committee and public meetings:

### Reports to Council

These remain public documents and the Speaker reports on the activities of the Ward Committees to Council on a quarterly basis. In the year under review, quarterly reports were submitted to Council on the functioning of Ward Committees.

### Business Forum Meetings

To facilitate stakeholder consultation, business forum meetings have been established. In the year under review, quarterly meetings were held.

### Community Development Workers

CDW's are employed by the Department of Local Government and Traditional Affairs and placed in each ward; to assist communities to link with their municipalities and government departments. The effectiveness of these CDW's is compromised by the fact that they report directly to the Department rather than to the municipality and this affects reporting and the provision of instruction. Accountability to the communities is to be facilitated and improved. While great improvements have been experienced within the field of public participation ongoing focused efforts and the involvement of all stakeholders is required.

### COMMENTS ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The Municipality makes more appropriate decisions based on the priority needs of the community.

### IDP Participation and Alignment

<b>IDP Participation and Alignment Criteria*</b>	<b>Yes/No</b>
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
<b>IDP Participation and Alignment Criteria*</b>	<b>Yes/No</b>
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 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
<i>* Section 26 Municipal Systems Act 2000</i>	<i>T 2.5.1</i>

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## COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the process of developing, implement and monitoring good governance systems (Policies and Structures) to ensure strategic objectives of the institution are achieved in line with the constitutional mandate of the institution. Corporate governance essentially involves balancing the interests of all stakeholders. The Executive Management and the Council of the municipality are responsible for ensuring good corporate governance and setting the right tone for entire workforce of the municipality to follow.

### **RISK MANAGEMENT**

Risk Management is a statutory imperative which must be complied with. The municipality is therefore required by law to develop proper systems of risk management for purposes of mitigating further risk and to encourage and promote a risk management culture in the institution.

The Municipal Manager's role within risk management is to:

- Engage proactively in the development of a risk management framework.
- Develop and promote strategies that assist in the achievement of the broader risk management objectives of the municipality.
- Flag areas of potential risk and engage other stakeholders to introduce best practice models; and
- Engage meaningfully in the review processes relating to risk management.

Below, are the strategic risks identified across the institution:

Priority Area	Link to IDP Objectives	Risk Description	Impact	Inherent Impact Rating	Likelihood	Inherent Likelihood Rating	Inherent risk exposure	Inherent Risk Rating	Current business processes / controls in place to manage identified risks	Risk owner	Response Strategy	Mitigating action plans to further address the residual risk exposure	Target date for completion	Action owner	Action status
<b>KPA 1 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>															
Law enforcement	To create a safe and clean environment for all people of Emalahleni Local Municipality	<b>Non-implementation of By Laws</b>	Catastrophic	100	Almost certain	90%	Extreme	90	1. Two traffic officers recruited externally. 1.6 New peace officers/Traffic Wardens have been included in the approved organogram. 2.Community Awareness Programs. 2.Community FORA. 2.Public Participation Programs. 3.Effective Inter-governmental	Director Community Services, Corporate Services	Treat	1.Prioritise the 6 new Peace officers positions to be recruited. 2.Public Safety Awareness Operations. 3. Meeting with Law enforcement agencies. 4.Looby for skills development/ 5.Quarterly	1.30 June 2024 2. Quarterly 3.Quarterly 4.Quarterly 5.Quarterly	Director Community Services.	In progress

									relations forum. 4.Qualified personnel in Traffic Services.			capacity building through Corporate Services to train existing staff as peace officers. 5.Process to review the existing by-Laws and Promugate the by-Laws (review process and amendments).			
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Building / Facilities/ Amenities and Recreational facilities	To ensure the availability of well-maintained and repaired buildings, amenities, and recreational facilities to which the public has full access	<b>Inadequate maintenance and management of Municipal facilities</b>	Critical	70	Likely	65%	High	45,5	1. Budget allocation. 2.Revised Organogram. 3.Developed facilities maintenance plan (SOPs,Prevententative maintenance system and nternal maintenace response system) in place. 4.Developed handover checklist. 5.No Control. 6.Allocated Security Services in workstations and facilities. 6.Caretakers allocated. 6. Reviewed Organogram.	Director Community Services;IDHS	Treat	1.Prioritise maintenance funding for facilities. 2.Capacitate the facilities maintanance unit. '3.Implementation of maintenance plans 3 Quaterly report. 4.Developed handover checklist. 5.Ensure the buildings are comprehensively covered (including natural disasters and protests) at the current condition	1. 30 Jun 2024 2. 30 Jun 2024 '3.Quarterly 3.Quarterly 4.Ongoing 5. Ongoing 6. 30 September 2024	1.Direct or Community Services 2.Facilities Management Practitioner	In progress
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												s of facilities. 6. Employ caretakers on the unguarded facilities.			
Building / Facilities/ Amenities and Recreational facilities	To provide, improve and maintain provision of basic services to local communities and/or households	<b>Ageing infrastructure</b>	Catastrophic	100	Almost certain	90%	Extreme	90	<ul style="list-style-type: none"> <li>•Maintenance Policy</li> <li>•Maintenance plan</li> <li>•Plant and machinery</li> <li>•Budget</li> <li>•Internal personnel</li> </ul>	Director: IDHS	Treat	<ol style="list-style-type: none"> <li>1. Lobby for Increased maintenance budget (to come close to the 8% requirement)</li> <li>2. Assessment of the current plant hire arrangement</li> </ol>	1. Feb 2024 2. 30 September 2024 and report Quarterly.	Director: IDHS	In progress

Project Management	To provide, improve and maintain provision of basic services to local communities and/or households	Non completion of projects	Catastrophic	100	Almost certain	90%	Extreme	90	<ul style="list-style-type: none"> <li>•Procurement plan</li> <li>•Business Plans</li> <li>•Project Management Policy</li> <li>•Practical Completion certificate</li> </ul>	Director: IDHS	Treat	<ol style="list-style-type: none"> <li>1. Adherence to procurement plan</li> <li>2. Improve, monitor and ongoing reporting on Contract Management Practices</li> <li>3. Training interventions for project managers</li> <li>4. Improve implementation, monitoring and reporting on project management policy</li> </ol>	Monthly	Manager: Electricity & PMU	Final tests and maintenance
Basic Service Delivery	To provide, improve and maintain provision of basic	Insufficient resources and funding for develop	Catastrophic	100	Almost certain	90%	Extreme	90	<ol style="list-style-type: none"> <li>1) Maintenance Policy.</li> <li>2) Maintenance plan</li> <li>3) Plant and</li> </ol>	Director: IDHS	Treat	<ol style="list-style-type: none"> <li>1. Develop a maintenance plan and implement</li> </ol>	31 March 2024 Monthly	Director: IDHS	Final tests and maintenance

	services to local communities and/or households	<b>ment and maintenance of a sustainable infrastructure.</b>							machinery 4) Costed Assessment report			accordingly 2. Monitoring and Report the implementation of maintenance plan			
Provision of Electricity	To provide, improve and maintain provision of basic services to local communities and/or households	<b>Inability to meet the rapid high demand of electricity within the Emalahleni Local Municipality (demand exceeds supply of electricity)</b>	Catastrophic	100	Almost certain	90%	Extreme	90	<ul style="list-style-type: none"> <li>•Business Plans</li> <li>•Procurement plan Project</li> <li>•Management Policy</li> <li>•Progress reports</li> <li>•MOU with DMRE &amp; Eskom</li> <li>•Proper Contract Management</li> </ul>	Director: IDHS	Treat	<ul style="list-style-type: none"> <li>1• Develop Business Plan for funding</li> <li>2•Adherence to procurement plan</li> <li>3•Improve, monitor and ongoing reporting on Contract Management Practices</li> </ul>	30 June 2024	Manager: Electricity & PMU	In progress

**KPA 2: LOCAL ECONOMIC DEVELOPMENT**

SMME Support	To facilitate the formalisation and support the development of SMMEs within Emalahleni	Lack of capacity to sustainably run their businesses	Catastrophic	100	Almost certain	90%	Extreme	90	1.LED strategy. 1. SMME Development Policy. 1. SMME Incubation Policy 1.SMME Support Plan (Facilitate procurement of production inputs, Trainings and advisory sessions). 1 & 3.Improved relations with DEDEAT and CHDM. 2.Budget allocated yearly for SMME. 3.Funding and partnerships. 3. LED District Forum. 3. Attending IGR forum for development of SMMEs.	Director PEDTA	Treat	1. Incubation Programme. 1. Capacity building facilitation 1.Financial Support 2. Lobby funding and partnerships. 3. Attending District LED Forum and IGR	1. Quarterly 2.30 June 2024 3. Quarterly	SMME Practitioner	Final tests and maintenance
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									4. Lobby funding and partnerships.						
SMME Support	To streamline mining activities for acceleration of socio-economic development within ELM	Illegal mining.	Catastrophic	100	Almost certain	90%	Extreme	90	1. Conducting awareness campaigns on opportunities. 2. Mineral and Petroleum Resources Development ACT 28 of 2002.	Director PEDTA	Treat	1-3. Information and advisory sessions to the mining co-operatives. 2. Implement the Mineral and Petroleum Resources Development ACT	1. Bi-annually. 1.30 June 2024	SMME Practitioner	In progress

												28 of 2002.			
Tourism Development and Heritage Management	To Implement Tourism and Heritage Management Plan	Lack of tourism development.	Catastrophic	100	Almost certain	90%	Extreme	90	1. Budget allocated yearly. 2. Facilitate grading sessions. 2. Website Tourism Brochure 2. Established relations with DSRAC and assist Emalahleni Crafters and cultural group to market their products. 2. Hiking and Fishing initiatives. 3. Awareness workshops conducted. 1-3. Tourism Sector Plan. 1-3. LED Strategy.	Director PEDTA	Treat	1. Solicited funding to support tourism development initiatives from potential funders. 2. Coordinated approach on enhancing tourism on the municipal website and social media with IT and Communications. 3. Awareness sessions conducted	1.30 June 2024. 2. Ongoing 2. Ongoing	Tourism Practitioner	In progress



Agricultural Development & Agro-processing.	To promote and support agricultural development	<b>Lack of agricultural development.</b>	Catastrophic	100	Almost certain	90%	Extreme	90	1.Refurbishment of Irrigation scheme 2.Capacity building. 2. LED Strategy. 3. Funding Support provided. 4 & 5 information dissemination sessions( Product diversification , livestock improvement)	Director PEDTA	Treat	1. Conducted technical meetings. 2-5. Facilitate improvement of agricultural initiatives ,( Technical meetings, workshops, trainings, Project steering committee meetings)	1. Quarterly 2-5. Quarterly .	Agricultural Development Practitioner	In progress
Spatial Development	To provide, improve and maintain provision of basic services to local communities and/or households	<b>Ineffective implementation of the SPLUMA</b>	Critical	70	Almost certain	90%	Extreme	63	1 & 2.Awareness campaign conducted to the community. 3,4 &5.Implementation of the SPLUMA act 5.Land audit underway.	Director PEDTA	Treat	1. Conduct Workshop of the SDF 2. Education and awareness campaigns. 2. Develop information pamphlet	1. Quarterly 2.30 June 2024. 3,4 &5. 30 June 2024 3,4 &5. 30 June 2024 6.30 June 2024	Town planner	In progress

												s. 3,4 &5. Budget secured for the Intergrated town planning scheme. 3,4 &5. Establishment of a Land Committee. 6. Adoption of Land Audit by Council.		
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**KPA 3: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

<b>Audit Committee</b>	To achieve clean administration	<b>Ineffective Internal Audit Function</b>	Critical	70	Likely	65%	High	45,5	1. Fully fledged IA Function 1. Approved Internal Audit Methodology 1. Approved IA Plan 2 Good support and relations with management 3. Trainings are attended	Municipal Manager.	Treat	3. Continue Professional Development (Attending trainings) 2. Report to Audit Committee on Progress against the	1. 30 June 2024 2. 30 June 2024	Chief Audit Executive.	Final tests and maintenance
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									by all official in the Unit ,thus far the Accounting Audits are prioritised to acquiring the skill set			approved IA plan			
Compliance Management	To ensure that the municipality operates free of anticipated risk of maladministration, fraud and corruption	<b>Non - Compliance with relevant legislation.</b>	Catastrophic	100	Almost certain	90%	Extreme	90	1. SCM compliance verified on all tenders. 2 Internal Audit Plan coverage of Compliance matter.	Municipal Manager.	Treat	1.Municipal Compliance duties to be formally delegated to an official and monitored monthly. 1. Report to all oversight structures on the MFMA compliance register,	1. Quarterly 1. Quarterly	Municipal Manager	In progress

Audit Committee	To achieve clean administration	<b>Ineffective audit committee</b>	Critical	70	Almost certain	90%		63	1.Fully fledged Audit Committee. 1.Approved Audit Committee Charter 2.Council Calender pre scheduled meetings	Municipal Manager.	Treat	1.Adherence to the council Calender 1.Audit Committee meeting pack to be sent as per the Audit Committee Charter. 1.Audit Committee Report to Council as scheduled in the relevent reporting period.	1.Annually 1. Quarterly 1.Quarterly	Chief Audit Executive.	In progress
DC Board	To achieve clean administration	<b>Ineffective DC Borad</b>	Catastrophic	100	Almost certain	90%	Extreme	90	Municipalty to ensure that a new chairperson is recomended	Municipal Manager.	Treat	Appointm ent of a Disciplinary Chairpers on	1. 30 June 2024	Municipal Manager	Behind schedule

Community Participation - To improve community participation in the affairs of the municipality.	To improve community participation in the affairs of the municipality	<b>Ineffective implementation of the Public Participation Strategy and Policy.</b>	Catastrophic	100	Almost certain	90%	Extreme	90	1. Sourced EWPW skilled contract workers. 2. Community Development workers in place. 3. Ward committees in place. 4. Awareness workshop conducted on the roles of all stakeholders with regards to public participation. 5. SPU structures in place (Woman, Youth, elderly, disability, childrens forum and ward AIDS councils have been elected at ward level) 6. Develop terms of reference for the	Municipal Manager.	Treat	1. Conducting ward committee quarterly meetings. 2. Conduct Myoral Imbizo in a Financial Year. 3. Conduct two Mayoral outreach. 4. Conduct Sectoral engagements 5. Utilize as far as possible alternative avenues to reach the community (Social media, radio New papers).	1. Quarterly June 2024 2. 30 June 2024 3. 30 June 2024 4. 30 June 2024 5. Ongoing	Public Participation Practitioner	Final tests and maintenance
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									establishment of forums for interest groups at ward level.						
Communication -To ensure fully functional systems of internal and external communication	To ensure fully functional systems of internal and external communication	<b>Ineffective implementation of the Communication Strategy and Policy.</b>	Catastrophic	100	Almost certain	90%	Extreme	90	1. Developed Communication Plan to influence resource allocation. 2. National Communication Policy in place. 3.Communication Strategy and Policy in place. 4. Awareness sessions on Communication functions. 5. Workshop on communication Strategy and Policy. 6. Lobby support from	Municipal Manager.	Treat	1. Continue engagement with the internal stakeholders ( Internal memos. emails) 2.Conduct workshop on Communication Strategy and Policy.	1. Ongoing 2.30 June 2024	Communication Practitioner	Final tests and maintain

									internal stakeholders. (Employee assembly ,Whats ups and Facebook).						
Customer Care- To Improve Customer Care Management	To Improve Customer Care Management	<b>Ineffective Customer care Management</b>	Catastrophic	100	Almost certain	90%	Extreme	90	1. There is Customer Care Policy and Strategy in place. 2. Customer Complaints Register at all the municipal units and suggestion Boxes at all the municipal units. 3. Petitions Management committee in place.	Municipal Manager.	Treat	1. Internal Customer Care workshop to be undertaken. 2. Engage with other Spheres of government 3. Conduct workshop on Petitions Management Policy.	1. 30 June 2024 2. 30 June 2024 3. 30 June 2024	Customer Care Practitioner	In progress

Human Resource Development	To develop the skills of the workforce and unemployed youth to enhance their competencies	Failure to develop the workforce.	Critical	70	Likely	65%	High	45,5	1. Human Resource Development Strategy in place. 1 Skills development plan. 1. Training Programs approved by the Training Committee 2023/2024. 2. Workplace Skills Plan 2. Training and Study Assistance Policy.	Director Corporate services.	Treat	1. Conducting Training on PMS to Municipal Officials. 2. Enhance monitoring on the training plan. 3..Conducting of skills Audit.	1.31 December 2024 1.30 June 2024 2.31 December 2024	Skills Development Practitioner.	In progress
Fleet Management	To ensure an efficient and effective Fleet management System	Poor implementation of the Fleet Management Policy.	Catastrophic	100	Almost certain	90%	Extreme	90	1. Fleet Management Policy approved. 2. vehicle tracking system	Director Corporate services.	Treat	1. Capacitating of fleet management unit.	1. Ongoing	Fleet Management Practitioner.	In progress
Legal Compliance	To improve compliance and adherence to MFMA legislation	Non adherence to Municipal Litigation register	Critical	70	Almost certain	90%	Extreme	63	1. Budget Provision has been allocated for the 2023/2024 financial year . 2..Panel of law firms	Director Corporate services.	Treat	All Reports on legal cases get reported quarterly to the Corporate Services standing	3. Quarterly	Legal Services and Administration	Final tests and maintain

									with a contract of three years that deals with municipality litigations is expiring in June 2024. 3. Permanent Legal Manager has been appointed.			committee , Audit Committee and Council			
Employment Equity	To redress the imbalances of the past in the workplace	<b>Inability to meet employment equity targets.</b>	Critical	70	Likely	65%	High	45,5	1. EE Targets specified in all Recruitment Advertisements. 2. Employment equity plan in place 3. Functional Employment Equity Committee.	Director Corporate services.	Treat	1. Implementation of the EE Plan. 2. Annual EE Report to department of Labour.	1. Quarterly. 1.31 December 2024	Skills Development Practitioner.	In progress

Occupational Health and Safety-healthy and safe working environment for councillors and officials.	To ensure a healthy and safe working environment for councillors and officials	<b>Poor implementation of OHS Policy</b>	Catastrophic	100	Almost certain	90%	Extreme	90	1. Budget Provision has been allocated for the 2023/2024 financial year. 2..Medical examination to affected employees. 2.Reports tabled to the OHS Committee. 3. Conduct medical examination to affected employees.2 3/24 4. '1.Purchase of first aid kits and replenish used items. existing buildings).	Director Corporate services.	Treat	1. OHS Committee to oversight occupational Health and Safety.	1. Ongoing	Occupational Health and Safety Practitioner.	Final tests and maintenance
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ICT .To provide an integrated ICT System that will ensure safety of information.	To ensure an effective system of municipal governance in line with applicable legislation	<b>Non integrated ICT system</b>	Catastrophic	100	Almost certain	90%	Extreme	90	1,Annual budget set for procurement of laptops. 2,All directors and managers have laptops and some practitioners . ICT user access management policy has been reviewed and presented to employees and councillors. 3, Data allowance provided when required. 4.The Municipal Office has a generator.	Director Corporate services.	Treat	1. Facilitate the cloud storage of information	1.30 September 2024.	Manager : ICT	In progress
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Supply Chain Management.	To achieve clean administration by June 2027	Ineffective implementation of SCM processes	Catastrophic	100	Almost certain	90%	Extreme	90	1-3. Approved budget and SDBIP. 1-3. Approved Supply Chain Management Policy 2 & 3 Approved demand management plan 1 -3 Centralized SCM Processes. 4.Approved procurement plan 4.All bid Committee members be appointed by the Municipal Manager.	CFO	Treat	1.Review SCM Policy. 2. Monitor the implementation of SCM Policy. 3.Capacity building for Bid Committee members and new staff on Supply Chain Management processes .	1.31 May 2024 2. Monthly 3. Biannually	Manager : SCM	Final tests and maintenance
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Budget Reporting.	To implement proper expenditure management in compliance with legislation by June 2027	<b>Non compliance to budget and reporting regulations</b>	Catastrophic	100	Almost certain	90%	Extreme	90	1. Approved IDP and budget process plan 1. Section 71 report. 1. Monitoring and strict adherence to the approved budget through PM13 monthly reports. 1. Confirmation of budget before expenditure 2. Auto block over expenditure function on EMS. 1&2. Review and approved policies as listed below. Property Rates policy • Budget Policy • Virements policy • Supply Chain Management policy	CFO	Treat	1. Approval of all requisitions by the Budget Accountant and Budget Manager to avoid missallocations. 2. Regular progress meetings.	1. Daily 1. Monthly.	Manager : BTO	Final tests and maintenance
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									1.All transactions to be processed through the system from requisitions to payments( systems will not allow for over expenditure) . 1. Provide the Budget consumption report on over expenditure and directorates to provide corrective actions.						
Revenue Management	To increase the amount of revenue collected annually by June 2027	Low revenue base impacting on financial sustainability of the municipality.	Catastrophic	100	Almost certain	90%	Extreme	90	1. Approved Credit Control Policy. 1. Debt collector appointed to assist the municipality in debt collection 2.Approved Revenue Enhancement and Cash	CFO	Treat	1. Enhance own revenue collection initiative -Monitor and report SDBIP set targets for other directorates. 2. Establishment of	1. Quarterly 2. Quarterly 3.ongoing	Manager : Income and Expenditure	In progress

								<p>Management Strategy.</p> <p>2.Standard Operating Procedures for Revenue Collection in place.</p> <p>2. Established Revenue Enhancement and cash management committee.</p> <p>3.Approved Indigent Policy</p> <p>3.Change is Indigent registration application (utilization of Ward Committees).</p> <p>3. Annual indigent registration.</p>		<p>Revenue Enhancement and cash management committee resolutions</p> <p>3.Data collection drives and verification of applicants.</p>			
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## **ANTI-CORRUPTION AND FRAUD**

Anti-corruption and fraud strategies are in place and applied although it is recognized that controls need to be tightened as a matter of course. To manage risk and fraud prevention, strategies and implementation plans for risk have been developed. The presidential hotline is used to report fraudulent and irregular activities and issues that are raised are dealt with regularly and efficiently.

The strategy sets out an aggressive and firm attitude towards fraud and corruption; undertaking to aggressively seek it out, investigate allegations, prosecute offenders, and encourage staff to report any incidences. The document is worded in such a way as to achieve “buy-in”. It seeks to create a level of fraud awareness among staff and encourage them to report suspected fraud in the workplace. It highlights that the primary means of detecting fraud is a sound system of internal control. Other measures include highlighting red flags, setting out details of fraud assessment questioning, mandatory vacations, surprise audits, investigative techniques, training, etc.

It also sets out details of the “who, what, where, when why and how” of responding to fraud or allegations of fraud. The plan defines “damage control” processes, sets the action plan in motion, and controls the investigation and recovery procedures. Implicit in this is the institution of disciplinary action when required and improved internal control procedures. It is the overall “game plan”.

The Fraud Prevention Plan was rolled out in the 2016/2017. On an annual basis fraud and corruption awareness campaigns are conducted. In 2023/2024 financial year an assessment was done. This will be followed up with Fraud Risk assessments in Directorates, these are held each quarter. This fraud susceptibility assessment is intended to highlight any “fraud friendliness” in the control environment. The work in this area is the subject of the implementation plan.

The Municipality has been reluctant to introduce the mechanism of operating a Fraud Hotline without the capacity to handle the investigations that would follow its introduction. Notwithstanding, tips and reports are followed up. Aligned therewith, the Municipality established an Audit Committee several years ago. The membership of the Committee is from outside the Municipality (i.e., no Councilors or officials form part of this Committee) and it is considered independent. This Committee reports directly to Council. The Municipality has had to institute criminal matters in the Magistrate’s Court from time to time. To this end close collaboration is maintained with the Office of the Public Prosecutor. No criminal action was instituted in the year under review. As a general principle, segregation of duties is of common application to reduce the likelihood of irregularities. This process is under constant review.

## SUPPLY CHAIN MANAGEMENT

The municipality reviewed its Supply Chain Management Policy during 2023/2024 financial year to be in line with applicable legislation. The system of Supply Chain Management Unit consists of the following sections:

- Demand Management
- Acquisitions Management
- Risk Management
- Logistics Management
- SCM Performance and monitoring

Supply Chain Management practices and policies are improving continuously, and all aspects of the Supply Chain Management Framework are strictly applied. All required aspects of Demand and Acquisition Management are incorporated, a Supplier Database is maintained and utilized in conjunction with the Central Supplier Database (CSD). The Bid Committee System is in place and operate effectively. All three Supply Chain Management Committees (the BSC, BEC and BAC) were appointed, all with proper written and signed delegations.

Training of the Bid Committees (including SCM Staff) has been conducted to ensure effective implementation of supply chain processes.

SCM reporting is complied with as per the Supply Chain Management Regulations. Control measures are being implemented to ensure that supply chain practices are fair, equitable, transparent, cost effective and competitive as per Section 217 of the Constitution.

## MUNICIPAL BY-LAWS

The following old policies have been reviewed and others newly developed

BY- LAWS			
1	Heritage Resources		
2	Commonages		
3	Public Amenities		
4	Liquor Trading		✓
5	Keeping of animals		✓
6	Local Tourism		✓
7	Community Fire Safety		✓
8	Childcare Services		✓
9	Building By-Law		✓
10	Street trading		✓
11	Spatial Planning and Land Use Management By-law		✓

## KNOWLEDGE MANAGEMENT (ICT)

The municipality identified information technology as one of the most powerful tools used to achieve the objectives of knowledge management. Amongst other things, this can only be achieved by having a fully functioning and up to date municipal website. The website was developed, it is being hosted offsite by a service provider through an annual hosting license. The website is active and currently fully functional, with all municipal documents as per the requirements of the MFMA uploaded and updated. The municipal website was fully maintained in-house. The municipality owes the achievements mentioned above, to the dedicated ICT personnel and other resources it invested in the unit during the year under review even at a time the municipality was operating with the skeleton ICT staff due to the loss of the Systems Administrator (responsible for website updates) who had left the municipality.

Municipal Website: Content and Currency of Material		
Documents published on the Municipal's/ Entity's Website	Yes/No	Publishing Date
Current annual and adjustments budgets and all budgets-related documents	Yes	
All budget-related policies	Yes	
The previous annual report	Yes	
The annual report (2022-2023) published/to be published	Yes	
All current performance required in terms of section 57(1)(b) of the municipal systems act and resulting scorecards	Yes	
All service delivery agreements	No	
All long-term borrowing contracts	No	The municipality has not entered any contracts
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 the year	No	
Contracts agreed in 2022-2023 to which subsection (1) of section 33 apply, subject to subsection (3) of the section	Yes	
Public-private partnership agreements referred to section 120	No	
All quarterly reports tabled in council in terms of section 52(d) during Year	Yes	

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### **Comment on Municipal Website Content and Access**

Updates are done and uploaded as and when required to do as well as in compliance with legislation on what is referred to as legal notices.

Website viewership is now activated to monitor how active our website is, this was a function recently updated. Soon we are planning to update news and other current activities taking place in our municipality, and to make our website more engaging than it is now.

Website management and updating is a shared function between the Information Communication Technology Unit and Communication Unit. Communication unit provide content to the Information Communication and Technology unit. We keep on looking for user friendly templates for viewing by our communities.

### **Customer satisfaction**

Checking to the customer satisfaction, our customers are not all happy about services offered by government on the following services: Access roads, main roads between Komani and Dordrecht and road between Cacadu and Komani, water and sanitation, electricity, and bridges. Source of information for these is protest actions regarding these services in most wards, the environmental exercise performed by Community Development Workers at ward level and views and comments on our Facebook page.

On other services like social security and local economic development initiatives the municipality enjoy satisfaction of its customer as the appreciate what the municipality is delivering working with other departments per their mandates and the private sector.

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

### INTRODUCTION

The primary role of a municipality is to provide and facilitate the delivery of services to its communities. It is therefore imperative for the municipality to understand the extent to which households in its areas of jurisdiction have access to the various services that are essential for their livelihood.

ELM has made a decision to develop an inclusive Infrastructure Investment Plan. ELM currently utilizes various sector plans to plan for infrastructure planning and investment. These plans are Housing Sector Plan and Water Service Delivery Plan. The municipality has managed to develop instead the Infrastructure Master Plan through the support of Municipal Infrastructure Support Agency (MISA). The Investment plan is still on the development stage.

Notwithstanding the current challenges, ELM is quite advanced in providing the prescribed basic service per household, as it relates to water, sanitation, solid waste management and electricity. This has included making the necessary provision for informal settlements in the interest of increasing access for all citizens of the municipality. Emalahleni is one of the municipalities in Chris Hani District and in the Eastern Cape that is earmarked to completely eradicate the electricity backlog. The rapid growth of urban centres is putting pressure on the municipality to increase its capacity in order to respond to the service calls timeously. Provision of electricity services is dispensed by using internal capacity within the municipality, as well as contractors which are procured through the supply-chain management process. There are no contracts with state entities for execution of powers and functions assigned to the municipality at this stage, for the above-mentioned services. All indigent consumers are provided free basic services through this model of operations and service provision. *(See attached section 46 report 2023/2024 and council resolution)*

### COMPONENT A: BASIC SERVICES

#### INTRODUCTION TO BASIC SERVICES

The municipality provides basic services according to the acceptable standards for settlements within the urban edge and those outside the urban edge. The following provisions are made:

##### **Water Provision**

The provision of water in the Emalahleni Local Municipality is a key performance area of the District Municipality – Chris Hani District Municipality (CHDM). All the water connections are done by CHDM, either yard connections in the suburban areas or the RDP standards and in the rural areas.

##### **Sanitation**

The provision of sanitation and water in the Emalahleni Local Municipality is a key performance area of the District Municipality – Chris Hani District Municipality (CHDM). All the water

connections are done by CHDM, either yard connections in the suburban areas or the RDP standards in the rural areas.

### Electricity

Emalahleni Local Municipality is licensed by the National Electricity Regulator of South Africa (NERSA) to supply electricity to 70% of the total customers in the Municipality's area of 3 jurisdiction and the remainder which is comprised of Cacadu areas is supplied by Eskom. The Electricity Unit operates under the National Regulator of South Africa Act of (2006).

### REFUSE COLLECTION SERVICES

#### Street Cleaning

Street Cleaning is conducted daily in the main streets and adjoining streets of the three towns. The use of temporary workers is assisting with street cleaning and street sweeping on weekends. Project Hlasela, Chris Hani Waste Management Project and the DFFE Flood Mopping has provided additional personnel for in Community Services Functional Areas including street cleaning.

#### Refuse Collection

Refuse Collection Services have been hampered by various factors which reduces the capacity of the Municipality to effectively render a constant and reliable service throughout its three towns of Dordrecht, Indwe and Cacadu. Fleet related problems have been the main issue, and they are caused by delays in repairs and/or replacement of the aged and dilapidated collection vehicles. Cacadu is struggling to service the two Townships (Bhongolwethu and Zakhele) on a regular basis due to capacity issues. All other towns continue to render collection services in all planned areas despite the problems of fleet and shortages of personnel. Garden Refuse and building rubble are becoming a concern that must be planned for as new fleet becomes available.

TYPE OF AREA	LADY FRERE	Total H/H	INDWE	Total H/H	DODRECHT	Total H/H
Urban Area (3)	Main Town	170	Main Town	714	Main Town	350
Townships (11)	Bhongolwethu Township	700	Manyano	344	Tyoksville	1985
	kwaZakhele Township	592	Mavuya	759	Isinakho	1045
	Pilot (Mqeshi)	15	Mzamomhle	501	Munniksvile	292
			Sonwabile	193		
			Phumlani	331		
<b>SUB-TOTAL</b>		<b>1477</b>		<b>2842</b>		<b>3672</b>
<b>TOTAL</b>	<b>7991</b>					

### Weekly Refuse Collection Schedule

	DORDRECHT	INDWE	CACADU
<b>Monday</b>	Central Business District	Main Town Houses Central Business District Indwe Hospital Indwe High School Indwe Resort	Central Business District Glen Grey Hospital Shoprite (Back)
<b>Tuesday</b>	Main Town Houses Central Business District Dordrecht Hospital Schools	Sonwabile Location Phumlani Location Central Business District	Town (Urban) Households Central Business District Lady Frere JSS Boxer Store
<b>Wednesday</b>	Tyoksville Location Central Business District	Mavuya Location Central Business District Esethu PSS Lukhanyo SSS	KwaZakhele Township Households Central Business District Glen Grey Hospital Spar Store
<b>Thursday</b>	Isinakho Location Central Business District	Mzamomhle Location Central Business District Siyakhula PSS	Bongolwethu Township Households Central Business District Shoprite (Font)
<b>Friday</b>	Munniksville Location Central Business District	Manyano Location Central Business District	Central Business District Garage & KFC
<b>Saturday</b>	Central Business District	Central Business District	Central Business District
<b>Sunday</b>	Central Business District	Central Business District	Central Business District

#### Drop Off Centre's

Drop-off Centres are serviced weekly in all three towns. Various Drop off Centres have been vandalized and will require rebuilding. The number of Drop Off Centres has been reduced from 25 to now 10 due to vandalism and theft of the building blocks.

### Awareness Campaigns

The Waste Management Section normally conduct additional activities within its scope of work. These include; Waste Awareness Campaigns, Community Cleanup Campaigns, Eradication of Illegal Dumping Sites and Beautification of public areas. This is done on a regular basis in all three towns.

### PROJECTS

#### Project Hlasela

Project Hlasela employed 44 Participants that focus on clearing of illegal dumping sites, refuse collection, office cleaning and Maintenance. Their contracts expired on 30 June 2024

Recruitment for 2024/2025 Project Hlasela Participants has been conducted by the EPWP Office. 50 Participants are expected to start on 15 June 2024.

#### CHDM Waste Management Project

The project hired 41 Participants and their contracts expired on 30 June 2024. It focuses on beautification, Installation of Bins and boosting of Recycling in our three towns.

#### DFFE Flood Mopping Project

Flood Mopping had +120 Participants across the three towns. Their contracts expired on 28 February 2024 and DFFE extended the contracts until 30 June 2024 with the workers now working 3 days per week. The workers were sent to work in their respective wards to absorb the financial loss. They assisted in various Community Services field duties including Refuse Collection, Street Cleaning, Office Cleaning, Facilities Management and Stray Animal Control.

#### DFFE Funded Waste Infrastructure Project

The Project has been advertised, evaluated and adjudicated by DFFE. ELM was involved in Drafting of the Specifications and the ELM Consultant was part of the Evaluation process.

Appointment of a Contractor has been completed by DFFE.

Draft MOU has been shared indicating R20 Million reserved for the Project.

Preparatory Meeting for Project Initiation will be held in July 2024.

### Compliance Matters in 2023/2024

ITEM NO	FOCUS	LEGISLATION	COMPLIANCE STATUS	COMMENTS
1	Designation of Waste Management Officer (WMO)	NEMWA: Act 59 of 2002, Section 10		Designation Letter submitted to DM and DEDEAT (March 2023)

2	Integrated Waste Management Plan (IWMP)	NEMWA, Act 59 of 2002 , Section 11		Draft IWMP Available, Waste Characterization completed.
3	Landfill Site Registration and Licensing	NEMA, Act 59 of 2002 NEMWA Listed Activities		Extension granted until August 2028 Plant Hire appointed in June 2024
4	SAWIC Reporting	NEMWA, Act 59 of 2002 , Section 60		Registration Pending, Data collection initiated in all Units New Enquiry submitted to DEDEAT for assistance
5	Waste Management By-Law	NEMWA, Act 59 of 2002 , Section 9		Enforcement lacking

IWMP and the By-Laws have gone through Public Participation in all three towns. The IWMP has been submitted to DEDEAT and CHDM for further inputs.

### Landfill Site Management

The Municipality's only Landfill Site is the Topu Landfill Site which has been licensed for closure. The closure permit has been extended from August 2023 until August 2028. The Municipality has less than 5 years to plan and develop a Landfill Site for the purpose of disposal. Indwe and Dordrecht Transfer Stations will be repaired by DFFE and Indwe will also receive a Material Recovery Facility. The Project is due to start in 2024. The Specifications have been developed, the advert was issue and the DFFE Bid Evaluation Committee has set in October 2023 to consider the bid.

Focal Area	Indwe Station	Transfer	Dordrecht Station	Transfer	Cacadu Landfill Site
LICENSE	Registered		Registered		Extended
COMPLIANCE	Land filling		Land filling		Land filling
WASTE COVER	Monthly Covering		Monthly Covering		Monthly Covering
FENCING	Removed		Removed		Partial
ACCESS CONTROL	Regularly		Partially		Partially
WASTE RECYCLING	comprehensive		Partially		Partially

### Introduction to Environmental Protection

National Environmental Management Act No. 107 of 1998 (NEMA), stipulates several key environmental management principles (Chapter 1) which apply to those activities of organ of state that may significantly affect the environment including the local government. These principles extend not only to NEMA itself

but also to the interpretation, administration and implementation of the Act and concerned with protection or management of environment. It also stipulates on the principles that the person or company who pollutes the environment must pay to clean it up.

- Environmental Management Programs implemented
- Commemoration of Environmental Days observed.

## **HUMAN SETTLEMENT**

### **Introduction to Human Settlement**

Emalahleni Human Settlements/ Housing & Estates is responsible for the facilitation of progressive access to housing by the residents or citizens of Emalahleni Local Municipal area. We are mainly using NHNR, National Housing Needs Register and HSS to register Housing Applicants. Our projects are packaged in the Housing Sector Plan and after approval by the Council are submitted to the Department of Human Settlements for enrolment and budget purpose. The sector plan is the component of the IDP (Housing chapter).

The municipality is not an accredited Housing Provider/Developer but merely facilitates the process of housing provision (through the provision of administrative support). Emalahleni Local Municipality has within its structure a Housing Unit Management whose main function is to assist in the:

- Coordination of Housing Delivery (private and public developers and other parties).
- Provision of support in managing housing provision.
- Assisting in the identification of suitable land parcels for Housing projects.
- Monitoring the development of slum conditions in existing settlements.

- Assessment and capturing of housing needs.
- Assisting with land administration in relation to encroachment by implementing land invasion policy.
- Allocation of beneficiaries unto plots and newly built houses.
- Facilitate of transfer of property ownership (Title Deeds Registration).

### **Building Control**

This unit remains responsible for the development of the local built environment, through the following activities:

- Public education, promoting compliance with National Building Regulations and Agreement Certificates (Rural Areas), as well as effecting compliance with the Housing Consumer Protection Measures Act (All houses are built by NHBRC registered Contractors).
- Development of Appropriate Building Technology suitable for areas where the national Building Regulations are not applicable.
- Quality control of House construction in Housing Projects.
- Municipal assets maintenance including municipal buildings, dipping tanks, disaster houses etc.
- Quality Control of all other private and public building developments.
- Manages demolishing and building permit system throughout Emalahleni Local Municipality area.
- Monitoring and encroachment control in the Emalahleni Local Municipality urban area:
- Monitoring and signage control on the Emalahleni Local Municipality urban area.

TOWNS	NUMBER OF BUILDING PLANS APPROVED	NUMBER OF SIGNAGES APPROVED
Lady Frere	1	0
Indwe	1	0
Dordrecht	3	0
Total	5	0

### **Housing Services Delivery Strategy and Main Role Players**

This Housing Sector Plan is still under reviewed for revision in accordance with the prescripts of the Blue Book for Municipal Housing Planning and the related National Treasury Planning dispensation. The methodology used to review the HSP consisted of the review of the current IDP, HSP, SDF and other relevant chapters of the IDP and sectoral plans. In addition to this, a desktop analysis was undertaken to better understand the demand for housing.

## **HOUSING**

The Emalahleni Local Municipality's top priority Housing Capital Projects that were budgeted under the Department of Housing (DoHS) during 2023/2024 are as follows:

### **Dordrecht Phase 1 and 2**

Dordrecht phase 1 & 2 is made up of 2000 units. Phase 1 was completed in the year 2000 and phase 2 in 2002. On phase 1 we transferred 985 units and on phase 2 we transferred 886. The outstanding transfers were held up by land administration issues but now those issues were solved, and lists were sent to the office of Legal. Dordrecht phase 1 & 2 there are 871 units were completed to date. Waiting for the department for the remaining lots for the 10% implementation plan per financial year.

### **Sinako Zwelethemba 289**

A feasibility study was done. 269 beneficiary applications have been approved. Formalisation of a small section of the old Sinakho township, erf 879 completed and the project is under construction and about 198 units completed. Department is busy with Planning process for phase 3 of 91 units which will include destitute cases. The department with the Municipality still busy with the beneficiary list of 91 units to be approved by Department and implementation of 91 units by the contractor which is appointed by the department while the department still busy with evaluation of application from the municipality to be a developer.

### **Mavuya 462**

Department appointed a contractor to construct 462 Units for Mavuya at Indwe, 417 Units completed. Department indicated that they are shortage of land to complete the units. The Municipality with Department busy with the survey of individual plots to assess space. In the project there are 45 beneficiaries that had no space to build their houses and agreed to withdraw as requested. To be considered in 2<sup>ND</sup> phase when land is available.

### **Lady Frere 700**

Lady Frere 700 is under rectification. Service provider appointed by the department for planning and designs. The Verification of 200 units was done and beneficiary list with the houses to be rectified were done. Tender advertised and closed for appointment of contractor. The contractor was appointed and still waiting the enrolment of NHBRC Report for the contractor to commence with the rectification of 200 houses.

### **Lady Frere 564**

521 units were completed.

This project is blocked due to administrative challenges. The office of the Town Planner is considering surveying of extra land to accommodate surplus beneficiaries in order to sort out land administrative challenges.

### **Zwaartwater 1000**

This project is under construction. 954 units have been completed and 46 at various stage of construction.

### **Cacadu 800 Mixed Use Development**

The Provincial Department of Human Settlements has appointed GAP Infrastructure Corporation (GIC) for the design, construction supervision and bulk services for Emalahleni Local Municipality. GAP Infrastructure Corporation (GIC) has also been appointed for the formalization of existing human settlements projects, to ensure that human settlements within Emalahleni Municipality have access to roads, water, sewer and stormwater.

The work that will be done by GIC in Cacadu will be on Lady Frere Ext 3 which comprising of 255 stands, this will include the design of underground services and installation thereafter as the town planning working is already done. Lady Frere Ext4 , Erf 763 comprising of 523 stands.

### **Legislative and Policy Background to Housing Chapter.**

The Integrated Human Settlement Strategy is the primary policy focus to influence the approach to the development of municipal housing strategies. It emphasises a movement away from the concept of housing as mere shelter to housing as part of an overall strategy to achieve human settlements that provide good quality homes with proper access to the necessary socio-economic opportunities for their residents. It also highlights the importance of social, economic, and racial integration in the settlements, linked to the objectives of densification and integrated mixed land use in South African urban areas. It is given more detailed focus and forms of delivery through a range of housing and planning legislation, policy, and mechanisms. The most important housing legislation and policies include the Housing Act, the Social Housing Act 2009, the Rental Housing Act, and the National Housing Code. From a planning perspective the following legislation and policy initiatives are important: the Municipal Systems Act 2000, Municipal Structures Act 1998; the Municipal Finance Management Act, the Provincial Financial Management Act, the National Spatial Development Perspective, the government's Urban and Rural Strategies, the Development Facilitation Act, the land reform and land restitution legislation and the Land Use Management Bill. While these all provide the details that populate the framework for the planning and delivery of housing it is important that the municipality uses the Integrated Human Settlement approach in planning its response to housing need and demand. In doing this, it must work in close alignment with the province on joint planning as well as the allocation of the financial resources. The municipality can also structure co-operative action and even partnerships with other key stakeholders that can positively assist it in developing its housing plan and supporting the delivery.

### **Strategic Framework Review**

A large proportion of people in the district live in rural communal areas in traditional housing. However, the major housing planning emphasis is on the urban areas. This therefore indicates that there is urban bias in housing prioritisation in the municipal area. There is furthermore little information in the main report that defines the need and demand in neither the rural areas nor the context of delivering housing in these areas where tenure is unclear. The apparent lack of housing delivery in the rural areas results in increased pressure on the urban housing demand.

The report is unclear on any linkage with the government's land reform programme. If the housing programme is to reach a large proportion of the population in the municipality, and probably those households with the lowest incomes, it is important that there is a specific rural analysis and rural housing strategy. It is therefore suggested that a housing waiting list system (specifically targeted in rural areas) need to be set up whereby a database of potential beneficiaries and residents of informal settlements is established and kept up to date. These

databases are important management tools for managing housing development and the eradication of backlogs. This necessitates an in-depth analysis of the exact housing demand in these areas.

The Emalahleni Municipality has not been granted developer status with respect to the delivery of housing in its area of jurisdiction. It relies on the province to carry out a significant part of the responsibilities related to housing development. The Municipality does not have a Housing Department and The Directorate for Land and Housing is responsible for managing Housing within Emalahleni Municipality. It is important that there is clarity on the respective roles and responsibilities between the province and the municipality.

This will require a clear joint plan of action involving the local municipality, district municipality and province that is regulated through an MOU. To the extent that it is considered important for the municipality to play a role in parts of the housing process, it is critical that a plan is put in place to build the necessary capacity in the municipality and to enlist the assistance of the District Municipality to assist the Municipality effectively to undertake these responsibilities. Given the very limited capacity in the municipality for planning and implementing housing it is crucial that the municipality engages in partnerships with other relevant agents who can assist it in its planning and delivery.

Priority should focus on strengthening the relationship between the internal sections within the municipality and with the provincial DoHS, the regional Department of Rural development & Land Reform as well as agencies and NGOs working in the rural parts of the municipality. Another issue that hampers the development process is the current ownership pattern. At present, ownership of land in the urban areas and former RSA areas is held by freehold Title Deeds but in the rural areas the most common form of tenure is the communal land tenure system.

The Emalahleni municipality has no clear housing vision or set objectives with regards to housing delivery. To harness all stakeholders towards a common goal, it is imperative that the vision and objectives are clearly defined. Development strategies provide the most practical way of providing solutions to the identified problems. Such strategies are a link between problems and the desired housing development objectives. Housing development strategies are preceded by guiding principles enshrined in the housing policy and legislation. They are also preceded by a housing vision and objectives. It is therefore suggested that an action plan be drafted that clearly defines the vision and objectives of the municipalities.

The Municipality with the involvement of the province plans housing projects. All layouts are submitted to sector Departments for comment regarding the adequate provision for social, community and educational facilities. It has not been possible to determine how the Sector Departments integrate their plans with housing delivery. The issue of cross-sectoral alignment needs to be addressed. It is therefore critical that the sector departments and housing sector plans should be aligned with the IDP for the municipal area. The present planning is badly inhibited by the lack of a properly developed and maintained database on the demand and the linkage to projects that are planned and or implemented to tackle this.

Often the information is sparse, or it is held in different formats in different locations both within the municipality and outside of it. A more integrated system is required.

Arising from the above, several projects are proposed. These will be discussed in the subsequent section.

### **Review of Housing Vision**

The overall vision of Emalahleni Municipality states as follows: “A accountable, transformational, and financially viable municipality that delivers quality, sustainable and affordable services toward socio-economic growth and development of its communities.”

### **STRATEGIC HOUSING GOALS**

The vision of this HSP is to create integrated and sustainable communities. To make this vision a reality, the Municipality must support the notion of productivity, inclusivity, good governance and sustainability. Given the demand profile, the provision of a suitable Rural Housing programme is core to this plan.

#### **The strategic priorities are:**

- To determine expressed demand and to declare such demand
- To undertake housing consumer education / awareness and the housing voice
- To implement the housing needs register and to ensure on-going management thereof
- To engage the social welfare department and Special Programs Unit to cater for the child headed households and orphans.
- Scale up of the delivery of subsidised housing to meet the demand.
- Strategic planning for housing delivery.
- Conduct an annual environment analysis to review and revise annual housing sector plan
- To develop localized policies to create a more enabling environment and to manage the mushrooming of inadequate housing.
- Regular maintenance and updating of the existing Housing Demand Register

#### **Project pipeline**

- To integrate the existing information on delivered, planned, in implementation and blocked projects into a single project pipeline database with system for regular updating.
- To plan projects that are aligned with the provincial housing sustainability criteria
- To submit new projects to the province for funding approval and technical support

#### **Land and land packaging**

- To undertake a land identification and land packaging programme
- To understand the land reform programme and to create a linkage with such a programme
- To undertake feasibility studies on the identified state land on offer from the Department of Public Works, to prepare a business plan for each parcel of land required to affect the transfer of such land.
- Infrastructure to engage with the infrastructure officials and plans to seek prioritisation and alignment with housing programme.

## **Integrated Sustainable Rural Housing Delivery Programme**

- Define a specific ISRHDP strategy that contains an analysis of the rural demand (including farm worker housing demand) and status quo and links it to a strategy that defines the needs and demands in terms of basic infrastructure, top structure and tenure and further links these to the mechanisms available to tackle the priority needs.

### **Project development and management**

- To package projects in terms of top structure, undertake procurement of contractors and to initiate project construction.
- To undertake project management of all current running projects to ensure good quality and timely completion.
- Continue to roll out existing projects and ensure that financing and systems are in place to initiate new priority projects including those within the ISRHDP strategy.
- To have a dedicated programme to close out blocked projects.
- To programme the rectification needs of the current projects
- To build a suitably structured housing unit to meet the housing mandate
- To undertake a capacity assessment with the view of preparing a business plan to source funding from the Department’s Capacitation Grant for improving staff and skills capacity within the Municipality. To also ensure that those officials within the Municipality that have received training through the Department’s Capacity Building programme are committed to / engaged in the municipality’s housing section.
- To develop the internal organization to meet the municipal housing mandate and level 1 accreditation. The proposed structure must include a housing manager to undertake strategic planning and performance management and a technical resource to ensure the projects are managed and administrative staff to undertake beneficiary administration.
- Procurement of required office infrastructure and resources to fulfil housing mandate, this must include the installation and implementation of the project tracking tool.
- To formalise the required institutional structures to support the Municipality in meeting its housing delivery targets.
- Strengthen internal and external partnerships required by the municipality to plan, facilitate, and where relevant implement, the necessary housing development to meet the demand in the area.

### **Cross-sector alignment issues**

Very little cross sectoral integration within IDP and other sector plans. There is a need focus on integration in future review of all sector plan within the Municipality.

Housing planning and delivery risk management matters

<b>RISK</b>	<b>RISK MITIGATION</b>
Poor information and analysis on need and demand for proper planning	Undertake Housing Demand Survey / Housing Voice Ensure project pipeline is applied identify aspects of existing and planned projects that need to be covered

Poor capacity within the municipality	Ensure clear allocation of responsibilities Identify areas requiring capacity Identify strategic partners Review organogram and skills plan based on inhouse responsibilities
Lack of properly structured co-operation between the municipality and the province	Submit formal requests for partnering / training / mentoring Establish SLA for on-going support
Difficulty of resolving the secure tenure issues in the communal areas.	Follow provisions of IPILRA Establish partnership between DRDLR
Lack of proper control and management of the 12 started projects	Obtain PRT information Integrate with Project Pipeline Ensure PRT/DHS officials communicate with LM

## GAP ANALYSIS

### Gaps Required Filling

The following Table outlines the key gaps that require filling to substantially strengthen the possibility of an implementable strategy for this housing chapter

GAPS TO ADDRESS	MODE
Establishment of the real nature of need and demand including better analysis of the interaction and separation of tenure security, basic infrastructure, and top structure re.	Research on the baseline documents including Provincial MTEF, land reform stats and basic infrastructure information + discussion with municipalities on summarized information
Development of rural housing strategy that does not just use global guesstimates.	Using the information from above and then linking this to specific priority geographical areas that can have more intensive information gathering. Closer planning linkage with ECDoS and Department of Land Affairs to develop responses.
Proper listing of completed existing and future projects with necessary baseline and tracking information	Use of supplied template to co-ordinate information from different sources and then updating and completing this in contact with key local and provincial stakeholders. Possibly a provincial project.
Analysis of proposed infrastructure expenditure including water, sanitation, roads and storm water drainage and linkage of this to housing priority areas.	Source from provincial government documents and use local municipality to link with existing priority areas of housing need. Important to link this back to the housing project pipeline to identify where there are direct linkages.

Financing available for housing and infrastructure in from the provincial MTEF and I and the area. Analysis of the existing financing allocated to the area for infrastructure, land reform and housing and the linkage to established priorities	Reform MTEF + linkage back to defined housing priorities in the area.
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Housing demand in the context of the IDP and District, Provincial and national priorities

Outcome Aim Housing Demand Targets

	RURAL	SOCIAL AND RENTAL	INFORMAL SETTLEMENT STRUCTURES	CHILD HEADED HOUSEHOLDS
	20 711	157	100 (0 – dot count)	249
RURAL HOUSING				
SOCIAL AND RENTAL				
INCREMENTAL				
FINANCIAL				

#### FREE BASIC SERVICES AND INDIGENT SUPPORT

In line with Section 74 of the Municipal Systems Act, Emalahleni Municipality adopted and implemented a tariff policy. The municipality's tariff policy complies with the Section 74 (2) (c) of the Municipal Systems Act which requires the municipalities to ensure that poor households have access to at least basic services through any other direct or indirect methods of subsidisation of tariffs for the poor households.

The Emalahleni Municipality had in line with the requirement as per Section 74 of the Municipal Systems Act, adopted and implemented a tariff policy. Section 74 (2) (c) of the said Act further requires municipalities to ensure that poor households have access to at least basic services through any other direct or indirect method of subsidization of tariffs for poor households.

To comply with the provisions of the above Act and other pieces of legislation, the Emalahleni Municipal Council adopted an Indigent Policy to enact the said requirements through set standards and requirements as approved by Council that seeks to ensure that all poor households receive basic services as a minimum service standard. This Indigent Support Policy is reviewed annually with all the other budget related policies during the annual budget preparation process. Indigent registrations are done annually between the months of February and April. An indigent register is then compiled annually after each registration and undergoes intense review by the respective Ward Councilors assisted by their Ward Committees and CDW's and finally by the Chief

The table below reflects the numbers of indigents subsidized for the 2022/2023 and 2023/24 financial years

**The table below reflects the numbers of indigents subsidized for the 2022/2023 and 2023/24 financial years**

<b>Service Type</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Increase</b>
Refuse Collection	626 529,66	599 498,90	- 27 030,76
Property Rates	136 252,11	200 342,72	64 090,61
Electricity Municipality	825 497,90	867 253,88	41 755,98
Electricity Eskom	1 552 714,78	1 655 920,74	103 205,96
	<b>3 140 994,45</b>	<b>3 323 016,24</b>	<b>182 021,79</b>

The municipality also give free basic waste disposal collection to all the RDP houses that have not been transferred to the owner's names yet. This costs the municipality around R1.371 million for the 2023/2024 financial year. The number of subsidized households increased from the 2022/2023 to the 2023/24 financial year for those households who receive electricity from the Municipality.

**Major challenges still experienced in the implementation are:**

- Delays in the signing of application forms by the Ward Councilors and CDW's in some wards.
- Delays in returning the signed forms to the FBS section for capturing on the financial system
- These delays further delay the capturing of applications on the financial system for subsidization and thus delays the benefitting or issuing of subsidy to the approved applicant.
- The number of applicants is still low in some wards when compared to the total outstanding debt. It appears some households are still not coming forward to do applications even after awareness campaigns are conducted.
- Most customers of the municipality are unemployed and cannot afford to pay for services. Despite the latter, very few customers apply for indigent subsidize

## COMPONENT B: ROADS AND TRANSPORT

### Roads

To eliminate the road network, backlog an amount of R6 billion is required for a period of three years in the capital budget. During financial 2023/24 financial year, ELM continued to implement the Bridge and Pavement Management System which outline the Conditional Assessment of the ELM Road Network.

### Roads and Stormwater

The municipality is responsible for the construction, maintenance and upgrading of local access roads and storm-water infrastructure. Other roads are a responsibility of the District, Province, National department of Transport and SANRAL. ELM has been identified for the assistance by the Municipal Integrated Support Agency to develop an extensive Master plan inclusive of the Roads master plan. Construction of ACCESS roads are done through the MIG Funding and roads maintenance is funded through own revenue.

The entire road network of mainly gravel roads is generally in poor conditions and need upgrading and maintenance. The municipality has established Transport and Roads forums. These forums meet on quarterly basis.

Projects for Department of Transport in the Emalahleni area included inter alia:

- Indwe -Cala Gravel Roads for DR08040
- Bengu –Lanti gravel roads for DR08565
- R410 - Thaba Maria – R396 gravel roads for DR08576
- R396 – stormberg Dordrecht farms gravel roads for DR02624
- DR 02646 regravelling of road
- DR08551 (lady frere – indwe)
- DR08601 (lady frere – maqhashu)
- DR02849 (ida)
- DR08595 (boomplass)
- DR08596 (mhlanga)
- DR to Guba farm roads
- DR08569 (drivers drift towards rodana)
- Upgrading of DR08563 gravel to paving road between cacadu to Indwe via machubeni -6km paved completed

Projects for SANRAL in the Emalahleni area included inter alia:

- The maintenance and rehabilitation of R410 from Lady Frere to Mckay's Neck
- The upgrading of R56 from Dordrecht to Indwe

- The upgrading of R56 from Indwe to Elliot
- The routine maintenance of R 392 from Queenstown to Dordrecht

#### Road Network and Corridor Development

The various categories of roads are summarized as follows:

✦	Trunk roads	65km
✦	Main roads	90km
✦	District roads	658km
✦	Access/minor roads	313km

The trunk and main road network consist mainly of the R56 which runs through Dordrecht and Indwe towards Elliot in an east / west direction, and the main roads between Strekstroom / Dordrecht (R344) as well as the Queenstown / Dordrecht (R392) link road. The entire road network of paved and unpaved / gravel roads is in general in a relatively poor condition although some interventions are planned, as indicated in the physical infrastructure project lists included elsewhere in this report. Most of the gravel road surfaces are below standard and should be upgraded to allow for all weather road conditions.

Access across streams and watercourses is generally poor during rainstorms. There is a municipality-wide need for the construction of appropriate causeways and bridges. Apart from the significant tourism route between Dordrecht and Maclear / Mount Fletcher, consideration should also be given to improve the integration of, and link roads between Queenstown, Glen Grey, Cala and Elliot to strengthen corridor development and accessibility. Services along this corridor should further be developed to facilitate densification, focused delivery, planning, and funding. This will serve to sustain the economies of the towns and develop stronger linkages and integration between rural and urban areas.

#### Rail Network

The light density railway line between Strekstroom - Dordrecht - Indwe - Maclear is no longer being utilized for transportation of general freight commodities and timber. Limitations exist regarding axle load carrying capacity of heavy freight and consideration is being given to re-route products such as timber to the East London - Umtata railway line which may further impact the utilization of the line. Strategies could include that railway line between Indwe and Molte no town to be rehabilitated for coal, timber, and passenger transportation.

### ROADS MAINTENANCE SERVICE DELIVERY STRATEGY AND MAIN ROLE-PLAYERS

#### Roads and Storm water

This municipality is required to take responsibility for the construction, maintenance and upgrading of the local roads and storm water infrastructure in its three towns i.e. Cacadu, Indwe and Dordrecht towns with its employee and machinery under Roads and Stormwater Unit. Municipality purchased Material to improve the roads and Stormwater drainages which include Kerbing and Paving. The Municipality paved 3.25km of roads in the 2023/24 financial year.

**Annual Performance as per Key Performance Indicators in Roads and Storm water Services for 2023/2024 are reflected as follows:**

Project	Comment	Status
1km Construction of Paved at Indwe Internal Street (woodhouse street) in ward 16 Completed by 30 June 2024	1km Construction of Paved at Indwe Internal Street (woodhouse street) in ward 16 Completed	Completed
1,6km Construction of roadbed in preparation of paved Indwe Internal Street (Barkley Street) in ward 16 Completed by 30 June 2024	Project was Advertised, appointment of contractor, reallocation of underground services, clear and grub of 0,6km and 1,6km construction of roadbed preparation not done.	Not Completed
670m Construction of paving of Gqebenya (IKHALA) paved street in ward 6 by 30 June 2024	670m Construction of paving of Gqebenya (IKHALA) paved in ward 6	Completed
0.92km Construction of roadbed Preparation Indwe Internal Street (Xalanga street) in ward 16 Completed by 30 June 2024	Project was Advertised, appointment of contractor, 0,92km construction of roadbed preparation not done.	Not Completed
2km construction of base layer works in preparation of paved Dordrecht Internal Street (Voortrekker Street) in ward 14 Completed by 30 June 2024	Project was Advertised, appointment of contractor, reallocation of underground services done, 2km construction of base layer works done.	Not Completed
1.5km construction of base layer works in preparation of paved Dordrecht Internal Street (Van Zyl Street) in ward 14 Completed by 30 June 2024	Project was Advertised, appointment of contractor, reallocation of underground services done, 1.5km construction of base layer works done, 1,4km of kerbing installed, 0,7km of paving completed.	Not Completed
1.6km construction of base layer works in preparation of paved Dordrecht Internal Street (Du Plesuis street) in ward 14 Completed by 30 June 2024	Project was Advertised, appointment of contractor, reallocation of underground services done, 1.6km construction of base layer works done, 1,2km of kerbing installed, 0,6km of paving completed and installation of pipe crossing.	Not Completed
1,150km construction of Base layer work in preparation of paved Ngonyama Clinic Road in ward 08 Completed by 30 June 2024	Project was Advertised, appointment of contractor, Installation of sub-soil drainages is done, 1,150km of base layer was completed.	Not Completed
2km construction of base layer works in preparation of a paved Hala - Calabash Road in ward 03 by 30 June 2024	Project was advertised, appointment of contractor, 1.1km construction of base layer works has been done, installation of 600m of concrete pipes done.	Not Completed
275 m paved in Cacadu internal streets by 30 June 2024. (Zulu Square = 140m and Nonesi = 135m) completed by 30 June 2024	275 m paved in Cacadu internal streets by 30 June 2024. (Zulu Square = 140m and Nonesi = 135m) completed	Completed
11.5km of Wisile Gravel Road and one bridge completed by 30 June 2024	Project is 100% complete. Installation of Gabions, Guardrails and Cleaning of site, installation of Road signs and Completion of 11.5km with bridge for Wisile Gravel road was done.	Completed

21km of Gravel roads maintained in Emalaheni LM wards (Ward 1, 4, 7, 9, 12, 16 and 17) by the 30 June 2024	21km of Gravel roads maintained in Emalaheni LM wards (Ward 1, 4, 7, 9, 12, 16 and 17) completed	Completed
5km of Rip and Recompact of Gando gravel road maintained in ward 6 by the 30 June 2024	5km of Rip and Recompact of Gando gravel road maintained.	Not Completed
5km of Rip and Recompact of Mayeye gravel road maintained in ward 10 by the 30 June 2024	Rip and Recompact of 5km completed, tipping of 2,5km done, the contractor is busy with tipping and processing to complete the project.	Not Completed
3.5km of Rip and Recompact of Mncwangele (Khuzani) gravel road maintained in ward 10 by the 30 June 2024	Rip and Recompact of 3,5km completed, tipping of 3,5km done, Processing of 3,5km done, the contractor is busy with finishes of the project.	Not Completed
3km of Rip and Recompact of Eluxeni gravel road maintained in ward 12 by the 30 June 2024	Rip and Recompact of 3km completed, tipping of 3km done, Processing of 3km done. Installation of Pipes and concrete slabs are done, the contractor is busy with finishes of the project.	Not Completed
6.2km of Rip and Recompact of Mackaysneck gravel road maintained in ward 5 by the 30 June 2024	Rip and Recompact of 6,2km completed, tipping of 6,2km done, Contractor is busy with Processing.	Not Completed
5km of Rip and Recompact of Mt Arthur gravel road maintained in ward 12 by the 30 June 2024	Rip and Recompact of 5km completed, tipping of 5km done, Processing of 5km done. The contractor is busy with pipes and concrete works for finishes of the project.	Not Completed
2.6km of Rip and Recompact of Kwa-Fani gravel road maintained in ward 7 by the 30 June 2024	Rip and Recompact of 2,6km completed, tipping of 2,6km done, Contractor is busy with processing	Not Completed
Installation of Gabions baskets in ward 7 by the 30 June 2024	Installation of 3m x 2 x 1 gabion baskets is done, contractor is busy with the finishes of the gabions baskets in order to complete the project.	Not Completed
4.5km of Rip and Recompact of Lower Lanti gravel road maintained in ward 2 by the 30 June 2024	Rip and Recompact of 4,5km completed, Contractor busy with tipping of gravel material.	Not Completed
3km of Rip and Recompact of Bhoqo gravel road maintained in ward 8 by the 30 June 2024	Rip and Recompact of 3km completed, Contractor busy with tipping of gravel road material.	Not Completed
6.4 km of Rip and recompact of Makrwayibeni - Boqo gravel road maintained in ward 8 by the 30 June 2024	Rip and Recompact of 3km completed, Contractor busy with tipping of gravel road material.	Not Completed
4km of Rip and Recompact of Zwelioxile road maintained in ward 5 by the 30 June 2024	Rip and Recompact of 4km completed, tipping of 4km done, Processing of 4km done. The contractor is busy with finishes of the project.	Not Completed
3km of Rip and Recompact of Thembeni road maintained in ward 6 by the 30 June 2024	Rip and Recompact of 3km completed, tipping of 3km done, Processing of 3km done, 2 x Crossing installed, and headwalls done. The contractor is busy with finishes of the project.	Not Completed

## **Comment on the Performance of Roads Overall**

The road network of ELM is rapidly deteriorating due to aging and adverse weather conditions (Bridges and Pavement Management System: 2012). ELM is currently not able to address the matter promptly due to funding challenges. Currently ELM is receiving about 8% of the required funding for rehabilitation and upgrading of its road network. This does not assist the institution in performing at its peak when addressing roads challenges.

## **TRANSPORT (Including Vehicle Licensing & Public Bus Operation)**

### **Introduction to Transport**

The ELM transport system must provide all citizens with the opportunity to access work, school, community services and recreational activities in a safe and secure environment. This means that the integrated transport system should consist of viable choices ranging from affordable public transport services, private transport and safe walking and cycling opportunities. The provision of the transport system and services must consider the location of residential, business, and industrial areas, institutions of learning and services. An integrated approach is important to ensure that the land use structure supports an efficient system. The special needs of the young, the elderly and disabled persons must also be provided for, so that the public transport system is accessible to all people.

### **Top 3 Priorities include:**

- **Accessibility** – The design and implementation of the transport and roads infrastructure must provide access for residents to economic, educational, and social opportunities in all areas. It must also provide access to the local schools, cemeteries, and other local community centre.
- **Mobility** - The design and implementation of the widening of main roads and the provision of a sidewalks should be standard in order to improve mobility during peak hours.
- **Safety** – The installation of traffic signals at busy intersections like pedestrian crossings next to schools, hospitals, etc. should reduce the number of vehicle and pedestrian conflicts.

### **Public Transport**

- Taxi and Bus ranks

Public transport is an assigned function of Emalahleni Municipality as a result there is a functional Transport Forum. Interventions are mainly limited to infrastructure development such as erection of bus / taxi shelters along public transport routes. These too are often of poor condition and quality.

### Status Quo

- Taxi operators are complaining about over-subscription on routes and a decrease in income.
- Bus operators are unhappy about what they see as extremely low subsidies and about the fact that they see themselves as being forced out by government.
- The general condition of buses and taxis is very poor and often not in roadworthy state.
- Commuters are generally unhappy with the services being provided by both taxis and buses.
- Rail services for commuters have been decreased over the years.
- There are taxi ranks in Lady Frere and Dordrecht. The taxi ranks in Lady Frere are being upgraded. The taxi ranks in Dordrecht are not being used at all.
- The role of Bakkies in rural areas is very significant and the approval and /or upgrading of these special category vehicles needs urgent attention. Appropriate road infrastructure and public transport facilities including taxi ranks and bus transport facilities are lacking.

### Challenges

Taxi and bus facilities in Emalahleni Local Municipality are generally in a very poor condition and are often merely informal areas (embankments on roads, open fields etc.), in rare cases there have been attempts to formalize the ranks, which are characterized by:

- Lack of basic services such as water, sanitation, electricity, telecommunications
- Passenger shelters and seats are rarely available
- Parking surfaces are generally not marked
- It is difficult to tell the difference between holding, loading, and parking areas
- There are no wash bays
- Entrance/exits are not clearly marked
- Destination boards and general signage is non-existent.

### Comment on Performance of Transport Overall

- **Lady Frere Main Road widening** – The widening of the Lady Frere Main Road will increase the capacity of the road thereby making access more favorable and allowing the municipality to grow as required.
- **Public Transport Facilities** – Public Transport facilities within the municipality are outdated, lack facilities for users and operators alike and are generally not well located for commuters.
- **Integrated Transport Plan Implementation** - It is the responsibility of the municipality to ensure that commuters on all modes of transport can access the various opportunities the municipality has to offer in a secure, safe and reliable manner.

### STORM WATER DRAINAGE

This municipality is required to take responsibility for the construction, maintenance and upgrading of the local roads and storm water infrastructure. All the other roads remain the responsibility of the District, Province and National Department of Roads and Public Works. In particular projects relating to the upgrade of the main road linking Cala to Lady Frere and

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new access roads as listed under projects are to receive attention. The Department of Roads and Public Works have made an undertaking to support route maintenance – and funding has been set aside in these instances (for access roads construction and maintenance). Budgetary constraints remain an on-going challenge. To facilitate progress, it is recommended that funding for both gravel and access roads be combined and funded as one and that every effort be made to continue to source additional funding.

## COMPONENT C: PLANNING AND DEVELOPMENT

### PLANNING

In line with section 25 (1) of the Local Government: Municipal Systems Act 32 of 2000 each municipal council must within a prescribed period after the start of its elected term, adopt a single, inclusive, and strategic plan and strategic plan for the development of the municipality. The municipality developed and approved an IDP for the 2022/2027. The plan gets to be reviewed on an annual basis to ensure that the plan remains relevant to the needs of the municipal community. In financial year 2023/2024, it was the third review of the IDP 2024/2025. Legislatively, the development and implementation of the IDP is assigned to the mayor and ultimately the Accounting Officer. Operationally, according to the institutional arrangements, the municipality established a unit in the Planning, Economic Development, Tourism and Agriculture directorate to coordinate the development and review of the municipality's IDP, manage and monitor its implementation, as well as reporting. The municipality developed a framework, containing information and guidance on the how the processes of the IDP reviews would be conducted, identification of stakeholders and their role in the review process. During the second review of the IDP, a series of meetings were held, in the form of representative forums and roadshows to review and confirm community needs. Sector departments were also awarded an opportunity to present programmes and projects to be implemented in the municipal area. Participation of Sector Departments in the form of representation in IDP meetings and platforms has remarkable improved. This was done to ensure community involvement in the municipal affairs, even more so in the development planning area.

### LOCAL ECONOMIC DEVELOPMENT

#### Introduction to Local Economic Development

In line with the requirements of Sections 152 (1) (c) and 153 of the Constitution of the Republic of South Africa, 1996; municipalities have a constitutional obligation to promote social and economic development within the municipal area. The Council has structured its Council committees according to local government key performance areas which as well consist of local economic development. A directorate for Planning Economic Development, Tourism and Agriculture was established and is responsible for execution of economic development plans.

The strategy was reviewed inhouse and adopted by Council in the financial year 2023/2024, the strategy has a lifespan of 5 years however will be reviewed when the need arises. The LED Strategy serves as a guide to economic development initiatives of the municipality and a tool to fulfil legislative requirements. The strategy covers all the economic sectors relevant to the municipal landscape and different interventions tailored to each sector are outlined in this document. The LED Strategy was last reviewed in 2023/2024 due to the court judgement on BBBEE which necessitated the alignment of the strategy to the

SCM Policy. In response to the amendments in SCM regulations that affect BBBEE, the municipality reviewed its SCM Policy to cater for emerging SMMEs and other designated groups. The review covered the development specific goals in the form of disabled, women, youth, military veterans and local SMMEs.

In the 2023/2024 the following policies have been developed and approved by Council:

- **SMME Development Policy:** To provide guide to the development of SMMEs in a transparent manner.
- **SMME Incubation Policy:** Is to clarify the position of Emalahleni Local Municipality regarding incubation as provided for in terms of the Supply Chain Management BBBEE Framework, Preferential Procurement Policy and must be read with the provisions of the MFMA of 2003.

The municipality has a fully-fledged directorate which is responsible for the implementation of the LED programmes and projects. The focus areas of the directorate are agricultural development & agro-processing, forestry, mining, tourism & heritage management, SMME's (small medium micro enterprise) & Enterprise development at large. Emalahleni LM participates in the Chris Hani LED Forum which sits quarterly.

The following sectors form part of the forum: Agriculture (Livestock and crop production), Tourism and Heritage (Tourism product owners and Local Tourism Organizations) and SMME (Enterprise development).

The LED stakeholders for Emalahleni Local Municipality are as follows:

- Department of Economic Development, Environmental Affairs and Tourism (DEDEAT),
- Chris Hani District Municipality (CHDM),
- Department of Rural Development and Agrarian Reform (DRDAR), Department of Rural Development and Land Reform (DRDLR),
- Chris Hani Development Agency (CHDA),
- Chris Hani Cooperative Development Centre (CHCDC),
- Eastern Cape Rural Development Agency (ECRDA),
- Eastern Cape Development Corporation (ECDC), Eastern Cape Parks and Tourism Agency (ECPTA),
- Department of Trade and Industry (DTI),
- Department of Social Development (DSD)] and
- Communal business entities (brick-makers, agricultural primary cooperatives and secondary cooperatives, caterers, crafters, contractors, hawkers and B&B owners.

### **Economic Sectors Contributing to Employment in Emalahleni**

The economy of the municipality is made of the following sectors:

## AGRICULTURE

Livestock and Wool Production

The scientific research conducted by the Agricultural Research Council in 2005 depicted that the Emalahleni area of jurisdiction has got sweet veldts, that on its own is showing that this area is rich in livestock production despite dry climatic conditions. Precisely, the area is more suitable for sheep production due to prevalence of short grass which is palatable for small stock.

Ward	Area	Implementing Agency
1	Tshatshu	DRDAR
	Rhodana	
2	Bengu	CHDM
	Maqhashu	DRDAR
3	Greyspan	DRDAR
	Lower Ndonga	CHDM and National Wool Growers Association
5	Cumakala	CHDM
6	Holani	DRDAR
	Xonxa	Sand Mining Company
	Khundulu	DRDAR
7	Blangwe	CHDM
	Mayalulweni	
8	Qhugqwarho	CHDM
	Mgqukhwebe	ELM
9	Upper VaalBank	ELM
	Zwaartwater	Donated by WestBank to National Wool Growers Association
10	Tsawulayo	Sibanye Stillwater
12	Mount Arthur	
	Mkapusi	DRDAR
13	Qoboshane	CHDM
	Gxojeni	
14	Kalfontein	DRDAR
	Tafileni	CHDM
15	Luphaphazi	DRDAR (2023/2024 FY))
16	Chibini	DRDAR (2023/2024 FY)
17	Zingqolweni	ELM

There is still a backlog as more than 100 Emalahleni villages still operate in temporary shearing shed structures. The farmers have built temporary structures with zinc and that

	<p>affects the quality as well as the quantity of wool. Contrary, wool production level is high as if the farmers have permanent structures and shearing shed equipment. There is a high possibility that should the shearing sheds be constructed the production levels will be higher.</p> <p>The municipality is adding value on livestock production by putting in place necessary infrastructure in a form of dipping tanks for health purposes and stock pen sales for marketing purposes. It further puts in place measures to reduce stock theft in the area by introducing and implementing the livestock branding programme. The Act which is regulating Livestock Branding is Livestock Branding Act No 6 of 2002.</p> <p><b>The municipality has the following infrastructure:</b></p> <p>Animal health infrastructure: Emalahleni has more than 100 dipping tanks Most of these structures were constructed in the 1980's and are in a bad condition which requires renovations. Since 2000, DRDAR has been supplying the communal farmers with free dipping medication to prevent external parasites in livestock.</p> <p>Battering system has been introduced to improve the wool production quality in the case of sheep. The challenge that is facing battering system is that some communal farmers are not cooperating to the requirements of the system. The municipality has sheep farmers who are committed to produce quality wool by introducing pure Merino breed. In 2023/2024 ELM had supported farmers with Rams for livestock genetic improvement.</p>
<p><b>Crop Production</b></p>	<p>The municipality has an obligation to advance and promote agricultural development within its area of jurisdiction. The municipality has programmes aimed at crop production which is the process of growing crops for domestic and commercial purpose. However, the notable challenge has been climate change which has made the municipality to experience drought and that necessitate refurbishment of irrigation schemes for year-round farming. As such Xonxa Irrigation Scheme has been targeted for refurbishment to ensure that farming takes place throughout the year.</p> <p>Rural Agro-Industries and Financial Initiative (RAFI) is an Argentinian programme that seeks to improve growth communal enterprises e.g., subsistence farmers and small holders. Series of meetings were conducted in Emalahleni municipality for RAFI awareness with Councilors, Traditional leaders, and farmers on the ground. The municipality is battling with fencing as the fence is easily damaged and stolen. Currently, fencing is provided by DRDAR and DRLAR the departments provide awareness programmes to educate communities on how fencing is erected. The challenge facing crop production within the municipality is severe drought which has led to demoralized crop farmers. Cost of production outweigh the income that is made by farmers due to methods that are utilized. The municipality has a programme of reviving small scale irrigation schemes with the intention to produce crop throughout the year. In 2023/2024 ELM supported 3 irrigations schemes, Lanti (ward 2) irrigation scheme with tractor and implements, Mkhaphusi (ward 12) and Nkolonga (ward 1) with irrigation equipment in 2023/2024 FY. Nine (9) projects supported with production inputs for vegetable production in the following wards: three in ward 6, one in ward 5, 8,10,16 and 17.</p> <p><b>Piggery support by following stakeholders:</b></p> <p>ELM supported with production inputs Feed and building material in ward 1. CHDM supported with piglets in ward 5, 12, 13 and 17.</p>

<p>Agro-Processing</p>	<p>The municipality has facilitated the establishment of a milling plant owned by Ibuyambo secondary cooperative which is made up of six primary cooperatives. Its objective is to add value to grain produce for purposes of marketing and profit.</p> <p>Agro - processing facilities along R56 Route Corridor:</p> <p>There is a private investment on dairy processing in IDA Farms and Dordrecht. IDA dairy is under construction, upon operation it will supply Dordrecht Cheese Factory for production.</p>
	<p>Delindlala Farm at small scale next to Indwe. This is one of the success stories at Emalahleni on Land Redistribution and Agricultural Development (LRAD) programmes. The ownership of the farm is wholly by group of blacks predominantly women.</p> <p>There is a long existing commercial abattoir at Indwe for meat processing and nearest market destination to commercial and subsistence farmers in the area.</p>
	<p>Twin Bed Poultry Farm located in ward 8, Vaalbank. One of the success stories of Emalahleni LM. Emalahleni together with other stakeholders like ECDC, DrDar, DALRRD and DEDEAT have contributed to the success of this project. The project owned by Young Black Entrepreneurs. In 2023/2024, the following stakeholders had supported this project with the following production inputs</p> <p><b>ELM:</b> 1500 chicks, roofing material</p> <p><b>DRDAR:</b> Poultry feed</p> <p><b>ECDC:</b> Two (2) mobile refrigerators</p> <p><b>Forestry</b></p> <p>Emalahleni area has got communal plantations in Maqhashu, Hala No 1, Cacadu, Mount Arthur; Mkhaphusi, Khundulu, Jojweni and Machubeni. There is natural forestry that are situated in the mountains of Hala No 1 i.e Longo forest and Cumakala Village i.e Khophe Forest. An assessment was made in these forests to check status core following that was the development management plan and establishment of forestry committees. Funding proposals were developed and submitted to potential funders. Currently to engage DAFF to assist with capacity building of committees and communities at large. As a result of the funding proposals, Mount Arthur Forest has been fenced.</p>

## **MINING**

### **Coal Mine**

The first official blasting was in May 2012.

In October 2013 mine went on temporal closure on the basis of noncompliance and financial problems. In 2017 the mine was liquidated and applied for business rescue. A business rescue practitioner was then appointed.

The mine is in the process of being refurbished under the business rescue practitioner, 80 employment opportunities have been created on temporal basis during refurbishment of the mine. According to various engagements with DMRE, production in the mine is expected to start in September 2024.

According to studies, Elitheni Coal is not first grade coal because of its high ash content which is about 40%. However, this is no longer a problem because Elitheni is planning to use this coal for industrial markets that accept that amount of ash content (brick yards, farmers, bagged coal, factories etc). Elitheni can also supply Eskom with its coal, it would still be accepted because Eskom has lowered its standards recently on the ash content of coal for their power stations due to uncontrollable load shedding and its high demand of coal to fire-up its power stations and keep them running.

### **Sand Mining**

Small-scale excavation mining is occurring near local rivers with ad hoc mining of sand for building and brick making purposes by individuals and/or operators without permit. The lack of regulation of this activity poses an environmental threat. There are two (Thompson and HJT Transport) companies that have obtained a mining permit from Department of Mineral and Energy. There has been an improvement with regard to community beneficiation as these mining companies have started involving themselves in community activities, for example the donation through the construction of shearing shed in Khundulu and Xonxa.

## Quarrying

Indwe Quarries (IQ) known as Blue Grain Quarry is a start-up mining enterprise with aspirations of being a leading producer and supplier of building and construction aggregates within the Chris Hani, Alfred Nzo, and Joe Gqabi Districts. The enterprise is venturing into the mining industry specifically to produce aggregates for both the construction and the building industries. IQ's primary focus is on supplying standard concrete stone products, crusher sand, specialized road stone and base course products, non-standard rock and crush products. In addition, IQ is investigating other products such as sand (building, river and plaster sand), ready-mix concrete, sabhunga, as well as bricks and blocks. With the business and quarry operations accessible on R56 route between Indwe and Dordrecht; the location is therefore within close proximity to various government infrastructural developments in the former Transkei. There is a relatively high rate of property developments in the region which also provides an increasing rate of building material demand.

ECDC helped Indwe Quarries to conduct a feasibility study which showed favourable results and developed a business and implementation plan for the enterprise. Other notable milestones include obtaining a mining permit, water use licence and environmental management plan. The enterprise currently employs community members in an around Indwe and intends to increase this to twenty once it secures finance for capital and infrastructure requirements for operating a commercial quarry. The bed and breakfast enterprises are also indirect beneficiaries to this initiative, as mining has created high demand of accommodation. The enterprise is made of nine boards of directors, with whites (three members) and blacks (six members) represented in the IQ management, but there is currently no female representation.

## Small Micro and Medium Enterprise Development (SMME)

### SMME Support Programme

The SMMEs in the table below have been supported with production inputs in the 2023/24 financial year:

No.	Name Of Business	Ward	Town	Production Inputs	Amount Total
1	Babe's Hair Salon	04	Cacadu Town	<ul style="list-style-type: none"> <li>• Decor Twill Ottoman X 5</li> <li>• Decor Towels X 5</li> <li>• Bath Towel Teal X 15</li> <li>• Black Hair Straightener X 2</li> <li>• Ceramic Styling Brush</li> <li>• Stainless Steel Urn</li> <li>• Salon Trolley Black</li> <li>• Pro-Salon Stand Dryer X 2</li> <li>• Inverter Trolley</li> <li>• Pedestal Fan</li> <li>• Sound Bar</li> </ul>	R 62 619.00
2	Sima Nails & Beauty	04	Cacadu Town	<ul style="list-style-type: none"> <li>• Inverter Trolley (2000w)</li> <li>• Portable Nail Table</li> <li>• Portable Foot Bath</li> <li>• Rechargeable Led/Uv Lamp</li> <li>• Mascara X 5 Pus 80 Watt Led Lamp</li> <li>• Replacement Adaptor 54w</li> <li>• Dust Collector Filter</li> <li>• Foldable Massage Bed</li> <li>• Chester Field Couch</li> <li>• Display Shelve</li> <li>• Bar Fridge</li> </ul>	R 62 228.00
	<b>TOTAL</b>				<b>R 124 847.00</b>

### Twin Bird Poultry and Abattoir Project

In the Emalahleni Investment Summit held on the 28-29 November 2023 at Queen Nonesi Cultural Village, Twin Bird presented the investment of poultry production and abattoir taking place at ward 8 in Manyosini. As part of the commitments from the government entities, ECDC committed to support the project with required items in line with the challenges such as transportation conditions of slaughtered chickens.

ECDC has delivered two mobile refrigerated trailers as part of fulfilling its Investment Summit Commitment and this was in December 2023 just a month after the summit. The cost of these two mobile refrigerators trailers is R74 999. 00 per refrigerator which amounts to the total of R149 998.00 for both.

### Subcontracting

The following 18 SMMEs facilitated for subcontracting in the 2023/24 Financial Year:

Company name	Ward	Project Custodian
• Limile Services & Suppliers	11	SANRAL
• Mdumani Security & Enterprise	11	SANRAL
• Ndiyifumene trading Enterprises	11	SANRAL
• Mbotho Trading PTY LTD	11	SANRAL
• LAA Queens PTY LTD	16	SANRAL
• Makubenjalo Projects	12	SANRAL
• Mamgiqwa Security and Cleaning	06	SANRAL
• Alk Family Trading	11	SANRAL
• Shushuz Transport	04	SANRAL
• Lukhos Transport	04	SANRAL
• Avana Enterprise	16	SANRAL
• Kusakusihlwa Mamqwathi	04	SANRAL
• Imizamo yethu Services	11	SANRAL
• Lanrich Trading	08	SANRAL
• Makubenjalo Projects	04	Human Settlements
• Lumilo Trading	10	Human Settlements

### Clay Brick Making

The municipality is in a process of exploring potential growth out of those small-scale mining activities through supporting brick makers from Indwe and Dordrecht to supply their bricks as a material in housing projects. There are efforts that need to be concerted in order to play a meaningful economic role. The Act which is regulating this is Mining and Petroleum Development Act No 3 of 2002. In the 3<sup>rd</sup> Quarter 2023/24 Financial Year, five brickmakers were supported with production inputs to the value of R72 219.00:

Ward 4 L. Tshizibane	Ward 5 M. Dekeni	Ward 9 Mrs. Gatyeni	Ward 12 G. Mkhetsane	Ward 13 A. Bangani
Wheelbarrow R1140x6	Pump R12729x1	Wheelbarrow R1140X3	Pump R12729x1	Wheelbarrow R1140X2
Digger spade R250x8	Digger spade R250x1	Digger Spade R250X2	Digger spade R250X1	Digger spade R250X2

Brick mould R700X4	Scoop R260x1	Scoop R260X1	Scoop R260X1	ScoopR260X3
SAB Green sail R1250X1	Wheelbarrow R1140x1	Pick head R390X2	Wheelbarrow R1140X1	Water tank 5000L R6154X1
Scoop R260X4		Handle pick 185x2		Water tank 2500L R3500X1
Pick head R390x1		Water tank 2500L R3500X2		Hose pipe R492X1
Handle pick R185x1		Rake R250X1		Broom R190X3
		Brick mould R700X3		

### Small Micro and Medium Enterprise Development (SMME)

#### SMME Support Programme

The SMMEs in the table below have been supported with production inputs in the 2023/24 financial year:

No.	Name Of Business	Ward	Town	Production Inputs	Amount Total
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2	Sima Nails & Beauty	04	Cacadu Town	<ul style="list-style-type: none"> <li>• Inverter Trolley (2000w)</li> <li>• Portable Nail Table</li> <li>• Portable Foot Bath</li> <li>• Rechargeable Led/Uv Lamp</li> <li>• Mascara X 5 Pus 80 Watt Led Lamp</li> <li>• Replacement Adaptor 54w</li> <li>• Dust Collector Filter</li> <li>• Foldable Massage Bed</li> <li>• Chester Field Couch</li> <li>• Display Shelve</li> <li>• Bar Fridge</li> </ul>	R 62 228.00
<b>TOTAL</b>					<b>R 124 847.00</b>

## TOURISM

Emalahleni Local Municipality in the Eastern Cape is endowed with scenic mountains and waterfalls which have attracted interest from the Hiker's club for picnic and hiking. The height and flat top mountain give climbers several views of the surrounding villages such as Dubeni, Gqebanya, Matyhantya, Kundulu, Holani to name the few and even extends to parts of Ezibeleni and Komani. The municipality in partnership with Komani Hiking Club organize hiking events in areas such as Bozwana / Dubeni and Qwempe. There was also a fishing event held at Glen Grey waterfalls in partnership with Mquma Hikers, the winner was a participant at Xonxa Village in ward 06. The ensuing were the key objectives of the event:

- To promote mountain climbing, hiking, trekking and appreciation of nature.
- To harness collective energy to preserve and popularise the existing heritage sites such as the Dubeni Waterfalls and Bozwana Mountain.
- To promote and expose the Emalahleni tourist attractions as means to boost the local economy.
- To provide opportunities for future developments and improvement to promote tourism and heritage of Emalahleni LM.
- To promote participation in sport among youth and adults
- To promote socialising and teamwork.

Indwe has a Doring Dam which has a potential of water sport activities. Along the dam, there is a self-catering facility called Indwe Resort with 12 chalets and a dilapidated conference facility. The municipality is in the process of seeking investors to develop the facility and solicit funding for the improvement of the conference facility.

In Dordrecht area there are mountains that have hiking trails and also accommodation facility which is called Kloof conservancy, and it is along Hossep dam that has broken due to natural disasters. Currently the accommodation facility is dilapidated.

In Cacadu area, before Indwe River to Sakhisizwe municipality, the municipality has a cultural village known as Abathembu Calabash; that is offering accommodation to tourists and a conference facility. Along R410, 5kms before Nonesi neck to Enoch Mgijima Municipality, there is Queen Nonesi cultural village, which is offering accommodation and a conference facility. Queen Nonesi Cultural village is operational with 22 beds.

The municipality has facilitated an establishment of Local Tourism Organization (LTO) which is composed of three community-based organizations (Cacadu, Indwe and Dordrecht) for the purpose of interaction and consultation on tourism initiatives. There are 202 beds in the municipal area which are in the B & B's and cultural villages. The municipality provides capacity building Tourism establishment owners on grading. The legislative framework for this is Tourism Act No 3 of 2014.

The scope for the development of the Local tourism sector within the Municipal area is vast but is hampered by the level of infrastructure development.

The areas that have been identified with potential for tourism development include but are not limited to:

- Aqua sport linked to existing Dams (Xonxa & Lubisi) and Waterfall's fishing event occurred there.
- Cultural tourism linked to the Liberation and Heritage Route
- Craft produce

- Rock art promotion and beneficiation
- Museum – Dordrecht

There are areas where Bushmen paintings exist which have the potential to be developed into tourist attractions. The municipal area has cultural groups that are performing locally, nationally and internationally, selling authentic culture of Emalahleni. The cultural groups are located at Ngqoko, Mackay's neck, Tsembeyi and Dordrecht. The municipality has an arts and craft centre that has been established for purposes of manufacturing and marketing of bead work and Xhosa traditional attire to local and national tourists. The centre is located along Indwe Road in Cacadu town.

## **Heritage**

Qonda Hoho and Luvuyo Lerumo are the political heroes that were buried at Qoqodala Village and monuments were built on their graves. The main objective is to restore the contribution played by these freedom fighters in the late 1980s. Emalahleni has got Queen Nonesi Cultural village which is named after the Abathembu Queen and is also situated on the feet of Nonesi's Pass. There is also Abathembu Cultural Calabash at Hala No 2 under Chief Ngangomhlaba Matanzima Trust. The main objective of this is to restore the culture of Abathembu as their heritage. The Act which is regulating this is National Heritage Act No 25 of 1999.

## Heritage Resources

List of heritage resources within the municipality is as follows:

Site Name	Significance	Conservation Status	Management
Macubeni Coal Mine near Indwe	Washed out old coal mine showing early mining methods	Mine under business rescue and is restarting operations.	Department of Mineral Resources
Dams: Machubeni, Xonxa and Lubisi	Water Resources for Emalahleni, Ntsika Yethu and Lukhanji municipality residents	An aqua culture site being established	Department of Water and Sanitation
Fallen Heroes	Luvuyo Lurome 1960 to 1986 Qonda Hoho 1956 to 1988 Queens Nonesi	Monuments have been built	Emalahleni LM
Site Name	Significance	Conservation Status	Management
Glen Grey Falls near Cacadu	A beautiful natural site	Water sample for feasibility study harvested in the area	Emalahleni LM
The Kloof near Dordrecht	Natural site with some unique flora	Degraded due to plundering for firewood	Emalahleni LM
Cacadu River at Cacadu	Links most Ward	No planned projects for the current financial year	Emalahleni LM
Churches in Cacadu	Two examples of 19 <sup>th</sup> Century Churches	Well looked after	Church
Anderson Museum at Dordrecht	Oldest museum	The museum is operating	Privately Owned by Anderson trust

Victorian Buildings at Dordrecht	Architectural example	Building properly maintained	Municipality / Private
Burgher Statue at Dordrecht		Statue is still in existence	Privately managed
San Rock Art at Dordrecht	Ancient art	Well kept	Private
Methodist Church at Dordrecht	Architectural example	Properly maintained	Church
Abathembu Calabash and	To restore Abathembu tradition	Well looked after	Nkosi Ngangomhlab a development trust
Doring river Dam at Indwe	Leisure area	Could be better utilized	Department of Water and Sanitation
Emalahleni Arts and Craft Centre	Arts and Heritage	Operational	Emalahleni LM and Crafters.
Queen nonesi cultural village	To restore heritage	Operational	Emalahleni LM/community Cooperative

Source: Chris Hani State of Environment Report Liberation Route

Emalahleni is part of the Ndondo route which lies between Queenstown via R396 to Elliot and has the following sites, amongst others that form part of the history contributing to liberation in the area:

- Graves of Qonda Hoho and Luvuyo Lerumo
- Maqhashu Village
- Queen Nonesi
- Wycliffe Tsotsi Law Offices
- Graves of Qonda Hoho and Luvuyo Lerumo

The student militancy generated by the Soweto uprising of 1976 led many students of Inkwanca High School in Queenstown to leave South Africa for military training. These included many rural youth who went to Inkwanca to complete their high school education. Two such were Qonda Hoho (1956-1988) and Luvuyo Lerumo (1960-1986) of Qoqondala who left at the different times in the 1980s. Qonda trained as a teacher before leaving to join MK. Luvuyo escaped to Lesotho, and trained in Zambia, Angola and East Germany.

They infiltrated South Africa on mission so secret that even their families did not know of their whereabouts. Luvuyo died in a firelight between Fort Jackson and Breidbach. Qonda was betrayed by an informer and shot in Queenstown. Their burials were conducted in the presence of Hippo vehicles and strong security presence, allowing the attendance of only their family member.

## **Maqhashu Village**

The Old district of Glen Grey, commonly known as Cacadu, was part of the old Cape Colony, from which it became part of Ciskei. But in the 1970s, the apartheid authorities were concerned to persuade Chief KD Matanzima to take homeland independence for Transkei. As an inducement, he was offered the district of Glen Grey and Herschel. The people of Glen Grey voted against Transkei in a referendum, but their wishes were ignored, and they came under Matanzima's iron rule.

Opposition to Matanzima became linked to opposition to 'the Trust' also known as 'betterment' or 'rehabilitation'. The Trust forced people to abandon their traditional lifestyle and move into 'closer settlements', like urban township. People of Maqashu refused, and on a day in 1979, their homes were bulldozed and torched in broad daylight. Transkei army was everywhere rounding up their stock. Four residents- died in this forced removal, some beaten, others seemingly dying of shock. Thousands of Glen Grey residents left their homes and settled at Zweledinga in Lukhanji which was not then subject to Bantustan independence.

## **Queen Nonesi**

Queen Nonesi, the daughter of King Faku of amaMpondo, was the Great Wife of King Ngubengcka of Aba Thembu. Ngubengcuka died quite suddenly in 1830, leaving Queen Nonesi without any child but she took Mtirara, Ngubengcuka's son by another wife, into her house and raised him as the future King of Thembuland. Queen Nonesi and Mtirara settled at Rhodana about 1841, a move which put the Aba Thembu Great House on the frontline of defence against the colonial invaders. After the War of Mlanjeni (1850-3), all black residents of Lukhanji presently known as Enoch Mgijima municipal area were expelled into Emalahleni and came under Nonesi's protection. Colonial land-hunger raised its head again in 1864 when the colonial authorities tried to persuade the residents of Emalahleni to move to Intsika Yethu to free up land for white farms. Four chiefs moved, but Nonesi remained adamant. She was forcibly deported to her brother's place at Nyandeni where she died in about 1880. But by that time, she had saved the land of Emalahleni for black people.

## **Wycliffe Tsotsi Law Offices**

WM Tsotsi (1914-2005) was the President of All Africa Convention from 1948 to 1958 (later known as the New Unity Movement) as well as a founder of the Cape African Teachers Association (CATA), but he is best remembered as a gifted lawyer and organizer of people at grassroots level, earning the jocular title of 'Chief of the Thembus'. Trained as a teacher, he was the first principal of Freemantle High School, but he left teaching in 1948 to do his legal articles in Port Elizabeth. His legal expertise was legendary and distinguished by his shrewd use of procedural rules to win seemingly hopeless cases. Earlier on he became conscious that his chances of winning cases in a legal system where the magistrate and the prosecutor were both white, were limited. He relied on provoking the racist establishment into blunders, then winning his cases on appeal.

Tsotsi's offices were built according to his own design on land which he owned, an unusual situation in Cacadu currently known as Cacadu, at the time solely owned by white residents. His right to own land was indeed challenged, but Tsotsi was able to point to neighboring plot used by a local white trader to accommodate his hunting dogs. Does this mean, Tsotsi asked, that dogs have more right in Cacadu than black people? He won that case too. Tsotsi's was often harassed by the police, but they could not make any charge stick until 1960 he received reliable information that he was about to be arrested. He fled into exile, and eventually established a successful legal practice in Maseru where he died at the ripe age of 91.

## **JOB CREATION**

### **Expanded Public Works Programme (EPWP)**

Emalahleni municipality participates in the EPWP program from 2023/2024 financial year. In implementing the projects, inhouse staff team and local labour. The EPWP financial allocations are used to pay labourers, buy material (paving blocks, Kerbs, Cement, Dust Crush stone etc) and tools. For mass earthworks the municipality is using its own machinery. EPWP guidelines are currently implemented while the main purpose is job creation with Emalahleni.

### **Community Works Program (CWP)**

CWP is fully operational in the municipality. CWP Local Reference Committee (LRC) meetings are held quarterly to monitor progress and attend to challenges that might have cropped. In the last quarter of municipal financial year COGTA reported that 984 participants were recorded in March 2023 and the municipality was below the target of 1100 which is inclusive of 10% to recruit above the target. The contract of SAYM Implementing Agent has been terminated and COGTA National will be in charge until the new agent is appointed. Cogta has announced the issue of budget cut by National Treasury regulation 9.1.1. This significant budget reduction severely impacts the Department's ability to sustain the current payment of stipends, training, tools and materials, as well as personal protective clothing for participants. The department has then decided to reduce the number of participants by terminating contracts for all participants at the age of 55 and above to accommodate budget issues.

### **Capacity Building**

IKHALA TVET College requested the submission of 5 out of school youth who are interested in Computer Technology, prepared to undergo a training for 3 months and later form a cooperative of 5 with focus on internet cafe business. The following names were submitted,

- Siyabulela Nxongolo
- Sinxolo Notyeka
- Siphenathi Siswana
- Sibulele Daniel Molteno
- Yandile Mveni

The training took place in the 3<sup>rd</sup> Quarter 2023/24 FY, and on completion, the SMME's were funded production inputs (3 Desktops).

### **SANRAL Projects in the Municipal Jurisdiction**

The South African National Roads Agency Soc Ltd (SANRAL) gathered with the relevant stakeholders at Cacadu Town Hall. The aim of this gathering was to give feedback on ongoing SANRAL projects within Emalahleni, introduce upcoming projects, outline economic opportunities and responsibilities of the Project Liaison Committee (PLC). The projects are discussed in subsections under discussion.

**Special Maintenance** Project of R56 Section 6 from Indwe (Km 0.00) to Elliot (Km 58.30) and Section 7 From Elliot (Km 0.00) to Maclear (Km 68.51). Value- R485 Million (including the other municipalities that are part of the route). Number of jobs created- 121 (only at Emalahleni).

Category	Total
Men	41
Black Women	22
Black Youth	55
Black Disabled	3
Total	121

**Special maintenance project-** The project commences at km 0.0 at the interchange between the N6 and R56 and terminates in Dordrecht at km 35.3. Value- R253 million (including the other municipalities that are part of the route. The number of jobs created- 126 (only at Emalahleni) and labour recruited is 168 which will make 294 in total.

PACKAGE NAME	LABOUR ON-SITE	LABOUR RECRUITED
Roadmac Surfacing Cape	12	13
Simlab	7	8
Traffic Accommodation	49	55
Subsoil drains	16	26
Slurry	10	10
Guardrails	17	18
Fencing	15	20
Concrete Lined Side Drains	0	18
Total:	126	168

R.056-050-2016/1 Dordrecht to Indwe with the value of R304 000 000 (inclusive of other municipalities part of this project), number of jobs created is 293 only at Emalahleni. The employment breakdown is as follows:

- Indwe- 135
- Dordrecht- 158

Road improvement project from R410 SECTION 1 (KM 0,0 TO KM 37,74) TO SECTION 2 (KM 0,0 TO KM 3,0) from the R392/R410 T-Junction to Lady Fere. Value- R960 million, SANRAL has appointed BVI Consulting Engineering, however the Contractor has not been appointed and the project commencement date is estimated to be October 2025.

Emergency Bridge Repair Works along R410- Value- R38 578 721.03 and the project is commencing any time from now as the PLC is in place. The PLC has been formed with the representatives from ward 4, 5 and 6, municipal officials from PEDTA, Technical Services and Office of the Municipal Manager.

SANRAL has appointed Rainbow Civil for R410 maintenance. The scope of work includes repairing of damaged road signs, cleaning of road signs, repairing damaged guardrails and balustrades, road marking, cleaning of culverts, maintenance of resting areas, installation and replacement of road studs, general and shoulder mowing, accident restoration, pavement repairs, and maintenance of trees and shrubs. The recruitment has started with 8 people recruited from ward 5 and 6 with each

getting 4 each.

Name	Ward
Vuyo Dolophini	5
Hloniphile Witbooi	5
Sinalo Makalo	5
Xoliswa Ngqokomashe	5
Nomakhwezi Ndabeni	6
Yose Siposehle	6
Aviwe Siwa	6
Phumeza Nobendiba	6

#### **SANRAL Community Development Projects**

The municipality had a bilateral meeting with SANRAL to discuss the way forward on proposed community development projects. SANRAL pledged 7 million per town, not per project since these are old projects with no allocation for community development projects. This means 7 million will be for the development of streets at Indwe and 7 million for Dordrecht streets that can be afforded within this budget. The municipality is still yet to receive a formal communication from SANRAL regarding the exact streets to be developed and the finer details of the development.

## COMPONENT D INTRODUCTION TO COMMUNITY SERVICES

The Department of Community Services comprises of the following divisions:

Environmental Management Services, Waste Management, Municipal facilities and amenities, Pounds and Animal holding facilities, Management of Parks and Open Space Management, Cemetery Management, Traffic Services, Registration and Licensing, Driving Licence Testing Center, Vehicle Testing Station, Disaster Management and Fire Fighting.

Services in the categories listed above have been sufficiently provided in varying degrees due to capacity challenges and these can be presented as per service field as follows:

### **Libraries; Archives; Museums; Galleries; Community Facilities**

#### **LIBRARIES**

The municipality has six (6) functional libraries which are Dordrecht, Indwe, Wyclif Mlungisi Tsotsi (Cacadu), Bengu, Mhlanga and Tsembeyi Libraries. Two of these are modular library which is Bengu and Tsembeyi. Mhlanga Library is operating from Rietspruit SPS in Ward 14, Mhlanga Village. The Municipality entered into a service level agreement with the DSRAC to accelerate transformation and enhance library services. This has improved coordination and collaboration between the two spheres. Through this arrangement library infrastructure was maintained and staff capacity improved including the culture of reading. Library material including books were supplied. The municipality has established (5) Library Committees that are fully functional. Mhlanga Library Committee is not yet established. Library Awareness Campaigns were rolled out efficiently. All this contributed in realising the objectives of Outcome 12, that of having an efficient, effective and development oriented service and empowered, fair and inclusive citizenship. The municipality received an allocation of R950 000.00 to render the service on agency basis. In response to this the Department of Sports, Arts and Culture appointed professional staff and second them to the various libraries, provided ICT infrastructure and equipment, capacity building programs, renovated some libraries. Supervision and administration services remained the responsibility of the municipality.

#### **LIBRARY HIGHLIGHTS FOR 2023/2024**

All Libraries were equipped with Internet Services for the benefit of the local users. The department also provides Photocopy Machines for all libraries except Mhlanga Library. Awareness programmes and other related library campaigns were conducted, and the Municipality was represented in the district events.

One additional Librarian was allocated by DSRAC in Dordrecht, making the total number of Librarians in the Municipal Space to be 5. There are 4 Assistant Librarian and 1 Vacancy in Cacadu.

Emalahleni came third in the District Spelling BEE Event (from a school in Dordrecht) and came second in District Xhosa Reading Event (from a school at Indwe)

## MUSEUMS & GALLARIES

Museum services are currently implemented by the Department of Sports, Recreation, Arts and Culture (DSRAC). There is one museum located in Dordrecht which are privately owned.

## COMMUNITY HALLS AND RECREATIONAL FACILITIES

Emalahleni Local Municipality has a total of twenty one (21) Community Halls

N0	Name of Hall	Ward	Status
1.	Ngqanda	12	This hall was managed through caretaking services
2.	Qoqodala Community Hall	07	This hall was managed through caretaking services
3.	Vaalbank Community Hall	08	This hall was managed through caretaking services
4.	Zwartwater Community Hall	09	This hall was managed through caretaking services
5.	Matyantya Community Hall	06	This hall was managed through caretaking services
6.	Boomplas	13	This hall was managed through caretaking services
7.	Bengu Community Hall	02	This hall was managed through caretaking services
8.	Rwantsana Community Hall	01	This hall was managed through caretaking services
9.	Dordrecht Town Hall	14	Require minor renovations
10.	Munniksville Community Hall	11	Repairs and Maintenance were undertaken in 2023/2024 .
11.	Mike Huna Hall	11	Damaged window panes repaired in 2023/2024 .
12.	Youth Centre Indoor Sports Facility	14	Ablution Facilities were repaired in 2023/2024. The Facility is managed through caretaking services
13.	Dora Vosloo Community Hall	16	This hall was managed through caretaking services
14.	Indwe New Community Hall	16	This hall was managed through caretaking services
15.	Indwe Resort Hall	16	The structure requires a complete re-build.
16.	Lady Frere Town Hall	04	This hall was managed through caretaking services

17.	Greyspan	03	Repairs and maintenance have been completed in the financial year of 2022/2023. No Caretaker
18.	Harry Gwala		Plumbing Installations undertaken in 2023/2024. No caretaker
19.	Mtsheko Community hall	05	Repairs and Maintenance were undertaken in 2023/2024 .
20.	Tsembeyi community hall	10	This hall was managed through caretaking services
21.	Maqhashu community hall	17	This hall was managed through caretaking services

#### **POUNDS AND ANIMAL HOLDING FACILITIES**

The Municipality has one functional Animal Pound in Dordrecht, and the Pound Master is operating from Dordrecht unit. Indwe and Dordrecht units currently operates animal holding facilities to manage stray animals in the two towns. There is no functional animal holding facility in Cacadu. There are engagement with PEDTA for Subdivision and environmental studies.

#### **TAXI RANKS AND BUS TERMINALS**

There are two functional taxi ranks in Cacadu. There is space provided for Taxis in Dordrecht and Indwe which is not being fully utilized by the Taxi Associations in the two towns.

#### **CEMETERIES AND CREMATORIA**

Emalahleni Local Municipality has three cemeteries, one in each town. Each cemetery has a manual cemetery register. Dordrecht and Indwe currently offers sale of site and grave digging services. Lady Frere is offering sale of sites only.

##### **Cacadu**

The Cemetery in Cacadu has ample space and the Municipality is selling sites. There is no grave digging services in Cacadu and the service will be rendered in the new financial year. The site requires demarcation of internal roads and parking areas.

##### **Indwe**

Indwe new cemetery construction has been completed in 2022/2023. There is still a number of people that continue to utilize the old cemeteries. The Municipality has developed bylaws for Cemetery Management.

##### **Dordrecht**

Dordrecht cemetery offers sale of sites and will resume the grave digging services in the new financial year.

## COMPONENT E: ENVIRONMENTAL PROTECTION

### Introduction

Air quality management is broader than just regulating individual polluters. However, the licensing and therefore control of specific activities that causes air pollution is an important regulatory tool assigned to District Municipalities and Metros. The promulgation of the National Environmental Management Air Quality Act (2005), AQAA redefined the role which ELM is required to play in terms of air quality. The Municipality is required to develop Air Quality Management Plans that corresponds with the District Air Quality Management Plans.

Currently, ELM do not have industrial facilities that pollutes large quantities of air pollutants in the atmosphere but there are indoor air pollution wherein rural households are using burning of wood and cow dung to cook. This results to air pollution which contributes to greenhouse gas emissions. ELM has towns with access national road to nearby towns and other provinces which results to high volume of vehicles passing through the area. High volumes of motor vehicles in the municipality lead to large quantities of air pollutants which are contributory factor of climate change. There are no by-laws and testing stations to assess the volume emitted in the atmosphere. There is no air pollution officer to mitigate this environmental pollution.

### **BIODIVERSITY; LANDSCAPE (INCLUDING OPEN SPACES); AND OTHER (E.G., COASTAL PROTECTION)**

#### Introduction to Biodiversity and Landscape

National Environmental Management: Biodiversity Act (No. 10 of 2004) sets out mechanisms for managing and conserving biodiversity, protecting species and ecosystems; the sustainable use of indigenous biological resources; access to and sharing the benefits arising from the use of biological resources, as well as bioprospecting. The aesthetical appearance of every city is based on the landscaping of public open spaces through greening and beautification initiatives. In addition, the long-term sustainability of a municipality or locality is largely dependent on a healthy eco-system, within which waste and pollution are minimised and carefully managed.

Emalaheni Local Municipality had Land care management workshop which aimed at educating communities on protecting the environment and conserving natural resources. The goal is to promote landscaping and beautification of the municipality which forms part of environmental management. Furthermore, to promote healthy lifestyle, ELM undertakes the establishment of play parks in towns and townships. The priority in this regard is to provide recreational facilities and promote tree planting. During the financial year under review, sites were levelled in preparation of the development, play park developed with the use of old tyres, paint and scrap materials. Trees were planted throughout the Municipality as part of Awareness Campaigns and Environmental Management Framework implementation.

The municipality is part of the District Climate Change Forum which mainly discusses environmental management issues. Many Schools have been co-opted in the Rural Sustainable Villages Project that targets Rural Schools with the intention of introducing sustainable ways of managing water, developing school gardens and promoting renewable energy sources.

The Municipality received Donation from AUDA-NEPAD for ward 13 communities to plant lucerne and sorghum as part of Landcare Management and Food Security for small scale farming households. The Donation was facilitated by the Department of Forestry, Fisheries and the Environment.

## COMPONENT F: HEALTH

### **Clinics**

The Department of Health within the Municipal area has a total number of twenty-five (25) clinics, 1 out of these is a Health Care Centre (Ngonyama) at ward 8 and its run 24 hours with a doctor allocated. There are two mobile clinics focusing on wards with no clinics. Challenges experience relates to access roads especially the Machubeni route and Rhodana which directly affects the mobile and ambulance services. Almost all the clinics currently utilises water preservation methods which poses a challenge with the scarcity of rainfall. Access to water is still a challenge. Only two utilises communal taps (Rwantsana and Lanti clinics). These mostly use pit toilets. Staff shortages remain a challenge in all these clinics. The Department of Health has outsourced the collection and disposal of medical waste.

### **Ambulance Services**

The ambulance services are currently rendered by the Emergency Medical Services which is an arm of the Department of Health. Shortages of ambulances remain a challenge including the condition of roads which shortens the life span of the vehicles.

### **Hospitals**

The Municipality has three hospitals which are under the Department of Health (Glen Grey Hospital, Dordrecht Hospital and Indwe Hospital). All three Hospitals have functional Hospital Boards.

### **HIV & AIDS**

The municipality has developed a three-year HIV&AIDS, STI's and TB Strategic Plan to guide and inform all initiatives that seek to reduce the spread of the pandemic in the local municipality as well as mitigate the negative impact of the diseases on the people serviced. Several strides responding to this pandemic is being made by several community-based organisations as well as government institutions and agencies and the development and implementation of the priorities as outlined in the strategic framework mentioned will enhance such initiatives and deliver maximum impact.

It is the belief of the municipality that the development of the strategy and successful implementation will contribute to the:

- Reduction of the rate of infection of HIV&AIDS and TB
- Eliminating the impact of the HIV&AIDS on individuals, families, and other broader society by ensuring, improving access to treatment, care and support and service delivery targets the infected and affected.

In the year under reporting the following interventions have been made by the municipality:

- Local Aids Council meetings conducted were four and managed to solicit interventions on HIV and AIDS related issues. This structure is fully functional supported by all organs of state including Non-Government Organisation and HCBC's.
- Educational Programs  
Number of educational programs and back to school campaigns were conducted covering all wards in all high schools focusing on HIV and Aids, TB, STI's, Condom

distribution and circumcision and the stigma of HIV and AIDS. World Aids Day was observed in a form of door-to-door campaign and candlelight memorial.

- Care and Support Programs were implemented through the support groups and the support to Home and Community Based Care organisation. Lobbying for funding for support groups was facilitated. Through the support of the District Municipality, the HIV and AIDS Strategy was developed.
- War-Rooms structures have been established in all Ward of Emalahleni Local Municipality. Issues of HIV/AIDS, STIs and TB together with Gender Based Violence and Femicide are discussed in the War-Rooms.

The Department of Health within the Municipal area has a total number of twenty-five (25) clinics, 1 out of these is a Health Care Centre (Ngonyama) at ward 8 and its run 24 hours with a doctor allocated. There are two mobile clinics focusing on wards with no clinics. Challenges experience relates to access roads especially the Machubeni route and Rhodana which directly affects the mobile and ambulance services. Almost all the clinics currently utilises water preservation methods which poses a challenge with the scarcity of rainfall. Access to water is still a challenge. Only two utilises communal taps (Rwantsana and Lanti clinics). These mostly use pit toilets. Staff shortages remain a challenge in all these

### **Health Inspection; Food and Abattoir Licensing and Inspection**

The Municipal Health Services within Emalahleni Local Municipality is performed by Chris Hani District Municipality which has placed a total of three (3) Environmental Health Practitioners, one (1) Senior Environmental Health Practitioner and one (1) Environmental Health Assistant. Functions performed include:

- Food safety
- Water Quality Monitoring
- Safe disposal of the dead
- Waste Management Compliance
- Monitoring of Communicable Diseases
- Air Pollution Control
- Surveillances of premises
- Awareness on Environmental Health matters
- Emalahleni Local Municipality facilitates door to door campaigns for inspection.

Challenges experienced whilst rendering the services related to

- Unlicensed businesses in all three towns of Emalahleni
- Lack of awareness in Lady Frere on exhumation procedures
- Stray animals
- Availability and non-enforcement of Municipal and District By-Laws

## COMPONENT G: SAFETY AND SECURITY

### Traffic Services

The Municipality has recently approved an organogram to improve the institutional arrangements and be responsive to all safety and security challenges. The municipality has a functional Traffic Department with six (6) traffic officers and 1 Chief Traffic Officer.

Law Enforcement Services currently performed include:

- Traffic policing
- Processing of applications in respect of the Gatherings Act,
- Joint operations with the SAPS
- Visible patrols and crowd control at special events.
- Implementation and executing of By-Laws

The unit operate in the following functional areas

- Law enforcement
- Traffic Services
- Fire and Rescue Services
- Disaster Management
- Security Services
- Pound Management
- By Law Implementation

### Statistical report for traffic services

- 40 traffic enforcement operations conducted jointly with the support of Department of Transport.
- 100% eNatis equipment acquired, for processing of learner's license and driver's license application received.
- 4 Community safety Forums Meetings convened (Community Safety Forum, Initiation Forum, Local Aids Council and Disaster Advisory Forum)

### Registration And Licensing

The municipality operates three Registration and Licensing Services on behalf of the Department of Transport and this service has successfully been rendered with the following statistical report. 3 Registration and Licensing Authorities are fully functional with eNatis Personnel in possession of transaction code. Cacadu acquired all outstanding eNatis equipment from Road Traffic Management Cooperation (RTMC) to support the functioning of registration and Licensing Authorities.

### Police Services

The following Police Stations exist within Emalahleni Local Municipality operated by South African Police Service

1. Dubeni Police Station
2. Lady Frere Police Station
3. Dordrecht Police Station

4. Ida Police Station
5. Indwe Police Station
6. Bolotwa Police Station

Awareness campaigns on Crime Prevention have been implemented with the assistance of Department of Safety and Liaison in collaboration with the Department of Social Development and SAPS

### **Fire**

Emalahleni Local Municipality renders fire services through the support of Chris Hani District Municipality. Chris Hani District Municipality has since seconded 2 personnel with vehicles and equipment one stationed at Cacadu and Dordrecht respectively. The municipality has no dedicated personnel to run this service. The following table provides statistical report on the status of the service.

### **Disaster Management, Animal Licencing and Control, Control of Public Nuisances and Other.**

The municipality is currently implementing Disaster Management Plan which has since been adopted by Council and is due for reviewed in financial year of 2023/2024. Included in the plan is a business plan for the development of the Disaster Management Centre. In this regard services of Chris Hani District Municipality are utilised as the custodian of the service and having a fully operational centre. The municipality possesses a Disaster Management Risk Assessment Plan that has been well consulted and workshopped at all levels including the Council and Disaster Management Advisory Forum members. The plan has been constituted with the objective to promote an integrated and coordinated system of disaster management, with special emphasis on prevention and motivation by provincial organs of state, statutory functionaries, other role players and communities and neighbouring municipalities.

Disaster Management Advisory Forums were coordinated to give advice and make recommendations on disaster related issues and disaster risk management. The forum also ensures that the joint standard practises are developed.

Two Disaster Management Fieldworkers have been appointed by Emalahleni Municipality and Chris Hani District Municipality has second additional staff to compliment the service. The CHDM has given the municipality the response vehicle.

- 64 Awareness Campaigns on Disaster Management and Fire Fighting conducted in all wards (schools).
- 4 Disaster Advisory Forum meetings

## COMPONENT H: SPORT AND RECREATION

### PARKS AND GARDENS

The overall objective of this function is to provide parks and open spaces thereby creating a pleasant environment for the communities, contributing towards global greening and maintaining sidewalks and pavements. All parks are well fenced and are maintained.

Indwe, Cacadu and Dordrecht Parks have been developed and managed by community services, the municipality provides security and caretaking services. Grass Cutting is conducted seasonally, and the Municipality provides additional workers through EPWP.

### SPORTS FIELDS

The Municipality does not manage any sports fields. It has three Stadiums at Indwe, Dordrecht and Cacadu.

### SPORTS HALLS

The Municipality does not have Sports Halls. Dordrecht Youth Centre provides for indoor sports, namely: Netball and Basketball only. The Facility is listed under Community Halls

### STADIUMS

Lady Frere Stadium: upgrade completed in 2022/2023, the facility is managed by community services, and it is in a good condition.

Dordrecht Stadium: Renovations and upgrades completed in 2023/2024. the facility is in a Good Condition.

Indwe Stadium: The facility is still under construction and is expected to be completed in the financial year of 2024.25.

### SWIMMING POOLS

The Municipality does not have swimming pools

### CAMP SITES

There Municipality has no camping site

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

### **Executive and Council**

The Human Resources Department provides human resources support services to Council and all line departments in ELM. HR thus services thirty-four (34) Councillors and two hundred and thirty- three (233) permanent staff members.

### **Financial Services**

Budget and Treasury Offices were established after the promulgation of the Municipal Finance Management Act in 2007 and must in accordance be staffed with the following officials. • The Chief Financial Officer (CFO)

- Officials of the Municipality allocated by the Accounting Officer to the CFO
- Any other person contracted by the municipality for the work of the office

The department is the engine, providing strategic financial leadership to the Emalahleni Municipality and provide a support directorate to all other municipal directorates.

### **The Main functions of the department**

The BTO is divided into the following sections:

- Revenue Management,
- Supply Chain Management
- Expenditure Management,
- Budget and reporting and
- Asset and Liability Management

The BTO's guiding principles are Accountability, Transparency, Reliability, Compliance and Service Excellence. The Department is ardent about revenue collection and strives ensure that municipal debt is reduced to accepted norms in the public sector. This is sought to be done through addressing the completeness and accuracies in the consumer database to ensure accurate consumer accounts. Further revenue enhancement strategies have been enacted to further improve the municipal revenue generation capacity. The department also endeavours to eliminate the culture of non-payment within its customers and establish relationships with its customers thereby contributing to service delivery. The department also ensures compliance with relevant financial and SCM legislation, regulations, and council approved finance policies.

Required financial reports are prepared on monthly, quarterly, and annual basis within the BTO as maybe required and submitted to the required institutions and Council. The directorate is also responsible for the safe keeping of the municipal assets and maintenance of a GRAP compliant asset register.

## **HUMAN RESOURCES SERVICES**

### **Introduction to Human Resources**

The Human Resources Management Division falls under the Directorate of Corporate Services and performs the following support functions to line management:

- Recruitment and selection of staff
- Payroll and benefits administration
- Leave management
- Talent management
- Staff and Councillor development
- Individual Performance Management System and Organizational Development

## **IMPLEMENTATION OF INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM**

The implementation of IPMS is regulated on the following:

- Municipal Staff regulations of September 2021 (chapter 4)
- Municipal Systems Act (chapter 6)
- Regulations on the Performance Management for Municipal Managers and the Managers that are directly accountable to the Municipal Manager
- Municipal staff regulations of September 2021 (chapter 2)
- Cascading performance from task grade 17 to task grade 13
- Ensure all employees have sign performance agreements and work plans
- Conduct performance assessment for the Municipal Manager and the Managers that directly account to the Municipal Manager
- Ensure all employees understand the purpose of individual performance management system
- Ensures individual performance management system is implemented in a fair and non- discrimination manner
- All employees understand the purpose of the Performance Management and Development Framework which was adopted by council in June 2023 policy by conducting awareness
- Develop Job descriptions
- Ensure all employees of Emalahleni Local Municipality have job descriptions
- Develop and organizational structure

## **OCCUPATIONAL HEALTH AND SAFETY**

- Occupational health and safety of employees  
Administrative assistance in terms of OHS compliance by contractors appointed by the municipality.

- Employee wellness and Employee Assistance Programme
- The municipality conducted wellness and team building for employees and councilors for 2023/2024 financial year.
- The municipality has appointed a service provider for a period of 3 years to supply Protective clothing to comply with OHS 2023/2024
- The municipality appointed service provider to conduct medical examinations to essential services staff for 2023/2024.

## **EMPLOYEE RELATIONS**

- Advising line management with disciplinary issues
- Co-ordinating the maintenance of labour stability and good employer-employee relationship
- Employee Relations Unit has encountered challenges in the following areas:
- Disciplinary management is a challenge in that hearings are not being finalised timeously as per the Disciplinary Code. This is caused by the fact that the municipality does not have capacity to preside over cases it depends on services requested from other municipalities through the office of SALGA EC. The municipality has conducted 2 days training to preside, prosecute/initiate over disciplinary cases and grievances and for Directors, managers, and practitioners on the 07<sup>th</sup> and 8<sup>th</sup> June 2023.

## **INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

The ICT governance structures consists of the following:

- ICT steering committee – leadership and direction.
- Risk management committee – ICT risks
- Standing committee – oversight and political leadership and direction

### **ICT governance guidelines**

- Management of information security – the institution has the ICT policy in place which indicate how the operation of the division needs to be conducted.
- ICT monitor and review audit logs to check any security breaches, this was conducted and is still a challenge is that users are not constantly changing their passwords to prevent easy access to their accounts. A policy has been set on Active directory to force users to change password after 60 days, however for the remote sites this is not possible because users are not authenticated by the server.
- Provision of Tools of trade – An additional budget was availed to ICT to procure laptops for officials, and the project was conducted successfully, 46 laptops were procured.
- Communication management

The municipality has a temporary WAN connectivity solution in place so that users can have access to systems used by the institution (e.g., emails, internet, cloud ware system (EMS and FMS)). There is still a need for the permanent WAN network to link all sites, a solution to cater for this need was advertised and evaluated however all service providers applied for the

bid could not get passed stage 1 (compliance) of the evaluation. o There is an active antivirus software used to detect and prevent electronic viruses.

There is a backup system in place and replication of data is being sent to an offsite centre at IDZ in East London, however in quarter four there were challenges of power which caused many workstations not to constantly backup on the server. o Wireless technology is being used for people who do not have network points due to the issue of limited office space. A bandwidth parasite has been identified and blocked from using municipal network. Management of third-party relationship o Contract management, escalation of technical issues that cannot be resolved inhouse. o Service provider performance – performance of the service providers has been checked and the ones that are still contracted are performing to the desired standard.

- The ICT division is responsible for the provision of effective and efficient information and communication technology services. This office comprises of these funded and filled posts - Manager: ICT, a System's Administrator, IT Technician, as well as these unfunded posts – Helpdesk IT assistant and Webmaster.
- Manager: ICT – responsible for functional, contract, operational, communication and relations managements. Development and implementation of procedures, systems, and controls.
- Systems' Administrator – responsible for systems or programs.
- IT Technician - responsible for ICT maintenance and support.
- Helpdesk IT assistant (Position vacant and not budgeted for 2023/2024)–
- Webmaster (Position vacant and not budgeted for 2023/2024)– Website Administration
- Key functions of the ICT division are:
  - The provision of all software application support to the Municipality.
  - The design of a management system and tool to track service delivery and customer satisfaction.
  - The provision of workstations' backup solution.
  - The sourcing and dissemination of information (research).
  - The implementation of sound IT governance principles and policies supported by the appropriate IT governance structures.
  - The provision and support of computer hardware and software to the municipality.
  - The setting up, support and improvement of the IT systems.
  - The development of an integrated IT plan and budgeting process.
  - The development and implementation of user allocation policies and all IT policies.
  - The development of a knowledge and process management system to support strategic planning and economic development.
  - The provision of support to a customer call centre.
  - The provision of user education to staff and councilors.

### **Service Statistics for ICT Services**

The institution has a Disaster Recovery Plan which was approved by Council on the 27 June 2019, due to financial constraints, the Disaster Recovery site could not be constructed internally (i.e., by

the municipality) but rather the municipality opted for an offsite disaster recovery centre where replication of data from the local backup server is conducted which is at IDZ in East London.

The following documents were reviewed, adopted, and approved by council:

- Mobile Phone policy for councillors
- Mobile Phone policy for officials
- ICT access management policy
- The following documents were reviewed but never presented to council for adoption and approval:
  - ICT governance framework
  - Disaster Recovery Plan
  - The ICT unit received these operational requests for:
    - Desktop / Laptops
    - Smart tabs / Smart Phones
    - Network Access
    - Telephone
    - 3G / Wi-Fi
    - Printers / Scanners / Copiers / Fax
    - Applications
    - Technology
  - They responded to a total number of incidents, which related to challenges with:
    - Network
    - Desktop / Laptops
    - Electronic Mail
    - Applications
    - Storage
    - Data Recovery
    - Security
    - Printers
    - Telephones
    - Smart Tabs

### **ICT Projects**

The following ICT projects were undertaken during the period under review:

- ICT Infrastructure Network – This includes (5) five sites to the institution's ICT network with their own separate data-lines. There is an ongoing monitoring of the broadband project to-date.
- ICT Backup System - Onsite and offsite Data storage for business continuity and ensuring secured ELM data. ICT Backup System increases reliance on ELM electronic data and minimising the risks of failures in data loss.
- Enterprise Resource Planning - The Financial System was enhanced with centralised data onto the Cloud offered by the service provider Inzalo. The system enables the Municipality to function promptly, which will improve the service delivery to the

ratepayers. The municipality can focus on new business opportunities. This will also assist in improving access to information.

- Electronic Document Management System - This is a software for organizing, centralizing, and storing different kinds of documents. EDMS refers more specifically to a software system that handles digital documents rather than paper documents.
- Telephone Management System – this system records all calls made by the individuals within the institution. The budget control facility was introduced and set to an approved limit to minimize institutional costs and better manage the usage of calls across the municipality.
- Audio Visual – as the new building was completed which is the Council Chamber, an audio system had to be put in place within the Auditorium for better communication and projector was installed to allow for ease of presentation and visual for all. There is an ongoing maintenance to ensure a fully functional audio system as some microphones had to be repaired.

#### **Comment on the Performance of ICT Service Overall:**

##### **The following ICT projects were undertaken:**

- ICT network infrastructure improvement – This project was aimed at improving network connectivity within the institution. Figures (3.31.5 a) below displays the connectivity status at the municipality.
- ICT Systems Improvement – This project is aimed at improving systems within the organisation.
- ICT Backup System - This project, aimed at Onsite Data storage for ELM for workstations' data backup in the local Cibecs server and replication to an offsite centre at IDZ in East London.
- Computer Equipment for ELM – New laptops were procured; this is a plan towards replacing all desktops in the municipality.
- Telephone Management Systems – Though the municipality is still using the legacy equipment by the service provider, this project was aimed at minimizing costs and improve telecommunication.
- Audio Visual – this project was aimed at better communication and presentation within the building.

##### **Challenges.**

- Network infrastructure is old and outdated in the entire municipality.
- Poor network connectivity and lack of integrated network to connect all eight sites into one network.
- All other sites not backing up data onto the local server due to lack of integrated network connectivity.
- Use of legacy telecommunication equipment which always needs to be repaired.



TYPE OF VEHICLES	DIRECTORATE	CURRENT STATUS	CURRENT AGE	RECOMMENDATIONS
Toyota Fortuner-HXB-860-EC	Corporate Services	Fair condition	12	To be Auctioned
Toyota Fortuner JGN 747-EC	Corporate Services	Fair condition	8	To be Auctioned
Nissan Qashqai FVL-916-EC	Community Services	Poor Condition	8	Awaiting to be Auctioned.
Isuzu Double Cab HMP-886-EC	Corporate Services	Fair condition	12	To be Auctioned
Chev Cruze HGW-347-EC	Community Services	Fair Condition	10	To be Auctioned
Isuzu S/Cab bakkie HMD-711-EC	Community Services	Fair Condition	10	To be Auctioned
Isuzu single cab JBF 210 – EC	PEDTA	Was involved in Armed Robbery and a case was opened by the Municipality.	3	Case still pending
Isuzu single cab bakkie JCG 193 EC	Community Services	Fair Condition	10	Awaiting to be auctioned
Tractor- FTS-135-EC	Community Services	Poor Condition	10	Awaiting to be auctioned
Refuse Truck – HMG-965-EC	Community Services	Fair Condition	10	Operating

Tata -FBP-046 -EC	IDHS	Poor Condition	18	Operating
Corsa Utility HJW-465-EC	Community Services	Poor condition	10	Auction
TRACTOR				Auction

Tractor-CCW-543-EC	Community Services	Poor Condition	28	Auction
Tractor-CCW-550-EC	Community Services	Poor Condition	28	Auction
Tractor-BRN-739-EC	Community Services	Poor Condition	28	Auction
Mahindra-HLN-752-EC	Community Services	Needs Repairs	8	Auction
Nissan Hardbody HPJ-267 EC	Community Services	Poor Condition	10	Auction
Single cab bakkie JCG 196 EC	IDHS	Poor Condition	10	Auction
Tractor-FTS-128-EC	Community Services	Poor Condition	10	Auction
Tractor-CKM-266-EC	Community Services	Last used in July 2018. Have major problems.	52	Auction
Grader-DFG-421-EC	IDHS	Poor Condition	18	Its has reached its life span thereof re it is recom mende d that it should be auction ed

TLB-loader-DDX-995-EC	IDHS	Poor Condition	18	Operating
Wc-truck-DFD-935 -EC	IDHS	Fair condition	17	It still in good

				condition
T/truck-DFD-932-EC	IDHS	Not Working	17	Recommended for auction
Roller	IDHS	Poor Condition	6	Operating
Roller Bomag	IDHS	Not Working	6	Operating
Excavator	IDHS	Good working condition	6	Operating
Pad foot roller	IDHS	Good working condition	6	Operating
T/truck –HFT-991-EC	IDHS	Good Condition	7	Operating
w/c truck-HGB-926-EC	IDHS	Good Condition	7	Operating
TLB HVK 291EC	IDHS	Has not been used since June 2018, was burn during protests. Insurance has made pay out amounting to R590 000.00. Identified to be Auctioned	4	Auction
TLB HVK 292 EC	IDHS	Has not been in use since February 2019. Has a problem with the engine.	4	Operating
T/truck-HFT-986-EC	IDHS	Good Condition	6	Operating
Grader HVK 293	IDHS	Has not been used May 2019, have electrical faults and it could not be repaired due to financial constraints. Identified for Auctioning	4	Auction
Lowbed-HGH-813-EC	IDHS	Poor Condition	7	Operating
HGK 495EC Trailer	IDHS	Good Condition	7	Operating
BWR 774 EC	Community Services (Indwe)	No lights	28	Operating
BZY 096 EC	Community Services (DDX)	Not working, since June 2018, wheel bearings & lights	41	Auction

BZY 100 EC	Community Services (DDX)	Working Conditions, no lights, minor issues	26	Operating
BZY 102 EC	Community Services (DDX)	Working Conditions, no lights, minor issues, tyres	23	Operating
FBZ 279 EC	Community Services (Cacadu)	Minor repairs	13	Operating
FFG 382 EC	PEDTA	Need repairs and road worthy	12	Auction
FTS 142 EC	Community Services (Cacadu)	Not in good condition, did not pass roadworthy tests	9	Auction
FTS 139 EC	Community Services (Indwe)	Not in good condition, did not pass roadworthy tests faults identified amounted to R39 000.00 rand needed to fix	9	Auction

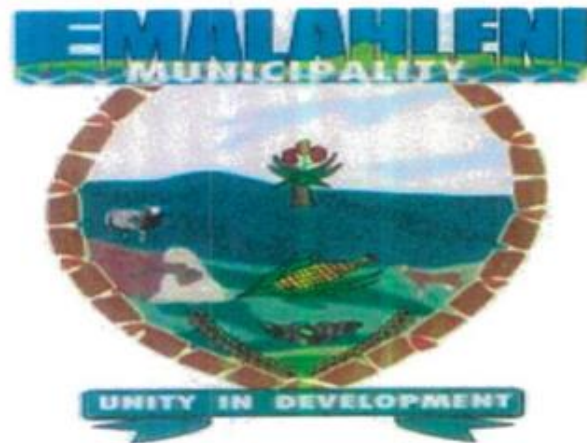
## COMPONENT K : ORGANISATIONAL PERFORMANCE SCORECARD

### ANNUAL PERFORMANCE REPORT – INSTITUTIONAL

#### Introduction and Overview

In terms of Section 46 of the Municipal Systems Act (as amended), municipalities are required to prepare an Annual Performance Report that is to form part of the Annual Report to be prepared in terms of the Municipal Finance Management Act. Attached herewith is the detailed Annual Performance Assessment for the organization for the 2023-2024 financial year.

# EMALAHLENI LOCAL MUNICIPALITY



## AUDITED ANNUAL PERFORMANCE REPORT (APR)

FINANCIAL YEAR 2023/2024

A handwritten signature in black ink, appearing to read 'S. Makoma', is written over a horizontal line.

Ms POB Makoma  
MUNICIPAL MANAGER

DATE: 30 November 2024

A handwritten signature in black ink, appearing to read 'N. F. Koni', is written over a horizontal line.

CLLR N. KONI  
HONOURABLE MAYOR

DATE: 30 November 2024

EMALAHLENI MUNICIPALITY AUDITED ANNUAL PERFORMANCE REPORT 2023/2024

Priority Area	Strategic Objective	Strategy	Key Performance Indicator	Baseline Indicator	Outcome Indicator	Budget Allocation	Funding Source	Indicator Code	Annual Target 2023/2024	Actual Performance	Annual Target 2023/2024	Actual Performance	Achieved/ not achieved	Reason for non achievement	Remedial actions	Portfolio of Evidence	Custodian
<b>KPA 1- BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>																	
Facilities		Maintain existing municipal facilities (cemeteries, halls, municipal buildings)	Number of municipal facilities maintained	4 municipal facilities maintained	well maintained municipal facilities	R 1 063 196.00	Opex	1_12_12_1_P035	4 municipal facilities maintained (Mtsheko, Munnikville, Cacadu Change, Harry Gwala)	Achieved 5 municipal facilities maintained (Mtsheko, Munnikville, Cacadu Change, Harry Gwala, Munnikville)	5 municipal facilities maintained (Mtsheko, Munnikville, Cacadu Change, Harry Gwala, Munnikville)	Repairs on Mtsheko hall done by 30 September 2023, Repairs Munnikville Community Hall by 31 December 2023, Partitioning and ceiling at Cacadu Change Rooms, Harry Gwala plumbing and office space renovations completed in Q4	Achieved	N/A	N/A	Specification, Advert, appointment letter/order and completion certificate	Community services
Reduction of Service Delivery Backlogs and Maintenance of Roads and Stormwater of Infrastructure	To provide maintained basic infrastructure service for local communities by June 2027	Implement, monitor, and report on the approved Roads Infrastructure Plan	Number of Km on Paved Internal Streets completed by set date	23.11 km of Paved roads	Improved access roads	5 391 392.86	MIG	1-12-12-2-P038	2.1km Advertisement road preparation in ward 16	Not Achieved	1km	1km Construction of Paved at Indwe Internal Street (woodhouse street) in ward 16 Completed	Achieved	N/A	N/A	Site establishment report, Progress report.	IDHS
			Number of Km on Paved Internal Streets completed by set date	23.11 km of Paved roads	Improved access roads	R523 927	MIG	1-12-12-2-P039	1.6km Advertisement road preparation in ward 16	Not Achieved	1.6km	1.6km Construction of roadbed in preparation of paved Indwe Internal Street (Barkley street) in ward 16 Completed by 30 June 2024	Not Achieved	The non achieved was affected by the non availability of funds from the Municipality. MIG allocation had been exhausted. The contractor suspended the works citing cashflow problems	The project will continue in the next financial year when MIG grants are available	Site establishment report, Progress report.	IDHS
			Number of Km on Paved Internal Streets completed by set date	23.11 km of Paved roads	Improved access roads	1 837 519.93	MIG	1-12-12-2-P040	670m Advertisement road preparation in ward 6	Achieved	670m	670m Construction of Paving at Gqeberya (Ikhata) Paved street in ward 6 by 30 June 2024	Achieved	N/A	N/A	Project progress report and project photos, Project Progress Report, Practical completion certificate	IDHS
			Number of Km on Paved Internal Streets completed by set date	23.11 km of Paved roads	Improved access roads	R 1 043 864.05	MIG	New	N/A	N/A	0.92km	0.92km Construction of roadbed preparation of paved Indwe Internal Street (Xalanga street) in ward 16 Completed by 30 June 2024	Not Achieved	The 0.92km not achieved because of the MIG funds were reallocated as per the DORA which reduce the MIG allocation for the municipality resulted the contractor to have cashflow problems.	The project will continue in 2024/25 financial year to completed the non-achieved targets. The 0.92km of base layer work will be completed in Q1 of 2024/25 FY.	Appointment Letter, Project process report.	

Number of Km on Paved Internal Streets completed by set date	23.11 km of Paved roads	Improved access roads	R2 975 890	MIG	New	N/A	N/A	2km construction of base layer works in preparation of paved Dordrecht Internal Street (Voortrekker street) in ward 14 Completed by 30 June 2024	2km construction of base layer works in preparation of paved Dordrecht Internal Street (Voortrekker street) in ward 14 Completed	Achieved	N/A	N/A	Site establishment report, Project progress report	
Number of Km on Paved Internal Streets completed by set date	23.11 km of Paved roads	Improved access roads	R2 037 420	MIG	New	N/A	N/A	1.5km construction of base layer works in preparation of paved Dordrecht Internal Street (Van Zyl street) in ward 14 Completed by 30 June 2024	1.5km construction of base layer works in preparation of paved Dordrecht Internal Street (Van Zyl street) in ward 14 Completed	Achieved	N/A	N/A	Site establishment report, Project progress report	IDHS
Number of Km on Paved Internal Streets completed by set date	23.11 km of Paved roads	Improved access roads	R2 528 515	MIG	New	N/A	N/A	1.6km construction of base layer works in preparation of paved Dordrecht Internal Street (Du Plessis street) in ward 14 Completed by 30 June 2024	1.6km construction of base layer works in preparation of paved Dordrecht Internal Street (Du Plessis street) in ward 14 Completed	Achieved	N/A	N/A	Site establishment report, Project progress report	IDHS
Number of Km on Paved Internal Streets completed by set date	23.11 km of Paved roads	Improved access roads	R4 380 040.49	MIG	New	N/A	N/A	1.150km construction of Base layer work in preparation of paved Ngonyama Clinic Road in ward 08 Completed by 30 June 2024	1.150km construction of Base layer work in preparation of paved Ngonyama Clinic Road in ward 08 Completed	Achieved	N/A	N/A	Site establishment report, Project Progress report	IDHS
Number of Km on Paved Internal Streets completed by set date	23.11 km of Paved roads	Improved access roads	R5 972 857	MIG	new	N/A	N/A	2km construction of base layer works in preparation of paved Hala - Calabash Road in ward 03 by 30 June 2024	Project was advertised, appointment of contractor, 1.1km construction of base layer works has been done, installation of 600m of concrete pipes done.	Not Achieved	The 0,9km not achieved because of the MIG funds were reallocated as per the DORA which reduce the MIG allocation for the municipality resulted the contractor to have cashflow problems.	The project will continue in 2024/25 financial year to complete the non-achieved targets. The 0,9km of base layer work will be completed in Q1 of 2024/25 FY.	Site establishment report, Project Progress report	IDHS
Number of Km on Paved Internal Streets completed by set date	23.11 km of Paved roads	Improved access roads	R700 000	CAPEX	1_10_10.2_P 031.2	Achieved	Achieved	275 m paved in Cacatu internal streets by 30 June 2024 ( Zulu Square = 140m and Nonesi = 135m) completed by 30 June 2024	275 m paved in Cacatu internal streets by 30 June 2024 ( Zulu Square = 140m and Nonesi = 135m) completed	Achieved	N/A	N/A	Advert notice and Appointment Letter, Delivery note, Project Progress report and photos	IDHS
Number of Km on gravel road completed by set date	541.78km of Gravel roads	Improved access roads	R1 695163.82	MIG	1-12-P041	Not achieved	Not achieved	11.5km of Wisle Gravel Road and one bridge completed by 30 June 2024	11.5Km of Wisle Gravel with one bridge completed	Achieved	N/A	N/A	Progress Report and completion certificate	IDHS

			Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R2 150 000	MDRG	New			4.6km of Rip and Recompact of Lower Land gravel road maintained in ward 2 by the 30 June 2024	4.5km of Rip and Recompact of Lower Land road maintained in ward 2	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS
			Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R2 400 000	MDRG	New			3km of Rip and Recompact of Bhoqo gravel road maintained in ward 8 by the 30 June 2024	3km of Rip and Recompact of Bhoqo road maintained in ward 8	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS
			Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R2 600 000	MDRG	New			6.4 km of Rip and recompact of Makwayibeni - Bogo gravel road maintained in ward 8 by the 30 June 2024	6.4 km of Rip and recompact of Makwayibeni - Bogo road maintained in ward 8	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS
			Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R2 900 000	MDRG	New			4km of Rip and Recompact of Zwelakole road maintained in ward 5 by the 30 June 2024	Rip and Recompact of 4km completed of Zwelakole road maintained in ward 5	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS
			Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R2 964 000	MDRG	New			3km of Rip and Recompact of Thembeni road maintained in ward 6 by the 30 June 2024	3km of Rip and Recompact of Thembeni road maintained in ward 6	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS
			Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R3 300 000	MDRG	New			5km of Rip and Recompact of Xoxxa gravel road maintained in ward 6 by the 30 June 2024	5km of Rip and Recompact of Xoxxa road maintained in ward 6	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS
			Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R3 800 000	MDRG	New			8km of Rip and Recompact of Ngqoko to Nshinga gravel road maintained in ward 17 by the 30 June 2024	Rip and Recompact of 6km completed, 3km of road tipped and the contractor is busy with tipping and processing the gravel road	Not Achieved	The service provider appointed in June to complete remaining non-achieved scope. The hand over was conducted on the 03 July 2024, hence 2km of rip and recompact is not achieved	The 2km of rip and recompact will be achieved in Q1 of 2024/25FY, since the contractor site hand over is done and the project will be completed in Q2 of 2024/ 25 FY	Allocation Letter/ Appointment letter, progress report	IDHS
			Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R2 600 000	MDRG	New			5km of Rip and Recompact of Tshatshu gravel road maintained in ward 1 by the 30 June 2024	3.5km of Rip and Recompact of Tshatshu road maintained in ward 1	Not Achieved	Target was erroneously stated to be 5km instead of 3.5km when SDBIP was adjudged at mid term	The correction will be rectified when the Audited Annual Report is presented in Mayoral imbizo's which will be held in January 2025	Allocation Letter/ Appointment letter, progress report	IDHS
Reduction of service delivery backlogs and construction of	To ensure the availability of well-maintained	Implement, monitor, and report on the approved	Number of sportsfields constructed and completed by set	2 existing sportsfields	Improved sport facilities	R6 98734.63	MIG	1_12_12_5_P044	Not achieved: Progress slow and no completion by 30 June 2024	Not achieved: Progress slow and no completion by 30 June 2024	Construction of one indoor sportsfield completed by 30	Foundation done, brick work for the wall done, roofing in progress, plastering done combi	Not achieve	Delay was due to backlog from roof. Slow progress on	Works will be carried over to the next financial year. Contractor	Appointment letter and Progress Report	IDHS

building amenities and recreational facilities	and repaired buildings, amenities and recreational facilities to which the public has full access by June 2027	Facilities Infrastructure Plan	date														
			Number of sportfield upgraded	2 existing sportfield	Upgraded Sportfield	R1 014 591 01	MIG	1-12-12.5-P044	2 existing sportfields upgraded by 30 June 2024	Achieved	N/A	N/A	N/A	N/A	N/A	N/A	IDHS
			Number of Public Toilets constructed and completed by the set date	Construction of public toilets is on progress	Improved Public infrastructure	R1 494 577 33	MIG	1-12-P045	2 existing public toilets completed by 30 June 2024	Not Achieved	Construction of one Dordrecht Public Toilets completed by 30 June 2024	Construction of one Dordrecht Public Toilets completed	Achieved	N/A	N/A	Progress report with photos, practical completion certificate	IDHS
			Number of Public Toilets constructed and completed by the set date	Construction of public toilets is on progress	Improved Public infrastructure	R1 843 295 31	MIG	1-12-P046	2 existing public toilets completed by 30 June 2024	Not Achieved	Construction of one Indwe Public Toilets completed by 30 June 2024	Brick work for the wall done, Roof installation and plastering done, Sewer & water connection, installation of windows, doors and	Not Achieved	Delays of delivery of plumbing materials by the supplier.	There is progress on site. Works will be completed in the first quarter for 24/25 FY.	Progress report with photos, practical completion certificate	IDHS
			Number of Public Toilets constructed and completed by the set date	Construction of public toilets is on progress	Improved Public infrastructure	R 620 897 16	MIG	1-12-P047	2 existing public toilets completed by 30 June 2024	Not Achieved	Construction of one Casady Public Toilets completed by 30 June 2024	Construction of one Casady Public Toilets completed	Achieved	N/A	N/A	Progress report with photos, practical completion certificate	IDHS
Number of EIA Completed by the set date	Indwe Sport field EIA	Improved Public infrastructure Planning	R2 000 000	MIG	New	4 EIA completed by 30 June 2024	Achieved	4 EIA completed for Nkulaphondweni, Mookodwa, Hekehe Bridges and Cavary paving road by 30 June 2024	The Public Participation, conducted, Application forms submitted to DEDEA, FBAR was submitted	Not Achieved	Public participation was conducted for 4th quarter and submission of final basic assessment was made to deedeat in the fourth quarter	Target will be achieved in the first quarter 24/25 FY	Progress report, Authorisation Letters for EIA's				
Reduction of Service Delivery Backlogs and Refurbishing of electricity Infrastructure	To maintain and improve financial viability of the municipality by June 2027	Implement, monitor, and report on the approved Electrification Infrastructure Plan	Number of households connected by a set date	446 house-holds electrically connected in 2022/2023 financial year	Improved infrastructure on electrification programme	R8 418 000 00	INEP	New	446 households electrically connected by 30 June 2024	Achieved	Connect of 101 households in Lupapazi by 30 June 2024	Connect of 101 households in Lupapazi	Achieved	N/A	N/A	Appointment Letter, Progress Report with photos and practical completion certificate	IDHS
						R1 012 000 00	INEP	New	21 households electrically connected by 30 June 2024	Achieved	Connect of 21 households in Mncwangele by 30 June 2024	Connect of 21 households in Mncwangele	Achieved	N/A	N/A	Appointment Letter, Progress Report with photos and practical completion certificate	IDHS
						R0	INEP	New	0 households electrically connected by 30 June 2024	Not Achieved	Site Establishment is done, Design approved by eskom.	Site Establishment is done, Design approved by eskom.	Not Achieved	The project was affected due to budget cut by National Treasury and the project was removed from the INEP Budget before the contractor commenced with the works on site.	The project will be re-prioritised	Appointment Letter, Progress Report with photos	IDHS
						R3 131 000 00	INEP	New	33 households electrically connected by 30 June 2024	Achieved	Connect of 33 households in Tsembeby by 30 June 2024	Connect of 33 households in Tsembeby by	Achieved	N/A	N/A	Appointment Letter, Progress Report with photos and practical completion certificate	IDHS

Number of Km of gravel road maintained	15 km of gravel road in Ward 3, 10, 13 and 16, and 5 maintained	Improved access roads	R5 000 000	Opex	1_10_10_3_P033	15 km of gravel road maintained in wards 3, 10, 13 and 16, and 5 by the 30 June 2024	15 km of gravel road maintained in wards 3, 10, 13 and 16, and 5 by the 30 June 2024	21 km of Gravel roads maintained in emalaheni LM wards( Ward 1, 4, 7, 9, 12, 16 and 17 ) by the 30 June 2024	21km of Gravel roads maintained in emalaheni LM wards( Ward 1, 4, 7, 9, 12, 16 and 17 ) completed	Achieved	N/A	N/A	Allocation Letter, Progress Report and Completion Certificate	IDHS
Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R2 600 000	MDRG	New	N/A	N/A	5km of Rip and Recompact of Gando gravel road maintained in ward 6 by the 30 June 2024	5km of Rip and Recompact of Gando gravel road maintain(ward 6)	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS
Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R2 000 000	MDRG	New	N/A	N/A	5km of Rip and Recompact of Mayeye gravel road maintained in ward 10 by the 30 June 2024	5km of Rip and Recompact of Mayeye road maintained in ward 10	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS
Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R2 800 000 00	MDRG	New	N/A	N/A	3.5km of Rip and Recompact of Mnowangale (khuzani)gravel road maintained in ward 10 by the 30 June 2024	3.5km of Rip and Recompact of Mnowangale (khuzani)gravel road maintained in ward 10	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS
Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R2 570 000 00	MDRG	New	N/A	N/A	3km of Rip and Recompact of Eloseni gravel road maintained in ward 12 by the 30 June 2024	3km of Rip and Recompact of Eloseni road maintained in ward 12	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS
Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R4 275 000 00	MDRG	New	N/A	N/A	6.2km of Rip and Recompact of Mackaysneck gravel road maintained in ward 5 by the 30 June 2024	6.2km of Rip and Recompact of Mackaysneck road maintained in ward 5	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS
Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R2 300 000	MDRG	New	N/A	N/A	5km of Rip and Recompact of Mt Arthur gravel road maintained in ward 12 by the 30 June 2024	5km of Rip and Recompact of Mt Arthur road maintained in ward 12	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS
Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R3 100 000	MDRG	New	N/A	N/A	2.6km of Rip and Recompact of Kwa-Fani gravel road maintained in ward 7 by the 30 June 2024	2.6km of Rip and Recompact of Kwa-Fani road maintained in ward 7	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS
Number of Km of gravel road maintained by the set date	15 km of gravel road in Wards maintained	Improved access roads	R380 000	MDRG	New	N/A	N/A	Installation of Gabions baskets in ward 7 by the 30 June 2024	Installation of Gabions baskets in ward 7	Achieved	N/A	N/A	Allocation Letter/ Appointment letter, progress report	IDHS

					R2 017 000.00	INEP	New			Connect of 33 households in Buteladornence by 30 June 2024	Connect of 33 households in Buteladornence	Achieved	N/A	N/A	Appointment Letter, Progress Report with photos and practical completion certificate	IDHS	
					R2 760 000.00	INEP	New			Connect of 65 households in Luthindweni by 30 June 2024	Connect of 65 households in Luthindweni	Achieved	N/A	N/A	Appointment Letter, Progress Report with photos and practical completion certificate	IDHS	
					R987 761.71	INEP	New			Connect of 8 households in Kurhagu by 30 June 2024	Connect of 8 households in Kurhagu	Achieved	N/A	N/A	Appointment Letter, Progress Report with photos and practical completion certificate	IDHS	
					R45000.00	INEP	New			Connect of 31 households in Ndonga by 30 June 2024	Connect of 31 households in Ndonga	Achieved	N/A	N/A	Appointment Letter, Progress Report with photos and practical completion certificate	IDHS	
					R722 036.72	INEP	new			Connect of 10 households in Maghubela by 30 June 2024	Connect of 10 households in Maghubela	Achieved	N/A	N/A	Appointment Letter, Progress Report with photos and practical completion certificate	IDHS	
	Implement, monitor, and report on the approved Electrification infrastructure Plan	Number of High Mast Installed by 30 June 2024	High Mast Connected	Improved infrastructure on electrification programme	R1 400 000.00	Office of the Premier	New	N/A	N/A	12 High Mast Light installed 3 for Greyspan and 9 for Ezingqolweni village by 30 June 2024	12 High Mast Light installed 3 for Greyspan and 9 for Ezingqolweni village	Achieved	N/A	N/A	Progress Report, photos and Appointment Letter	IDHS	
	To maintain and improve financial viability of the municipality by June 2027	Number of Back up Generator by 30 June 2024	2 existing Back Up Generators	Improved quality of supply	R700 000.00	CAPEX	New	N/A	N/A	Supply, Delivery and installation of 1 Back Up Generators by 30 June 2024	Supply, Delivery and installation of 1 Back Up Generators by	Achieved	N/A	N/A	Signed Terms of reference and advert notice, Appointment letter, Delivery Note and Progress report and Completion certificate	IDHS	
	To maintain and improve financial viability of the municipality by June 2027	Number of households connected by a set date	Existing Transformers, Substation Switch Gears and Ring Main Units are overloaded and ageing	Improved quality of Supply	R2 000 000.00	CAPEX	New	N/A	N/A	Supply, delivery and installation of 2 Mini Sub-Transformers by 30 June 2024	Supply, Delivery and installation of 2 Mini Sub-Transformer at dorndrecht completed	Achieved	N/A	N/A	Signed Terms of reference and advert notice, Appointment letter, Delivery Note and Progress report and Completion certificate	IDHS	
<b>KPA 2: LOCAL ECONOMIC DEVELOPMENT</b>																	
Small Medium and Micro Enterprise Development	SMME Development	SMME incubation	Number of SMMEs in the Incubator Supplier Register for participation SMME Incubation Programme by 30 June 2024	New project	Steady access to work opportunities	R0	Open	2_23_23_1_P053		20 SMMEs registered in the incubator Supplier Register and capacitated for participation in SMME Incubation Programme by June 2024	Advert was published on the 18th of September and closes on the 13th of October 2023. 5 Qualifying companies have been appointed to be part of the SMME incubation programme. Re-advertisement for additional SMME's in the incubation programme was issued and closed on the 27th February 2024. Bidders submissions were non responsive due to compliance issues	Not Achieved	Bidders non responsive due to compliance. 5 Qualifying companies have been appointed to be part of the SMME incubation programme	Target has been moved to Q1 for financial year 2024/2025 to re-advertise for additional SMME's to participate in the incubation programme	Advert notice and master list, Delivery Note, appointment letter, attendance register	PEDTA	

Agricultural Development	To promote, facilitate and improve sustainable local economic development by June 2027	Provide agricultural development services	Number of Irrigation Schemes supported	1 Irrigation Scheme Supported	Small scale irrigation scheme revitalised	R300 000	OPEX	2_23_23_1_P065	1 Irrigation Scheme supported by 30 June 2024	Achieved: 1 Irrigation Scheme supported by 30 June 2024	1 Irrigation Scheme supported by 30 June 2024	1 Irrigation Scheme supported procurement of tractor and Ripper Tine for Lanti Irrigation scheme was done on the 18 September 2023	Achieved	N/A	N/A	Advert, Requisition, Delivery note	PEDTA
Agricultural Development	To promote, facilitate and improve sustainable local economic development by June 2027	Provide agricultural development services	Number of feedlot supported	Operation Plan Implemented	Commercial farming	R0	OPEX	2_23_23_1_P054	1 Feedlot supported by June 2024	Achieved: 1 Feedlot supported by June 2024	1 Feedlot supported by June 2024	1 Feedlot supported: Feedlot/handso Lwakhe Nkosi Trading and Projects has been appointed to deliver production inputs for Feedlot. Delivery of production inputs was done by 02 October 2023.	Achieved	N/A	N/A	Advert, Requisition, Delivery note	PEDTA
Local Economic Development	To promote, facilitate and improve sustainable local economic development by June 2027	Lobby investors to the Municipal Area	Number of Investment Summits facilitated by 30 June 2024	LED Strategy	Local Investment	250000	OPEX	2_27_27_4_P137	1 Investment Summit held in the Municipal Area by June 2024	N/A	1 Investment Summit held in the Municipal Area by June 2024	Concept document for Investment Summit developed by September 2023. Investment Summit was held on the 28&29 November 2023 at Queen Nonesi Cultural Village	Achieved	N/A	N/A	Concept Document, Attendance register	PEDTA
Small Medium and Micro Enterprise Development	SMME Development	Provision of Economic Infrastructure	Number of feasibility study for container mall conducted	Number of Cacadu Container Malls developed	Conducive trading environment	R1 000 000	OPEX	New	1 Feasibility study for Cacadu Container Mall Developed	N/A	Feasibility study for Cacadu Container Mall Developed	Advert was issued and closed on the 14 February 2024. Tender was advertised in April 2024 and briefing was held on the 23rd of April 2024 and tender closed on the 17th of May 2024. Feasibility study done	Achieved	N/A	N/A	Advert notice, Feasibility study	PEDTA
Spatial Planning and Land Use Management	Implementation of Spatial Planning and Land Use Management (SPLUMA) by 2027	Completion of Emalahleni Land Audit Report	Number of the Emalahleni Land Audit Completed	New project	Land audit report	R171 500 00	OPEX	1_20_20_1_P048	1 Land Audit Report submitted by June 2024	Not Achieved: 1 Land Audit Report submitted by June 2024	Completed Emalahleni Land Audit Report by June 2024	Draft land audit report was submitted by consultant in September 2023. Land audit report submitted to council on 12th of November 2024	Achieved	N/A	N/A	Draft Land Audit Report, Council Resolution	PEDTA
Spatial Planning and Land Use Management	Implementation of Spatial Planning and Land Use Management (SPLUMA) by 2027	Review of the Emalahleni Spatial Development Framework	Complete review of Spatial Development Framework by June 2024	Approved SDF 2017-2022	Improved Spatial Planning	R400 000	OPEX	4_55_55_2_P109	1 Spatial Development Framework Reviewed by June 2024	N/A	Emalahleni Spatial Development Framework Reviewed by June 2024	Spatial Development Framework Reviewed, submitted and adopted by Council on the 31st of May 2024	Achieved	N/A	N/A	Advert notice and letter of appointment, Inception and Situational analysis report, Strategies report, Council Resolution and Advert Notice	PEDTA

Sustainable development and growth of the Local Economy - EPWP	To promote facilitate and improve sustainable local economic development by June 2027	Job creation through EPWP on municipal sectoral functions   Sport fields, Roads, road	Number of local people employed in projects and reported on EPWP MIS system	200 Local People employed in Projects and Reported on EPWP MIS System by 30 June 2023	Improved livelihood	R1 416 000	EPWP	2_27_27_4_P137	100% of the budget was allocated to the projects and reported on the EPWP MIS system by 30 June 2023.	100% of the budget was allocated to the projects and reported on the EPWP MIS system by 30 June 2023.	Create 220 Job Opportunities through EPWP and Projects by 30 June 2024	Create 405 job opportunities through EPWP and Projects	Achieved	N/A	N/A	MIS Report	IDS
<b>KPA 3: GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>																	
Internal Audit	To ensure effective audit and corporate governance function that will result in improved compliance and clean administration by 2027	Review municipal internal controls through internal audit plan	Number of reports on progress against approved IAP submitted to AC for noting	4 reports in 2022-2023	Functional Internal Audit	422000	Opex	1_35_35_3_P136	100% of the budget was allocated to the projects and reported on the EPWP MIS system by 30 June 2023.	100% of the budget was allocated to the projects and reported on the EPWP MIS system by 30 June 2023.	4 progress reports against IAP submitted to AC for noting by 30 June 2024	The meetings were convened as follows the 04th of August 2023 and the special meeting sat on the 27th of August 2023, the 19th October, 22 July 2023 October, 23 April 2024. And 24 June 2024.	Achieved	N/A	N/A	Quarterly reports tabled to Audit Committee meeting	OFFICE OF THE MUNICIPAL MANAG
		Monitor the implementation of the audit outcome improvement plan	Number of ADIP follow up reports submitted to the AC	3 ADIP Follow up reports submitted to AC	Improved Audit Outcomes	R0	OPEX	1_35_35_4_P137	100% of the budget was allocated to the projects and reported on the EPWP MIS system by 30 June 2023.	100% of the budget was allocated to the projects and reported on the EPWP MIS system by 30 June 2023.	3 follow up reports on the implementation of the Audit Action Plan (AAP) by 30 June 2024	Target was not achieved in Q2 due to misplacement of target planning it was supposed to be planned for Q1,Q3and Q4 and Q2 to not applicable thus making us not to achieve this	Not Achieved	The target is replaced and will be rectified in the next year as this quarter should have been N/A. The AC sits after the 3rd quarter reporting.	The target will be rectified in the 2024/2025 FY	Quarterly Audited ADIP report	OFFICE OF THE MUNICIPAL MANAG
<b>KPA 4: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>																	
Human Resources	To develop the skills of the workforce by June 2022	Implement the HRD Strategy	Number of HRD Strategy Programmes implemented	4 HRD strategy programmes implemented	Skilled and capable workforce	R100 000 00	Opex	4_40_40_1_P064	100% of the budget was allocated to the projects and reported on the EPWP MIS system by 30 June 2023.	100% of the budget was allocated to the projects and reported on the EPWP MIS system by 30 June 2023.	(1) HRD Strategy programme implemented by June 2024	Noluntu Mzwana Meeuse taking and Report writing was conducted on the 26-28 February 2024, MPAC training was conducted in June 2024 Bursaries were advertised in November 2023 but we could not get applicants qualified	Not Achieved	POPs were not signed by all employees hence we could not be achieved. CPMD was advertised but we could get suitable service providers. Bursaries were not awarded due	In 2024/2025 skills development plans will be taken from WSP/ATR,CPMD will be re advertised. Bursaries will be budgeted in 2024/2025 (FY)	Quarterly reports and proof of registration, Training Plan 2024-2027 and PDP 2024/2025 Signed, Bursary Agreements signed and Training Plan 2024/2025	CORPORATE SERVICES
			Percentage of Performance and Accountability Agreements signed and implemented in line with the requirements of the reviewed PMS Framework and Policy	performance Agreements - 2022/2023	Improved service Delivery	50 000 00	Opex	4_41_41_1_P065	100% of the budget was allocated to the projects and reported on the EPWP MIS system by 30 June 2023.	100% of the budget was allocated to the projects and reported on the EPWP MIS system by 30 June 2023.	All Senior Managers Performance Agreements signed and implemented in line with the reviewed PMS Development Framework by 30 June 2024	Not Achieved: 50% Performance and Accountability Agreements signed and implemented in line with the reviewed PMS Framework and policy.	Not Achieved	50% Performance and Accountability Agreements signed and implemented in line with the reviewed PMS Framework and policy.	All Performance agreements to be signed and implemented in line with the reviewed PMS Framework and policy in the 2024/2025	Quarterly Reports, Performance Agreement and PGP, signed Report on quarter 4 assessments, Report on assessment, Invites and attendance register	CORPORATE SERVICES
Information Communication Technology	To provide reliable and secured ICT services within the municipality	Implementation of ICT Projects	Number of Information and communication Technology projects implemented	3 ICT projects implemented	Improved ICT Programmes	R 2 950 000 00	OPEX	4-43-P069	100% of the budget was allocated to the projects and reported on the EPWP MIS system by 30 June 2023.	100% of the budget was allocated to the projects and reported on the EPWP MIS system by 30 June 2023.	5 Information and Communication Technology (ICT) projects implemented.	Projects numbered 3, 4 and 5 have been fully implemented.	Not Achieved	Project under point 1, the solution for SD WAN was advertised and no responses were received from the bid advert.	Both projects were readvertised on the SiTA contract and will be concluded in the first quarter of 24/25	Advert-MPLS, Delivery note-security system, copy of licenses, quarterly reports-telephone management, Backup-automated reports	CORPORATE SERVICES

										<ul style="list-style-type: none"> <li>1. Installation of server in office 305 E3 plan,</li> <li>2. Installation of data points at SCM and Finance</li> <li>3. Licensing of check licenses for backup solution</li> <li>4. Administration, monitoring and maintenance of Printing solution and,</li> <li>5. Administration,</li> </ul>	<p>was then re-advised on the SITA contract which has not been concluded yet.</p> <p>Project numbered 2. was advertised and two responses were received however no service provider was found the project was then re-advised on the SITA contract which has not been concluded yet.</p>		no service provider was found.				
IDP	Develop and implement a responsive institutional plan	Develop and implement a responsive institutional plan	IDP reviewed and submitted to Council for adoption	2022-2027 developed IDP	Development Planning	R350 000 00	OPEX	4_54_54_2_P106	Not Achieved. IDP reviewed and submitted to Council for approval by 30 June 2024.	Achieved. IDP reviewed and submitted to Council for approval by 30 June 2024.	IDP reviewed and submitted to Council for approval by 30 June 2024.	Draft Situation Analysis was circulated to Declarates to populate on the 28th September 2023. Review of Development Needs facilitated in all wards on November and December 2023. Draft Reviewed IDP submitted to Council Structures for noting on the 28 March 2024. Reviewed IDP submitted to Council Structures for adoption and Council for adoption 31 May 2024	Achieved	N/A	N/A	Council Resolution, Attendance register, Council Resolution	PEDTA
<b>KPA 5: FINANCIAL VIABILITY AND MANAGEMENT</b>																	
Sound Financial Management	To maintain and improve financial viability of the municipality by June 2027	100% Expenditure on budget on received conditional grants Annual Financial Statements	% expenditure of budget on received conditional grants	100% expenditure of budget on received conditional grants		R69 834 000	M/G, INEP, EPWP, FMG and Library Subsidy	5-57-P111	100% expenditure of budget on received conditional grants by 30 June 2024.	Achieved. 100% expenditure of budget on received conditional grants by 30 June 2024.	100% expenditure of budget on received conditional grants by 30 June 2024.	M/G, INEP, EPWP & Library Subsidy spending is at 100%	Achieved	N/A	N/A	Expenditure Report	BTO/ IDHS
Supply Chain Management	To maintain and improve financial viability of the municipality by June 2027	Compliance with Supply Chain Regulation and National Treasury Guidelines on Procurement Processes	Percentage of Irregular Expenditure on new procurement	0% of Irregular Expenditure on new procurement	Improved compliance with SCM legislation	R100 000	OPEX	5_56_56_1_P106	0% of Irregular Expenditure on new procurement by 30 June 2024.	Not Achieved. 0% of Irregular Expenditure on new procurement by 30 June 2024.	0% of Irregular Expenditure on new procurement by 30 June 2024.	2% new procurement expenditure incurred in 2024/24.	Not Achieved	The Municipality lodge a case for ERF1 land invasion in 2022 and the court judgement was release in 2023. time frames for procurement was affected hence the municipality opted to appoint service providers without following the SCM processes	The SCM Unit will prepare an item to MPAC for further investigation	Quarterly Report	BTO

		% of compliance with SCM Turn around Policy	2022-2023 Procurement Plan	Timeous procurement	R0	N/A	New	100% compliance with Supply Chain Management Turn Around Policy by June 2024	Not Achieved: 100% compliance with Supply Chain Management Turn Around Policy by June 2024	100% compliance with Supply Chain Management Turn Around Policy by June 2024	Average rate of 85.83% compliance with Supply Chain Management Turn Around Policy by 30 June 2024	Not Achieved	The SCM office encountered postponements of events by user departments which contributed to the non-compliance of the policy	Proper planning by the user departments (Events management)	Quarterly Report	BTO
	Implement credit control and debt collection policy	% of billed income collected	95% Collection rate	Improve the financial viability of the Municipality	18 453 210.00	Opex	5_59_59_2_P121	95% of billed income collected by 30 June 2024	Achieved	95% of billed income collected	50% billable collection rate by June 2024	Not Achieved	Delays in implementation of physical visits to follow on debts over 90 days	Perform site physical verification in 2024/2025	Quarterly Report	BTO
		% of non-billable income collected	80% Collection rate	Completeness of Revenue	R0 00	Opex	5_59_59_3_P122	80% compliance with Supply Chain Management Turn Around Policy by June 2024	Not Achieved: 100% compliance with Supply Chain Management Turn Around Policy by June 2024	95% of billed income collected by 30 June 2024	105% non billable collection rate by June 2024	Achieved	N/A	N/A	Quarterly reports	BTO

## **Purpose of a Performance Management System**

The adopted Performance Management System Framework of the municipality defines Performance Management System as “a strategic approach to management which equips leaders, managers, employees, and stakeholders at different levels, with a set of tools and techniques to regularly plan, continuously monitor and periodically measure and review performance of the organization (municipality) in terms of indicators and targets for efficiency, effectiveness, and impact.” A PMS is also intended to assist the Council to improve service delivery by channeling its resources to meet performance targets and in doing so, ensure that the municipality achieves its strategic objectives is contained in its IDP.

### **A PMS should fulfil the following Objectives:**

- Facilitate increased accountability
- Facilitate learning and improvement
- Provide early warning signs decision making

### **Background to Performance Management**

The legislative requirement for the development of PMS includes:

- Constitution, 1996
- Municipal Systems Act 2000 as amended
- Municipal Finance Management Act 2003
- Municipal Planning and Performance Management Regulations 2006
- White Paper on Local Government 1993
- White Paper on Transformation of the Public Service 1997

However, the main regulatory mechanism for Performance Management System is Chapter 6 of the Municipal Systems Act, (Act 32 of 2000) and the related Municipal Performance Management Regulations and Municipal Finance Management Act.

The MSA requires that all Municipalities:

- Develop a Performance Management System
- Set target and monitor and review performance based on indicators linked to their IDP.
- Prepare an annual Performance Report on the performance of a municipality forming part of its Annual Report as required in terms of the MFMA
- Incorporate and report on a set of general / national indicators prescribed by the Minister responsible for cooperative governance and traditional affairs.
- Conduct on a continuous basis, an internal audit of all performance measures Have their annual performance report audited by the Auditor general
- Involve the community in setting indicators, targets and reviewing of municipal performance.

The Municipal Planning and Performance Management Regulations further details the requirements of a PMS.

## **LEGISLATIVE REQUIREMENTS AND COMPLIANCE DURING THE 2023/2024 FINANCIAL YEAR DEVELOPMENT OF A PERFORMANCE MANAGEMENT FRAMEWORK**

In compliance with the Municipal Systems Act 2000 as amended as well as the Municipal, Planning and Performance Regulations, 2001, and in consultation with the community and community stakeholders a Performance Management Framework were developed. The Performance Management Framework together with the Organizational Scorecard, Performance plans, and Performance agreements of all section 57/56 employees were approved by Council. The Framework describes how the municipality’s performance cycle in respect of planning, monitoring, measurement, review, reporting and improvement will be conducted. It also specifies

the institutional arrangements for the management of PMS and includes the roles and responsibilities of the respective role-players.

The following illustrates the PMS cycle as specified in the approved Framework:

1. Performance Planning
2. Performance Monitoring
3. Performance Measuring
4. Performance Analysis
5. Performance Reporting
6. Performance Review

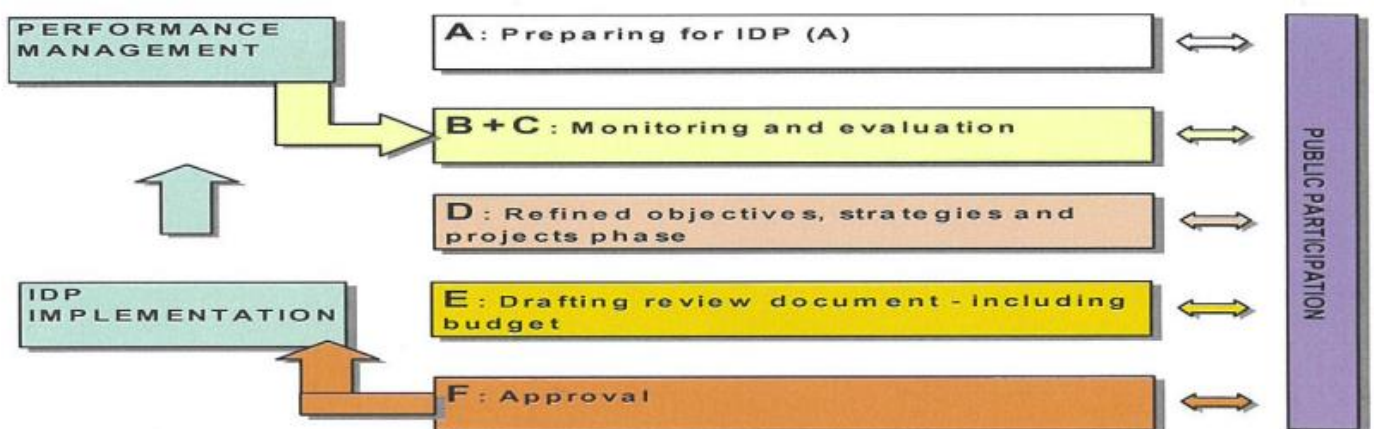
The PMS Framework policy was reviewed in May 2023 and adopted in Council in June 2023.

**IDP, PMS INTEGRATION THROUGH SDBIPS**

During the 2023-2024 IDP Review and Budget process an attempt was made to align the IDP with the budget to comply with both MFMA and MSA. At a strategic level, the IDP Priorities were aligned to the national Key Performance Areas and the Provincial Growth Development Strategy of the Eastern Cape Provincial government. Organisational objectives in terms of the IDP, were incorporated into the Organisational PMS by developing applicable indicators for measuring of performance and then setting of targets (within the available resources as specified in the Budget for the 2023-2024 Financial Year).

All of this was consolidated into an institutional service delivery and budget implementation plan in line with the NKPA Model as specified in the Framework mentioned above to allow for measuring and reporting of performance at an Organizational / Strategic level.

The following Figure illustrates the link between the IDP, Budget and PMS.



## MONITORING AND EVALUTION AND REVIEW

At the end of every quarter Directorates were expected to submit to PEDTA Directorate, their completed SDBIP reports for consolidation and verification and further submission to Internal Audit for verification and authentication. Internal Audit thereafter submits to the External Audit Committee, which in turn reviews the PMS and submits recommendations thereon to the Council.

This process is intended to allow the municipality to monitor, evaluate and review its performance based on the National and its own IDP key performance areas. The following is derived from both the legislative framework for performance management and PMS framework, summarizes for ease of reference and understanding the various performance deadlines as it applies to the Municipality.

**Table 1: PMS Reporting requirements**

REPORT	FREQUENCY	SUBMITTED FOR CONSIDERATION AND OR OVERVIEW TO	REMARKS
1. SDBIPs (implantation of budget)	Quarterly	Executive Committee	See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor (in consultation with EXCO)	See Sections 71 and 54 of the MFMA
3. Organisational Score card	Quarterly	Executive Committee	As per PMS framework adopted 2022
4. SDBIP mid-year budget and performance assessment	Annually during January of each year	Mayor (in consultation with EXCO)	See Sections 72 and 54 of the MFMA
5. Performance Report	Annually	Council	See Section 46 of the Municipal Systems Act as amended. The report should form part of the Annual Report
6. Annual report	Annually	Council	See Chapter 12 of the MFMA

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE  
(Performance Report Part II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

**Employee Totals, Turnover and Vacancies**

<b>Employees (T4.1.1)</b>					
Description	Year -1	2023/2024			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies
Amenities	18	19	18	2	2
Electricity	5	6	05	1	1
Environmental Services	06	06	06	0	0
Housing	05	05	05	0	0
Local Economic Development	13	14	13	1	1
Public Safety	22	24	22	2	2
Roads	18	20	18	3	3
Solid Waste Management Services	76	63	55	8	8
<b>Total</b>	<b>163</b>	<b>157</b>	<b>142</b>	<b>17</b>	<b>17</b>

<b>Vacancy Rate: Year 2022/2023(T4.1.2)</b>			
Description	Total Approved Posts No.	Vacancies (Total Time vacancies exist using fulltime equivalents) No.	Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S56 Managers (excl. Finance Posts)	4	0	0%
Law Enforcement	9	2	0%
Fire Fighters	0	0	00%

Middle Management Level (excl. Finance Posts)	14	1	10%
Middle Management Level (Finance Posts)	3	0	0%
Highly Skilled Supervisors (excluding Finance Posts)	0	0	0%
Highly Skilled Supervisors (Finance Posts)	0	0	0%
Total	32	3	30%

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### Introduction to Municipal Workforce

Workforce management is a core function of each line manager in municipality. To ensure reasonable standardization and consistency in the handling of the workforce, disciplinary procedures and conditions of service are developed 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 and are then implemented by line management. Conditions of service of senior managers are based up on the regulations promulgated by the Minister of Cooperative Governance and approved by Council.

In addition to the above, a wide range of policies, procedures and directives are approved by relevant approval authorities after due consultation with stakeholders such as Council, the Municipal Manager and Senior Management. Such policies, procedures and directives are then circulated to all staff for implementation and compliance.

### MUNICIPAL POLICIES

No	Name of the Policy	Review	New Policy
1	Acting Allowance	✓	
2	Absenteeism Control Policy	✓	
3	Mobile phone Policy for Councilors	✓	
4	Mobile phone Policy for Employees	✓	
4	Bursary Allowance Policy	✓	
5	Car Allowance	✓	
7	Civic Funeral Policy	✓	
8	Communication Policy	✓	
9	Asset Disposal Policy	✓	

10	Employment Equity Policy	✓	
11	Fleet Management Policy	✓	
12	ICT Governance Framework	✓	
13	Job Evaluation Policy	✓	
14	Occupational Health and Safety Policy	✓	
15	Promotion, demotion and transfer Policy	✓	
16	Recruitment and selection Policy	✓	
18	Substance and Alcohol Abuse in the workplace Policy	✓	
19	Whistle Blowing	N/A	
20	Code of conduct and Ethics	N/A	
21	Facilities Management	✓	
22	Human resources Conditions of Service Policy	✓	
23	ICT Policies	✓	
24	Leave Management Policy	✓	
25	Individual Performance Management and Development System Policy and Procedure	✓	
26	Public Participation Strategy and Policy		
27	Sexual Harassment Policy	✓	
28	Camping Policy	✓	
29	Training and study assistance Policy	✓	
30	Supply Chain Management	✓	
31	Credit Control and debt collection	✓	
32	Indigent Policy	✓	
33	Virement	✓	
34	Irregular, fruitless and wasteful expenditure	✓	
35	Records Management Policy	✓	
36	Rates Policy	✓	
37	Asset Management	✓	
38	Investment and cash management Policy	✓	
39	Budget Policy	✓	
40	Tariff Policy	✓	

41	Ward Committee Policy	✓	
42	Petty cash Policy		
43	Customer Care Policy	✓	
44	Fraud and anti-corruption prevention policy	✓	
45	Bereavement Policy	✓	
46	Patch Management		
47	ICT User Access Management Policy	✓	
48	ICT Backup Policy	✓	
49	Extended Public Works Policy	✓	
50	Roads Maintenance Policy	✓	
51	ICT Security Policy		✓
52	Incapacity Management Policy		✓
53	Sick Leave Management Policy		✓
54	Induction Management Policy		✓
55	Exit Management Policy		✓
56	Payroll Management and Administration Policy and Procedure	✓	
57	Overtime Management Policy and Procedure		✓
58	Placement and Management Policy		✓

**NUMBER AND PERIOD OF SUSPENSIONS:**

The Local Labour Forum is fully functional, and the employer and employee relations are stable. Table below illustrates the management of cases by the Labour Relations Unit during 2023/2024 financial year.

SUSPENSIONS	DISMISSALS	PENDING CASES	WARNINGS ISSUED	Counselling Sessions
0	0	1	0	5

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## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

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

The HRD strategy was developed and approved for implementation in December 2017. The following projects are in the strategy and are implemented: In 2023/2024, the directorate implemented 3 HRD Strategies (Report writing and Minute taking for Clerks and Secretaries, Presiding for disciplinary proceedings).

1. Workplace Skills Plan (WSP) training Programmes
2. Internships
3. Learnerships

## COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

### EMPLOYEE EXPENDITURE

**EC136 Emalahleni (Ec) - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June**

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		2 807	650	650	-	1 478	650	828	127%	650
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		2 807	650	650	-	1 478	650	828	127%	650
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		95	100	100	-	-	100	(100)	-100%	100
Community and social services		138	0	0	-	-	0	(0)	-100%	0
Sport and recreation		(43)	0	0	-	-	0	(0)	-100%	0
Public safety		-	100	100	-	-	100	(100)	-100%	100
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		61 670	42 483	95 169	11 619	62 144	95 169	(33 025)	-35%	95 169
Planning and development		-	2 250	4 572	-	2 036	4 572	(2 536)	-55%	4 572
Road transport		61 670	40 233	90 597	11 619	60 107	90 597	(30 490)	-34%	90 597
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		1 043	28 181	26 636	809	21 689	26 636	(4 947)	-19%	26 636
Energy sources		-	28 081	26 536	809	21 689	26 536	(4 847)	-18%	26 536
Water management		-	-	-	-	-	-	-	-	-
Waste water management		1 043	0	0	-	-	0	(0)	-100%	0
Waste management		-	100	100	-	-	100	(100)	-100%	100
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>65 616</b>	<b>71 414</b>	<b>122 555</b>	<b>12 428</b>	<b>85 311</b>	<b>122 555</b>	<b>(37 244)</b>	<b>-30%</b>	<b>122 555</b>
<b>Funded by:</b>										
National Government		40 078	62 394	107 805	12 428	73 919	107 805	(33 886)	-31%	107 805
Provincial Government		22 687	2 720	2 720	-	2 090	2 720	(630)	-23%	2 720
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		<b>62 765</b>	<b>65 114</b>	<b>110 525</b>	<b>12 428</b>	<b>76 009</b>	<b>110 525</b>	<b>(34 516)</b>	<b>-31%</b>	<b>110 525</b>
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		<b>2 795</b>	<b>3 800</b>	<b>6 402</b>	<b>-</b>	<b>2 888</b>	<b>6 402</b>	<b>(3 514)</b>	<b>-55%</b>	<b>6 402</b>
<b>Total Capital Funding</b>		<b>65 560</b>	<b>68 914</b>	<b>116 927</b>	<b>12 428</b>	<b>78 896</b>	<b>116 927</b>	<b>(38 031)</b>	<b>-33%</b>	<b>116 927</b>

**LIST OF COUNCILLORS/EMPLOYEES WHO HAVE DECLARED THEIR COMPANIES/FINANCIAL INTERESTS**

WARD/PR COUNCILLORS

Name of Person	Name of company	Declared (Y/N)
Koni Nontombizanele	<ul style="list-style-type: none"> <li>• NF Koni Zenzele SAB Shares</li> <li>• Suster Tavern</li> <li>• Spaza Shop</li> </ul>	Yes
Lali Xoliseka Bathandwa	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Mtyobile Sharon Ncedisa	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Kowa Sanele	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Zola Victor Bebeza	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Mzuvukile Tom	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Nyukwana Sonwabise	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Twala Nokuphumla Badikazi	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Kulashe Thandeka Gloria	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Kraqa Nowandisile Nobantu	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Maratana Siphokazi	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Limba Mcebisi	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Bangisa Wilson	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Songo Nokubonga	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Malotana Singatwa	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes

<b>Name of Person</b>	<b>Name of company</b>	<b>Declared (Y/N)</b>
Hlanganyana Afika	• None	Yes
Mzandisi Unathi	• None •	Yes
Bidi Zola	• None	Yes
Macithi Vuyokazi Vivian	• None	Yes
Nqono Nosibulelo	• None	Yes
Qali Zanoxolo	• None	Yes
Sibeko Yonwaba Nosipho	• None	Yes
Masiza Mxolisi	• None	Yes

NdlelaThandiwe	• None	Yes
Matyobeni Vusumzi	• None	Yes
Qomoyi Mncedisi	• None	Yes
Mnyuko Vuyokazi	• None	Yes
Peter Nkohla	• None	Yes
Mxathule Babalwa	• None	Yes
Mkhethi Bekeka	• None	Yes
Ngesi Thembalakhe	• None	Yes
Kupiso Sakhisizwe	• None	Yes
Mnyolo Nomathemba	• None	Yes

Ngqaquhu Nomangqika	• None	Yes
Chief Solomzi Thambekile	• None	Yes

#### SECTION 56/57 MANAGERS

POB Makoma	• None	Yes
Gatyeni Malusi	• None	Yes
Lehlela Mothusi	• None	Yes
Sikobi Xolani	• None	Yes
Mntuyedwa Nkululo	• 26 Grey Street, Queenstown Rental Accommodation (7 Units)	Yes
Javu Thobela	• None	Yes

#### SUPPLY CHAIN STAFF

Mpokela Vuyiseka	• None	Yes
Majambe Fungiwe	• None	Yes
Mejeni Zola	• None	Yes
Stemela Nceba	• None	Yes
Songelwa Akhona	• None	Yes

BTO STAFF

Name of Person	Name of company	Declared (Y/N)
Ngeva Nomakhosazana	• None	Yes
Manakaza Philisa	• None	Yes
Mbombo Mamela	• None	Yes
Matoti-Qambi Zola	• None	Yes
Qondela Nomvuyo	• None	Yes
Xakwe Ntomboxolo	• None	Yes
Boniwe Sinawo	• None	Yes
Nobhula Andisiwe	• None	Yes
Stuurman Lusanda	• None	Yes
Mejeni Zola	• None	Yes
Ziwele Lusanda	• None	Yes
Madikizela Madodomzi	• None	Yes
Mxhamli Zikhona	• None	Yes
Makhasi Nqaba	• None	Yes
Sam Asithandile	• None	Yes
Njovane Indiphile	• None	Yes

Bhuti Babalwa	• None	Yes
COMMUNITY SERVICES STAFF		

Name of Person	Name of company	Declared (Y/N)
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Owen Luyanda Ndyumbu	• None	Yes
Mbengo Thembela Sherol	• None	Yes
Welile Mbaliso	• None	Yes
Makoma Nomfundo	• None	Yes
Bizwaphi Sivuyisiwe	• None	Yes
Kalipha Phakama	• None	Yes
Hlangu Nkosiyabo	• None	Yes
France Nolusindiso	• None	Yes
Jack Mthandazo	• None	Yes
Mbono Mthunzi	• None	Yes
Mgemane Letshego Junior	• None	Yes
Gushelo Mncedisi	• None	Yes
Ntongana Nandipa Nwabisa Kwasa	• None	Yes
Nkwentsha Yandela	• None	Yes
Banca Luvuyo Lovemore	• None	Yes
Ngqele Trevor	• None	Yes
Khayingana Mathias	• None	Yes
Xuba Kunjulwa	• None	Yes
Qaba Andile	• None	Yes
Mphali Victor	• None	Yes
Hamza Mandla	• None	Yes
Mntuyedwa Nomsa Charity	• None	Yes
Magalati Nombulelo Eunice	• None	Yes

Mfihlo Asanda	• None	Yes
Matyalana Bonga	• None	Yes
Hleko Sima	• None	Yes
Chaza Mandlenkosi	• None	Yes

Ntlali Nomsindisi	• None	Yes
Siyeka Malibongwe	• None	Yes
August Nondumiso	• None	Yes
Tshazibane Douglas	• None	Yes
Ntshebe Sivuyile	• None	Yes
Songo Simphiwe	• None	Yes
Khethelo Lungelwa	• None	Yes
Manjo Xolisa	• None	Yes
Zibi Ntombizanele	• None	Yes
Makinana Thobeka	• None	Yes
Hotyelwa Ntobeko Elvis	• None	Yes
Bonga Xolisa Samuel	• None	Yes
Mzileni Zindlovu	• None	Yes
Fatyela Ncediswa	• None	Yes
Bendlela Zonwabele	• None	Yes
Liwani Sipiwo	• None	Yes
Msebi Mzwabantu Andrew	• None	Yes
Bobotyana Makwenkwe	• None	Yes
Silwanyana Mandlenkosi	• None	Yes
Mtingeni Zolani	• None	Yes
Kanzi Pumlani	• None	Yes
Pijoos Mabhuti	• None	Yes
Sam Mandisa	• None	Yes
Dliwako Xolisa	• None	Yes
Magalati Akhona	• None	Yes
Myekwa Nkosifikile	• None	Yes
Yaphi Bukiwe	• None	Yes

**INFRASTRUCTURE DEVELOPMENT AND HUMAN SETTLEMENTS STAFF**

<b>Name of Person</b>	<b>Name of company</b>	<b>Name of Person</b>
Umanda Njuze	• None	Yes
Khanya Nomesi	• None	Yes
Duba Timoty	• None	Yes
Malusi Ludwe Anda	• None	Yes
Ndamane Sango	• None	Yes
Nzima Bongani	• None	Yes
Soboyisi Ntozami	• None	Yes
Mati Zenzile Richard	• None	Yes
Nkololo Siyabonga	• None	Yes
Ganamfana Xolile Maxwell	• Twin Dog Construction cc • Sibanye Event Management	Yes
Siyekwana Isaac Vuyani	• None	Yes
Thenjwa Mhlozayo Elvis	• None	Yes
Nkasela Amanda Nosisa	• None	Yes
Ndyalvan Patrick	• None	Yes
Sabatha Zolani	• None	Yes

CORPORATE SERVICES STAFF

Gqada Ziyanda	• None	Yes
Maqungo Ntombizodwa	• None	Yes
Mpokela Noluthando	• None	Yes
Baza Azola	• None	Yes
Kelembe Buyiswa	• None	Yes
Peter Nonkosikho	• None	Yes
Zangwa Sanelisiwe	• None	Yes
Jentile-Phopho Lindelwa	• None	Yes
Xozumthi Eric	• None	Yes
Lujabe Vuyo	• None	Yes
Bushula Nelisa	• None	Yes
Rozlyn Plaatjies	• None	Yes
Skoti Mzukisi	• None	Yes
Kamteni Ziyanda	• None	Yes
Bakana Lunga	• Bakana Lunga	Yes

IT STAFF

Matinise Phakamisa	• None	Yes
Sivenathi Cwathi	• None	Yes

PEDTA

Name of Person	Name of company	Name of Person
Ahiwe Vanqa		
Mfundisi Joseph	• None	Yes
Dofi Zovuyo	• None	Yes
Mciteka Bathandwa	• None	Yes
Tshona Sonwabile	• None	Yes
Makaula Lungile	• None	Yes
Mkefa Daluxolo	• None	Yes
Tikana Masonwabe	• None	Yes
Andisiwe Jordaan		Yes
MUNICIPAL MANAGER OFFICE		
Mbotyi Zamuxolo	• None	Yes
Nqumkana Luthando	• None	Yes

Mzwana Noluntu	• None	Yes
Tiwani Luxolo	• None	Yes
Ngqola Andiswa	• None	Yes
Plaatjie/Nyati Wanga	• None	Yes
Nyila Nande	• None	Yes
Mrwebi Nwabisa	•	

**DORDRECHT UNIT**

Mayaka Sizeka	• None	Yes
Kalolo Thabisa	• None	Yes
Mayekiso Thamsanqa John	• None	Yes
Ramasehla Mabhuti	• Boarding house for school children	Yes
Elefu Spiti Mbulelo	• None	Yes
Sam Mzwakhe Richbalt	• None	Yes
Futshane Vusumzi	• None	Yes
Laaistok Monwabisi	• None	Yes
Manjiya Vuyani	• None	Yes
Stoffel Thmbalethu	• None	Yes
Nkumenge Sinethemba	• None	Yes
Nazo Malixole	• None	Yes
Boniswa Anele Patrick	• None	Yes

Pikoko Lindile	• None	Yes
Bentele Maboyi	• None	Yes
Mntwana Mzoxolo	• None	Yes
Msitshana Buntubanti	• None	Yes
Mbam Mandla	• None	Yes
Liwani Zoliswa	• None	Yes
Mkhosana Zolisa	• None	Yes
Bekker M.J.	• None	Yes
Teka Zukile	• owner of zuk's tarven	Yes
Masiza Lungiswa Gloria	• None	Yes
Marotya Lindiwe	• None	Yes
Mketo Tembela	• None	Yes
Phondoyi Lesi	• None	Yes
Gaji Phumzile	• None	Yes
Ngantweni Thulani Cristopher	• None	Yes

INDWE UNIT		
Nziweni Malibongwe Advocate	• None	Yes
Peti Andisiwe	• None	Yes
Siteto Sindephi	• None	Yes
Jacobs Phumzile	• None	Yes
Mangena Mandla	• None	Yes
Dyantyi Thembinkosi Thomas	• None	Yes
Swelindawo Lindelwa	• None	Yes
Hlekiso Thembisile	• None	Yes
Fuma Vuyisile	• None	Yes
Gwatyu Mlungisi	• None	Yes
Elefu Thembani	• None	Yes
Diko Xolile	• None	Yes
Naka Elvis	• None	Yes
Khayingana Mafiyosi Iholho	• None	Yes
Poni Mlungisi	• None	Yes
Makamba Sekiwe	• None	Yes
Noganta Sindiswa	• None	Yes
Siyoyo Asanda	• None	Yes
Nonambana Zanenkosi	• None	Yes
Mbekwa Ntombizodidi	• None	Yes
Magalati Akhona	• None	Yes
Kwatshana Mzwethu	• None	Yes
Dyantyi Phumeza	• None	Yes
Nxenye Nosakhele	• None	Yes
Tyuka Nothemba	• None	Yes
Ntangani Zukile	• None	Yes
Nofemele Gerdrude	• None	Yes
Bomvana Zukile	• None	Yes

# CHAPTER 5: FINANCIAL PERFORMANCE

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS
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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 principal accounting policies adopted in the preparation of the annual financial statements are set out in the annual financial statements contained in this document. The financial statements have been prepared based on the accounting policies that the municipality deems to be appropriate for the activities of the municipality and have been applied consistently in all respects from the previous financial years.

STATEMENT OF FINANCIAL PERFORMANCE
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**COMMENT ON FINANCIAL PERFORMANCE:**

The municipality has adopted a budget and adjustments budget certified as funded by the National Treasury and Provincial Treasury in this financial year. Given the scarce financial resources and intention of having a funded budget for the 2023/2024 financial year, the BTO had to take its tune from the stipulations of the national treasury circulars and base its revenue budget only on realistically anticipated revenue sources and as at the current moment the unlimited expenditure budget far exceeds the available income budget. The Municipality has budgeted all its revenue based on realistically anticipated estimates keeping the requirements of Circular 93 in mind. In consideration of the Cost containment policy an approach to either cut expenditure or keep it in line with prior year budget has been taken, however no further cuts could be made without crippling the municipality’s ability to operate and being able to deliver services to the community. The application of sound financial management principles for the compilation of the Municipality’s financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically, and equitably to all communities. The Municipal Budget and Reporting Regulations, as well as various circulars issued by National Treasury, provides the guidance for budget preparation by local government. The Municipality’s business and service delivery priorities were reviewed as part of this year’s planning and budget process. In addition, the municipality during the period immediately after the municipality’s Adjustments Budget from March 2024 to May 2024 proactively embarked on a strategic long-term financial sustainability exercise in order to ensure that this budget, as well as future budgets, is compiled to ensure that services to the community remains at high levels without overburdening the consumers of municipal services with excessive tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality. The municipality is striving to establishing a Capital Replacing Reserve to fund future capital projects to help mitigate the over dependence on grants for funding capital projects.

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*Annual Financial Statements*



EMALAHLENI MUNICIPALITY

(Demarcation code EC136)

Annual Financial Statements  
for the year ended 30 June 2024

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30

June 2024

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30  
June 2024

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<b>Legal form of entity</b>	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
<b>Nature of business and principal activities</b>	The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment
<b>Legislation governing the municipality's operations</b>	Constitution of the Republic of south Africa (Act 108 of 1998) Municipal Finance Management Act (Act 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)

## Executive mayor and chairperson of mayoral committee

<b>Portfolio</b>	<b>Councillor</b>
Mayor and chairperson of mayoral committee	NF Koni
Speaker	M Mtyobile
Chief WIP	X Lali
Portfolio Head - Corporate Services	S Nyukwana
Portfolio Head - Community Services	Z Bebeza
Portfolio Head - Planning, Economic Development, Tourism & Agriculture (PEDTA)	M Tom
Portfolio Head - Infrastructure Development & Human Settlements (IDHS)	X Lali
Portfolio Head - Budget & Treasury Office (BTO)	S Kowa

## Executive management

<b>Position</b>	<b>Name</b>
Municipal Manager	POB Makoma
Chief Financial Officer (CFO)	X Sikobi
Director - Corporate Services	T Javu
Director - Community Services	M Gatyeni
Director - PEDTA	N Mntuyedwa
Director - IDHS	M Lehlehla

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# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30  
June 2024

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## Council members

Nr	Surname	Initials	Nr	Surname	Initials
1.	Bangisa	W	2.	Oyiya	M
3.	Songo	NM	4.	Ndlela	T
5.	Malotana	S	6.	Matyobeni	VE
7.	Hlanganyana	A	8.	Lali	X
9.	Mzandisi	US	10.	Kraqa	N
11.	Bidi	Z	12.	Qomoyi	M
13.	Nyukwana	S	14.	Mtyobile	N
15.	Macithi	V	16.	Maratana	S
17.	Nqono	N	18.	Mketi	B
19.	Qali	Z	20.	Mnyuko	V
21.	Kowa	S	22.	Limba	MS
23.	Peter	NC	24.	Bebeza	Z
25.	Twala	BP	26.	Tom	Z
27.	Kupiso	S	28.	Mnyolo	NB
29.	Masiza	MP	30.	Mxathule	B
31.	Kulashe	T	32.	Koni	NF
33.	Mahola	Z	34.	Sibeko	YN

## Grading of local authority

Grade 2

## Registered head office

37 Indwe Road  
Cacadu  
5410

## Postal address

Private Bag 1161  
Cacadu  
5410

## Bankers

Standard Bank  
92 Cathcart Road Komani 5320

## Auditors

Auditor-General of South Africa (AGSA)

## Demarcation code

EC136

## Legal representative

Tonise Incorporated  
Talen, Kupiso and Godi Attorneys  
Luzipho Incorporated

## Preparer

The annual financial statements were internally compiled by:  
X Sikobi

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# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Responsibilities and Approval

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

The annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

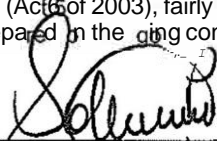
I am of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can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

I have reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

I would like to bring the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in note 34 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The annual financial statements set out on pages 6 to 100, in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), fairly represent the municipality's financial position, financial performance and cash flows and have been prepared on the going concern basis and which I have signed on behalf of the municipality on 31 August 2024:



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**POB Makoma**  
**Accounting Officer**

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30

June 2024

## Abbreviations

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DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
LGSETA	Local Government Services Sector Education and Training Authority
MSIG	Municipal System Improvement Grant
NDPG	Neighbourhood Development And Partnership Grant
SRAC	Sports, Recreation, Arts and Culture
COID	Compensation for Occupational Injuries and Diseases
HDF	Housing Development Act
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
SALGA	South African Local Government Association
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee

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# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30  
June 2024

## Statement of Financial Position as at 30 June 2024

Figures in Rand thousand	Note(s)	2024	2023 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2	133 845 815	110 548 884
Trade and other receivables from exchange transactions	3	20 687 839	15 307 616
Receivables from non-exchange transactions	4	13 550 299	9 115 614
Input accrual	5	70 438 995	47 381 611
Other current assets	6	29 465	101 411
<b>Total Current Assets</b>		<b>238 552 413</b>	<b>182 455 136</b>
<b>Non-Current Assets</b>			
Investment property	8	1 565 452	1 607 901
Property, plant and equipment	9	495 288 848	449 999 956
Heritage assets	10	182 536	182 536
Intangible assets	11	265 348	402 146
<b>Total Non-Current Assets</b>		<b>497 302 184</b>	<b>452 192 539</b>
<b>Total Assets</b>		<b>735 854 597</b>	<b>634 647 675</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Employee benefits	12	9 984 687	10 588 774
Consumer deposits	13	97 956	94 560
Trade and other payables from exchange transactions	14	21 714 727	25 836 731
Trade and other payables from non-exchange transactions – Transfers and subsidies Unspent	15	21 019 202	10 304 537
Provision	16	24 952 989	16 881 240
Output accrual	17	21 338 219	14 829 241
Value-added-tax payable	18	50 545 179	29 643 995
<b>Total Current Liabilities</b>		<b>149 652 959</b>	<b>108 179 078</b>
<b>Non-Current Liabilities</b>			
Employee benefits	12	15 449 591	12 029 000
<b>Total Liabilities</b>		<b>165 102 550</b>	<b>120 208 078</b>
<b>Net Assets</b>		<b>570 752 047</b>	<b>514 439 597</b>
<b>Community Wealth / Equity</b>			
Accumulated surplus	19	570 752 049	514 439 598

\* See Note 64

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30  
June 2024

## Statement of Financial Performance

Figures in Rand thousand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Exchange Revenue</b>			
Services charges – Electricity	20	23 173 468	15 282 382
Services charges – Waste management	20	9 478 921	11 542 864
Sales of goods and rendering of services	21	169 267	129 957
Agency services	22	1 405 983	1 622 003
Interest earned from receivables	23	6 939 039	4 845 246
Interests earned from current and non-current assets	24	11 363 084	8 755 821
Licences or permits	25	668 245	531 326
Rent on land	26	174	5 217
Rental from fixed assets	26	398 736	450 881
Operational revenue	27	1 372 498	1 266 194
Construction contracts revenue	28	19 461 765	21 506 362
Actuarial gains	32	-	3 961 083
<b>Total Exchange Revenue</b>		<b>74 431 180</b>	<b>69 899 336</b>
<b>Non-Exchange Revenue</b>			
Interest	23	3 391 836	2 840 045
Property rates	29	12 001 732	11 454 357
Fines, penalties and forfeits	30	202 060	306 302
Government grants and subsidies	31	233 776 840	200 358 042
Gain and losses from disposal of liabilities	33	1 339 898	-
<b>Total Non-Exchange Revenue</b>		<b>250 712 366</b>	<b>214 958 746</b>
<b>Total Revenue</b>		<b>325 143 546</b>	<b>284 858 082</b>
<b>Expenditure</b>			
Employee related cost	34	95 234 304	87 201 066
Remuneration of councillors	35	14 722 730	14 239 766
Bulk purchases	36	20 278 351	16 158 074
Inventory consumed	37	1 985 071	685 910
Debt impairment	38	14 736 257	30 483 627
Depreciation, amortisation and impairment	39	23 733 762	17 993 576
Finance costs	40	26 026	181 387
Transfers and subsidies	41	1 177 102	1 328 408
Irrecoverable debts written off	42	2 670 188	4 101 271
Operating leases	43	1 996 569	2 658 655
Operational cost	44	50 961 935	34 125 167
Business and advisory services	45	3 349 464	5 984 989
Construction contracts	46	20 906 940	43 625 270
Security services	47	7 841 964	6 822 909
Legal services	48	4 751 990	5 294 176
Infrastructure and planning	49	-	1 595 143
Repairs and maintenance	50	3 136 512	3 596 318
Losses on disposal of assets	32	42 558	412 715
Fair value losses	32	907 969	-
<b>Total Expenditure</b>		<b>268 459 692</b>	<b>276 488 427</b>
<b>Surplus for the year</b>		<b>56 683 854</b>	<b>8 369 655</b>

\* See Note 64

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30  
June 2024

## Cash Flow Statement

Figures in Rand thousand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates		7 567 047	14 263 359
Service charges		13 234 252	11 856 357
Operational revenue		25 018 626	25 818 242
Transfers and Subsidies – Capital		82 310 594	46 128 954
Transfers and Subsidies – Operational		162 180 911	154 229 088
Interest		21 826 086	16 441 112
<b>Payments</b>			
Suppliers and employees		(219 573 287)	(212 088 040)
Finance charges		(26 026)	(181 387)
<b>Net cash from(used) operating activities</b>	51	<b>92 538 203</b>	<b>56 467 685</b>
<b>Cash flows from investing activities</b>			
<b>Payments</b>			
Capital assets		(69 241 273)	(21 990 353)
<b>Net cash flows from investing activities</b>		<b>(69 241 273)</b>	<b>(21 990 353)</b>
<b>Cash flows from financing activities</b>			
<b>Net increase/(decrease) in cash</b>		<b>23 296 930</b>	<b>34 477 332</b>
Cash and cash equivalents at year begin		110 548 884	76 071 552
		<b>133 845 814</b>	<b>110 548 884</b>

\* See Note 64

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30  
June 2024

## Statement of Changes in Net Assets

Figures in Rand thousand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2022</b>	<b>504 563 286</b>	<b>504 563 286</b>
Surplus for the year	8 369 655	8 369 655
Transfers to / from accumulated surplus for the year	1 506 657	1 506 657
Total changes	9 876 312	9 876 312
Opening balance as previously reported	580 614 011	580 614 011
Adjustments		
Correction of errors	(66 545 803)	(66 545 803)
<b>Restated* Balance at 01 July 2023 as restated*</b>	<b>514 068 208</b>	<b>514 068 208</b>
Surplus for the year	56 683 854	56 683 854
Total changes	56 683 854	56 683 854
<b>Balance at 30 June 2024</b>	<b>570 752 049</b>	<b>570 752 049</b>
Note(s)		

\* See Note 64

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

## Comparison of Budget and Actual Amounts for the year ended 30 June 2024

	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand thousand								
<b>2024</b>								
<b>Financial performance</b>								
<b>Revenue</b>								
<b>Exchange revenue</b>								
Service charges - Electricity	20 217 007	-	20 217 007	20 217 007	23 173 468	2 956 461	114,62 %	114,62 %
Service charges - Waste Management	5 314 748	-	5 314 748	5 314 748	9 478 921	4 164 173	178,35 %	178,35 %
Sale of goods and rendering of services	148 948	-	148 948	148 948	169 267	20 319	113,64 %	113,64 %
Agency services	1 600 001	-	1 600 001	1 600 001	1 405 983	(194 018)	87,87 %	87,87 %
Interest earned from receivables	391 401	-	391 401	391 401	6 939 039	6 547 638	1 772,87 %	1 772,87 %
Interest earned from current and non current assets	4 578 694	6 000 000	10 578 694	10 578 694	11 363 084	784 390	107,41 %	248,17 %
Rent on land	125 000	-	125 000	125 000	174	(124 826)	0,14 %	0,14 %
Rental from fixed assets	585 000	-	585 000	585 000	398 736	(186 264)	68,16 %	68,16 %
Licence and permits	3 400 000	-	3 400 000	3 400 000	668 246	(2 731 754)	19,65 %	19,65 %
Operational revenue	1 902 620	-	1 902 620	1 902 620	1 372 498	(530 122)	72,14 %	72,14 %
	<b>38 263 419</b>	<b>6 000 000</b>	<b>44 263 419</b>	<b>44 263 419</b>	<b>54 969 416</b>	<b>10 705 997</b>	<b>124,19 %</b>	<b>143,66 %</b>
<b>Non-exchange revenue</b>								
Property rates	15 573 332	-	15 573 332	15 573 332	12 001 731	(3 571 601)	77,07 %	77,07 %
Fines, penalties and forfeits	480 000	-	480 000	480 000	202 060	(277 940)	42,10 %	42,10 %
Transfer and subsidies - Operational	162 516 351	42 925 513	205 441 864	205 441 864	187 681 893	(17 759 971)	91,36 %	115,48 %
Interest	1 678 900	-	1 678 900	1 678 900	3 391 836	1 712 936	202,03 %	202,03 %
Gains on disposal of assets	-	-	-	-	840 532	840 532	- %	- %
	<b>180 248 583</b>	<b>42 925 513</b>	<b>223 174 096</b>	<b>223 174 096</b>	<b>204 118 052</b>	<b>(19 056 044)</b>	<b>91,46 %</b>	<b>113,24 %</b>
<b>Total Revenue (excl. capital transfers and contributions)</b>	<b>218 512 002</b>	<b>48 925 513</b>	<b>267 437 515</b>	<b>267 437 515</b>	<b>259 087 468</b>	<b>(8 350 047)</b>	<b>96,88 %</b>	<b>118,57 %</b>

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

## Comparison of Budget and Actual Amounts for the year ended 30 June 2024

	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand thousand								
<b>Expenditure</b>								
Employee costs	(96 876 904)	2 675 993	(94 200 911)	(94 200 911)	(95 234 310)	(1 033 399)	101,10 %	98,30 %
Remuneration of councillors	(14 243 000)	(850 008)	(15 093 008)	(15 093 008)	(14 722 730)	370 278	97,55 %	103,37 %
Bulk purchases - Electricity	(15 000 000)	(5 000 000)	(20 000 000)	(20 000 000)	(20 278 351)	(278 351)	101,39 %	135,19 %
Inventory consumed	(3 714 487)	178 198	(3 536 289)	(3 536 289)	(1 985 071)	1 551 218	56,13 %	53,44 %
Debt impairment	(2 000 000)	-	(2 000 000)	(2 000 000)	(14 736 257)	(12 736 257)	736,81 %	736,81 %
Depreciation and amortisation	(16 000 000)	-	(16 000 000)	(16 000 000)	(23 733 762)	(7 733 762)	148,34 %	148,34 %
Finance charges	(10 440)	-	(10 440)	(10 440)	(26 026)	(15 586)	249,29 %	249,29 %
Contracted services	(25 055 555)	(6 565 101)	(31 620 656)	(31 620 656)	(42 119 553)	(10 498 897)	133,20 %	168,10 %
Transfers and subsidies	(2 183 005)	(227 000)	(2 410 005)	(2 410 005)	(1 177 102)	1 232 903	48,84 %	53,92 %
Irrecoverable debts written off	(8)	-	(8)	(8)	(2 670 188)	(2 670 180)	3 377 350,00 %	3 377 350,00 %
Operational costs	(43 578 233)	(1 112 103)	(44 690 336)	(44 690 336)	(61 124 755)	(16 434 419)	136,77 %	140,26 %
Losses on disposal of Assets	-	-	-	-	(950 527)	(950 527)	- %	- %
<b>Total Expenditure</b>	<b>(218 661 632)</b>	<b>(10 900 021)</b>	<b>(229 561 653)</b>	<b>(229 561 653)</b>	<b>(278 758 632)</b>	<b>(49 196 979)</b>	<b>121,43 %</b>	<b>127,48 %</b>
<b>Deficit</b>	<b>(149 630)</b>	<b>38 025 492</b>	<b>37 875 862</b>	<b>37 875 862</b>	<b>(19 671 164)</b>	<b>(57 547 026)</b>	<b>(51,94)%</b>	<b>13 146,54 %</b>
Transfers and subsidies - capital (monetary allocations)	62 393 650	7 143 649	69 537 299	69 537 299	67 344 496	(2 192 803)	96,85 %	107,93 %
<b>Surplus for the year</b>	<b>62 244 020</b>	<b>45 169 141</b>	<b>107 413 161</b>	<b>107 413 161</b>	<b>47 673 332</b>	<b>(59 739 829)</b>	<b>44,38 %</b>	<b>76,59 %</b>
<b>Capital expenditure and funds sources</b>								
Capital expenditure	71 413 724	8 402 043	79 815 767	79 815 767	85 310 736	5 494 969	106,88 %	119,46 %
Transfers recognised – capital	65 113 677	2 672 044	67 785 721	67 785 721	76 008 568	8 222 847	112,13 %	116,73 %
Internally generated funds	3 800 041	2 601 839	6 401 880	6 401 880	2 887 503	(3 514 377)	45,10 %	75,99 %
	<b>68 913 718</b>	<b>5 273 883</b>	<b>74 187 601</b>	<b>74 187 601</b>	<b>78 896 071</b>	<b>4 708 470</b>	<b>106,35 %</b>	<b>114,49 %</b>

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

## Comparison of Budget and Actual Amounts for the year ended 30 June 2024

	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand thousand								
<b>Financial position</b>								
Total current assets	146 863 185	-	146 863 185	146 863 185	193 554 468	46 691 283	131,79 %	131,79 %
Total non-current assets	458 565 775	53 641 043	512 206 818	512 206 818	523 551 125	11 344 307	102,21 %	114,17 %
Total current liabilities	(51 040 505)	-	(51 040 505)	(51 040 505)	(104 183 576)	(53 143 071)	204,12 %	204,12 %
Total non-current liabilities	(14 000 120)	-	(14 000 120)	(14 000 120)	(15 449 591)	(1 449 471)	110,35 %	110,35 %
Community wealth/equity	(521 840 824)	(40 997 951)	(562 838 775)	(562 838 775)	(570 752 049)	(7 913 274)	101,41 %	109,37 %
<b>Cash flow</b>								
Net cash from (used) operating	77 019 292	-	77 019 292	77 019 292	92 538 203	15 518 911	120,15 %	120,15 %
Net cash from (used) investing	(62 393 679)	-	(62 393 679)	(62 393 679)	(69 241 273)	(6 847 594)	110,97 %	110,97 %
	<b>14 625 613</b>	<b>-</b>	<b>14 625 613</b>	<b>14 625 613</b>	<b>23 296 930</b>	<b>8 671 317</b>	<b>159,29 %</b>	<b>159,29 %</b>

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30  
June 2024

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The annual financial statements of EMALAHLENI MUNICIPALITY for the year ended 30 June 2024 were authorised for issue by the Accounting Officer on 31 August 2024.

## Basis of preparation

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

The annual financial statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, is disclosed below:

### 1. Summary of significant accounting policies

These standards are summarised as follows:

Reference	Description
GRAP Framework	Framework for the Preparation and Presentation of Financial Statements
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investment in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures (Revised)
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources
IFRS 4	Insurance Contracts
IAS 12	Income Taxes
IGRAP 1	Applying The Probability Test On Initial Recognition Of Revenue
IGRAP 2	Changes in Existing Decommissioning Restoration and Similar Liabilities
IGRAP 3	Determining Whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies

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## Additional content (continued)

IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 12	Jointly Controlled Entities – Non-Monetary Contributions
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IGRAP 17	Service Concession Arrangements where Grantor Controls Significant Residual Interest
IGRAP 18	Recognition and Derecognitions of Land
IGRAP 19	Liabilities to Pay Levies
IGRAP 20	Accounting for Adjustments to Revenue
IGRAP 21	The Effect of Past Decisions on Materiality
IFRIC 12	Service Concession Arrangements
SIC 25	Income Taxes – Changes in the Status of an Enterprise or its Shareholders
SIC 29	Disclosure Service Concession
Directive 1	Deletion of Transitional Provisions in Standards of GRAP
Directive 2	Amended Transitional Provisions for Public Entities
Directive 3	Amended Transitional Provisions for High Capacity Municipalities
Directive 4	Amended Transitional Provisions for Medium and Low Capacity Municipalities
Directive 5	GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Administered by SARS
Directive 7	The Application of Deemed Cost
Directive 8	Transitional Provisions for Parliament and Provincial Legislatures
Directive 9	The Application of the Standards of Grap by Trading Entities
Directive 10	Application of the Standards of GRAP by Public Further Education and Training Colleges
Directive 11	Changes in Measurement Bases following Initial Adoption of Standards of GRAP
Directive 12	The Selection of an Appropriate Reporting Framework by Public Entities
Directive 13	Transitional Provisions for CET colleges
Directive 14	Directive 14 on Application of Standards of GRAP by Public Entities
Guideline	Accounting for Arrangements Undertaken i.t.o the National Housing Programme
Guideline	Accounting for Landfill Sites
Guideline	The Application of Materiality to Financial Statements

The cash flow statement is prepared using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed.

Accounting policies for material transactions, events or conditions not covered by the above GRAP standards have been developed in accordance with GRAP 3. Where required, accounting policies were developed for standards of GRAP that have been issued by the Accounting Standards Board, but for which an effective date have not been determined by the Minister of Finance.

## 1.1 New standards and interpretations

### 1.1 Standards, amendments to standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### Standard/ Interpretation:

**Effective date:**  
**Years beginning on or after**

**Expected impact:**

- |   |               |   |
|---|---------------|---|
| <ul style="list-style-type: none"><li>• iGRAP 21: The Effect of Past Decisions on Materiality</li></ul> | 01 April 2023 | The impact of the interpretation is not material. |
|---|---------------|---|
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# EMALAHLENI MUNICIPALITY

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## 1.1 New standards and interpretations (continued)

• GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the amendment is not material.
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact of the interpretation is not material.
• GRAP 2020: Improvements to the Standards of GRAP 2020	01 April 2023	The impact of the improvements are not material.
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	The impact of the standard is not material.
• GRAP 1 (amended): Presentation of Financial Statements (Materiality)	01 April 2023	The impact of the amendments are not material.

## 1.2 Standards, amendments to standards and interpretations issued, but not yet effective

The municipality has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

### Standard/ Interpretation:

	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023: Improvements to the Standards of GRAP 2023	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2023	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	01 April 2023	Unlikely there will be a material impact
• GRAP 105: Transfer of Functions Between Entities Under Common Control	01 April 2023	Unlikely there will be a material impact
• GRAP 106: Transfer of Functions Between Entities Not Under Common Control	01 April 2023	Unlikely there will be a material impact
• GRAP 107: Mergers	01 April 2023	Unlikely there will be a material impact
• iGRAP 22: Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

## 1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality and all values are rounded to the nearest thousand (R'000).

## 1.3 Going concern assumption

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

## 1.4 Offsetting

Financial assets and liabilities are offset and the net amount reported on the Statement of financial position only when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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# EMALAHLENI MUNICIPALITY

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## 1.5 Comparative of actual information to budgeted information

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budgeted amounts are reported in a separate additional financial statement, called the Statement of comparison of budget and actual amounts. Explanatory comment is provided in the notes to the statement giving motivations for over- or under spending on line items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 01 July 2023 to 30 June 2024.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the annual financial statements in determining whether a difference between the budgeted and actual amount is material.

## 1.6 Current year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

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

The presentation and classification of items in the current year is consistent with prior periods.

## 1.7 Materiality

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

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

## 1.8 Significant judgements and estimates

In the application of the municipality's accounting policies, which are described below, management is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered too reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30

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## 1.8 Significant judgements and estimates (continued)

### 1.8.1 Judgements

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the annual financial statements:

#### Materiality

Materiality is judged by reference to the size and nature of the item. The deciding factor is whether the omission or misstatement could, individually or collectively, influence the decisions that users make on the basis of these annual financial statements.

In preparation of the annual financial statements materiality has been considered in:

- Deciding what to report in the annual financial statements and how to present it.
- Assessing the effect of omissions, misstatements and errors on the annual financial statements.

In assessing whether an item, transaction or event is material, specific thresholds for specific items, transactions and events, or aggregations thereof has been developed. These thresholds are used to make decisions about the reporting of information (i.e. how to recognise, measure, present and disclose items, transactions and events), and used as a margin of error or framework within which to assess misstatements and errors.

The municipality has also considered whether certain transactions or balances may be qualitatively material based on the inherent characteristics thereof, even though the transaction or balance is quantitatively immaterial, if:

- The item, transaction or event relates to legal or regulatory requirements.
- Related party transactions.
- The regularity or frequency with which an item, transaction or event occurs.
- The item, transaction or event results in the reversal of a trend.
- The item, transaction or event is likely to result in a change in accounting policy.
- The commencement of a new function, or the reduction or cessation of an existing function.
- The degree of estimation or judgement that is needed to determine the value of an item, transaction or event.
- An item, transaction or event that affects the going concern assumption of the municipality.

#### Lease classification – municipality as lessor

The municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

#### Lease classification – municipality as lessee

The municipality has entered into a number of leases for office equipment. In determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the municipality.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. The municipality has exercised its judgement on the appropriate classification of equipment leases, and has determined a number of lease arrangements are finance leases.

#### Criteria for the classification of properties as investment property rather than property, plant and equipment, when classification is difficult

All properties held to earn market-related rentals or for capital appreciation or both and that are not for administrative purposes and that will not be sold in the ordinary course of operations are classified as investment property.

#### Land held for currently undetermined future use

Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment property. The rental revenue generated is incidental to the purposes for which the property is held.

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# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30

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## 1.8 Significant judgements and estimates (continued)

### Componentisation of infrastructure assets

Repairs and maintenance is based on management's own judgement of costs incurred in cost centres responsible for the maintenance and repair of municipality owned assets. This includes internal charges (inter departmental charges) such as internal transport costs, charged out to the different departments.

### Determination of repairs and maintenance cost

All infrastructure assets, acquired before the adoption of GRAP where the acquisition cost could not be obtained, with significant components relating to different useful lives are unbundled into their components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market replacement cost of each component, depreciated for age and condition and recalculated to deemed cost at the acquisition date if known or to the date of initially adopting the Standards of GRAP. All infrastructure assets acquired after the adoption of GRAP with significant components relating to different useful lives are unbundled into their components based on the actual expenditure incurred.

### 1.8.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

#### Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions, and when measuring contingent liabilities. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers. The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money. The increase in the rehabilitation provision due to passage of time is recognised as finance cost in the Statement of financial performance.

#### Revenue recognition

The Accounting Policies on Revenue from Exchange Transactions and Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality. In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-exchange Transactions.

In particular, in regard to revenue from exchange revenue - when goods are sold, whether the management had transferred to the buyer the significant risks and rewards of ownership of the goods; and, when services is rendered, whether the service has been rendered.

## 1.9 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose. Cash and cash equivalents comprise of bank balances, cash on hand, deposits held at call accounts with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

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# EMALAHLENI MUNICIPALITY

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## 1.9 Cash and cash equivalents (continued)

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

## 1.10 Investment property

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Investment property also includes land held for an undetermined future use.

### Initial recognition

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

### Subsequent measurement – cost model

Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 20 - 100-year period. All useful lives of investment properties are reviewed annually on an indicator basis.

### Derecognition/Disposal

Investment properties are derecognised (eliminated from the Statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of financial performance.

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

## 1.11 Property, plant and equipment

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

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

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# **EMALAHLENI MUNICIPALITY**

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## **1.11 Property, plant and equipment (continued)**

### **Initial recognition and measurement**

Property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

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

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

### **Subsequent measurement – cost model**

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

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# EMALAHLENI MUNICIPALITY

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## 1.11 Property, plant and equipment (continued)

### Depreciation

Land is not depreciated as it is regarded as having an unlimited life.

Depreciation on assets other than land is calculated using the straight line method, to allocate their cost or revalued amounts less their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets' future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation rates are based on the following estimated useful lives:

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Asset class	Useful lives (Years)
Land	Indefinite
Transport assets	01 - 55 years
Electrical infrastructure	10 - 50 years
Solid waste infrastructure	10 - 30 years
Machinery and equipment	01 - 25 years
Furniture and office equipment	01 - 40 years
Computer equipment	01 - 25 years
Roads infrastructure	10 - 100 years
Storm water infrastructure	10 - 50 years
Community assets	04 - 30 years
Other assets	06 - 100 years

The estimated useful life, residual values and depreciation method are assessed at each reporting date on an indicator basis.

Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

### Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying values of assets (Cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of financial performance as a gain or loss on disposal of property, plant and equipment.

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

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

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# EMALAHLENI MUNICIPALITY

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## 1.11 Property, plant and equipment (continued)

### Site rehabilitation and restoration costs

Where the municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "rehabilitation provisions". The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As the related asset is measured using the cost model: -

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

## 1.12 Heritage assets

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

The municipality classifies assets as heritage assets where the significance as a heritage asset can be determined. In regards to land and buildings all graded sites are classified heritage assets. Furthermore land with a natural significance is not componentised but seen as a single heritage asset due to all parts contributing together to make up its significance.

Land and buildings that qualify as heritage asset, but of which a significant portion of that land and buildings is held for use in the production or supply of goods or services or for administrative purposes, are recognised as property, plant and equipment, rather than heritage asset.

### Initial recognition and measurement

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

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired. The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

### Subsequent measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets (excluding heritage assets which are land and buildings) are measured at cost less accumulated impairment losses. Heritage assets are not depreciated.

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# EMALAHLENI MUNICIPALITY

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## 1.12 Heritage assets (continued)

### Derecognition

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of financial performance as a gain or loss on disposal of heritage assets.

## 1.13 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

### Initial recognition and measurement

Intangible assets are initially recognised at cost. The cost of an intangible assets is the purchase price and other costs attributable to bring the intangible assets to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible assets is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

### Subsequent measurement

Amortisation is calculated on cost, using the straight-line method, over the useful lives of the assets, which is estimated to be between 3 to 10 years upon initial recognition. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

### Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible assets is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of financial performance.

## 1.14 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

### Impairment of cash-generating assets

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

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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# EMALAHLENI MUNICIPALITY

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## 1.14 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets (continued)

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

### Impairment of non-cash-generating assets

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

## 1.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. Financial instruments are classified into three categories namely, financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost. The municipality determines the classification of its financial instruments at initial recognition.

### 1.15.1 Classification of financial instruments

#### Financial assets

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost being a non-derivative financial asset with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Financial assets measured at fair value being financial assets that meet either of the following conditions:

- Derivatives;
- Combined instruments that are designated at fair value;
- Instruments held for trading;
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

The municipality has the following types of financial assets as reflected on the face of the Statement of financial position or in the notes thereto:

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## 1.15 Financial instruments (continued)

Type of financial asset	Classification in terms of GRAP 104
Finance lease receivables	Financial assets at amortised cost
Long-term receivables	Financial assets at amortised cost
Current portion of long-term receivables	Financial assets at amortised cost
Consumer debtors	Financial assets at amortised cost
Other debtors	Financial assets at amortised cost
Short-term investment deposit - Call	Financial assets at amortised cost
Bank balances and cash	Financial assets at amortised cost
Investments in stock	Financial assets at fair value

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

### Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The following main categories of financial liabilities and the classification determining how they are measured exist:

- Financial liabilities measured at amortised cost; or
- Financial liabilities measured at fair value.

The municipality has the following types of financial liabilities as reflected on the face of the Statement of financial position or in the notes thereto:

Type of financial liability	Classification in terms of GRAP 104
Long-term liabilities	Financial liability at amortised cost
Current portion of long-term liabilities	Financial liability at amortised cost
Other creditors	Financial liability at amortised cost
Bank overdraft	Financial liability at amortised cost
Short-term loans	Financial liability at amortised cost

Financial liabilities that are measured at fair value that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial liabilities where there is recent actual evidence of short-term profiteering or are derivatives).

Any other financial liabilities should be classified as financial liabilities at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

### 1.15.2 Initial and subsequent measurement

#### Initial recognition and measurement

A financial instrument is recognised, when the municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added or deducted from the fair value, as appropriate on initial recognition.

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## 1.15 Financial instruments (continued)

### Subsequent measurement – Financial assets

Financial assets consist of cash and cash equivalents, deposits, receivables and investments.

Receivables are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

A provision for impairment of receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Changes in the carrying amount of the provision is recognised in the Statement of financial performance. When a receivable is considered uncollectible, it is written off against the provision. Any gains or losses arising from the change in fair value of investments measured at fair value are recognised in the Statement of financial performance.

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably are subsequently measured at cost less any impairment. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Any calculated impairment is recognised in the Statement of financial performance.

Financial assets at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis.

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to municipal entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as financial assets at amortised cost.

Financial assets measured at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the Statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the Statement of financial performance.

### Subsequent measurement – Financial liabilities

Financial liabilities consist of payables, interest bearing loans and bank overdrafts. These liabilities are subsequently measured at amortised cost, using the effective interest rate method. Finance costs are expensed in the Statement of financial performance in the period in which they are incurred except where stated otherwise (see accounting policy on borrowing costs).

#### 1.15.3 Impairment of financial assets

##### Consumer debtors

Consumer debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

##### Other debtors

Other debtors are reviewed individually considering payment histories and disputes about certain amounts. Provision for impairment is made accordingly.

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## 1.15 Financial instruments (continued)

### 1.15.4 Derecognition

#### Financial assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of financial assets due to non-recoverability.

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

#### Financial liabilities

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

### 1.16 Provisions

Provisions are recognised when the municipality has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, where the provision being measured involves a large population of items; the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of financial performance as a finance cost as it occurs.

#### Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of financial performance.

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## 1.17 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. The municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

### Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

Remuneration to employees is recognised in the Statement of financial performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

### Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as an accrual in the Statement of financial position.

### Bonus provisions

The municipality recognises the expected cost of bonuses as a provision only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

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# EMALAHLENI MUNICIPALITY

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## 1.17 Tax (continued)

### Post-employment benefits: Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of financial performance in the period in which the service is rendered by the relevant employees.

### Post-employment benefits: Defined benefit plans

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement. Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of financial performance.

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

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

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

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

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

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

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

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

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

- current service cost;
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## 1.17 Tax (continued)

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

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

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

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

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

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

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

### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

- estimated future salary increases;
  - the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
  - estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
    - those changes were enacted before the reporting date; or
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# EMALAHLENI MUNICIPALITY

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## 1.17 Tax (continued)

- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

The municipality provides post-retirement health care benefit upon retirement to some retirees. The entitlement to post retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuation of these obligation.

### Other post retirement obligations

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

The municipality has an obligation to provide long term service allowance benefits to all its employees. The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

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

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

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

### Termination benefits

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

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

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

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

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

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# EMALAHLENI MUNICIPALITY

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## 1.17 Tax (continued)

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

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

### Post-retirement health care benefits

The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Past-service costs are recognised immediately, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

### Long-service allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of financial performance.

## 1.18 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

### Municipality as lessee

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent. Corresponding liabilities are included in the Statement of financial position as Finance Lease Obligations. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on the straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## 1.19 Statutory receivables

### 1.19.1 Identification

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

The municipality has the following major categories under the ambit of statutory receivables:

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## 1.19 Statutory receivables (continued)

- Rates debtors

### 1.19.2 Recognition

The municipality recognises statutory receivables as follows:

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

### 1.19.3 Measurement

The municipality initially measures statutory receivables at their transaction amount.

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

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

### 1.19.4 Impairment

Statutory receivables, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Statutory receivables are impaired where there is objective evidence of impairment of Statutory receivables (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 108.

A provision for impairment of receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

According to GRAP 108, the assessment for impairment needs to be made for each individual financial asset separately or for groups of statutory receivables with similar credit risks. The following methodology was followed to make a provision for bad debts for the year under review:

### 1.19.5 Derecognition

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

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

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

## 1.20 Revenue

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

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## **1.20 Construction contracts and receivables (continued)**

### **Recognition and measurement**

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

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

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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# EMALAHLENI MUNICIPALITY

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## 1.20 Construction contracts and receivables (continued)

### 1.20.1 Revenue from exchange transactions

#### Service charges

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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

#### Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

#### Traffic charges

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

#### Income from agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

#### Sale of goods

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

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

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## 1.20 Construction contracts and receivables (continued)

### 1.20.2 Revenue from non-exchange transactions

#### Rates and taxes

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

#### Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the municipality is entitled to collect.

Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

#### Government grants and subsidies

##### Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

##### Conditional grants

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

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of financial performance.

##### Unspent conditional grants

These are grants received as per the Division of Revenue Act (DoRA) which have specific criteria and conditions on how they are to be spent by the municipality. To the extent that these criteria or conditions attached have not been met, a liability on the portion where these conditions and/or criteria are not met. This liability is raised as unspent conditional grants until the specific criteria and/or conditions are met and the liability is reduced and the revenue is recognised.

##### Interest earned on unspent grants and receipts

Interest earned on unspent grants and receipts is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of financial performance in accordance with GRAP 9.

##### Services received in-kind

Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

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# EMALAHLENI MUNICIPALITY

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## 1.21 Transfers and subsidies – non-exchange expenditure

The municipality gives support to individuals, organisations, and other sectors of government from time to time by assisting with materials, supplies and other programmes for its local community enhancement. These transfers are recognised in the annual financial statements as expenses in the period that the events giving rise to the transfer occurred.

## 1.22 Related parties and related party transactions

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Close members of the family of a individual are those family members who may be expected to influence or be influenced by that individual in their dealings with the municipality. An individual is considered to be a close member of the family of another individual if they are married or live together in a relationship similar to a marriage; or if they are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration.

In the case of permanent employees acting in management positions, only the remuneration received additionally for acting in that position is disclosed.

Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the municipality.

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

## 1.23 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the annual financial statements.

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# EMALAHLENI MUNICIPALITY

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## 1.24 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors.

The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

## 1.25 Principal-agent arrangements

The municipality is party to a principal-agent arrangement for the Department of Transport. In terms of the arrangement the municipality is the agent and is responsible for collecting monies for vehicles licences.

### Identification

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

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

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

### Identifying whether an entity is a principal or an agent

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

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

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## 1.25 Principal-agent arrangements (continued)

### Binding arrangement

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

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

### Assessing which entity benefits from the transactions with third parties

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

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

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

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

### Recognition

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

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

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

## 1.26 Inventory consumed

Inventories consumed encompass materials and supplies awaiting use in the repairs and maintenance of infrastructure and other functions of the municipality.

The municipality immediately expenses the materials and supplies in the statement of financial performance.

Inventory consumed is measured at cost

## 1.27 Value Added Tax

The municipality is registered with the South African Revenue Service (SARS) for Value Added Tax on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

Revenue, expenses and assets are recognised net of the amounts of Value Added Tax as per legislation. The net amounts (recoverable or payable) of VAT are submitted to SARS monthly and are reported as a receivable or a payable on the Statement of Financial Position on the Annual Financial Statements. The municipality is registered for VAT with SARS on the payment basis.

## 1.28 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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# EMALAHLENI MUNICIPALITY

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## 1.28 Commitments (continued)

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

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

## 1.29 Unauthorised expenditure

Section 1 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA), defines Unauthorised expenditure as follows:

- Overspending of the total amount appropriated in the municipality's approved budget;
- Overspending of the total amount appropriated for a vote in the approved budget;
- Expenditure from a vote unrelated to the department or functional area covered by the vote;
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- Spending of an allocation referred to in the above paragraphs of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- A grant by the municipality otherwise than in accordance with this Act.

The municipality uses the Municipal Standard Chart of Accounts (mSCOA) Functions and Sub-functions, previously the Government Finance Statistics (GFS) functions, as well as departments as the main groupings of segments of the municipality's budget segments within the municipality are grouped per department to facilitate greater accountability and budget implementation by the respective Executive Directors as well as per mSCOA classification to facilitate comparisons on a higher level.

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

## 1.30 Irregular expenditure

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

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of financial performance and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance.

## 1.31 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

## 1.32 Change in accounting policies, estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

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# EMALAHLENI MUNICIPALITY

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## 1.32 Change in accounting policies, estimates and errors (continued)

Details of changes in accounting policies, changes in estimates and correction of errors are disclosed in the notes to the annual financial statements where applicable.

## 1.33 Contingent assets and contingent liabilities

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the municipality.

## 1.34 Cash flow statement

The municipality prepares and presents financial statements under the accrual basis of accounting shall prepare a cash flow statement in accordance with the requirements of this Standard and shall present it as an integral part of its financial statements for each period for which financial statements are presented.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Equity investments are excluded from cash equivalents unless they are, in substance, cash equivalents.

Bank borrowings are generally considered to be financing activities. Bank overdrafts which are repayable on demand may form an integral part of an entity's cash management activities. In these circumstances, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.

Cash flows exclude movements between items that constitute cash or cash equivalents because these components are part of the cash management of an entity rather than part of its operating, investing and financing activities. Cash management includes the investment of excess cash in cash equivalents.

### Presentation of cash flow statement

The cash flow statement shall report cash flows during the period classified by operating, investing and financing activities.

An entity presents its cash flows from operating investing and financing activities in a manner which is most appropriate to its activities. Classification by activity provides information that allows users to assess the impact of those activities on the financial position of the entity and the amount of its cash and cash equivalents. This information may also be used to evaluate the relationships among those activities.

A single transaction may include cash flows that are classified differently. For example, when the cash repayment of a loan includes both interest and capital, the interest element may be classified as an operating activity and the capital element is classified as a financing activity.

### Operating activities

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the entity are funded: (a) by way of taxes (directly and indirectly); or (b) from the recipients of goods and services provided by the entity. The amount of the net cash flows also assists in showing the ability of the entity to maintain its operating capability, repay obligations, pay a dividend to its owner and make new investments without recourse to external sources of financing. The consolidated whole-of-government operating cash flows provide an indication of the extent to which a government has financed its current activities through taxation and charges. Information about the specific components of historical operating cash flows is useful, in conjunction with other information, in forecasting future operating cash flows.

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## 1.34 Cash flow statement (continued)

Cash flows from operating activities are primarily derived from the principal cash-generating activities of the entity.

Examples of cash flows from operating activities are:

- a) Cash receipts from taxes, levies and fines;
- b) Cash receipts from charges for goods and services provided by the entity;
- c) Cash receipts from grants or transfers and other appropriations or other budget authority made by national government or other entities;
- d) Cash receipts from royalties, fees, commissions and other revenue;
- e) Cash payments to other entities to finance their operations (not including loans);
- f) Cash payments to suppliers for goods and services;
- g) Cash payments to and on behalf of employees;
- h) Cash receipts and cash payments of an insurance entity for premiums and claims, annuities and other policy benefits;
- i) Cash payments of local property taxes or income taxes (where applicable) in relation to operating activities;
- j) Cash receipts and payments from contracts held for dealing or trading purposes;
- k) Cash receipts or payments from discontinued operations; and
- l) Cash receipts or payments in relation to litigation settlements.

Some transactions such as the sale of an item of plant, may give rise a gain or loss that is included in surplus or deficit. The cash flows relating to such transactions are cash flows from investing activities. However, cash payments to manufacture or acquire assets for rental to others and subsequently held for sale as described in paragraph.75 of the standard of GRAP on Property, Plant and Equipment are cash flows from operating activities. The cash received from rents and subsequent sales of such assets are also cash flows from operating activities.

An entity may hold securities and loans for dealing or trading purposes, in which case they are similar to inventory acquired specifically for resale. Therefore, cash flows arising from the purchase and sale of dealing or trading securities are classified as operating activities. Similarly, cash advances and loans made by public financial institutions are usually classified as operating activities since they relate to the main cash-generating activity of that entity.

## Investing Activities

The separate disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which cash outflows have been made for resources which are intended to contribute to the entity's future service delivery. Only expenditures that result in recognised asset in the statement of financial position are eligible for classification as investing activities. Examples of cash flows arising from investing activities are:

- a) Cash payments to acquire property, plant and equipment, intangibles and other long-term assets. These payments include those relating to capitalized development costs and self-constructed property, plant and equipment.
  - b) Cash receipts from sales of property, plant and equipment, intangibles and other long-term assets.
  - c) Cash payments to acquire equity or debt instruments of other entities and interests in joint ventures ( other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes);
  - d) Cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures ( other than receipts for those instruments considered to be cash equivalents or those held for dealing or trading purposes)
  - e) Cash advances and loans made to other parties (other than advances and loans made by a public financial institution);
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## 1.34 Cash flow statement (continued)

- f) Cash receipts from the repayment of advances and loans made to other parties (other than advances and loans of a public financial institution);
- g) Cash payments for future contracts, forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading purposes, or the receipts are classified as financing activities; and
- h) Cash receipts from futures contracts forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading purposes, or the receipts are classified as financing activities.

When a contract is accounted for as a hedge of an identifiable position, the cash flows of the contract are classified in the same manner as the cash flows of the position being hedged.

### Financing activities

The separate disclosure of cash flows arising from financing activities is important because it is useful in predicting claims on future cash flows by providers of capital to the entity.

Examples of cash flows arising from financing activities are:

- a) Cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short-or long-term borrowings;
- b) Cash repayments of amounts borrowed; and
- c) Cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease.

## 1.35 Segment information

A segment is an activity of an entity:

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

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

The reportable segments identified are those functional segments in the Government Finance Statistics (GFS's) format and the municipal vote (Departmental) format per the monthly section 71 management reports. The information that will be reported is aligned to the monthly section 71 reports which are viewed by the executive management. The GFS's format allows for universal comparability of segments. The main factors considered in selecting the segments were the level of comparability with other preparers and a level of aggregation that does not detract from presenting the separate revenue or service delivery components.

The municipality uses the municipal (departmental) votes as primary and GFS's as secondary segment reporting levels.

The assets and liabilities are not reviewed at all on a segregated basis.

### Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions

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

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## 1.35 Segment information (continued)

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

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Figures in Rand thousand	2024	2023
<b>2. Cash and cash equivalents</b>		
<b>2.1 Cash and cash equivalents</b>		
Cash flow statement consist of the following:		
<b>Call deposits and investments</b>		
Deposit taking institutions	22 099 422	45 858 292
Special deposit for the payment of interest	99 491 409	56 284 508
	<b>121 590 831</b>	<b>102 142 800</b>
<b>Cash at bank</b>		
Bank account	12 253 531	8 404 631
Cash on hand	1 453	1 453
<b>Total cash and cash equivalents</b>	<b>133 845 815</b>	<b>110 548 884</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods, depending on the immediate cash requirements earn interest at the respective short-term deposit rate.

Bank balances amounting to R 121 590 831 include an amount of R 20 633 018 which must be used on infrastructure projects.

## Call deposits and investments by financial institution

Institution	Account number	Account type		
Standard Bank	08-879-9697-021		-	15 558 756
Standard Bank	08-879-9697-022		-	10 299 536
Standard Bank	08-879-9697-024		7 099 422	-
Standard Bank	08-879-9697-027		-	20 000 000
Standard Bank	08-879-9697-032		15 000 000	-
			<b>22 099 422</b>	<b>45 858 292</b>
ABSA Bank	93-6256-7503		10 336 440	67 484
ABSA Bank	93-5890-7006		11 521 272	10 541 492
Investec	110-465258		1 255 566	1 153 390
Standard Bank	08-879-9697-001		202 057	202 057
Standard Bank	08-879-9697-012		12 408	11 872
Standard Bank	08-879-9697-020		-	21 571 408
Standard Bank	08-879-9697-025		24 508 666	22 736 805
Standard Bank	08-879-9697-030		20 000 000	-
Standard Bank	08-879-9697-031		31 655 000	-
			<b>99 491 409</b>	<b>56 284 508</b>
<b>Total investments</b>			<b>121 590 831</b>	<b>102 142 800</b>

## 2.2 Bank accounts

The municipality has the following bank accounts:

Standard Bank	Primary Account - 082-665-958	7 666 467	4 591 274
Standard Bank	Debit Order Account - 061-330-302	553 677	597 957
Standard Bank	Operating Account - 082-603-631	4 033 387	3 215 400
<b>Total</b>		<b>12 253 531</b>	<b>8 404 631</b>

## EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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Figures in Rand thousand 2024 2023

### 2. Cash and cash equivalents (continued)

#### 2.3 Difference between cash book and bank statement

2024

	Cash book	Bank statement	Difference
Standard Bank - Primary Account - 082-665-958	7 666 467	7 666 466	1
Standard Bank - Debit Order - 061-330-302	553 677	553 684	(7)
Standard Bank - Current Account - 082-603-631	4 033 387	4 033 387	-
	<b>12 253 531</b>	<b>12 253 537</b>	<b>(6)</b>

2023

	Cash book	Bank statement	Difference
Standard Bank - Primary Account - 082-665-958	4 591 274	4 591 274	-
Standard Bank - Debit Order - 061-330-302	597 957	597 957	-
Standard Bank - Current Account - 082-603-631	3 215 400	3 201 494	13 906
	<b>8 404 631</b>	<b>8 390 725</b>	<b>13 906</b>

### 3. Trade and other receivables from exchange transactions

#### Trade service and consumer service debtors

	3.1	
Electricity	17 255 810	10 440 473
Waste management	2 508 325	3 356 420
Service charges	-	3 101
	<b>19 764 135</b>	<b>13 799 994</b>

#### Other receivables from exchange transactions

	3.2	
Prepayments and advances	671 945	1 216 789
Property rental debtors	251 759	290 833
	<b>923 704</b>	<b>1 507 622</b>
<b>Total trade and other receivables from exchange transactions</b>	<b>20 687 839</b>	<b>15 307 616</b>

The prior year comparatives have been restated, please refer to note 64 for more detail information.

#### 3.1 Consumer receivables

	2024			2023		
	Gross	Impairment	Total	Gross	Impairment	Total
<b>Consumer receivables from exchange transactions</b>						
Electricity	18 398 173	(1 142 363)	17 255 810	11 206 340	(765 867)	10 440 473
Waste management	63 264 011	(60 755 686)	2 508 325	52 347 522	(48 991 102)	3 356 420
Service charges	16 945	(16 945)	-	20 429	(17 328)	3 101
<b>Total consumer receivables from exchange transactions</b>	<b>81 679 129</b>	<b>(61 914 994)</b>	<b>19 764 135</b>	<b>63 574 291</b>	<b>(49 774 297)</b>	<b>13 799 994</b>

## EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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Figures in Rand thousand

### 3. Trade and other receivables from exchange transactions (continued)

#### 3.1.1 Ageing of consumer receivables

2024

	Not due			Past due			
	Total	Current	30 days	60 days	90 days	120 days	120+ days
<b>Consumer receivables from exchange transactions</b>							
<b>Total by debt type</b>							
Electricity	18 398 173	2 030 906	637 884	438 526	582 166	512 491	14 196 200
Waste management	63 264 011	2 941 746	1 378 707	1 354 313	1 344 781	1 308 282	54 936 182
Service charges	16 945	-	-	-	-	-	16 945
<b>Total by debt type</b>	<b>81 679 129</b>	<b>4 972 652</b>	<b>2 016 591</b>	<b>1 792 839</b>	<b>1 926 947</b>	<b>1 820 773</b>	<b>69 149 327</b>
<b>Aging per customer group</b>							
Organs of state	13 555 145	1 434 045	483 981	349 533	515 594	486 313	10 285 679
Commercial customers	6 088 738	911 345	320 571	239 212	153 862	147 046	4 316 702
Households	60 707 714	2 577 741	1 198 981	1 191 929	1 245 362	1 175 318	53 318 383
Other	1 327 532	49 520	13 059	12 165	12 129	12 095	1 228 564
<b>Total by customer group</b>	<b>81 679 129</b>	<b>4 972 651</b>	<b>2 016 592</b>	<b>1 792 839</b>	<b>1 926 947</b>	<b>1 820 772</b>	<b>69 149 328</b>

## EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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Figures in Rand thousand

### 3. Trade and other receivables from exchange transactions (continued)

2023

	Not due			Past due			
	Total	Current	30 days	60 days	90 days	120 days	120+ days
<b>Consumer receivables from exchange transactions</b>							
<b>Total by debt type</b>							
Electricity	11 206 340	544 149	397 770	438 209	281 506	339 186	9 205 520
Waste management	52 347 522	1 579 698	1 485 350	1 422 122	1 403 756	1 364 052	45 092 544
Service charges	20 429	643	3 017	-	-	-	16 769
<b>Total by debt type</b>	<b>63 574 291</b>	<b>2 124 490</b>	<b>1 886 137</b>	<b>1 860 331</b>	<b>1 685 262</b>	<b>1 703 238</b>	<b>54 314 833</b>
<b>Aging per customer group</b>							
Organs of state	7 567 814	621 188	492 977	506 754	372 668	417 777	5 156 450
Commercial customers	4 579 792	228 653	169 069	165 930	143 946	139 355	3 732 839
Households	50 087 762	1 242 169	1 204 633	1 171 307	1 152 387	1 130 268	44 186 998
Other	1 338 924	32 481	19 458	16 340	16 261	15 838	1 238 546
<b>Total by customer group</b>	<b>63 574 292</b>	<b>2 124 491</b>	<b>1 886 137</b>	<b>1 860 331</b>	<b>1 685 262</b>	<b>1 703 238</b>	<b>54 314 833</b>

## EMALAHLENI MUNICIPALITY

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Figures in Rand thousand

### 3. Trade and other receivables from exchange transactions (continued)

#### 3.1.2 Impairment reconciliation of consumer receivables

	2024			2023			
	Opening balance	Impairment raised	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
<b>Consumer receivables from exchange transactions</b>							
Electricity	(765 867)	(376 496)	<b>(1 142 363)</b>	(6 413 716)	(186)	5 648 035	<b>(765 867)</b>
Waste management	(48 991 102)	(11 764 584)	<b>(60 755 686)</b>	(22 476 626)	(26 514 476)	-	<b>(48 991 102)</b>
Service charges	(17 328)	383	<b>(16 945)</b>	(10 344)	(6 984)	-	<b>(17 328)</b>
<b>Total consumer receivables</b>	<b>(49 774 297)</b>	<b>(12 140 697)</b>	<b>(61 914 994)</b>	<b>(28 900 686)</b>	<b>(26 521 646)</b>	<b>5 648 035</b>	<b>(49 774 297)</b>

#### 3.1.3 Consumer debt past due not impaired

2024

	Total	30 days	60 days	90 days	120 days	120+ days
<b>Consumer receivables from exchange transactions</b>						
Electricity	<b>15 574 855</b>	490 747	349 917	506 350	489 643	13 738 198
Waste management	<b>2 147 082</b>	133 382	118 849	110 545	86 592	1 697 714
<b>Total consumer receivables</b>	<b>17 721 937</b>	<b>624 129</b>	<b>468 766</b>	<b>616 895</b>	<b>576 235</b>	<b>15 435 912</b>

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Figures in Rand thousand

### 3. Trade and other receivables from exchange transactions (continued)

2023

	Total	30 days	60 days	90 days	120 days	120+ days
<b>Consumer receivables from exchange transactions</b>						
Electricity	9 907 323	388 613	410 692	272 504	315 709	8 519 805
Waste management	8 043 337	383 245	342 407	326 970	306 499	6 684 216
Service charges	272 596	18 080	17 843	18 002	17 774	200 897
<b>Total consumer receivables</b>	<b>18 223 256</b>	<b>789 938</b>	<b>770 942</b>	<b>617 476</b>	<b>639 982</b>	<b>15 404 918</b>

#### 3.1.4 Consumer receivables pledged as security

No consumer receivables were pledged as security.

#### 3.1.5 Credit quality of consumer receivables

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

#### 3.1.6 Collection rate of consumer receivables

##### Consumer receivables from exchange transactions

Electricity	3 181 390	2 995 712
Waste management	2 881 711	1 896 560
<b>Overall collection rate</b>	<b>6 063 101</b>	<b>4 892 272</b>

## EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June

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Figures in Rand thousand

### 3. Trade and other receivables from exchange transactions (continued)

#### 3.2 Other receivables

	2024			2023		
	Gross	Impairment	Total	Gross	Impairment	Total
<b>Other receivables from exchange transactions</b>						
Prepayments and advances	671 945	-	<b>671 945</b>	1 216 789	-	<b>1 216 789</b>
Property rental debtors	887 231	(635 472)	<b>251 759</b>	853 063	(562 230)	<b>290 833</b>
<b>Total</b>	<b>1 559 176</b>	<b>(635 472)</b>	<b>923 704</b>	<b>2 069 852</b>	<b>(562 230)</b>	<b>1 507 622</b>

#### 3.2.1 Ageing of other receivables from exchange transactions

2024

	Not due			Past due			
	Total	Current	30 days	60 days	90 days	120 days	120+ days
<b>Other receivables from exchange transactions</b>							
Prepayments and advances	<b>671 945</b>	-	-	-	-	-	671 945
Property rental debtors	<b>887 231</b>	54 758	27 116	26 942	26 769	26 579	725 067
<b>Total</b>	<b>1 559 176</b>	<b>54 758</b>	<b>27 116</b>	<b>26 942</b>	<b>26 769</b>	<b>26 579</b>	<b>1 397 012</b>

## EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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Figures in Rand thousand

### 3. Trade and other receivables from exchange transactions (continued)

2023

	Not due			Past due			
	Total	Current	30 days	60 days	90 days	120 days	120+ days
<b>Other receivables from exchange transactions</b>							
Prepayments and advances	1 216 789	-	-	-	-	-	1 216 789
Property rental debtors	853 063	31 836	31 602	31 139	31 230	30 787	696 469
<b>Total</b>	<b>2 069 852</b>	<b>31 836</b>	<b>31 602</b>	<b>31 139</b>	<b>31 230</b>	<b>30 787</b>	<b>1 913 258</b>

#### 3.2.2 Impairment reconciliation of other receivables from exchange transactions

	2024			2023		
	Opening balance	Impairment raised	Closing balance	Opening balance	Impairment raised	Closing balance
<b>Other receivables from exchange transactions</b>						
Property rental debtors	(562 230)	(73 242)	<b>(635 472)</b>	(365 792)	(196 438)	<b>(562 230)</b>

#### 3.2.3 Other receivables from exchange transactions pledged as security

No other receivables from exchange transactions were pledged as security.

#### 3.2.4 Credit quality of other receivables other receivables from exchange transactions

The credit quality of consumer debtors that are neither past nor due nor due nor impaired can be assessed by reference to external ratings (if available) or to historical information about counterparty default rates.

## EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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Figures in Rand thousand

### 4. Receivables from non-exchange transactions

<b>Consumer receivables</b>	4.1		
Property rates		<u>9 475 100</u>	<u>5 800 692</u>
<b>Other receivables</b>	4.1		
Accrued income		4 032 093	3 271 816
Unauthorised, Irregular, Fruitless and Wasteful Expenditure		<u>43 106</u>	<u>43 106</u>
		<b>4 075 199</b>	<b>3 314 922</b>
<b>Total receivables</b>		<b><u>13 550 299</u></b>	<b><u>9 115 614</u></b>
Current assets		13 550 299	9 115 614

The prior year comparatives have been restated, please refer to note 64 for more detail information.

### 4.1 Receivables from non-exchange transactions

	2024			2023		
	Gross	Impairment	Total	Gross	Impairment	Total
<b>Consumer receivables</b>						
Property rates	40 717 720	(31 242 620)	<b>9 475 100</b>	34 520 994	(28 720 302)	<b>5 800 692</b>
<b>Other receivables</b>						
Accrued income	4 032 093	-	<b>4 032 093</b>	3 271 816	-	<b>3 271 816</b>
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	43 106	-	<b>43 106</b>	43 106	-	<b>43 106</b>
	<b>4 075 199</b>	-	<b>4 075 199</b>	<b>3 314 922</b>	-	<b>3 314 922</b>
<b>Total</b>	<b>44 792 919</b>	<b>(31 242 620)</b>	<b>13 550 299</b>	<b>37 835 916</b>	<b>(28 720 302)</b>	<b>9 115 614</b>

## EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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Figures in Rand thousand

### 4. Receivables from non-exchange transactions (continued)

#### 4.1.1 Ageing of receivables from non-exchange transactions

2024

	Not due			Past due			
	Total	Current	30 days	60 days	90 days	120 days	120+ days
<b>Consumer receivables</b>							
Property rates	<b>40 717 720</b>	1 307 577	925 139	805 996	810 813	769 518	36 098 677
<b>Other receivables</b>							
Accrued income	<b>4 032 093</b>	-	-	-	-	-	4 032 093
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	<b>43 106</b>	-	-	-	-	-	43 106
	<b>4 075 199</b>	-	-	-	-	-	<b>4 075 199</b>
<b>Total</b>	<b>44 792 919</b>	<b>1 307 577</b>	<b>925 139</b>	<b>805 996</b>	<b>810 813</b>	<b>769 518</b>	<b>40 173 876</b>

2023

	Not due			Past due			
	Total	Current	30 days	60 days	90 days	120 days	120+ days
<b>Consumer receivables</b>							
Property rates	<b>34 520 994</b>	280 667	867 777	781 255	769 549	719 806	31 101 940
<b>Other receivables</b>							
Accrued income	<b>3 271 816</b>	-	-	-	-	-	3 271 816
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	<b>43 106</b>	-	-	-	-	-	43 106
	<b>3 314 922</b>	-	-	-	-	-	<b>3 314 922</b>
<b>Total</b>	<b>37 835 916</b>	<b>280 667</b>	<b>867 777</b>	<b>781 255</b>	<b>769 549</b>	<b>719 806</b>	<b>34 416 862</b>

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Annual Financial Statements for the year ended 30 June  
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Figures in Rand thousand

## 4. Receivables from non-exchange transactions (continued)

### 4.1.2 Impairment reconciliation of receivables from non-exchange transactions

	2024			2023		
	Opening balance	Impairment raised	Closing balance	Opening balance	Impairment raised	Closing balance
<b>Consumer receivables</b>						
Property rates	(28 720 302)	(2 522 318)	<b>(31 242 620)</b>	(19 316 264)	(9 404 038)	<b>(28 720 302)</b>

### 4.1.3 Ageing of receivables from non-exchange transactions past due not impaired

#### 2024

	Total	30 days	Past due			
			60 days	90 days	120 days	120+ days
<b>Consumer receivables</b>						
Property rates	<b>7 438 094</b>	392 365	377 148	375 420	344 141	5 949 020

#### 2023

	Total	30 days	Past due			
			60 days	90 days	120 days	120+ days
<b>Consumer receivables</b>						
Property rates	<b>7 217 227</b>	457 033	375 880	367 979	325 665	5 690 670

### 4.1.4 Other receivables from non-exchange transactions pledged as security

No other receivables from non-exchange transactions were pledged as security.

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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Figures in Rand thousand	2024	2023
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## 4. Receivables from non-exchange transactions (continued)

### 4.1.5 Credit quality of other receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

## 5. Input accrual

VAT input accrual	<u>70 438 995</u>	<u>47 381 611</u>
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VAT input accrual relates to VAT on Trade and other payables that have not yet been paid at year-end. Only once the payment is made to creditors, the VAT becomes receivable from SARS.

## 6. Other current assets

Control, clearing and interface accounts	-	71 946
Operating lease	29 465	29 465
<b>Total</b>	<u><b>29 465</b></u>	<u><b>101 411</b></u>

## 7. Statutory receivables

Property rates	<u>9 475 100</u>	<u>5 800 692</u>
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### Statutory receivables general information

#### Transaction(s) arising from statute

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

Property Rates arise from the MUNICIPAL PROPERTY RATES ACT NO. 6 OF 2004 as amended by Municipal Property Rates Amendment Act, No. 29 of 2014. This should be read together with Government Gazette 32061, updated by Government Gazette 38259 dated 28 November 2014. Statutory receivables transaction amounts is determined via the municipalities approved rates policy.

Value-Added Tax (VAT) receivable arise from the Value-Added Tax Act 89 of 1991.

#### Interest or other charges levied/charged

Interest is charged at the prime rate per annum on the outstanding balance.

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

The impairment provision was calculated after individually assessing property rates receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of property rates debtors.

#### Statutory receivables impaired

As of 30 June 2024, Statutory receivables of R44 717 720 (2023: R34 520 994) were impaired and provided for.

The amount of the provision was R31 242 620 as of 30 June 2023 (2022: R28 720 302).

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## EMALAHLENI MUNICIPALITY

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2024

Figures in Rand thousand		2024	2023
<b>8. Investment property</b>			
<b>8.1 Reconciliation of carrying value</b>			
<b>Opening carrying value</b>			
Cost		4 036 185	4 036 185
Accumulated depreciation and impairment losses		(2 428 284)	(2 374 375)
		<b>1 607 901</b>	<b>1 661 810</b>
Depreciation	39	(42 449)	(53 909)
<b>Closing carrying value</b>		<b>1 565 452</b>	<b>1 607 901</b>
<b>Cost</b>			
Cost		4 036 185	4 036 185
Accumulated depreciation and impairment losses		(2 470 733)	(2 428 284)

### 8.2 Investment property pledged as security

All of the municipality's investment property is held under freehold interests and no investment property had been pledged as security for any liabilities of the municipality.

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

## 9. Property, plant and equipment

### 9.1 Summary

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	33 698 621	-	33 698 621	33 698 621	-	33 698 621
Transport Assets	22 407 063	(14 207 436)	8 199 627	20 697 415	(13 182 643)	7 514 772
Electrical Infrastructure	44 583 319	(14 711 589)	29 871 730	23 673 991	(12 948 470)	10 725 521
Solid Waste Infrastructure	706 429	(87 336)	619 093	507 625	(78 174)	429 451
Machinery and Equipment	4 085 630	(1 924 608)	2 161 022	3 192 659	(1 714 681)	1 477 978
Furniture and Office Equipment	8 420 349	(5 871 690)	2 548 659	8 283 045	(5 596 309)	2 686 736
Computer Equipment	5 274 708	(2 765 171)	2 509 537	5 322 306	(2 320 964)	3 001 342
Roads Infrastructure	552 232 945	(275 156 526)	277 076 419	512 030 580	(261 651 435)	250 379 145
Storm water Infrastructure	11 663 260	(5 078 034)	6 585 226	13 716 122	(4 931 098)	8 785 024
Community Assets	135 107 402	(30 460 891)	104 646 511	129 956 957	(26 722 427)	103 234 530
Other Assets	35 824 332	(8 451 930)	27 372 402	35 957 331	(7 890 495)	28 066 836
<b>Total</b>	<b>854 004 058</b>	<b>(358 715 211)</b>	<b>495 288 848</b>	<b>787 036 652</b>	<b>(337 036 696)</b>	<b>449 999 956</b>

## EMALAHLENI MUNICIPALITY

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Figures in Rand thousand

### 9. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment – 2024

	Opening balance	Additions	Disposals	Transfers received	Transfers made	Reclassificati on on, movement	Depreciation	Total
Land	33 698 621	-	-	-	-	-	-	<b>33 698 621</b>
Transport Assets	7 514 772	2 055 306	(306 795)	-	-	-	(1 063 656)	<b>8 199 627</b>
Electrical Infrastructure	10 725 521	4 497 631	-	6 299 241	-	10 111 605	(1 762 268)	<b>29 871 730</b>
Solid Waste Infrastructure	429 451	-	-	198 804	-	-	(9 162)	<b>619 093</b>
Machinery and Equipment	1 477 978	892 971	-	-	-	-	(209 927)	<b>2 161 022</b>
Furniture and Office Equipment	2 686 736	228 681	(40 335)	-	-	-	(326 423)	<b>2 548 659</b>
Computer Equipment	3 001 342	19 408	(50 734)	-	-	-	(460 479)	<b>2 509 537</b>
Roads Infrastructure	250 379 145	52 781 474	-	52 559 539	(64 017 472)	526 064	(15 152 331)	<b>277 076 419</b>
Storm water Infrastructure	8 785 024	-	-	-	-	(2 062 424)	(137 374)	<b>6 585 226</b>
Community Assets	103 433 334	8 566 997	-	4 959 888	-	(8 575 245)	(3 738 463)	<b>104 646 511</b>
Other Assets	28 066 836	-	-	-	-	-	(694 434)	<b>27 372 402</b>
<b>Total</b>	<b>450 198 760</b>	<b>69 042 468</b>	<b>(397 864)</b>	<b>64 017 472</b>	<b>(64 017 472)</b>	<b>-</b>	<b>(23 554 517)</b>	<b>495 288 848</b>

The remaining useful lives of assets were adjusted during 2024, and was treated as a change in accounting estimate (refer to note 57). All changes in accounting estimates are applied prospectively, accordingly no prior year adjustments were made.

## EMALAHLENI MUNICIPALITY

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Figures in Rand thousand

### 9. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment – 2023

	Opening balance	Additions	Disposals	Transfers received	Transfers made	Depreciation	Total
Land	33 698 621	-	-	-	-	-	<b>33 698 621</b>
Transport Assets	7 540 709	943 799	-	-	-	(969 736)	<b>7 514 772</b>
Electrical Infrastructure	11 060 123	-	-	-	-	(334 602)	<b>10 725 521</b>
Solid Waste Infrastructure	438 588	-	-	-	-	(9 137)	<b>429 451</b>
Machinery and Equipment	1 271 472	395 911	-	-	-	(189 405)	<b>1 477 978</b>
Furniture and Office Equipment	3 300 240	48 500	-	-	-	(662 004)	<b>2 686 736</b>
Computer Equipment	1 956 166	1 462 350	(40 121)	-	-	(377 053)	<b>3 001 342</b>
Roads Infrastructure	251 232 535	19 139 792	(347 886)	21 217 192	(29 622 924)	(11 239 564)	<b>250 379 145</b>
Storm water Infrastructure	7 905 893	-	(2 076)	1 043 255	-	(162 048)	<b>8 785 024</b>
Community Assets	99 066 452	-	(36 153)	7 362 478	-	(3 158 247)	<b>103 234 530</b>
Other Assets	28 765 257	-	-	-	-	(698 421)	<b>28 066 836</b>
<b>Total</b>	<b>446 236 056</b>	<b>21 990 352</b>	<b>(426 236)</b>	<b>29 622 925</b>	<b>(29 622 924)</b>	<b>(17 800 217)</b>	<b>449 999 956</b>

#### 9.2 Significant disposal of land and buildings during the year

#### 9.3 Impairment of property, plant and equipment

The municipality assessed its items of property, plant and equipment for any potential impairment losses or reversal of impairment losses on assets.

#### 9.4 Construction work-in-progress

The following assets were still in the process of being constructed at year end:

# EMALAHLENI MUNICIPALITY

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## Notes to the Annual Financial Statements

Figures in Rand thousand	2024	2023
<b>9. Property, plant and equipment (continued)</b>		
<b>Accumulated expenditure included in carrying value of property, plant and equipment</b>		
Electrical infrastructure	4 497 519	3 688 973
Solid waste infrastructure	-	198 804
Roads infrastructure	39 373 511	36 971 071
Community assets	21 997 659	18 390 549
<b>Total</b>	<b>65 868 689</b>	<b>59 249 397</b>

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 9. Property, plant and equipment (continued)

#### 9.5 Property, plant and equipment pledged as security

No assets of property, plant and equipment was pledged as security.

#### 9.6 Maintenance of property, plant and equipment

##### 2024

The following maintenance costs were incurred:

	Community assets	Machinery and equipment	Other assets	Total
Preventative maintenance	828 533	341 678	1 915 287	3 085 498

##### 2023

The following maintenance costs were incurred:

	Community assets	Machinery and equipment	Other assets	Total
Preventative maintenance	582 972	947 137	2 066 209	3 596 318

# EMALAHLENI MUNICIPALITY

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Figures in Rand thousand 2024 2023

## 10. Heritage assets

### 10.1 Reconciliation of carrying value

2024

	Land and buildings	Total
<b>Opening carrying value as at 01 July 2023</b>		
Cost	182 536	182 536
Cost	182 536	182 536

2023

	Land and buildings	Total
<b>Opening carrying value as at 01 July 2022</b>		
Cost	182 536	182 536
Cost	182 536	182 536

### 10.2 Restrictions on heritage assets

There are no restrictions on the title of heritage assets owned by the municipality.

### 10.3 Heritage assets pledged as security

There are no heritage assets pledged as security.

## 11. Intangible assets

### 11.1 Reconciliation of carrying value

2024

		Computer software	Total
<b>Opening carrying value as at 01 July 2023</b>			
Cost		908 670	908 670
Accumulated depreciation and impairment		(506 524)	(506 524)
		<b>402 146</b>	<b>402 146</b>
Amortisation	39	(136 798)	(136 798)
<b>Closing carrying value as at 30 June 2024</b>		<b>265 348</b>	<b>265 348</b>
Cost		908 670	908 670
Accumulated amortisation and impairment		(643 322)	(643 322)
		<b>265 348</b>	<b>265 348</b>

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## 11. Intangible assets (continued)

2023

		Computer software	Total
<b>Opening carrying value as at 01 July 2022</b>			
Cost		908 670	908 670
Accumulated depreciation and impairment		(367 078)	(367 078)
		<b>541 592</b>	<b>541 592</b>
Amortisation	39	(139 446)	(139 446)
<b>Closing carrying value as at 30 June 2023</b>			
		<b>402 146</b>	<b>402 146</b>
<b>Cost</b>			
Cost		908 670	908 670
Accumulated amortisation and impairment		(506 524)	(506 524)
		<b>402 146</b>	<b>402 146</b>

## 12. Employee benefits

### Non-current employee benefits

Post employment health care benefits	12.1	11 815 750	8 977 000
Long-service awards	12.4	3 633 841	3 052 000
		<b>15 449 591</b>	<b>12 029 000</b>

### Current employee benefits

Post employment health care benefits	12.1	97 353	91 000
Bonus	12.2	2 182 460	1 876 283
Leave	12.3	7 018 830	7 842 729
Long-service awards	12.4	499 282	592 000
Overtime	12.5	186 762	186 762
		<b>9 984 687</b>	<b>10 588 774</b>
<b>Total</b>		<b>25 434 278</b>	<b>22 617 774</b>

### 12.1 Post employment health care benefits

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current conditions of service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by Mr D. T. Mureriwa and Mr T. G. Mhonde of One Pangaea Expertise & Solutions (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Post Employee Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follow:

	Number	
In-service members (Employees)	104	91
Continuation members (Retirees)	3	2
<b>Total members</b>	<b>107</b>	<b>93</b>

The liability in respect of past service has been estimated as follow:

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<b>12. Employee benefits (continued)</b>		
In-service members (Employees)	10 400 448	8 325 000
Continuation members (Retirees)	1 512 655	743 000
<b>Total liability</b>	<b>11 913 103</b>	<b>9 068 000</b>
Current	97 353	91 000
Non-current	11 815 750	8 977 000
<b>12.1.1 Defined benefit plan</b>		
<b>Movements in the present value of the defined benefit obligation</b>		
Opening Balance	9 068 000	10 263 000
Current service cost	643 000	785 000
Interest cost	1 206 000	1 254 000
Actual employer benefit payments	(91 000)	(68 655)
Actuarial loss/ (gain) recognised in the year	1 087 103	(3 165 345)
<b>Present value of fund obligation at the end of the year</b>	<b>11 913 103</b>	<b>9 068 000</b>
<b>Movements in the present value of the defined benefit assets</b>		
Contributions from the employer	(91 000)	(68 655)
Benefits paid	91 000	68 655
<b>Closing balance</b>	<b>-</b>	<b>-</b>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Key Health
- LA Health
- Fed Health
- Samwumed

The principal assumptions used for the purposes of the actuarial valuations were as follow:

## Rates of interest

Discount rate	13.58%	14.28%
Consumer Price Inflation (CPI)	7.95%	8.73%
Health care cost inflation rate	9.45%	9.73%
Net effective discount rate	3.77%	4.15%

GRAP 25 defines the determination of the Discount Rate Assumption to be used as follow:

- 'The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.'
- The Actuaries used the nominal and real zero curves as at 30 June 2024 supplied by the JSE to determine the discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, they used the prevailing yield at the time of performing their calculations. The methodology was changed from a point estimate to that of a curve in order to present a more accurate depiction of the liability. Previously only one discount rate was used to value all the liabilities. This changed methodology would be seen as a change in estimate basis.

## Mortality rates

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## 12. Employee benefits (continued)

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

### Normal retirement age

The average retirement age for all active employees was assumed to be 65 years. This assumption implicitly allows for ill-health and early retirements. The normal retirement age (NRA) for all active employees was assumed to be 65 years.

### Amounts recognised in the statement of financial position

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

Present value of unfunded obligations	11 913 103	9 068 000
---------------------------------------	------------	-----------

### Amounts recognised in the statement of financial performance

The amounts recognised in the statement of financial performance is as follows:

Current service cost		643 000	785 000
Interest cost		1 206 000	1 254 000
Actuarial loss/ (gain) recognised in the year		1 087 103	(3 165 345)
<b>Total post-retirement benefit included in employee related costs</b>	34	<b>2 936 103</b>	<b>(1 126 345)</b>

### History of experienced adjustments

	2020	2021	2022	2023	2024
Present value of defined benefit obligation	2 818 000	3 184 000	10 263 000	9 068 000	11 913 103

The effect of a 1% movement in the assumed rate of health care cost inflation is as follow:

	+1% Increase	-1% Decrease
Effect on the defined benefit obligation	14 004 461	10 265 713
Effect on the aggregate of the interest cost	1 834 462	1 352 431
Effect on the aggregate of the current service cost	1 370 253	950 752

### 12.2 Bonus

Provision for bonus	12.2.1	2 066 293	1 760 116
Bonus payable	12.2.2	116 167	116 167
<b>Total</b>		<b>2 182 460</b>	<b>1 876 283</b>

Current	2 182 460	1 876 283
---------	-----------	-----------

#### 12.2.1 Provision for bonus

### Movements in the present value of the defined benefit obligation

Opening Balance	1 760 116	1 676 891
Additional provisions raised	2 066 293	1 760 116
Reversals	(1 760 116)	(1 676 891)
<b>Closing balance</b>	<b>2 066 293</b>	<b>1 760 116</b>

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Figures in Rand thousand	2024	2023
<b>12. Employee benefits (continued)</b>		
Current	2 066 293	1 760 116
<b>12.2.2 Bonus payable</b>		
<b>Movements in the present value of the defined benefit assets</b>		
Opening Balance	116 167	116 167
Current	116 167	116 167
<b>Amounts recognised in the statement of financial position</b>		
The amounts recognised in the statement of financial position are as follow:		
Present value of unfunded obligations	2 182 460	1 876 283
<b>12.3 Leave</b>		
Leave accrual	12.3.1 7 018 830	7 842 729
Current	7 018 830	7 842 729
<b>12.3.1 Leave accrual</b>		
<b>Movements in the present value of the defined benefit assets</b>		
Opening Balance	7 842 729	8 738 947
Deposits	7 018 830	7 848 815
Withdrawals	(7 842 729)	(8 745 033)
<b>Closing balance</b>	<b>7 018 830</b>	<b>7 842 729</b>
Current	7 018 830	7 842 729
Non-current	7 018 830	7 842 729
<b>Amounts recognised in the statement of financial position</b>		
The amounts recognised in the statement of financial position are as follow:		
Present value of unfunded obligations	7 018 830	7 842 729
<b>12.4 Long-service awards</b>		
Provision for long-service awards	12.4.1 3 633 841	3 052 000
Long-service awards payable	12.4.2 499 282	592 000
<b>Total</b>	<b>4 133 123</b>	<b>3 644 000</b>
Current	499 282	592 000
Non-current	3 633 841	3 052 000
<b>12.4.1 Provision for long-service awards</b>		
<b>Movements in the present value of the defined benefit obligation</b>		
Opening Balance	3 052 000	3 350 001
Additional provisions raised	581 841	-
Reversals	-	(298 001)
<b>Closing balance</b>	<b>3 633 841</b>	<b>3 052 000</b>

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Figures in Rand thousand	2024	2023
<b>12. Employee benefits (continued)</b>		
Non-current	3 633 841	3 052 000
<b>12.4.2 Long-service awards payable</b>		
<b>Movements in the present value of the defined benefit assets</b>		
Opening Balance	592 000	597 000
Deposits	(92 718)	(5 000)
<b>Closing balance</b>	<b>499 282</b>	<b>592 000</b>
Current	499 282	592 000

## Long-service award

The municipality operates a funded defined benefit plan for all its employees. Under the plan, a Long Service Award is payable after 5 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by Mr D. T. Mureriwa and Mr T. G. Mhonde of One Pangaea Expertise and Solutions (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end 208 (2023: 183) employees were eligible for Long Services Awards.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

Discount rate	9.90%	10.47%
Consumer Price Inflation (CPI)	4.96%	5.74%
Normal salary increase rate CPI+1	5.96%	6.74%
Net effective discount rate	3.72%	3.50%

GRAP 25 defines the determination of the Discount Rate Assumption to be used as follow:

The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

The Actuaries used the nominal and real zero curves as at 30 June 2024 supplied by the JSE to determine the discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, they used the prevailing yield at the time of performing their calculations. The methodology was changed from a point estimate to that of a curve in order to present a more accurate depiction of the liability. Previously only one discount rate was used to value all the liabilities. This changed methodology would be seen as a change in estimate basis.

## Amounts recognised in the statement of financial position

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

Present value of unfunded obligations	<u>4 133 123</u>	<u>3 644 000</u>
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# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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Figures in Rand thousand	2024	2023
<b>12. Employee benefits (continued)</b>		
<b>Amounts recognised in the statement of financial performance</b>		
The amounts recognised in the statement of financial performance are as follow:		
Current service cost	482 000	510 000
Interest cost	474 000	429 000
Actuarial losses / (gains) recognised	(179 134)	(795 738)
Benefits paid	(287 743)	(148 262)
<b>Total expense included in employee related costs</b>	<b>34</b>	<b>(5 000)</b>
	<b>1% Decrease</b>	<b>1% Increase</b>
Effect on the defined benefit obligation	3 924 929	4 359 432
Effect on the aggregate of the current service cost	500 198	564 436
Effect on the aggregate of the interest cost	364 033	407 069
	<b>-50% Withdrawal rate</b>	<b>+200% Withdrawal rate</b>
Effect on the defined benefit obligation	4 834 785	3 173 802
Effect on the aggregate of the current service cost	654 008	374 631
Effect on the aggregate of the interest cost	453 890	290 159
<b>12.5 Overtime</b>		
<b>12.5.1 Overtime payable</b>		
Opening Balance	186 762	-
Deposits	-	186 762
<b>Closing balance</b>	<b>186 762</b>	<b>186 762</b>
Current	186 762	186 762
<b>13. Consumer deposits</b>		
Rental properties	97 956	94 560

Deposits are released on termination of the contract or when the contractual services are delivered.

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Figures in Rand thousand		2024	2023
<b>14. Trade and other payables from exchange transactions</b>			
Bulk purchases	14.1	2 266 017	1 410 381
Contractors	14.2	12 245 362	11 864 365
Control and clearing accounts	14.3	(98 120)	158 333
Other payables	14.4	5 533 612	11 159 173
Statutory payables	14.5	1 767 856	1 244 479
<b>Total</b>		<b>21 714 727</b>	<b>25 836 731</b>
Current		21 714 727	25 836 731
<b>14.1 Bulk purchases</b>			
Bulk electricity		2 266 017	1 410 381
<b>14.2 Contractors</b>			
Retentions		12 245 362	11 864 365
<b>14.3 Control and clearing accounts</b>			
Employee deductions FICS		30 018	30 018
Medical aid control		51 774	22 626
Salary Control - Employee Related Costs		(920 888)	76 789
Salary Control - Remuneration of Councillors		636 916	-
Travel control		104 060	28 900
<b>Total</b>		<b>(98 120)</b>	<b>158 333</b>
<b>14.4 Other payables</b>			
Agency fees		207 151	120 223
Payables and accruals		3 914 671	8 304 707
Unallocated deposits		5 685	(1 245)
Advance payments		934 281	2 735 488
Other current assets in credit		471 824	-
<b>Total</b>		<b>5 533 612</b>	<b>11 159 173</b>
<b>14.5 Statutory payables</b>			
Compensation commission (COID)		1 767 856	1 244 479

## EMALAHLENI MUNICIPALITY

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Figures in Rand thousand

### 15. Trade and other payables from non-exchange transactions – Transfers and subsidies Unspent

		2024				2023			
		Opening balance	Funds received	Transfer to revenue	Closing balance	Opening balance	Funds received	Transfer to revenue	Closing balance
<b>Capital</b>									
Monetary Allocations	15.1	9 786 277	100 123 700	(89 276 959)	<b>20 633 018</b>	31	76 115 200	(66 328 954)	<b>9 786 277</b>
<b>Operational</b>									
Monetary Allocations	15.2	518 260	8 020 300	(8 152 376)	<b>386 184</b>	324 301	8 137 800	(7 943 841)	<b>518 260</b>
<b>Total</b>		<b>10 304 537</b>	<b>108 144 000</b>	<b>(97 429 335)</b>	<b>21 019 202</b>	<b>324 332</b>	<b>84 253 000</b>	<b>(74 272 795)</b>	<b>10 304 537</b>

#### 15.1 Unspent capital monetary allocations

		2024				2023			
		Opening balance	Funds received	Transfer to revenue	Closing balance	Opening balance	Funds received	Transfer to revenue	Closing balance
<b>National Government</b>									
Integrated National Electrification Programme Grant		30	22 381 000	(22 381 030)	-	30	27 200 000	(27 200 000)	<b>30</b>
Municipal Disaster Recovery Grant		3 395 000	42 739 000	(25 500 982)	<b>20 633 018</b>	-	3 395 000	-	<b>3 395 000</b>
Municipal Infrastructure Grant		6 391 247	35 003 700	(41 394 947)	-	1	45 520 200	(39 128 954)	<b>6 391 247</b>
<b>Total</b>		<b>9 786 277</b>	<b>100 123 700</b>	<b>(89 276 959)</b>	<b>20 633 018</b>	<b>31</b>	<b>76 115 200</b>	<b>(66 328 954)</b>	<b>9 786 277</b>

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Figures in Rand thousand

### 15. Trade and other payables from non-exchange transactions – Transfers and subsidies Unspent (continued)

#### 15.2 Unspent operational monetary allocations

	2024				2023			
	Opening balance	Funds received	Transfer to revenue	Closing balance	Opening balance	Funds received	Transfer to revenue	Closing balance
<b>National Government</b>								
Expanded Public Works Programme Integrated Grant	-	2 128 000	(2 128 025)	<b>(25)</b>	-	1 692 000	(1 692 000)	-
Local Government Financial Management Grant	-	3 100 000	(3 100 000)	-	-	3 100 000	(3 100 000)	-
Municipal Infrastructure Grant	-	1 842 300	(1 974 351)	<b>(132 051)</b>	-	2 395 800	(2 395 800)	-
<b>Total</b>	-	<b>7 070 300</b>	<b>(7 202 376)</b>	<b>(132 076)</b>	-	<b>7 187 800</b>	<b>(7 187 800)</b>	-
<b>Provincial Government</b>								
Eastern Cape	518 260	950 000	(950 000)	<b>518 260</b>	324 301	950 000	(756 041)	<b>518 260</b>
<b>Total unspent operational monetary allocations</b>	<b>518 260</b>	<b>8 020 300</b>	<b>(8 152 376)</b>	<b>386 184</b>	<b>324 301</b>	<b>8 137 800</b>	<b>(7 943 841)</b>	<b>518 260</b>

# EMALAHLENI MUNICIPALITY

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Figures in Rand thousand		2024	2023
<b>16. Provision</b>			
Landfill Sites	16.1	25 200 082	17 128 333
Litigation	16.2	(247 093)	(247 093)
<b>Total</b>		<b>24 952 989</b>	<b>16 881 240</b>

Current 24 952 989 16 881 240

## 16.1 Landfill Sites

Opening Balance		17 128 333	16 179 530
Additional provisions raised		8 071 749	948 803
<b>Closing balance</b>		<b>25 200 082</b>	<b>17 128 333</b>

Current 25 200 082 17 128 333

Lady Frere landfill site is located approximately 2.0km west of Indew road R394.

Dordrecht landfill site is located off R56 about 900m after the Dordrecht town to Queenstown route.

Indwe landfill site is located east of R56 approximately 260m before the town of Indwe.

Environmental rehabilitation provision

### Lady Frere Landfill Site

The Lady Frere landfill has been issued with a closure license which states that the rehabilitation of the site must commence within a period of two years from the license issue date, which is 30/06/2014. Commencement of rehabilitation must therefore have started by 30/06/2016, and the license also states that the Licence is valid for a period of four years, meaning the site should have closed by 30/06/2020, depending on how the dates are interpreted. The Municipality has requested an extension of 5 years to operate the site until a new facility can be identified, licenced, and constructed. The Department of Economic Development, Environment Affairs & Tourism approved the extension of the existing licence by 5 years on the 29/06/2023, hence the additional provision have been raised

### Dordrecht Landfill Site

The Dordrecht landfill has been issued with a closure license which states that the rehabilitation of the site must be done within two years from the license issue date, which is 11/09/2014. The site must therefore have been rehabilitated by 11/09/2016 according to the license. the rehabilitation of the site is not complete, but the site has no remaining lifetime.

### Indwe Landfill Site

The site has no license to operate. Timelines for closure and rehabilitation will be stipulated in the closure license. However, the site is considered to have no remaining lifetime. Waste in the meantime is being transferred via the licensed transfer station to the Indwe landfill site.

## Rehabilitation cost per location

Location	Proposed rehabilitation date	Post closure monitoring date		
Lady Frere	30 June 2025		6 745 171	5 030 660
Dordrecht	11 September 2016		14 382 248	9 385 238
Indwe			4 072 663	2 712 435
			<b>25 200 082</b>	<b>17 128 333</b>

## 16.2 Litigation

# EMALAHLENI MUNICIPALITY

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Figures in Rand thousand	2024	2023
<b>16. Provision (continued)</b>		
Opening Balance	(247 093)	1 416 009
Reductions (Payments, remeasurement etc.)	-	(1 663 102)
<b>Closing balance</b>	<b>(247 093)</b>	<b>(247 093)</b>
Current	(247 093)	(247 093)

The municipality had cases ECD101803 and ECD21905 lodged against it for unfair suspension and unfair dismissal by a former employee of the municipality. The municipality lost the case and subsequently made a provision for the costs that would be later determined by the CCMA.

## 17. Output accrual

VAT output accrual	21 338 219	14 829 241
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VAT output accrual relates on Service charges receivable that have not yet been received at year-end and the VAT on those provision for impairment on those receivables.

## 18. Value-added-tax payable

VAT control	50 545 179	29 643 995
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VAT is payable/refundable on the receipts/payments basis. Only once the payment is received from debtors payment made to creditors, VAT is paid over/received from SARS. At year-end, the municipality is a net receiver offset the receivable and payable.

## 19. Accumulated surplus / (deficit)

Opening Balance	570 752 049	512 932 941
Transfers to/from operating revenue and expenditure	-	1 506 657
<b>Total</b>	<b>570 752 049</b>	<b>514 439 598</b>

The prior year comparatives have been restated, please refer to note 64 for more detail information.

Refer to the Statement of Changes in Net Assets for more detail and the movement on Accumulated surplus.

## 20. Services charges

<b>Electricity</b>		
Exchange – Consumption	23 173 468	15 282 382
<b>Waste management</b>		
Exchange – Consumption	9 478 921	11 542 864
<b>Total</b>	<b>32 652 389</b>	<b>26 825 246</b>
Exchange	32 652 389	26 825 246

## 21. Sales of goods and rendering of services

Building Plan Approval	125 490	81 362
Camping Fees	-	(51)
Cemetery and Burial	34 691	41 476
Clearance Certificates	9 086	7 170
<b>Total</b>	<b>169 267</b>	<b>129 957</b>

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Figures in Rand thousand		2024	2023
<b>22. Agency services</b>			
Provincial		<u>1 405 983</u>	<u>1 622 003</u>
<b>23. Interest earned from receivables</b>			
Exchange receivables	23.1	6 939 039	4 845 246
Non-exchange receivables	23.2	<u>3 391 836</u>	<u>2 840 045</u>
<b>Total</b>		<b><u>10 330 875</u></b>	<b><u>7 685 291</u></b>
<b>23.1 Interest earned from exchange receivables</b>			
<b>Consumer receivables</b>			
Electricity		1 428 278	934 205
Waste management		<u>5 384 195</u>	<u>3 835 667</u>
		<b><u>6 812 473</u></b>	<b><u>4 769 872</u></b>
<b>Other receivables</b>			
Property rental debtors		126 566	75 374
<b>Total</b>		<b><u>6 939 039</u></b>	<b><u>4 845 246</u></b>
<b>23.2 Interest earned from non-exchange receivables</b>			
<b>Consumer receivables</b>			
Property rates		<u>3 391 836</u>	<u>2 840 045</u>
<b>24. Interests earned from current and non-current assets</b>			
Bank accounts		14 973	391 548
Short-term investments and call accounts		<u>11 348 111</u>	<u>8 364 273</u>
<b>Total</b>		<b><u>11 363 084</u></b>	<b><u>8 755 821</u></b>
<b>25. Licences or permits</b>			
Exchange revenue	25.1	<u>668 245</u>	<u>531 326</u>
<b>25.1 Licenses and permits - Exchange revenue</b>			
Road and transport		452 608	339 629
Trading		<u>215 637</u>	<u>191 697</u>
<b>Total</b>		<b><u>668 245</u></b>	<b><u>531 326</u></b>
<b>26. Rental from fixed assets</b>			
Market related		332 650	385 961
Non-market related		66 086	64 920
Rent on land		<u>174</u>	<u>5 217</u>
<b>Total</b>		<b><u>398 910</u></b>	<b><u>456 098</u></b>
<b>26.1 Rental by asset class</b>			
<b>Market related</b>			
Investment property		<u>332 650</u>	<u>385 961</u>

# EMALAHLENI MUNICIPALITY

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2024

Figures in Rand thousand	2024	2023
<b>26. Rental from fixed assets (continued)</b>		
<b>Non-market related</b>		
Property, plant and equipment	66 086	64 920
<b>Rent on land</b>		
Land	174	5 217
<b>Total</b>	<b>398 910</b>	<b>456 098</b>
<b>26.2 Rental by type</b>		
<b>Market related</b>		
<b>Investment property</b>		
Straight-lined operating	332 650	385 961
<b>Non-market related</b>		
<b>Property, plant and equipment</b>		
<b>Community assets</b>		
• Ad-hoc rentals	66 086	64 920
<b>Total non-market related</b>	<b>66 086</b>	<b>64 920</b>
<b>Rent on land</b>		
<b>Land</b>		
Grazing fees	174	5 217
<b>Total rent on land</b>	<b>174</b>	<b>5 217</b>
<b>Total</b>	<b>398 910</b>	<b>456 098</b>
<b>27. Operational revenue</b>		
Administrative Handling Fees	405 866	167 050
Commission	108 058	96 454
Inspection fees	7 475	5 174
Insurance Refund	851 099	997 516
<b>Total</b>	<b>1 372 498</b>	<b>1 266 194</b>
<b>28. Construction contracts revenue</b>		
INEP projects	19 461 765	21 506 362

# EMALAHLENI MUNICIPALITY

## Annual Financial Statements for the year ended 30 June 2024

Figures in Rand thousand	2024	2023
<b>29. Property rates</b>		
Agricultural property	860 294	-
Business and commercial properties	2 069 829	2 149 587
Farm properties	-	665 312
Public service purposes properties	6 803 886	-
Residential properties	2 020 982	1 735 573
State-owned properties	-	6 739 617
Vacant land	246 741	164 268
<b>Total</b>	<b>12 001 732</b>	<b>11 454 357</b>

### Valuation as at 30 June 2024

Agricultural property	754 264 004	754 264 004
Business and commercial properties	179 631 303	179 361 303
Cemetery	76 000	76 000
Churches	27 972 701	27 972 701
Consolidated erven	38	38
Industrial properties	1 784 000	1 784 000
General residential	103 693 000	103 693 000
Municipal properties	31 833 300	31 833 300
Museum	4 873 000	4 873 000
Public open space	4 100	4 100
Public service infrastructure properties	2 139 000	2 139 000
Public service purposes properties	341 276 600	341 276 600
Residential properties	352 561 900	352 561 900
Sport clubs and fields	901 000	901 000
Vacant land	29 098 800	29 098 800
<b>Total property valuations</b>	<b>1 830 108 746</b>	<b>1 829 838 746</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 2018/07/01. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

### 30. Fines, penalties and forfeits

Fines	30.1	202 060	192 732
Forfeits	30.2	-	113 570
<b>Total</b>		<b>202 060</b>	<b>306 302</b>

#### 30.1 Fines

##### Traffic fines

Municipal fines		133 002	87 060
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##### Other fines

Illegal connections		25 750	67 500
Pound fees		43 308	38 172
		<b>69 058</b>	<b>105 672</b>

<b>Total</b>		<b>202 060</b>	<b>192 732</b>
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#### 30.2 Forfeits

Retentions		-	113 570
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# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
2024

Figures in Rand thousand		2024	2023
<b>31. Government grants and subsidies</b>			
<b>Operational</b>			
Monetary allocations	31.1	162 180 911	154 229 088
<b>Capital</b>			
Monetary allocations	31.2	71 595 929	46 128 954
<b>Total</b>		<b>233 776 840</b>	<b>200 358 042</b>
<b>31.1 Monetary allocations: Operational</b>			
DEDEAT		152 535	99 247
Expanded public works programme (EPWP)		2 128 000	1 692 000
Municipal infrastructure grant (MIG)		1 974 376	2 395 800
Finance management grant (FMG)		3 100 000	3 100 000
Equitable share		153 876 000	146 186 000
Library grant		950 000	756 041
<b>Total</b>		<b>162 180 911</b>	<b>154 229 088</b>
<b>31.2 Monetary allocations: Capital</b>			
Municipal disaster recovery grant (MDRG)		25 500 982	-
Municipal infrastructure grant (MIG)		41 394 947	39 128 954
Office of the Premier (OTP grant)		4 700 000	7 000 000
<b>Total</b>		<b>71 595 929</b>	<b>46 128 954</b>
<b>32. Gain/(Loss) on disposal of fixed and intangible assets</b>			
Gains/(losses) on disposals	32.1	(42 558)	(412 715)
Fair value adjustment	32.2	(907 969)	3 961 083
<b>Total</b>		<b>(950 527)</b>	<b>3 548 368</b>
<b>32.1 Gains/(losses) on disposals</b>			
Property, plant and equipment		(42 558)	(412 715)
<b>32.2 Fair value adjustment</b>			
Actuarial Assessments		(907 969)	3 961 083
<b>33. Gain and losses from disposal of liabilities</b>			
Unknown creditors write-off		1 339 898	-

The municipality received a qualification from Auditor-General for Payables from exchange transaction for the limitation of scope. There are no supporting documents /schedules that were submitted or found as per underlying folders supporting the line item of the creditors balance. Management then sought council approval for the write-off of this creditors' balance.

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 34. Employee related cost

Senior management	34.1	10 588 645	10 012 901
Municipal staff	34.2	84 645 659	77 188 166
<b>Total</b>		<b>95 234 304</b>	<b>87 201 067</b>

### 34.1 Senior management costs

#### 2024

	Municipal manager	Chief financial officer	Director: Planning (PEDTA)	Director: Infrastructure (IDHS)	Director: Corporate Services	Director: Community Services	Total
Basic salary	911 081	1 064 959	856 837	948 600	979 224	1 106 700	5 867 401
Bonuses	54 360	-	-	158 100	-	-	212 460
Service-related benefits	39 279	-	250 070	-	-	8 528	297 877
Allowances	417 576	538 834	338 530	288 408	632 408	311 535	2 527 291
Medical	132 706	96 908	28 608	-	-	47 663	305 885
Pension	385 110	205 982	228 117	237 150	151 053	158 100	1 365 512
Unemployment insurance	2 125	2 125	1 594	2 125	2 125	2 125	12 219
	<b>1 942 237</b>	<b>1 908 808</b>	<b>1 703 756</b>	<b>1 634 383</b>	<b>1 764 810</b>	<b>1 634 651</b>	<b>10 588 645</b>

#### 2023

	Municipal manager	Chief financial officer	Director: Planning (PEDTA)	Director: Infrastructure (IDHS)	Director: Corporate Services	Director: Community Services	Total
Basic salary	826 929	1 028 158	1 101 505	750 000	946 431	825 000	5 478 023
Bonuses	-	15 938	46 638	-	-	-	62 576
Service-related benefits	390 636	25 848	19 862	6 469	-	14 600	457 415
Allowances	461 218	466 843	418 246	243 352	586 434	298 726	2 474 819
Bargaining council	-	-	11	-	611	-	622
Medical	20 227	89 795	35 345	-	-	41 452	186 819
Pension	293 818	190 864	281 833	187 500	139 967	247 500	1 341 482
Unemployment insurance	1 936	2 125	2 125	1 417	2 125	1 417	11 145

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
2024

Figures in Rand thousand		2024	2023				
<b>34. Employee related cost (continued)</b>	<b>1 994 764</b>	<b>1 819 571</b>	<b>1 905 565</b>	<b>1 188 738</b>	<b>1 675 568</b>	<b>1 428 695</b>	<b>10 012 900</b>
<b>34.2 Municipal staff costs</b>							
Basic salary					58 179 708	51 390 734	
Bonuses					3 073 925	3 838 134	
Service-related benefits					3 143 043	3 662 314	
Allowances					5 300 197	4 579 637	
Bargaining council					25 981	24 972	
Medical					3 493 438	3 036 361	
Pension					9 217 952	8 201 422	
Post-retirement benefit: Medical					1 849 000	2 039 000	
Unemployment insurance					362 415	415 591	
<b>Total</b>					<b>84 645 659</b>	<b>77 188 165</b>	
<b>35. Remuneration of councillors</b>							
Executive Mayor/Mayor			35.1		998 473	930 632	
Speaker			35.2		807 659	753 296	
Executive committee			35.3		3 483 421	3 250 793	
Section 79 committee chairperson			35.4		863 751	808 108	
All other councillors			35.5		8 569 426	8 496 937	
<b>Total</b>					<b>14 722 730</b>	<b>14 239 766</b>	
<b>35.1 Executive Mayor/Mayor</b>							
<b>Allowances and service related benefits</b>							
Basic salary					954 073	887 432	
Cell phone allowance					44 400	43 200	
					<b>998 473</b>	<b>930 632</b>	
<b>35.2 Speaker</b>							
<b>Allowances and service related benefits</b>							
Basic salary					763 259	710 096	
Cell phone allowance					44 400	43 200	
					<b>807 659</b>	<b>753 296</b>	
<b>35.3 Executive committee</b>							
<b>Allowances and service related benefits</b>							
Basic salary					2 716 701	2 506 793	
Cell phone allowance					222 000	216 000	
Travelling allowance					544 720	528 000	
					<b>3 483 421</b>	<b>3 250 793</b>	
<b>35.4 Section 79 committee chairperson</b>							
<b>Allowances and service related benefits</b>							
Basic salary					774 951	721 708	
Cell phone allowance					88 800	86 400	
					<b>863 751</b>	<b>808 108</b>	

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
2024

Figures in Rand thousand	2024	2023		
<b>35. Remuneration of councillors (continued)</b>				
<b>35.5 All other councillors</b>				
<b>Allowances and service related benefits</b>				
Basic salary	7 467 636	7 032 997		
Cell phone allowance	1 095 910	1 463 940		
Out of pocket expenses	5 880	-		
	<b>8 569 426</b>	<b>8 496 937</b>		
	<b>Amount outstanding for more than 90 days</b>			
<b>List the name of the councillor which at any time during the relevant financial year was in arrears for more than 90 days</b>				
TG Kulashe	2 406	13 448		
MP Masiza	-	984		
S Qomoyi	184	990		
V Mnyuko	181	986		
	<b>2 771</b>	<b>16 408</b>		
<b>36. Bulk purchases</b>				
Electricity: Eskom	20 278 351	16 158 074		
<b>36.1 Electricity losses</b>				
	2024		2023	
	<b>KHW</b>	<b>Amount</b>	<b>KHW</b>	<b>Amount</b>
Units purchased	10 042 796	14 179 718	9 391 128	11 414 027
Units sold	(7 910 352)	(11 168 858)	(8 754 855)	(10 640 697)
<b>Total loss</b>	<b>2 132 444</b>	<b>3 010 860</b>	<b>636 273</b>	<b>773 330</b>
<b>Percentage loss:</b>				
Technical losses	21,37 %	21,37 %	6,77 %	6,77 %
<b>Reasons for the losses</b>				
Losses occurred because of the following reasons:				
• Illegal connections				
<b>Action taken</b>				
The municipality has taken the following actions to mitigate against the reoccurrence of such losses:				
• Smart meter replacement				
<b>37. Inventory consumed</b>				
Consumables	-	72 219		
Materials and supplies	1 985 071	613 691		
<b>Total</b>	<b>1 985 071</b>	<b>685 910</b>		

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
2024

Figures in Rand thousand		2024	2023
<b>38. Debt impairment</b>			
Trade and other receivables from exchange transactions	3	12 213 939	21 079 589
Property Rates	4	2 522 318	9 404 038
<b>Total</b>		<b>14 736 257</b>	<b>30 483 627</b>
<b>Bad debts written-off</b>			
Trade and other receivables from exchange transactions		420 578	626 305
Property rates		2 597 937	3 474 966
<b>Total</b>		<b>3 018 515</b>	<b>4 101 271</b>
<b>39. Depreciation, amortisation and impairment</b>			
<b>Amortisation</b>			
Intangible assets	11.1	136 798	139 446
<b>Depreciation</b>			
Investment property	8.1	42 448	53 909
Property, plant and equipment	9	23 554 516	17 800 221
<b>Total</b>		<b>23 596 964</b>	<b>17 854 130</b>
<b>Total</b>		<b>23 733 762</b>	<b>17 993 576</b>
<b>40. Interest, dividends and rent on land</b>			
Interest	40.1	26 026	181 387
<b>40.1 Interest cost</b>			
Bank overdraft	2.2	-	6 839
Overdue accounts	14.4	26 026	174 548
<b>Total</b>		<b>26 026</b>	<b>181 387</b>
<b>41. Transfers and subsidies - Expenditure</b>			
<b>Operational</b>			
Allocations in-kind	41.1	1 151 589	1 254 140
<b>Capital</b>			
Allocations in-kind	41.2	25 513	74 268
<b>Total</b>		<b>1 177 102</b>	<b>1 328 408</b>
<b>41.1 Allocations in-kind: Operational</b>			
Households		1 151 589	1 012 659
Non-profit Institutions		-	241 481
<b>Total</b>		<b>1 151 589</b>	<b>1 254 140</b>
<b>41.2 Allocations in-kind: Capital</b>			
Households		25 513	74 268

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
2024

Figures in Rand thousand	2024	2023
<b>42. Irrecoverable debts written off</b>		
Trade and other receivables from exchange transactions	2 380 213	3 474 966
Property rates	289 975	626 305
<b>Total</b>	<b>2 670 188</b>	<b>4 101 271</b>
<b>43. Operating leases</b>		
Furniture and Office Equipment	703 235	541 211
Transport Assets	1 293 334	2 117 444
<b>Total</b>	<b>1 996 569</b>	<b>2 658 655</b>
<b>44. Operational cost</b>		
Advertising, Publicity and Marketing	705 828	562 872
Assets less than the Capitalisation Threshold	71 975	2 445
Bank Charges, Facility and Card Fees	961 711	731 147
Bursaries (Employees)	414 650	88 124
Catering Services	1 214 478	762 518
Cleaning Services	47 580	3 750
Clearing and Grass Cutting	21 900	67 732
Communication	1 254 923	785 068
Contribution to Provisions	8 071 749	948 804
Deeds	185 263	11 446
Drivers Licences and Permits	59 327	54 510
Employee Wellness	-	27 900
External Audit Fees	5 720 982	5 097 236
External Computer Service	4 422 326	3 337 597
Fines and Penalties	-	625 000
Hire Charges	4 920 417	1 160 603
Indigent Relief	1 263 512	1 290 440
Insurance Underwriting	2 098 178	1 693 533
Interior Decorator	-	28 500
Land Alienation Costs	-	91 304
Learnerships and Internships	245 181	352 416
Licences	6 868	159 188
Medical Services	94 304	-
Municipal Services	3 033 816	1 842 376
Prepaid Electricity Vendors	500 566	259 903
Printing, Publications and Books	338 136	207 492
Professional Bodies, Membership and Subscription	1 278 479	1 161 445
Registration Fees	190 467	249 747
Remuneration to Ward Committees	3 060 976	3 097 205
Seating Allowance for Traditional Leaders	75 090	27 000
Skills Development Fund Levy	727 904	658 626
Stage and Sound Crew	-	26 600
System Access and Information Fees	167 940	166 943
Transport Provided as Part of Departmental Activities	81 000	17 486
Transport Services	568 770	250 748
Travel and Subsistence	5 043 420	4 904 381
Uniform and Protective Clothing	1 409 575	766 344
Vehicle Tracking	35 473	38 582
Wet Fuel	2 145 794	2 134 022
Workmen's Compensation Fund	523 377	434 134
<b>Total</b>	<b>50 961 935</b>	<b>34 125 167</b>

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
2024

Figures in Rand thousand	2024	2023
<b>45. Business and advisory services</b>		
Accounting and auditing	555 830	443 696
Audit committee	257 859	330 044
Business and financial management	1 797 672	4 339 002
Commissions committee	-	147 000
Human resources	102 709	126 479
Organisational	269 700	-
Quality control	141 868	240 204
Research and advisory	100 000	252 300
Valuer	123 826	106 264
<b>Total</b>	<b>3 349 464</b>	<b>5 984 989</b>
<b>46. Construction contracts</b>		
INEP projects	20 906 940	43 625 270
<b>47. Security services</b>		
Libraries	57 391	125 000
Security	7 784 573	6 697 909
<b>Total</b>	<b>7 841 964</b>	<b>6 822 909</b>
<b>48. Legal services</b>		
Legal advice and litigations	4 751 990	5 294 176
<b>49. Infrastructure and planning</b>		
Engineering - Civil	-	1 469 565
Town planning	-	125 578
<b>Total</b>	<b>-</b>	<b>1 595 143</b>
<b>50. Repairs and maintenance</b>		
Maintenance of buildings and facilities	828 533	582 972
Maintenance of equipment	341 678	947 137
Maintenance of unspecified assets	1 966 301	2 066 209
<b>Total</b>	<b>3 136 512</b>	<b>3 596 318</b>

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
2024

Figures in Rand thousand	2024	2023
<b>51. Net cash from/(used) operating activities</b>		
Surplus for the year	56 683 854	8 369 655
<b>Adjustments for:</b>		
Depreciation and amortisation	23 733 762	17 993 576
Bad debts written off	2 670 188	4 101 271
(Gains) / Losses on disposal of assets	42 558	412 715
Fair value adjustment	907 969	(3 961 083)
Increase / (Decrease) in provisions	10 888 253	8 391 475
Impairment loss	14 736 257	30 483 627
<b>Movement in working capital</b>		
(Increase) / Decrease in receivables from non-exchange transactions	(4 434 685)	2 809 002
(Increase) / Decrease in receivables from exchange transactions	(23 710 734)	(23 830 728)
(Increase) / Decrease in other current assets	4 428 120	8 866 309
Increase / (Decrease) in trade and other payables	(4 122 004)	(7 148 339)
Increase / (Decrease) in unspent conditional grants and receipts trade and other payable non-exchange transactions	10 714 665	9 980 205
<b>Net cash flows from operating activities</b>	<b>92 538 203</b>	<b>56 467 685</b>

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
2024

Figures in Rand thousand		2024	2023
<b>52. Contingent liabilities</b>			
U Njuze vs Emalahleni Local Municipality		1 326 130	-
The applicants seeks payment for services rendered for performing the service of the Financial Controller from August 2013 to July 2018.			
S Fokazi vs Emalahleni Local Municipality		26 471	-
The applicant brought the matter for an alleged unfair labour practice performed by the Municipality through deductions made on the applicant's salary.			
Balintulo Trading CC vs Emalahleni Local Municipality		17 892 506	-
The plaintiff is suing the municipality for the alleged unpaid work down of a road surface from a tender awarded to the plaintiff by the municipality.			
<b>53. Contingent assets</b>			
<b>Emalahleni Local Municipality vs N Ngqola</b>		250 000	250 000
Recovery of assets attached on case with N Ngqola			
<b>Emalahleni Local Municipality vs Dr Vatala and Mr De Jager</b>		7 947 503	7 947 503
Recovery of fruitless and wasteful expenditure			
<b>54. Related party disclosures</b>			
<b>54.1 Nature of related party relationships</b>			
Related party	<b>Nature of relationship</b>		
Accounting Officer	Refer to accounting officer's report note		
Mayor	Refer to page 2-3 & note 35		
Speaker	Refer to page 2-3 & note 35		
Executive committee members	Refer to page 2		
Ordinary council member	Refer to page 3		
Members of key management	CFO: X Sikobi Director: Corporate Services - T Javu Director: Infrastructure Development and Human Settlements - M Lehlehla Director: Planning, Economic Development, Tourism and Agriculture - N Mntuyedwa Director: Community Services - M Gatyeni		
<b>54.2 Related party transactions</b>			
<b>Key management information</b>			
Executive management	Senior Management	5	Refer to Note 34.1
Mayor	Chairperson of Executive Committee	1	Refer to Note 35
Councillors	Members of council	33	Refer to Note 35
Municipal Manager	Accounting officer	1	Refer to Note 34.1
<b>Expenditure</b>			
Moliclair investment	C Mbande is a director at COEGA Development Corporation	320 887	299 606
Ficra	K Rantjie is the spokesperson for the Department of Transport	353 649	100 004
		<b>674 536</b>	<b>399 610</b>

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
2024

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Figures in Rand thousand	2024	2023
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## 55. Events after the reporting date

No events after the reporting date were identified by management that would affect the operations of the entity or the results of those operations significantly.

## 56. Principal-agent arrangements

### 56.1 Municipality acting as the principal

Prepaid electricity sales	11 179 428	9 931 402
Fee paid as commission to the agent	261 716	259 903

Emalahleni municipality paid commission from 0.20% - 2.75% to Ontec for acting as an agent for the sale of prepaid electricity on its behalf during the financial year.

### 56.2 Municipality acting as the agent

Revenue received or to be received on behalf of the principal	4 542 589	7 347 644
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### Reconciliation of amounts payable to Department of Transport (EC)

Opening balance	120 223	(78 715)
Revenue received on behalf of principal (incl. commission)	4 542 589	7 347 644
Revenue recognised by municipality as agency fee	(1 405 983)	(1 622 003)
Revenue paid over to the principal	(3 049 677)	(5 526 703)
<b>Closing balance</b>	<b>207 152</b>	<b>120 223</b>

### Department of Transport (EC)

The municipality acts as agent for the Department of Transport (EC), where it collects monies for motor vehicle licences on behalf of Department of Transport (EC).

## 57. Change in estimate

The useful lives of all asset classes were adjusted during 2023 to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 9. The effect of changing the remaining useful life of assets for the municipality during 2023 has decreased the depreciation charge for the current by R 110 984 and future periods. It is impracticable to estimate the effect of these changes on future periods.

## 58. Unauthorised, irregular, fruitless and wasteful expenditure

### 58.1 Unauthorised expenditure

Opening balance as previously reported	58 195 709	47 719 333
Add: Unauthorised expenditure – current	27 622 724	10 476 376
<b>Closing balance</b>	<b>85 818 433</b>	<b>58 195 709</b>

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# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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Figures in Rand thousand 2024 2023

## 58. Unauthorised, irregular, fruitless and wasteful expenditure (continued)

### 58.2 Irregular expenditure

Opening balance as previously reported	29 410 625	27 936 634
Irregular expenditure identified in the current year but relating to prior year	8 138 597	-
<b>Opening balance as restated</b>	<b>37 549 222</b>	<b>27 936 634</b>
Add: Irregular expenditure - current	8 112 362	10 041 736
Less: Amounts written-off	-	(8 567 744)
<b>Closing balance</b>	<b>45 661 584</b>	<b>29 410 626</b>

Incident	Disciplinary steps/criminal proceedings		
SCM process was not followed	Referred to MPAC for investigation and DC for financial misconduct	5 013 812	8 893 908
Management remunerated above the determined upper limits	Referred to MPAC for investigation and DC for financial misconduct	11 237 147	1 147 827
<b>Total</b>		<b>16 250 959</b>	<b>10 041 735</b>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

### 58.3 Fruitless and wasteful expenditure

Opening balance as previously reported	2 033 388	1 167 035
Add: Fruitless and wasteful expenditure – current	34 743	866 353
<b>Closing balance</b>	<b>2 068 131</b>	<b>2 033 388</b>

Incident	Disciplinary steps/criminal proceedings		
Legal costs - Tabata Zilindile settlement	Under investigation	-	231 000
Eskom - Interest on overdue account	Under investigation	29 205	8 812
Fine for non-compliance with environmental authorisation by DEDEAT	Under investigation	-	625 000
Telkom - Interest on overdue account	Under investigation	5 538	1 540
<b>Total</b>		<b>34 743</b>	<b>866 352</b>

## 59. Deviations from SCM regulations - SCM Regulation 36

In terms of section 36 of the municipality SCM regulations, any deviations from SCM policy needs to be approved by the accounting officer and noted by Council. The awards listed below have been approved by the accounting officer and noted by Council.

Appointment of consultants	32 711	213 777
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All deviations considered by the accounting officer are processed in terms of the SCM regulations and the municipality's SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria for emergency procurements and circumstances where it is impractical or not possible to follow the official procedure.

# EMALAHLENI MUNICIPALITY

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## 60. Awards to close family members - SCM Regulation 45

Awards to close family members of persons in the service of other state departments and entities (not listed above)

Supplier name	Employee name	Relationship	Department
Molicar Investments	C Mbande	Director	COEAGA Development Corporation
Ficra	K Rantjie	Spokesperson	Department of Transport

## 61. Other compulsory disclosures

	SALGA contributions	Audit fees	PAYE	UIF	Pension	Medical aid
<b>As at 30 June 2024</b>						
Subscription/fees	1 208 248	5 720 892	15 702 915	941 213	10 583 464	3 799 323
Amount paid – current year	(1 208 248)	(5 720 892)	(15 702 915)	(941 213)	(10 583 464)	(3 799 323)
<b>Total amount approved by the accounting officer and noted by council</b>	-	-	-	-	-	-
<b>As at 30 June 2023</b>						
Subscription/fees	1 144 651	5 097 235	15 645 801	415 593	14 818 309	5 075 359
Amount paid – current year	(1 144 651)	(5 097 235)	(15 645 801)	(415 593)	(14 818 309)	(5 075 359)
<b>Total amount approved by the accounting officer and noted by council</b>	-	-	-	-	-	-

## 62. Capital commitments

Commitments in respect of capital expenditure:

Approved and contracted for:		
Infrastructure	104 366 580	39 672 540
Other	-	9 790 312
	<b>104 366 580</b>	<b>49 462 852</b>

## 63. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the subordination agreement referred to in note of these annual financial statements will remain in force for so long as it takes to restore the solvency of the municipality.

# EMALAHLENI MUNICIPALITY

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Figures in Rand thousand		2024	2023	
<b>64. GRAP 3 adjustments</b>				
The following restatements and adjustments occurred which are set out below:				
<b>64.1 Adjustments of Statement of financial performance items</b>				
<b>2023</b>				
	<b>Note</b>	<b>Previously reported</b>	<b>Correction of error</b>	<b>Restated</b>
<b>Revenue</b>				
<b>Non-exchange revenue</b>				
Transfers and subsidies	31	(227 558 042)	27 200 000	(200 358 042)
<b>Exchange revenue</b>				
Construction contracts revenue	28	-	(21 506 413)	(21 506 413)
<b>Total revenue</b>		<b>(227 558 042)</b>	<b>5 693 587</b>	<b>(221 864 455)</b>
<b>Expenditure</b>				
Debt impairment / write-off		14 128 046	16 356 385	30 484 431
Construction contracts		-	43 625 274	43 625 274
Business and advisory		7 080 764	(1 095 775)	5 984 989
Infrastructure and planning		-	1 595 143	1 595 143
<b>Total expenditure</b>		<b>21 208 810</b>	<b>60 481 027</b>	<b>81 689 837</b>
<b>Surplus for the year</b>		<b>(248 766 852)</b>	<b>(54 787 440)</b>	<b>(303 554 292)</b>

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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## 64. GRAP 3 adjustments (continued)

### 64.2 Adjustments of Statement of financial position items

2023

	Note	Previously reported	Correction of error	Restated
<b>Assets</b>				
<b>Current assets</b>				
Trade and other receivables from exchange transactions	3	22 400 553	(8 309 913)	14 090 640
Receivables from non-exchange transactions	4	17 162 083	(8 046 472)	9 115 611
VAT receivable		8 602 014	(5 693 639)	2 908 375
		<b>48 164 650</b>	<b>(22 050 024)</b>	<b>26 114 626</b>
<b>Non-current assets</b>				
Property, plant and equipment	9	493 625 216	(43 625 278)	449 999 938
<b>Total assets</b>		<b>541 789 866</b>	<b>(65 675 302)</b>	<b>476 114 564</b>
<b>Net assets and liabilities</b>				
<b>Current liabilities</b>				
Employee benefits	12	(10 402 013)	(186 810)	(10 588 823)
Payables from exchange transactions	14	(25 524 175)	(312 556)	(25 836 731)
		<b>(35 926 188)</b>	<b>(499 366)</b>	<b>(36 425 554)</b>
<b>Total net assets</b>				
Accumulated surplus	19	580 614 011	(66 174 668)	514 439 343

### 64.3 Correction of errors

The following prior period errors adjustments occurred:

#### Government grants and subsidies

The municipality had to move the INEP funding from Government grants and subsidies to operational revenue as the municipality is a construction contractor and providing a service. The municipality reallocated the INEP revenue to Construction contracts revenue under operational revenue. Prior year COAF 63 read together with COAF30 current year.

#### Nature of error

Balance as previously reported	-	(227 558 042)
Reallocation of INEP revenue	-	27 200 000
	-	<b>(200 358 042)</b>

# EMALAHLENI MUNICIPALITY

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## 64. GRAP 3 adjustments (continued)

### Construction contracts revenue

The municipality had to move the INEP funding from Government grants and subsidies to operational revenue as the municipality is a construction contractor and providing a service. The municipality reallocated the INEP revenue to Construction contracts revenue under operational revenue. Prior year COAF 63 read together with COAF30 current year.

#### Nature of error

Reallocation of INEP revenue	-	(21 506 413)
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### Debt impairment / write off

The municipality had a finding in COAF 66 for the debt impairment calculation. The debt impairment policy was then amended to more accurately reflect the impairment calculation. The amendment was retrospectively applied from 2022/23.

#### Nature of error

Balance as previously reported	-	14 128 046
Correction of impairment calculation	-	16 356 385
	-	<b>30 484 431</b>

### Construction contracts

The municipality had a finding in the prior year (COAF 63) regarding the reclassification of transactions funded by INEP from Capital (WIP) projects to operational expenses. Due to this finding, the municipality has had to adjust its WIP balance under PPE by R43 625 274 and move this amount to operational expenditure.

#### Nature of error

Correction of INEP projects from WIP to Expenditure	-	43 625 274
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### Business and advisory

During the prior year audit, the Auditor General detected a limitation in Payables which was communicated in COAF04 int he 2022/23 audit. Management went back to its prior years creditors and upon analysing, further detected that there was an invoice for CCG that was not captured in the prior year.

Management a council approval for the write off of the unsubstantiated payables balance and captured the CCG invoice.

The transaction for CCG increased creditors in the prior year and increased expenditure under Business and advisory.

#### Nature of error

Balance as previously reported	-	7 080 764
CCG invoice capturing	-	499 366
Reallocation of infrastructure and planning to disclose separately	-	(1 595 143)
	-	<b>5 984 987</b>

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Annual Financial Statements for the year ended 30 June  
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## 64. GRAP 3 adjustments (continued)

### Infrastructure and planning

Management deemed it prudent to separate the expenditure for town planning and infrastructure - civil expenditure.

#### Nature of error

Reallocation of infrastructure and planning to disclose separately	-	1 595 143
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### Trade and other receivables from exchange transactions

The municipality had a finding in COAF 66 for the debt impairment calculation. The debt impairment policy was then amended to more accurately reflect the impairment calculation. The amendment was retrospectively applied from 2022/23.

#### Nature of error

Balance as previously reported	-	22 400 553
Correction of impairment	-	(8 309 913)
	-	<b>14 090 640</b>

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## 64. GRAP 3 adjustments (continued)

### Receivables from non-exchange transactions

The municipality had a finding in COAF 66 for the debt impairment calculation. The debt impairment policy was then amended to more accurately reflect the impairment calculation. The amendment was retrospectively applied from 2022/23.

The municipality did not account for the receipt of R371 135 for its OTP grant and thus recorded an incorrect closing balance of R1 707 501 instead of R1 336 297.09.

#### Nature of error

Balance as previously reported	-	17 162 083
Correction of impairment	-	(8 046 472)
	<u>-</u>	<u>9 115 611</u>

### VAT receivable

The municipality had a finding in the prior year (COAF 63) regarding the reclassification of transactions funded by INEP from Capital (WIP) projects to operational expenses. Due to this finding, the municipality has had to adjust the VAT portion of the of grant as the municipality is providing a service as construction contractors.

#### Nature of error

Balance as previously reported	-	8 602 014
VAT portion of INEP grant of R46 625 274	-	(5 693 638)
	<u>-</u>	<u>2 908 376</u>

### Property, plant and equipment

The municipality had a finding in the prior year (COAF 63) regarding the reclassification of transactions funded by INEP from Capital (WIP) projects to operational expenses. Due to this finding, the municipality has had to adjust its WIP balance under PPE by R43 625 274 and move this amount to operational expenditure.

#### Nature of error

Balance as previously reported	-	493 625 216
Correction of INEP projects from WIP to Expenditure	-	(43 625 274)
	<u>-</u>	<u>449 999 942</u>

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# EMALAHLENI MUNICIPALITY

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## 64. GRAP 3 adjustments (continued)

### Trade and other payables from exchange transactions

During the prior year audit, the Auditor General detected a limitation in Payables which was communicated in COAF04 int he 2022/23 audit. Management went back to its prior years creditors and upon analysing, further detected that there was an invoice for CCG that was not captured in the prior year.

Management a council approval for the write off of the unsubstantiated payables balance and captured the CCG invoice.

Due to mSCOA template for the preparing of the financial statements, overtime is classified under employee benefits.

#### Nature of error

Balance as previously reported	-	(25 524 175)
Creditors write-off	-	1 339 868
CCG invoice capturing	-	(499 366)
Overtime reclassification to employee benefits	-	186 810
	<hr/>	<hr/>
	-	<b>(24 496 863)</b>

### Employee benefits

Due to mSCOA template for the preparing of the financial statements, overtime is reclassified under employee benefits.

#### Nature of error

Balance as previously reported	-	(10 402 013)
Overtime reclassification	-	(186 810)
	<hr/>	<hr/>
	-	<b>(10 588 823)</b>

## 65. Financial instruments

### 65.1 Fair value of financial instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the annual financial statements approximate their fair values, except for the listed Government stock. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of financial position, are as follow:

# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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## 65. Financial instruments (continued)

		2024		2023	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>					
<b>Amortised cost</b>					
Trade and other receivables from exchange transactions	3	20 687 839	20 687 839	15 307 616	15 307 616
Other current assets	6	29 465	29 465	101 411	101 411
Cash and cash equivalents	2	133 845 815	133 845 815	110 548 884	110 548 884
		<b>154 563 119</b>	<b>154 563 119</b>	<b>125 957 911</b>	<b>125 957 911</b>
<b>Financial liabilities</b>					
<b>Amortised cost</b>					
<b>Trade and other payables:</b>					
Consumer deposits	13	97 956	97 956	94 560	94 560
Trade and other payables from exchange transactions	14	21 714 727	21 714 727	25 836 731	25 836 731
		<b>21 812 683</b>	<b>21 812 683</b>	<b>25 931 291</b>	<b>25 931 291</b>
<b>Total financial instruments</b>		<b>132 750 436</b>	<b>132 750 436</b>	<b>100 026 620</b>	<b>100 026 620</b>

The Fair Values of Financial Assets and Financial Liabilities are determined as follow:

The Fair Value of Long term liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of Other Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

### 65.2 Capital risk management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance.

### 65.3 Financial risk management objectives

Due to largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IFRS mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit and risk management, responsible for monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

# EMALAHLENI MUNICIPALITY

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## 65. Financial instruments (continued)

### 65.4 Market risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 65.5 below). No formal policy exists to hedge volatilities in the interest rate market.

### 65.5 Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk on financial assets consist mainly of fixed deposit investments and bank and cash balances.

The municipality is not exposed to a high level of interest rate risk on its financial liabilities. All of the municipality's interest bearing external loan liabilities, as detailed in Appendix 'A', are fixed interest rate loans. Similarly with financial assets, the municipality invests its surplus funds on call deposit interest rate deposits with banks for fixed terms not exceeding one year.

The municipality's maximum exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

### 65.6 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

#### 30 June 2024

	Within 1 year	Total
<b>Maturity analysis</b>		
Trade and other payables from exchange transactions	22 071 295	22 071 295

#### 30 June 2023

	Within 1 year	Total
<b>Maturity analysis</b>		
Trade and other payables from exchange transactions	15 307 429	15 307 429

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved through the annual increase in tariffs to maintain the accumulated surplus, as well as the increased use of unsecured bank loan facilities.

### 65.7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality manages credit risk in its borrowing and investing activities by only dealing with well established financial institutions of high credit standing, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the municipality's credit control and debt collection policy. The municipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies and Note 4 to the annual financial statements.

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# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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## 65. Financial instruments (continued)

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The carrying amount of financial assets recorded in the annual financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follow:

Long-term receivables		29 465	495 390 259
Trade and other receivables from exchange transactions	3	20 687 839	15 307 616
Bank and cash balances	2	133 845 815	110 548 884
<b>Maximum credit and interest risk exposure</b>		<b>154 563 119</b>	<b>621 246 759</b>

## 66. Budget information

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal budget regulations as well as MFMA budget circulars. In accordance with the Municipal budget regulations, the classification basis the municipality presents its budget is per economic as well as per functional classification (per Vote (Department) and GFS classification). It should be noted that minor budget differences between the basis the budget is prepared (accrual basis and prescripts of NT guidance) and actual financial results (accrual basis in accordance with GRAP) exists, mainly related to technical GRAP adjustments required. These differences are not material and as the basis of preparation is the same (accrual basis) no restatements have been made to the financial information compared to the budgeted amounts, but where found to be material is explained below:

### Explanation of variances between approved and final budget amounts

The reason for the variances between the approved and final budgets are mainly due to reallocations made within the approved budget parameters allowed for by the Virement Policy of EMALAHLENI MUNICIPALITY as approved by Council.

Explanation of variances greater than 10%: Final Budget and Actual Amounts.

#### 66.1. Statement of financial position

##### Current assets

Under provision of budget due to previous year actual amounts without factoring the current year movement.

##### Non-current liabilities

Under provision of budget due to previous year actual amounts without factoring the current year movement.

##### Current Liabilities

Under provision of budget due to previous year actual amounts without factoring the current year movement.

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# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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## 66. Budget information (continued)

### 66.2. Statement of financial performance

#### Revenue from exchange transactions

Service charges: Increase due to sales volume and increase in tariff due annual NERSA approval.

Waste management: Budget is based on realistic anticipated revenue which is low based on historic collection trends whereas the actual billing is based on actual properties being serviced.

Sale of goods: Increased revenue collection due to implementation revenue enhancement strategy

Agency services: Decrease due to network challenges that affected the traffic department resulting in number of transactions implemented for the year under review.

Interest earned from receivables: Poor collection rate from arrear debt has resulted in the significant actual billing, when compared with the budget which was based on anticipated recoveries based on previous collection trends.

Rent on land: Budget was based on previous lease agreements which have expired in 2022/23 resulting in low revenue earned being billed in 2023/24.

Rental from fixed assets: Budget was based on previous lease agreements which have expired in 2022/23 resulting in low revenue earned being billed in 2023/24.

Licence and permits: Decrease due to network challenges that affected the traffic department resulting in number of transactions implemented for the year under review.

Operational revenue: Due to decrease in insurance refunds settled in the current year, budget was based on baseline estimate.

#### Revenue from non-exchange transactions

Property rates: Decrease in actual amount is due to correction of previously billed accounts that were flagged as indigents in the data cleansing exercise.

Fines, penalties & forfeits: Overbudgeting due to anticipated increase in productivity after the appointment of additional traffic officers, however they resigned after resuming their duties resulting in capacity constraints that affect revenue performance.

Transfer & subsidies – Operational: Operational budget included Disaster Grant that has been included in capital allocations as an actual amount, thus resulting in this significant variance.

Interest: Poor collection rate from arrear debt has resulted in the significant actual billing, when compared with the budget which was based on anticipated recoveries based on previous collection trends.

Gains on disposal of assets: Fair value adjustment not budgeted for.

#### Expenditure

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# EMALAHLENI MUNICIPALITY

Annual Financial Statements for the year ended 30 June  
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## 66. Budget information (continued)

Bulk purchases - Electricity: Implementation of revenue enhancement strategy on illegal connections resulted in less demand for electricity.

Inventory consumed: Implementation of cost containment measures has resulted in budget savings.

Debt impairment: No actual expenditure incurred due to the delays in the debt collection data cleansing prior to write-off of impaired debts as irrecoverable.

Finance charges: Under provision of budget based on the previous internal control environment which has regressed resulting in an increase in actual balance.

Contracted services: Implementation of cost containment measures has resulted in budget savings.

Transfers and subsidies: Delays in procurement of incubator programme has delayed the implementation of LED projects.

Irrecoverable debts written off: Irrecoverable debts not budgeted for.

Loss on disposal of assets: Fair value adjustment not budgeted for.

### 53.3 Cash Flow Statement

Net cash from operating: Under provision of budget due to previous year actual amounts without factoring the current year movement.

Net cash from investing: Under provision of budget due to previous year actual amounts without factoring the current year movement.

## 67. Segment information

### General information

#### Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### Measurement of segment surplus or deficit, assets and liabilities

#### Basis of accounting for transactions between reportable segments

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

#### The nature of differences between the measurements of the reportable segments' surplus or deficit and the entity's surplus or deficit and discontinued operations

Segment revenue and segment expense are based on the function code of the vote of the mSCOA structure.

#### Information about geographical areas

The municipality's operations are in the Eastern Cape.

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# EMALAHLENI MUNICIPALITY

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## 67. Segment information (continued)

Separate financial and other relevant information on geographical areas in which the municipality operates is not available. The cost to develop the necessary information would be excessive.

Although the municipality's operations in a number of geographical areas (i.e. wards), the geographic information is not considered relevant to management for decision making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the municipality has asessed that is operates in a single geographical area.

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# EMALAHLENI LOCAL MUNICIPALITY

(Registration number EC136)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

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	Electricity	Waste Removal	Municipality	Total
<b>Revenue</b>				
<b>Exchange Revenue</b>	<b>24 504 271</b>	<b>15 752 730</b>	<b>35 043 375</b>	<b>75 300 377</b>
Agency Services	-	-	1 413 695	1 413 695
Interest earned from current and non-current assets	-	-	11 363 258	11 363 258
Interest earned from receivables	1 428 278	5 384 195	126 566	6 939 039
Licences or Permits	-	-	664 928	664 928
Operational Revenue	-	-	20 857 496	20 857 496
Rental from Fixed Assets	-	-	398 736	398 736
Sales of Goods and Rendering of Services	-	-	172 007	172 007
Service Charges-Electricity	23 075 994	-	46 690	23 122 684
Service Charges-Waste Management	-	10 368 535	-	10 368 535
<b>Non-exchange Revenue</b>	<b>-</b>	<b>-</b>	<b>249 266 224</b>	<b>249 266 224</b>
Fines, Penalties and Forfeits	-	-	202 560	202 560
Interest	-	-	3 391 836	3 391 836
Property Rates by Usage	-	-	11 894 988	11 894 988
Transfers and Subsidies	24 504 272	-	233 776 840	258 281 112
<b>Total segment revenue</b>	<b>24 504 271</b>	<b>15 752 730</b>	<b>284 309 599</b>	<b>324 566 600</b>
<b>Entity's revenue</b>				<b>324 566 600</b>
<b>Expenditure</b>	<b>47 877 337</b>	<b>7 073 895</b>	<b>197 523 647</b>	<b>252 474 879</b>
Bulk Purchases	20 278 352	-	-	20 278 352
Contracted Services	21 310 520	-	21 069 889	42 380 408
Depreciation and Amortisation	1 762 268	-	22 015 463	23 777 731
Employee Related Cost	4 158 865	6 297 602	84 774 930	95 231 398
Finance costs	-	-	26 026	26 026
Inventory Consumed	69 282	195 601	1 610 013	1 874 896
Irrecoverable Debts Written Off	-	95 284	2 574 904	2 670 188
Operating Leases	-	-	1 996 569	1 996 569
Operational Cost	298 051	459 895	47 581 533	48 339 479
Remuneration of Councillors	-	-	14 722 732	14 722 732
Surplus / Deficit	-	-	-	-
Transfers and Subsidies	-	25 513	1 151 589	1 177 102
<b>Gains and Losses</b>	<b>376 496</b>	<b>73 243</b>	<b>15 194 870</b>	<b>15 644 609</b>
Disposal of Fixed and Intangible Assets	-	-	-	-
Fair Value Adjustment	-	-	907 969	907 969
Impairment Loss	376 496	73 243	14 286 901	14 736 641
<b>Total segment expenditure</b>	<b>48 253 833</b>	<b>7 147 138</b>	<b>212 718 517</b>	<b>268 119 489</b>
<b>Total segmental surplus/(deficit)</b>	<b>(23 749 562)</b>	<b>8 605 592</b>	<b>71 591 081</b>	<b>56 447 112</b>
<b>Entity's surplus (deficit) for the period</b>				<b>56 447 112</b>
<b>Assets</b>				
Current assets	2 630 191	(2 649 500)	238 571 723	238 552 413
Non-current assets	15 499 756	-	481 802 428	497 302 184
<b>Total segment assets</b>	<b>18 129 947</b>	<b>(2 649 500)</b>	<b>720 374 151</b>	<b>735 854 597</b>

# EMALAHLENI LOCAL MUNICIPALITY

(Registration number EC136)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

<b>Total assets as per Statement of financial Position</b>	<b>735 854 597</b>			
<b>Liabilities</b>				
Current liabilities	(1 874 763)	(3 574 253)	(144 203 943)	(149 652 959)
Non-current liabilities	-	-	(15 449 590)	(15 449 590)
<b>Total segment liabilities</b>	<b>(1 874 763)</b>	<b>(3 574 253)</b>	<b>(159 653 533)</b>	<b>(165 102 549)</b>
<b>Total liabilities as per Statement of financial Position</b>	<b>(165 102 549)</b>			

# EMALAHLENI LOCAL MUNICIPALITY

(Registration number EC136)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

2023

	Electricity	Waste Removal	Municipality	Total
<b>Revenue</b>				
<b>Exchange Revenue</b>	<b>(16 208 371)</b>	<b>(15 378 531)</b>	<b>(34 314 466)</b>	<b>(65 901 368)</b>
Agency Services	-	-	(1 622 003)	(1 622 003)
Interest earned from current and non-current assets	-	-	(8 761 039)	(8 761 039)
Interest earned from receivables	(934 205)	(3 835 667)	(75 374)	(4 845 247)
Licences or Permits	-	-	(494 492)	(494 492)
Operational Revenue	-	-	(22 772 555)	(22 772 555)
Rental from Fixed Assets	-	-	(450 881)	(450 881)
Sales of Goods and Rendering of Services	-	-	(129 906)	(129 906)
Service Charges-Electricity	(15 274 166)	-	(8 216)	(15 282 382)
Service Charges-Waste Management	-	(11 542 864)	-	(11 542 864)
<b>Non-exchange Revenue</b>	<b>-</b>	<b>-</b>	<b>(200 179 571)</b>	<b>(200 179 571)</b>
Fines, Penalties and Forfeits	-	-	(192 732)	(192 732)
Interest	-	-	-	-
Property Rates by Usage	-	-	-	-
Transfers and Subsidies	-	-	(199 986 839)	(199 986 839)
<b>Total segment revenue</b>	<b>(16 208 371)</b>	<b>(15 378 531)</b>	<b>(234 494 037)</b>	<b>(266 080 939)</b>
<b>Entity's revenue</b>				<b>(266 080 939)</b>
<b>Expenditure</b>	<b>64 730 805</b>	<b>7 913 237</b>	<b>126 583 209</b>	<b>199 227 251</b>
Bulk Purchases	16 158 074	-	-	16 158 074
Contracted Services	44 405 373	-	16 695 785	61 101 158
Depreciation and Amortisation	-	-	820 315	820 315
Employee Related Cost	4 087 264	7 165 640	73 492 341	84 745 246
Finance costs	-	-	174 548	174 548
Inventory Consumed	-	200 164	275 913	476 077
Irrecoverable Debts Written Off	-	164 778	555 059	719 837
Operating Leases	-	-	-	-
Operational Cost	80 094	382 656	19 732 185	20 194 935
Remuneration of Councillors	-	-	14 239 765	14 239 765
Surplus / Deficit	-	-	-	-
Transfers and Subsidies	-	-	597 296	597 296
<b>Gains and Losses</b>	<b>(5 647 849)</b>	<b>26 514 477</b>	<b>9 617 803</b>	<b>30 484 430</b>
Disposal of Fixed and Intangible Assets	-	-	-	-
Fair Value Adjustment	-	-	-	-
Impairment Loss	(5 647 849)	26 514 477	9 617 803	30 484 430
<b>Total segment expenditure</b>	<b>59 082 956</b>	<b>34 427 714</b>	<b>136 201 012</b>	<b>229 711 682</b>
<b>Total segmental surplus/(deficit)</b>	<b>(75 291 327)</b>	<b>(49 806 245)</b>	<b>(370 695 049)</b>	<b>(495 792 620)</b>
<b>Entity's surplus (deficit) for the period</b>				<b>(495 792 620)</b>
<b>Assets</b>				
Current assets	1 198 475	(639 808)	181 896 469	182 455 136
Non-current assets	-	-	452 192 539	452 192 539
<b>Total segment assets</b>	<b>1 198 475</b>	<b>(639 808)</b>	<b>634 089 008</b>	<b>634 647 675</b>

Figures in Rand

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**Total assets as per Statement of financial Position**

**634 647 675**

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**Liabilities**

Current liabilities (1 848 643) (3 408 698) (102 921 737) (108 179 078)

Non-current liabilities - - (12 029 000) (12 029 000)

**Total segment liabilities (1 848 643) (3 408 698) (114 950 737) (120 208 078)**

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**Total liabilities as per Statement of financial Position**

**(120 208 078)**

## 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 internally generated funds. Component B deals with capital spending indicating where the funding comes from and whether Municipalities can spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spent. Highlight the 5 largest projects 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 relating to the new works and renewal programmes, relating to the full programme of full capital projects, and relating to the alignment of projects to wards.

EC136 Emalaheni (Ec) - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		2 807	650	650	-	1 478	650	828	127%	650
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		2 807	650	650	-	1 478	650	828	127%	650
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		95	100	100	-	-	100	(100)	-100%	100
Community and social services		138	0	0	-	-	0	(0)	-100%	0
Sport and recreation		(43)	0	0	-	-	0	(0)	-100%	0
Public safety		-	100	100	-	-	100	(100)	-100%	100
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		61 670	42 483	95 169	11 619	62 144	95 169	(33 025)	-35%	95 169
Planning and development		-	2 250	4 572	-	2 036	4 572	(2 536)	-55%	4 572
Road transport		61 670	40 233	90 597	11 619	60 107	90 597	(30 490)	-34%	90 597
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		1 043	28 181	26 636	809	21 689	26 636	(4 947)	-19%	26 636
Energy sources		-	28 081	26 536	809	21 689	26 536	(4 847)	-18%	26 536
Water management		-	-	-	-	-	-	-	-	-
Waste water management		1 043	0	0	-	-	0	(0)	-100%	0
Waste management		-	100	100	-	-	100	(100)	-100%	100
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>65 616</b>	<b>71 414</b>	<b>122 555</b>	<b>12 428</b>	<b>85 311</b>	<b>122 555</b>	<b>(37 244)</b>	<b>-30%</b>	<b>122 555</b>
<b>Funded by:</b>										
National Government		40 078	62 394	107 805	12 428	73 919	107 805	(33 886)	-31%	107 805
Provincial Government		22 687	2 720	2 720	-	2 090	2 720	(630)	-23%	2 720
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		<b>62 765</b>	<b>65 114</b>	<b>110 525</b>	<b>12 428</b>	<b>76 009</b>	<b>110 525</b>	<b>(34 516)</b>	<b>-31%</b>	<b>110 525</b>
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		<b>2 795</b>	<b>3 800</b>	<b>6 402</b>	<b>-</b>	<b>2 888</b>	<b>6 402</b>	<b>(3 514)</b>	<b>-55%</b>	<b>6 402</b>
<b>Total Capital Funding</b>		<b>65 560</b>	<b>68 914</b>	<b>116 927</b>	<b>12 428</b>	<b>78 896</b>	<b>116 927</b>	<b>(38 031)</b>	<b>-33%</b>	<b>116 927</b>

## COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENT

**EC136 Emalahleni (Ec) - Table C7 Monthly Budget Statement - Cash Flow - M12 June**

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		8 094	13 237	13 237	368	8 863	13 237	(4 374)	-33%	13 237
Service charges		17 165	21 702	21 702	1 165	19 394	21 702	(2 308)	-11%	21 702
Other revenue		4 659	8 532	8 532	934	4 778	8 532	(3 754)	-44%	8 532
Transfers and Subsidies - Operational		154 324	162 516	162 516	-	161 896	162 516	(620)	0%	162 516
Transfers and Subsidies - Capital		72 720	62 393	62 393	-	57 385	62 393	(5 009)	-8%	62 393
Interest		4 793	4 579	4 579	760	10 437	4 579	5 859	128%	4 579
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(114 402)	(195 930)	(195 930)	(16 272)	(161 813)	(180 930)	(19 117)	11%	(195 930)
Interest		-	(10)	(10)	-	-	(10)	(10)	100%	(10)
Transfers and Subsidies		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>147 353</b>	<b>77 019</b>	<b>77 019</b>	<b>(13 046)</b>	<b>100 941</b>	<b>92 019</b>	<b>(8 921)</b>	<b>-10%</b>	<b>77 019</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	0	0	-	-	0	(0)	-100%	0
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	0	-	-	-	0	(0)	-100%	-
<b>Payments</b>										
Capital assets		(65 610)	(62 394)	(62 394)	(14 332)	(97 339)	(62 394)	34 946	-56%	(62 394)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(65 610)</b>	<b>(62 394)</b>	<b>(62 394)</b>	<b>(14 332)</b>	<b>(97 339)</b>	<b>(62 394)</b>	<b>34 946</b>	<b>-56%</b>	<b>(62 394)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	7 771	93 326	-	93 326	#DIV/0!	-
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>7 771</b>	<b>93 326</b>	<b>-</b>	<b>(93 326)</b>	<b>#DIV/0!</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>81 743</b>	<b>14 626</b>	<b>14 626</b>	<b>(19 607)</b>	<b>96 927</b>	<b>29 626</b>			<b>14 626</b>
Cash/cash equivalents at beginning:		76 073	76 351	76 351		110 549	76 351			110 549
Cash/cash equivalents at month/year end:		157 816	90 977	90 977		207 476	105 977			125 174

Cash and cash equivalents amount to cash flow above is R225m, this includes R20,6 million for unspent conditional grants (Municipal Disaster Relief Grant).

<b>Cash and cash equivalents June 2024 of 2023/2024 Financial Year</b>	
<b>Municipal Account</b>	<b>Closing balance</b>
Investments	R 121,590,830.22
Main bank accounts	R 12,253,537.30
	<b>R 133,844,367.50</b>

On the 30 June 2024 of 2023/2024 financial year, the municipality is sitting at a balance of R133,844,367.50 million for cash and cash equivalents including bank balances for the main bank accounts.

## 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.

Supply Chain Management is centralized and situated in the Budget and Treasury Department with 5 permanent staff members who have completed the minimum competency requirements. The post of SCM manager is filled with a manager in place

## **GRAP COMPLIANCE**

### GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice, 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 as there are material misstatements reported in the audit report, but remedial actions have been made as captured in the Audit Action Plan.

The municipality has established an internal AFS unit comprising of a Manager and Accountant and the AFS are compiled internally reviewed by the CFO, Internal Audit and Audit Committee.

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### Report of the auditor-general to the Eastern Cape Provincial Legislature and Council of Emalahleni Local Municipality

#### Report on the audit of the financial statements

#### Qualified opinion

1. I have audited the financial statements of the Emalahleni 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, and 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, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Emalahleni 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 qualified opinion

##### Receivables from exchange transactions

3. The municipality did not account for impairment for receivables from exchange transactions in accordance with the requirements of GRAP 104, *Financial instruments* and did not determine the recovery rate that should have been determined for the estimated irrecoverable amounts by utilising the actual historical payments analysis of the respective debtors. In addition, the aging of debtors disclosed on the annual financial statements did not agree to the underlying schedules. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from exchange transactions disclosed in note 4 to the financial statements stated at R22,4 million (2022: R19,4 million) and impairment loss on debtors, stated at R3,6 million (2022: R2 million) in the financial statements.

##### Receivables from non-exchange

4. I was unable to obtain sufficient appropriate evidence that receivables from exchange transactions were appropriately accounted for in accordance with the requirements of GRAP 104, *Financial instruments* as the debtors age analysis did not agree to the amounts disclosed in the annual financial statements. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from non-exchange transactions disclosed in note 5 to the financial statements stated at R17,1 million.

### Payables from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence that payables from exchange transactions were properly accounted for due to the status of the accounting records. Furthermore, differences were identified between the financial statements and the underlying records. I was unable to confirm the trade payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to payables from exchange transactions stated at R25,5 million (2022: R22,1 million) in note 15 to the financial statements.

### Net cash flows from operating activities

6. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required by GRAP 2, *Cash flow statements*. This was due to errors in accounting for receipts. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R100 million in the financial statements were necessary.

### Prior year adjustments

7. The municipality did not disclose the prior period errors as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for some financial statement items affected were not separately disclosed on the annual financial statements. In addition, the nature of the some of the errors were not disclosed in the prior period error note. Consequently, I was unable to determine whether any adjustments were necessary to the prior year adjustment disclosed in note 46 to the financial statements.

### Context for opinion

8. 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.
9. 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.
10. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### Emphasis of matter

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

### Underspending on conditional grants

12. As disclosed in the statement of note 16 of the statement of financial position, the municipality materially underspent the allocation on its conditional grant by R10,3 million.

### 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 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.
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 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 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
Basic service delivery and infrastructure development	[XX]	Service delivery includes the provision of electricity, road infrastructure and waste removal and is of significant interest to the public as it aims to achieve or

Development priority	Page numbers	Purpose
		satisfying the basic needs of the community

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
- 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 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. I did not identify any material findings on the reported performance information for the selected development priority.

### Other matter

23. I draw attention to the [matter/s] 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.

## Report on compliance with legislation

25. 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.
26. 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.
27. 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.
28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### Annual financial statements, performance reports and annual reports

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.
30. The local community was not invited to submit representations in connection with the 2021/22 annual report, as required by section 127(5) (a)(ii) of the MFMA.

### Revenue management

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

### Expenditure management

32. Reasonable steps were not taken to prevent irregular expenditure amounting to R10 million as disclosed in note 52 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by incorrect application of the supply chain regulations.
33. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R0, 866 million, as disclosed in note 51 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by fines incurred due to non-compliance with the environmental legislation.

34. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R10,5 million as disclosed in note 50 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

#### **Asset management**

35. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2) of the MFMA.

#### **Strategic planning and performance management**

36. The SDBIP for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote as required by section 1 of the MFMA.

#### **Consequence management**

37. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
38. Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
39. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

#### **Other information in the annual report**

40. 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 the selected development priority presented in the annual performance report that have been specifically reported on in this auditor's report.
41. 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.
42. 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.
43. I did not receive the other information prior to the date of the auditor's report. When I do receive and read this information, 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

auditor's report and re-issue and amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

44. 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.
45. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
46. Management did not implement adequate financial management disciplines during the year and did not ensure that the reconciliation of accounting records is performed in a timely manner to achieve accurate and reliable reporting. Furthermore, the audit action plan that was created was not effectively implemented and monitored as repeat findings were identified in the financial reporting processes.
47. Management did not implement adequate monitoring of compliance with laws and regulations to ensure the compliance with legislative requirements.

AUDITOR - GENERAL

East London

30 November 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **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 priority 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.

**Communication with those charged with governance.**

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## Compliance with legislation – selected legislative requirements.

The selected legislative requirements are as follows:

Legislation	Sections or regulations
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), 32(6)(a), Sections 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), 62(1)(f)(ii), Sections 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), Sections 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), Sections 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), Sections 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), Sections 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulation 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), 17(1)(b), Regulations 17(1)(c). 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a) and (b), 29(5)(a)(ii), 29(5)(b)(ii), Regulations 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
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, 2004	Regulations 17, 25(7A)
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), 7(1), Regulations 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)

Legislation	Sections or regulations
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)
Municipal Systems Act 32 of 2000	<p>Sections 25(1), 26(a), 26(c), 26(h), 26(i), 27(1), 29(1)(b)(ii), 29(2)(a), Sections 29(2)(c), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, Sections 43(2), 56(a), 57(2)(a), 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), Sections 67(1)(d), 74(1), 93J(1), 96(b)</p> <p>Parent municipality with ME: Sections 93B(a), 93B(b)</p> <p>Parent municipality with shared control of ME: Sections 93C(a)(iv), 93C(a)(v)</p>
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(5)(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)

## Audit Action Plan 2023/2024

Impact	Line Item	Finding	Responsible Person	Date Developed	Due Date	Action Plan
Matters Affecting the Audit Report	As per audit finding	COAF 02: Follow up on Prior Year Misstatements	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a restatement file with supporting schedules. Prepare methodologies for the restatement and get them reviewed by CFO. Pass the restatements in the system, mid-year financial reporting and annual financial statements
Matters Affecting the Audit Report	As per audit finding	COAF 03: Non submission of supporting schedules	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a monthly accounting file with supporting schedules for the monthly reporting Ensure that all reconciliations are reviewed and signed by responsible accountants managers Ensure that a journal file is kept with reviewed and signed journals that have supporting schedules
Matters Affecting the Audit Report	As per audit finding	COAF 04: 1 High Level Review of AFS – Missing Accounting Policies	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a GRAP compliance checklist for mid-year reporting and annual financial statements Review consistency of policies with prior year and confirm any changes with CFO Have an internal audit review of accounting policies and their consistency
Matters Affecting the Audit Report	As per audit finding	COAF 04: 2 High Level Review of AFS – Other Issues	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a GRAP compliance checklist for mid-year reporting and annual financial statements Perform casting and calling for the mid-year reporting and annual financial statement to ensure notes agree to the statements (Prepare casting and calling sheet) Have internal audit review the mid-year report and annual financial statements
Matters Affecting the Audit Report	Information not submitted in time for auditing	COAF 04: 2 High Level Review of AFS – Other Issues	Andisiwe Jordaan	31-Jan-2025	30-Jun-2025	Prepare a file of annual performance and reviews Internal Audit to audit the annual performance and review

Matters Affecting the Audit Report	As per audit finding	COAF 04: 3 High Level Review of AFS – Differences Identified	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a monthly accounting file for the monthly reporting. Ensure the file has reviewed and signed reconciliations and supporting schedules. Prepare a TB vs AFS schedule and sign off
Matters Affecting the Audit Report	Rev from non-exch transactions: Government grants & subsidies	COAF 06: 1 INEP Electrification Grant – Misclassification of Expenditure and Revenue	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a grant's register updated monthly and signed off by CFO Prepare a GRAP checklist and review the mid-year and annual financial statements and sign off Prepare the adjustments in the system to correctly account for INEP
Matters Affecting the Audit Report	Trade and other payables from exchange transactions	COAF 07: 1 Payables: Difference in AFS and supporting schedules	Lusanda Stuurman	31-Jan-2025	30-Jun-2025	Prepare monthly creditors reconciliations and get reviewed and signed by manager and CFO Prepare a file for the reconciliations with supporting schedules
Matters Affecting the Audit Report	Debt impairment	COAF 08: 1 Debt impairment lead differences - Differences between trial balance and AFS	Yamkela Nqwena	31-Jan-2025	30-Jun-2025	Prepare monthly debtors reconciliations and have them reviewed and signed off by manager and CFO Prepare mid-year and annual debt impairment calculation and have it reviewed and signed off by manager and CFO Prepare the debt impairment journals for review and authorisation

Impact	Line Item	Finding	Responsible Person	Date Developed	Due Date	Action Plan
Matters Affecting the Audit Report	Rev from non-exch transactions: Government grants & subsidies	COAF 09: 1 Revenue from non-exchange - Incorrect Disclosure of Transfers and Subsidies	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a GRAP checklist for mid-year and annual financial statements and sign off Have Internal Audit review on the preparation of financial reporting.
Matters Affecting the Audit Report	Rev from non-exch transactions: Government grants & subsidies	COAF 09: 2 Revenue from non-exchange - Presentation of Government Grants	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare GRAP checklist for mid-year and annual financial statements and sign off Have financial statements reviewed by Internal Audit
Matters Affecting the Audit Report	Other	COAF 10: 1 Inventory consumed: Missing accounting policy	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a GRAP checklist for mid-year and annual financial statements and sign off. Have IA review the reports for consistency
Matters Affecting the Audit Report	Rev from exch transactions: Other income	COAF 12: 1 Revenue from non-exchange: Funds received from OTP Grant	Nangamso Madolo, Philisa Manakaza	31-Jan-2025	30-Jun-2025	Prepare a grants register reconciled to the TB/GL and sign off Prepare the journal to fully recognise OTP grant for review and sign off
Matters Affecting the Audit Report	Rev from non-exch transactions: Other	COAF 12: 3 Revenue from non-exchange – Revenue from exchange -Actuarial Gains Reclassification	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a GRAP compliance checklist for mid-year and annual financial statements and sign off Prepare the journal for actuarial movement for review and sign off in the system and AFS
Matters Affecting the Audit Report	Contracted services	COAF 13: Contracted Services and Operational Costs – Internal control deficiencies, non-compliance and inconsistencies Identified.	Lusanda Stuurman	31-Jan-2025	30-Jun-2025	Perform monthly reconciliations between the TB/GL and supporting documents (sign off) Transactions captured must reviewed by manager for accuracy
Matters Affecting the Audit Report	Rev from non-exch transactions: Government grants & subsidies	COAF 14: 1 Revenue from non-exchange – MDRG Misclassified as Operating Grant in AFS	Philisa Manakaza	31-Jan-2025	30-Jun-2025	Review the mscoa items for correct classification of GRANTS Prepare and grants register reconciled to TB/GL and sign off
Matters Affecting the Audit Report	As per audit finding	COAF 15: 1 High Level Review of AFS – The Annual Financial Statements were not clearly stating that the prior year balance have been restated	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a grap checklist for mid-year and annual financial statements and sign off Prepare a casting and calling schedule and sign off for consistency of financial reports and accuracy Have Internal Audit review the financial reports
Matters Affecting the Audit Report	MFMA Add. disclosure: Material electricity losses	COAF 15: 1 Bulk Purchases: Use of incorrect inputs in the calculation of electricity distribution losses	Yamkela Nqwena	31-Jan-2025	30-Jun-2025	Prepare a monthly calculation of units sold vs units purchased and sign off Attach supporting documentation (bulk invoices) and prepare reconciliations for electricity sales and sign off
Matters Affecting the Audit Report	As per audit finding	COAF 16: 1 Employee obligations: Accounting policy consistent	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Review accounting policies to check consistency with prior year and sign off IA to review accounting policies and prepare a report
Matters Affecting the Audit Report	Retirement benefit obligation	COAF 16: 2 Employee obligations: Disclosure not complete	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Have the annual financial statements reviewed by internal audit Prepare a GRAP checklist and casting and calling schedule for consistency and accuracy and sign off
Matters Affecting the Audit Report	Retirement benefit obligation	COAF 16: 3 Employee obligations: Disclosure not complete	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Have the annual financial statements reviewed by internal audit Prepare a casting and calling schedule for consistency and accuracy and sign off

Impact	Line Item	Finding	Responsible Person	Date Developed	Due Date	Action Plan
Matters Affecting the Audit Report		COAF 17: 1 VAT Receivable: VAT Non-Compliance and Presentation and disclosure	Lusanda Stuurman	31-Jan-2025	30-Jun-2025	Prepare monthly VAT reconciliations and sign off by manager and CFO Prepare a file of the reconciliation with the supporting schedules Ensure VAT201s are submitted for review and authorisation for submission
Matters Affecting the Audit Report	Receivables from exchange transactions	COAF 17: 2 VAT Disclosure	Nangamso Madolo, Lusanda Stuurman	31-Jan-2025	30-Jun-2025	Prepare a GRAP disclosure checklist and sign off Prepare VAT reconciliations that are reviewed and signed clearly indicating Output, Input and accruals
Matters Affecting the Audit Report	Contingent assets	COAF 18: 2 Contingent Assets – Non-disclosure of cases that have not been resolved/ or might be resolved	Naledi Sehoshe	31-Jan-2025	30-Jun-2025	Prepare a complete and accurate contingent asset and liabilities register from the legal advisers Ensure that the register agrees the disclosure in the annual financial statements
Matters Affecting the Audit Report	As per audit finding	COAF 19: 1 Unspent Conditional Grants - No Accounting Policy	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a GRAP compliance checklist for mid-year reporting and annual financial statements Review consistency of policies with prior year and confirm any changes with CFO Have an internal audit review of accounting policies and their consistency
Matters Affecting the Audit Report	Contracted services	COAF 19: 2 Outsourced Services Electrical - OTP Grant Expenditure Misclassified	Philisa Manakaza, Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare grants register reviewed and signed off by manager and CFO Reconcile the register to the GL/TB and ensure correct classification
Matters Affecting the Audit Report	Other	COAF 23: 1 SCM Completeness of Contract register: Contracts not included in the contract register	Siphiwo Xinti, Fungiwe Majambe	31-Jan-2025	30-Jun-2025	The SCM Unit has updated the contract register, supporting documentation will be uploaded.
Matters Affecting the Audit Report	Provisions	COAF 25: 3 Overstatement of contributions to provisions – Differences Identified	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare calculations for provisions and reconcile to the TB/GL and financial statements Prepare accurate journals for review and authorisation to process Put supporting documents, signed journals and reconciliations in the accounting file

Impact	Line Item	Finding	Responsible Person	Date Developed	Due Date	Action Plan
Matters Affecting the Audit Report	Provisions	COAF 25: 4 Overstatement of contributions to provisions – Differences Identified	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare calculations for provisions and reconcile to the TB/GL and financial statements Generate and GRAP checklist and review the financial statements Have internal audit review the financial statements
Matters Affecting the Audit Report	Other	COAF 11: 1 Contracted Expenses – Disclosure of contracted services on the face of the statement of financial performance is in terms of its function not in terms of its nature	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a GRAP compliant checklist to identify non-compliance. Internal Audit to review the financial statements and recommend
Matters Affecting the Audit Report	Reported information not reliable	COAF 24: 1 Audit of Predetermined Objectives –Consistency, Presentation and Disclosure Issues	Andisiwe Jordaan	31-Jan-2025	30-Jun-2025	Management will ensure that there is proper review of the APR and report in line with approved targets by creating progress plan when Annual Performance report is being developed
Matters Affecting the Audit Report	Other	COAF 39: 1 Financial instruments and Principal-agent arrangements	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare casting and calling work paper to check accuracy and consistency and sign off Obtain the reconciliations for agency fees at 30 June 2025 and update the financial statements note on principal agent Have internal audit review the financial statements and report
Matters Affecting the Audit Report	Other	COAF 39: 2 Related parties - Completeness of the related party disclosure	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Obtain the complete list of councillors and their portfolios and update the financial statements Obtain the related party transactions list/register from SCM and update the financial statements Have the Internal Audit review the financial statements and report

Impact	Line Item	Finding	Responsible Person	Date Developed	Due Date	Action Plan
Matters Affecting the Audit Report	Property, plant and equipment	COAF 26: 1 Depreciation on buildings	Yanga Sawa	31-Jan-2025	30-Jun-2025	Review the RUL of assets per the policy at year-end Document the process of review and prepare a separate list and calculation of the revised assets. Submit the revision and recalculation to manager for review and sign off. Prepare the journal for adjustment of the depreciation for review and authorisation to process Update the asset register and prepare a reconciliation to the GL/TB and financial statements
Matters Affecting the Audit Report	Property, plant and equipment	COAF 26: 2 Carrying values - Buildings	Yanga Sawa	31-Jan-2025	30-Jun-2025	Review the RUL of assets per the policy at year-end Document the process of review and prepare a separate list and calculation of the revised assets. Submit the revision and recalculation to manager for review and sign off. Prepare the journal for adjustment of the depreciation for review and authorisation to process Update the asset register and prepare a reconciliation to the GL/TB and financial statements
Matters Affecting the Audit Report	Other	COAF 26: 3 Auditing of estimates	Yanga Sawa, Nangamso Madolo	31-Jan-2025	30-Jun-2025	Review the RUL of assets per the policy at year-end Document the process of review and prepare a separate list and calculation of the revised assets. Submit the revision and recalculation to manager for review and sign off. Prepare the journal for adjustment of the depreciation for review and authorisation to process Update the asset register and prepare a reconciliation to the GL/TB and financial statements Update the financial statements note for changes in estimates

Impact	Line Item	Finding	Responsible Person	Date Developed	Due Date	Action Plan
Matters Affecting the Audit Report	As per audit finding	COAF 27: 2 Receivables from exchange and non-exchange transactions: Presentation - Differences between AFS disclosure and Age Analysis	Yamkela Nqwena	31-Jan-2025	30-Jun-2025	Prepare monthly debtors' reconciliations between the age analysis and the TB/GL Prepare monthly billing reconciliations between billing extract and TB/GL Prepare the necessary adjustments for review and sign off Prepare a file for the signed reconciliations and journals
Matters Affecting the Audit Report	Property, plant and equipment	COAF 28: 1 Depreciation on movable assets	Yanga Sawa	31-Jan-2025	30-Jun-2025	Review the RUL of assets per the policy at year-end Document the process of review and prepare a separate list and calculation of the revised assets. Submit the revision and recalculation to manager for review and sign off. Prepare the journal for adjustment of the depreciation for review and authorisation to process Update the asset register and prepare a reconciliation to the GL/TB and financial statements
Matters Affecting the Audit Report	Property, plant and equipment	COAF 28: 2 Carrying values - Movable assets	Yanga Sawa	31-Jan-2025	30-Jun-2025	Review the RUL of assets per the policy at year-end Document the process of review and prepare a separate list and calculation of the revised assets. Submit the revision and recalculation to manager for review and sign off. Prepare the journal for adjustment of the depreciation for review and authorisation to process Update the asset register and prepare a reconciliation to the GL/TB and financial statements
Matters Affecting the Audit Report	Property, plant and equipment	COAF 28: 3 Movable assets – classification issue	Yanga Sawa	31-Jan-2025	30-Jun-2025	Perform regular physical verification and update the asset register. Check supporting documentation for additions and ensure correct classifications Prepare the journals with supporting information for review and authorisation to process

Impact	Line Item	Finding	Responsible Person	Date Developed	Due Date	Action Plan
Matters Affecting the Audit Report	Contingent assets	COAF 29: 1 Contingent assets – Differences identified between AFS and legal confirmation on pending cases	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Obtain the legal register from Legal Manager (who will obtain from Legal Advisors) at 30 June 2025 Update the financial statements with the contingencies as per the legal register Have Internal Audit review the financial statements and report on the review
Matters Affecting the Audit Report	Contingent assets	COAF 29: 2 Contingent assets – non-submission of legal confirmation from attorney upon request	Naledi Sehoshe	31-Jan-2025	30-Jun-2025	Request legal register from municipal lawyers at 30 June 2025 Submit the register to Manager: AFS for inclusion in the financial statements and accounting file
Matters Affecting the Audit Report	Rev from non-exch transactions: Government grants & subsidies	COAF 30: 1 INEP Electrification Grant – VAT not Accounted for on INEP Grant	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a grant's register updated monthly and signed off by CFO Prepare a GRAP checklist and review the mid-year and annual financial statements and sign off Prepare the adjustments in the system to correctly account for INEP
Matters Affecting the Audit Report	Other	COAF 31: 1 Financial instruments - Presentation and disclosure	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a GRAP compliant checklist to identify non-compliance. Internal Audit to review the financial statements and recommend.
Matters Affecting the Audit Report	Property, plant and equipment	COAF 32: 1 Movable assets additions - differences between FAR and AFS	Yanga Sawa	31-Jan-2025	30-Jun-2025	Prepare monthly reconciliations between the FAR and the GL/TB and sign off Prepare a list for additions and file each month
Matters Affecting the Audit Report	Property, plant and equipment	COAF 32: 1 Movable assets additions – Assets without barcodes and limitation on verification of assets	Yanga Sawa	31-Jan-2025	30-Jun-2025	Perform regular verification and update the asset register with all the new and old movables assets Check additions in the GL/TB and trace to physical asset and barcode and update the asset register
Matters Affecting the Audit Report	Statement of comparison of budget and actual amounts	COAF 34: 1 Comparison of Budget and actual: Differences between budget per AFS and approved budget	Philisa Manakaza, Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare monthly budget vs actual from the TB/GL in line with S71 reporting and reconcile

Impact	Line Item	Finding	Responsible Person	Date Developed	Due Date	Action Plan
Matters Affecting the Audit Report	Property, plant and equipment	COAF 35: 1 Depreciation on buildings (remaining sample)	Yanga Sawa	31-Jan-2025	30-Jun-2025	Review the RUL of assets per the policy at year-end Document the process of review and prepare a separate list and calculation of the revised assets. Submit the revision and recalculation to manager for review and sign off. Prepare the journal for adjustment of the depreciation for review and authorisation to process Update the asset register and prepare a reconciliation to the GL/TB and financial statements
Matters Affecting the Audit Report	Property, plant and equipment	COAF 35: 1 Carrying values – Buildings (remaining sample)	Yanga Sawa	31-Jan-2025	30-Jun-2025	Review the RUL of assets per the policy at year-end Document the process of review and prepare a separate list and calculation of the revised assets. Submit the revision and recalculation to manager for review and sign off. Prepare the journal for adjustment of the depreciation for review and authorisation to process Update the asset register and prepare a reconciliation to the GL/TB and financial statements
Other Important Matters	Cash flow statement	COAF 05 High Level Review of AFS – Missing Accounting Policies (ISS.16)	Nangamso Madolo	29-Feb-2024	30-Jun-2025	Prepare monthly accounting files with supporting documentation Prepare journal files with all signed journals and supporting information Prepare in year AFS and have Internal Audit review Prepare a grant checklist and signed off on completion of preparation
Other Important Matters	Other	COAF 05 High Level Review AFS – Prior Period Error Note 47 (ISS.17)	Nangamso Madolo	29-Feb-2024	30-Jun-2025	Prepare a schedule of prior period adjustments. Prepare a file for prior period adjustments that is reviewed by HOD. Prepare financial statements that agree to the prior period file.

Impact	Line Item	Finding	Responsible Person	Date Developed	Due Date	Action Plan
Matters Affecting the Audit Report	Property, plant and equipment	COAF 26: 1 Depreciation on buildings	Yanga Sawa	31-Jan-2025	30-Jun-2025	<p>Review the RUL of assets per the policy at year-end</p> <p>Document the process of review and prepare a separate list and calculation of the revised assets.</p> <p>Submit the revision and recalculation to manager for review and sign off.</p> <p>Prepare the journal for adjustment of the depreciation for review and authorisation to process</p> <p>Update the asset register and prepare a reconciliation to the GL/TB and financial statements</p>
Matters Affecting the Audit Report	Property, plant and equipment	COAF 26: 2 Carrying values - Buildings	Yanga Sawa	31-Jan-2025	30-Jun-2025	<p>Review the RUL of assets per the policy at year-end</p> <p>Document the process of review and prepare a separate list and calculation of the revised assets.</p> <p>Submit the revision and recalculation to manager for review and sign off.</p> <p>Prepare the journal for adjustment of the depreciation for review and authorisation to process</p> <p>Update the asset register and prepare a reconciliation to the GL/TB and financial statements</p>
Matters Affecting the Audit Report	Other	COAF 26: 3 Auditing of estimates	Yanga Sawa, Nangamso Madolo	31-Jan-2025	30-Jun-2025	<p>Review the RUL of assets per the policy at year-end</p> <p>Document the process of review and prepare a separate list and calculation of the revised assets.</p> <p>Submit the revision and recalculation to manager for review and sign off.</p> <p>Prepare the journal for adjustment of the depreciation for review and authorisation to process</p> <p>Update the asset register and prepare a reconciliation to the GL/TB and financial statements</p> <p>Update the financial statements note for changes in estimates</p>

Impact	Line Item	Finding	Responsible Person	Date Developed	Due Date	Action Plan
Matters Affecting the Audit Report	As per audit finding	COAF 27: 2 Receivables from exchange and non-exchange transactions: Presentation - Differences between AFS disclosure and Age Analysis	Yankela Nqwena	31-Jan-2025	30-Jun-2025	Prepare monthly debtors' reconciliations between the age analysis and the TB/GL Prepare monthly billing reconciliations between billing extract and TB/GL Prepare the necessary adjustments for review and sign off Prepare a file for the signed reconciliations and journals
Matters Affecting the Audit Report	Property, plant and equipment	COAF 28: 1 Depreciation on movable assets	Yanga Sawa	31-Jan-2025	30-Jun-2025	Review the RUL of assets per the policy at year-end Document the process of review and prepare a separate list and calculation of the revised assets. Submit the revision and recalculation to manager for review and sign off. Prepare the journal for adjustment of the depreciation for review and authorisation to process Update the asset register and prepare a reconciliation to the GL/TB and financial statements
Matters Affecting the Audit Report	Property, plant and equipment	COAF 28: 2 Carrying values - Movable assets	Yanga Sawa	31-Jan-2025	30-Jun-2025	Review the RUL of assets per the policy at year-end Document the process of review and prepare a separate list and calculation of the revised assets. Submit the revision and recalculation to manager for review and sign off. Prepare the journal for adjustment of the depreciation for review and authorisation to process Update the asset register and prepare a reconciliation to the GL/TB and financial statements
Matters Affecting the Audit Report	Property, plant and equipment	COAF 28: 3 Movable assets – classification issue	Yanga Sawa	31-Jan-2025	30-Jun-2025	Perform regular physical verification and update the asset register. Check supporting documentation for additions and ensure correct classifications Prepare the journals with supporting information for review and authorisation to process

Impact	Line Item	Finding	Responsible Person	Date Developed	Due Date	Action Plan
Matters Affecting the Audit Report	Contingent assets	COAF 29: 1 Contingent assets – Differences identified between AFS and legal confirmation on pending cases	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Obtain the legal register from Legal Manager (who will obtain from Legal Advisors) at 30 June 2025 Update the financial statements with the contingencies as per the legal register Have Internal Audit review the financial statements and report on the review
Matters Affecting the Audit Report	Contingent assets	COAF 29: 2 Contingent assets – non-submission of legal confirmation from attorney upon request	Naledi Sehoshe	31-Jan-2025	30-Jun-2025	Request legal register from municipal lawyers at 30 June 2025 Submit the register to Manager: AFS for inclusion in the financial statements and accounting file
Matters Affecting the Audit Report	Rev from non-exch transactions: Government grants & subsidies	COAF 30: 1 INEP Electrification Grant – VAT not Accounted for on INEP Grant	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a grant's register updated monthly and signed off by CFO Prepare a GRAP checklist and review the mid-year and annual financial statements and sign off Prepare the adjustments in the system to correctly account for INEP
Matters Affecting the Audit Report	Other	COAF 31: 1 Financial instruments - Presentation and disclosure	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a GRAP compliant checklist to identify non-compliance. Internal Audit to review the financial statements and recommend.
Matters Affecting the Audit Report	Property, plant and equipment	COAF 32: 1 Movable assets additions - differences between FAR and AFS	Yanga Sawa	31-Jan-2025	30-Jun-2025	Prepare monthly reconciliations between the FAR and the GL/TB and sign off Prepare a list for additions and file each month
Matters Affecting the Audit Report	Property, plant and equipment	COAF 32: 1 Movable assets additions – Assets without barcodes and limitation on verification of assets	Yanga Sawa	31-Jan-2025	30-Jun-2025	Perform regular verification and update the asset register with all the new and old movables assets Check additions in the GL/TB and trace to physical asset and barcode and update the asset register
Matters Affecting the Audit Report	Statement of comparison of budget and actual amounts	COAF 34: 1 Comparison of Budget and actual: Differences between budget per AFS and approved budget	Philisa Manakaza, Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare monthly budget vs actual from the TB/GL in line with S71 reporting and reconcile

Impact	Line Item	Finding	Responsible Person	Date Developed	Due Date	Action Plan
Other Important Matters	Provisions	COAF 21: 1 Classification and the accuracy of the bonus balance	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a GRAP compliance checklist for mid-year reporting and annual financial statements Have an internal audit review of the financial statements
Other Important Matters	Trade and other payables from exchange transactions	COAF 21: 2 Overstatement of Payables and accruals due to cut-off date as the creditors were provided for and included in the accrual listing.	Lusanda Stuurman	31-Jan-2025	30-Jun-2025	Prepare monthly creditors' reconciliations to the general ledger. Get the reconciliations reviewed and signed off on by manager and CFO Prepare an accounting file for audit purposes with supporting documentation
Other Important Matters	Other	COAF 21: 3 Employee cost - differences noted	Zamuxolo Mbotyi	31-Jan-2025	30-Jun-2025	Prepare monthly reconciliations of employee costs for review and sign off Obtain supporting documentation and put in file for waiver applications etc.
Other Important Matters	As per audit finding	COAF 22: 1 VAT receivable: Inconsistent accounting policy	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare a GRAP compliance checklist for mid-year reporting and annual financial statements Review consistency of policies with prior year and confirm any changes with CFO Have an internal audit review of accounting policies and their consistency
Other Important Matters	Irregular expenditure	COAF 23: 1 SCM Deviation: Deviation not disclosed in the annual financial statements	Siphiwo Xinti	31-Jan-2025	30-Jun-2025	Prepare accurate deviations register monthly and store in file
Other Important Matters	As per audit finding	COAF 25: 1 Journal incorrectly processed in operational revenue as per Note 29 in the AFS	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare journals for review and authorisation on system Store signed journals in journal file with supporting documentation.
Other Important Matters	Trade and other payables from exchange transactions	COAF 25: 2 Statutory payables - Understatement of the COID balance at year-end	Lusanda Stuurman	31-Jan-2025	30-Jun-2025	Obtain supporting documentation and prepare calculation of COID Prepare the journal for the year's movement for review and authorisation in the system. Put the signed journal with the supporting in the journal file
Other Important Matters	Receivables from exchange transactions	COAF 27: 1 Receivables: Differences in impairment calculations	Yamkela Nqwena	31-Jan-2025	30-Jun-2025	Prepare debt impairment calculation half yearly and year end for review and sign off. Prepare the journal for debt impairment for review and authorisation in the system
Other Important Matters		COAF 32: 3 Movable assets – Differences in acquisition costs	Yanga Sawa	31-Jan-2025	30-Jun-2025	Prepare monthly acquisition reports with supporting documents to be reviewed and signed by manager. Prepare a reconciliation of the movable register to acquisition documentation and submit for review and sign off
Other Important Matters	Receivables from exchange transactions	COAF 33: 1 Receivables: Electricity Gross Amount differences	Yamkela Nqwena	31-Jan-2025	30-Jun-2025	Prepare a debtors' reconciliation monthly between the billing system and the TB/GL for review and sign off Prepare the journals for correction for review and authorisation in the system
Other Important Matters	Other	COAF 37: 1 Non-Submission of Information	Nangamso Madolo	31-Jan-2025	30-Jun-2025	Prepare monthly reconciliations that are reviewed and signed by manager and CFO Keep an accounting file of the reconciliations and other supporting schedules

## APPENDICES

### Appendix A – Councillors; Committee Allocation and Council Attendance

List of Councillors	Political Party	Ward Representing	Number of Council meetings held (including specials)	Number of Council meetings attended
1. Wilson Bangisa	ANC	1	19	18
2. Nokubonga M. Songo	ANC	2	19	17
3. Singatwa S. Malotana	ANC	3	19	18
4. Afika Hlanganyana	ANC	4	19	18
5. Unathi S. Mzandisi	ANC	5	19	18
6. Zola Bidi	ANC	6	19	17
7. Nontombizanele Koni	ANC	6	19	19
8. Vivian V. Macithi	ANC	7	19	16
9. Nosibulelo Nqono	ANC	8	19	17
10 Sonwabise Nyukwana	ANC	8	19	17
11. Zanoxolo S. Qali	ANC	9	19	16
12. Sanele Kowa	ANC	9	19	18
13. Yonwaba N. Sibeko	ANC	10	19	18
14. Badikazi P. Twala	ANC	10	19	16
15. Sakisizwe Kupiso	UDM	10	19	14
16. Mxolisi P. Masiza	ANC	11	19	14
17. Thandeka Kulashe	ANC	11	19	17
18. Zenzile Mahola	EFF	11	19	10
19. Thembalakhe Ngesi	DA	11	14	6
20. Nomathemba Mnyolo	DA	11	19	15
21. Tandiwe Ndlela	ANC	12	19	18
22. Vusumzi E. Matyobeni	ANC	13	19	18
23. Xoliseka Lali	ANC	13	19	19
24. Nowandisile N. Kraqa	ANC	13	19	15
25. Mcedisi Qomoyi	ANC	14	19	17
26. Ncedisa Mtyobile	ANC	14	19	19

27. Sphokazi Maratana	ANC	14	19	16
28. Bekeka Mketi	ISANCO	14	19	14
29. Vuyokazi Mnyuko	ANC	15	19	15
30. Mcebisi S. Limba	ANC	15	19	14
31. Zola Bebeza	ANC	15	19	17
32. Tom Mzuvukile	EFF	15	19	15
33. Nkohla C. Peter	ANC	16	19	18
34. Babalwa Mxathule	ANC	17	19	18

### Traditional Leaders participating in Council

Traditional Leaders, Committees Allocated and Council Attendance					
Members of Traditional Leadership	Full Time / Part Time FT/PT	Committees Allocated	*NUMBER OF MEETINGS	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
1. Mr N Mtirara	PT		00		
2. Mr Tambekile	PT		00		

## Appendix B – Committees and Committee Purposes

List of Committees of Council	Purpose of each committee	Names of Councillors serving in each committee	Number of Committee meetings held	Number of Committee meetings attended
2. PEDTA Standing Committee	To consider matters related to the LED KPA and recommend to the Executive Committee	1.Cllr M Tom 2.Cllr Z Bidi 3.Cllr N Nqono 4.Cllr S Maratana 5.Cllr Z Qali 6. Cllr V Matyobeni	04 04 04 04 04 04	04 04 03 03 00 04
3. BTO Standing Committee	To formulate recommendations to the Executive Mayor (Mayoral Committee) on financial matters. As an Operational Committee the scope of these financial matters would include considerations of the financial position of Council in terms of the budget from an accrual as well as a cash flow perspective, including inter alia the following <ul style="list-style-type: none"> <li>• Budget alignment.</li> <li>• Monitoring and budget implementation.</li> <li>• Control measures Financial reporting.</li> <li>• Budget management including revenue and expenditure management.</li> <li>• Capital raising; and Supply Chain management.</li> </ul>	1. Cllr S Kowa 2. Cllr V Macithi 3. Cllr N Sibeko 4. Cllr V Mnyuko 5. Cllr M Qomoyi	04 04 04 04 04	04 04 04 03 02

<p>4. Infrastructure Development and Human Settlement Standing Committee</p>	<p>To consider and to make recommendations on all matters affecting the civil engineering and electrical infrastructure, associated designs and mechanical and scientific services, including inter alia the following – Air pollution; Electricity and gas reticulation; Municipal airports; Municipal public works Storm water management systems; Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal Municipal public transport systems; Cleansing; Municipal roads; Refuse removal, refuse dumps and solid waste disposal; Street lighting; and Traffic and parking Fleet management and maintenance Scientific services Built environment with the exception of town planning building control.</p>	<p>1. Cllr X Lali 2. Cllr T Kulashe 3. Cllr N Songo 4. Cllr N Peter 5. Cllr S Malotana</p>	<p>04 04 04 04 04</p>	<p>04 04 04 02 02</p>
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<p>5. Corporate Governance Standing Committee</p>	<p>To consider and to make recommendations to the Council on the measures necessary including inter alia the following –</p> <ul style="list-style-type: none"> <li>• Industrial relations matters, including to investigate questions relating to job evaluations and the submission thereof to the Industrial Council and to consider measures relating to Conciliation Boards and Industrial Court hearings</li> <li>• Manpower planning</li> <li>• Recruitment, selection, remuneration, utilization and development of staff;</li> <li>• Occupational Health and Safety and Industrial Health services;</li> <li>• Productivity in the municipal workforce</li> <li>• Training and staff development;</li> <li>• Employment equity and skills development</li> <li>• Employee performance;</li> <li>Information and technology support services;</li> <li>• Contract management and</li> <li>• negotiations in respect of salary increases and fringe benefits; Measures required in respect of the avoidance of strike and other conflict actions;</li> <li>• Policy regarding the appointment of</li> </ul>	<ol style="list-style-type: none"> <li>1. Cllr S Nyukwana</li> <li>2. Cllr A Hlanganyana</li> <li>3. Cllr M Masiza</li> <li>4. Cllr N Mnyolo</li> <li>5. Cllr T Ndlela</li> <li>6. Cllr Kupiso</li> </ol>	<p>04</p> <p>04</p> <p>04</p> <p>04</p> <p>04</p> <p>04</p>	<p>04</p> <p>04</p> <p>02</p> <p>03</p> <p>04</p> <p>04</p>
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	Directors, General Managers and Heads of Departments and confirmation of their appointments; and facilities management			
6. Community y Standing Committee	To consider and make recommendations to the Mayoral Committee on in respect of all environmental services matters as provided for in any relevant legislation and all community matters; to consider all matters under the control of the Director of Community Services, including inter alia the following – <ul style="list-style-type: none"> <li>•Childcare facilities;</li> <li>•Pontoons, ferries,</li> <li>•Jetties, piers and harbours [excluding the regulation of international and national shipping and matters related thereto];</li> <li>•Beaches and amusement facilities.</li> <li>•Cemeteries, funeral parlours and crematoria.</li> <li>Fencing and fences.</li> <li>• Local amenities.</li> <li>Local sports facilities</li> <li>Municipal parks and recreation</li> <li>•Public places.</li> <li>Horticulture.</li> <li>Libraries;</li> <li>Halls; and Community Support Centers.</li> </ul>	<ol style="list-style-type: none"> <li>1. Cllr Z Bebeza</li> <li>2. Cllr N Kraqa</li> <li>3. Cllr W Bangisa</li> <li>4. Cllr D Mahola</li> <li>5. Cllr B Mxathule</li> </ol>	04 04 04 04 04	04 03 03 01 04

<p>7. Municipal Public Accounts Committee</p>	<p>The purpose of the Municipal Public Accounts Committee is to strengthen the oversight arrangements in the municipality and to ensure the efficient and effective use of municipal resources. Consider and evaluate the content of the annual report and make recommendations to Council when adopting an oversight report on the annual report as required in terms of section 121 of the Local Government: Municipal Finance management Act and Circular no 32 issued by the Minister of Finance</p>	<p>1. Cllr B Twala 2. Cllr M Mnyolo 3. Cllr U Mzandisi 4. Cllr M Limba</p>	<p>09 09 09 09</p>	<p>09 08 09 09</p>
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List of Committees of Council	Purpose of each committee	Names of Councilors serving in each committee	Number of Committee meetings held	Number of Committee meetings attended
8. IDP and Budget Steering Committee	<p>The Budget Committee will fulfil the following Operational functions.</p> <ul style="list-style-type: none"> <li>• Budget Management Revenue (Including Tariffs Expenditure)</li> <li>• In-year Financial Reporting</li> <li>• Control Measures of Budget Implementation</li> <li>• Monitoring and Budget Progress</li> <li>• Budget Implementation</li> </ul> <p>It must be emphasized that the interface with the IDP, Budget Strategy. and Performance Management Committee is central to the achievement of delivery objectives and must be closely monitored</p>	<p>1. Cllr N Koni 2. Cllr S Nyukwana 3. Cllr X Lali 4. Cllr Z Bebeza 5. Cllr S Kowa 6. Cllr T Tom</p>	<p>15 15 15 15 15 15</p>	<p>15 13 14 14 14 14</p>
9. Training Committee	To play an oversight role on capacity building of municipal workforce, councilors, and the community	<p>1. Cllr N Koni 2. Cllr N Mtyobile 3. Cllr S Nyukwana</p>	<p>02 02 02</p>	<p>03 02 01</p>
10. Local Labour Forum	To make recommendations to the Mayor pertaining to the formulation of policies, strategies and programmes aimed at increasing equity for vulnerable marginalized or special interest groups, with specific focus on: Young people, the aged, the disabled, gender-related issues, special projects.	<p>1. Cllr S Nyukwana 2. Cllr X Lali 3. Cllr T Kulashe</p>	<p>01 01 01</p>	<p>00 01 01</p>

## **Appendix C – Third Tier Administrative Structure**

Manager: IDP Planning and IGR

Ms A Jordaan

Chief Audit Executive

Mrs N Mzwana

Acting Unit Manager: Dordrecht

Mr Z Mzileni Unit Manager: Indwe

Mr M. Nziweni

Manager: Community Services

Mr Z Mzileni

Manager: Public Safety

Mr O. Ndyumbu

Manager: Supply Chain Management

Mr S Xinti

Manager: Financial Reporting and Asset Management

Mr N Madolo

Acting Manager: Project Management Unit

Ms B Mdingi

Manager: Electricity

Mr M Zibi

Manager: Information and Communication Technology

Mr P Matinisi

Manager: Local Economic Development

Mr. M. Tikana

Manager: Human Resources

Ms M. Matubatuba

Manager: Legal Services and Administration

Ms N Sehoshe

Manager Operations

Mr L Tek

## Appendix D – Functions of Municipality / Entity

The municipality has no entity

## Appendix E – Ward Reporting

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 reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr. W. Bangisa	Yes	12	12	4
	Nomzamo Qumbulwana				
	Nonzaliseko Ngaye				
	Joseph Matana Ndzonga				
	Bongiwe Nzima				
	Noluvo Soboyisi				
	Nolubabali G Sikhepe				
	Xola Mhi				
	Zandiswa Laho				
	Nosithandiwe Baba				
	Nkutalo Trom				
2	Cllr. N Songo	Yes	12	12	4
	Nosazana Mtikita Mntuyedwa				
	Nomutile Ndesi				
	Matholengwe Nomfezeko				
	Ntombintle A Mateza				
	Nomisithi K Ntshontswana				

	Thabisa Nqayi				
	Nceba D Sigenu				
	Whawhane Sinazo				
	Lwando Solani				
	Nathi Skili				
3	Cllr. S. Malotana	Yes	12	12	4
	Ntombizandile Ndyumbu		Yes		
	Mpumezo Snaigo		No		
	Nombalela zanga				
	Ellias Roro				
	Berren M Ndindwa				
	Zoliswa P Booii				

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Phazama Bobotyana				
	Nobhelu Dayimani				
	Sakhiwo Ngcaku				
	Xolile Holani				
4	Cllr. A. Hlanganyana	Yes	12	12	4
	Siyangana Nkwentsha				
	Noluvuyo Ngqakavu				
	Magawu Nosisa				
	Boniswa Flatela				

	Boniwe Mkuyana				
	Mkhanyiseli Sono				
	Ntomboxolo Seplani				
	Nomawethu Stemela				
	Nobaataana Zandile				
	Mongezi Kalipa				
5	Cllr. U. Mzandisi	Yes	12	12	4
	Bakana - Nyuka Thenjiwe				
	Mazala Sizalityiwa				
	Buyiselo Mananga				
	Zizopho Tyesi				
	Andisiwe Mrubata				
	Ayanda Mtyobile				
	Nondumiso Xhanti				
	Sindiswa Mtebe				
	Ntomboxolo Sibango				
	Peggy Mangali				
6	Cllr Z. Bidi	Yes	12	12	4
	Lungiswa Cubeka				
	Bulelwa Masimini				
	Mpikampi Thamsanqa				
	Nondumiso Tsholwana				
	Kindelwa Bisu				
	Sindaphi Vuyelwa				
	Siphelo lamani				

	Bulelwa Kanya				
	Thandokazi Mankayi				
	Fezeka Stafans				

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 reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
7	Cllr V.V. Macithi	Yes	12	12	4
	Noluntu Soko				
	Phumeza Bheki				
	Nomzamo Mbenyana				
	Nolubabalo Mfecane				
	Zanele Madolo				
	Nolulamile Qayiso				
	Sivuyile Koti				
	Ntombekhaya Ndzipho				
	Ngcotyelwa Ntsukwana				
	Thembisa Mralati				
8	Cllr N Ngono	Yes	12	12	4
	Thanduxolo Zweni				
	Hobe Xabisa				
	Fundiswa Menye				
	Nceba Jaxa				
	Nomakhaya Msibi				
	Sebenzile Ngcongca				

	Lizeka Ngcozana				
	Phila Nzunzu				
	Buyile Nkqayi				
	Vuyokazi Gunya				
9	Cllr Z. Qali	Yes	12	12	4
	Phathiswa Ngxazisa				
	Funeka Kwanini				
	Joseph Zinzo				
	Nolulamile Davani				
	Nothembile Khumbuza				
	Vuyokazi Ngcongca				
	Alikho Ndengane				
	Nombulelo April				
	Ronoti Lizeka				
	Nomabutho Mbenenge				
10	Cllr Y.N. Sibeko	Yes	12	12	4
	Thembisile Gcuze				
	Andiswa Ntumbuka				
	Bongiswa Nikani				

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 reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Sikelela Maseti				
	Novuyisile Manyongwana				

	Nozimasile Tshabe				
	Mandlakapheli Kuku				
	Ntombekhaya Sijaji				
	Siyanda Ngqeme				
	Phumezo Tshabe				
11	Cllr P.M. Masiza	Yes	12	12	4
	Ncumisa Vika				
	Bulelwa Fihlane				
	Sitsha Thembi				
	Anathi Flora Stemela				
	Mvula R Masiza				
	Collina Lufele				
	Nombeko E. Booison				
	Vuyani Ngalo				
	Phuthumani Mayekiso				
	Bonani Mbulwane				
12	Cllr T. Ndlela	Yes	12	12	4
	Nomvakaliso Ncamiso				
	Malibongwe Mqumbisa				
	Nokuthula Dyakopu				
	Thembeke Nkwana				
	Soyisile Qambela				
	Gcotyelwa Maqwelana				
	Nwabisa Yawani				
	Funiwe Mankantshu				

	Sinesipho Mokweni				
	Nobekephi Mlungu				
13	Cllr E.N Matyobeni	Yes	12	12	4
	Thandiswa Sijentu				
	Ntombomzi Mapungu				
	Nosiyabonga Majaja				
	Nosimphiwo Dziba				
	Bongiwe Sndra Jika				
	Thantaswa Tiyo				

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 reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Vathiswa Pike				
	Thobeka Gaqavu				
	Zwelethemba Madywabe				
	Xolisile Jamda				
14	Cllr M Qomoyi	Yes	12	12	4
	Nozoxolo B. Boniswa				
	Masivuye Mayo				
	Ziyanda Mafilika				
	Nomawethu Gqoloma				
	Thingaza S. Msutu				
	Ntombesizwe Siyoko				
	Siphokazi Bomane				

	Nosakhumzi N. Mankayi				
	Noluvo Njilane				
	Bongiswa Stemele				
15	Cllr V. Mnyuko	Yes	12	12	4
	Ntomboxolo Tiya				
	Zolakazi Tsabo				
	Thandiwe Ngceke				
	Nolinsethi Ndzeke				
	Tshali Danile				
	Nqezo Papise				
	Gcotyelwa Ngqwemla				
	Vulindlela Mbili				
	Phumeza Mtyobile				
	Ndlondlwana Dumisani				
16	Cllr C. Peter	Yes	12	12	4
	Bongiwe Mzondi				
	Xolelo Poni				
	Ntombizandile Mafanya				
	Nowethu Rawuse				
	Zoliswa Khuselo				
	Sokolisile Mangena				
	Nosiphiwo Gono				
	Anele Mavuya				
	Lunga Yeko				

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 reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Nomvuselelo Msini				
17	Cllr B Mxathule	Yes	12	12	4
	Veliswa Pupu				
	Vumazonke Nokuthula				
	Nothubalakhe Sulo				
	Monica Veyi				
	Luvuyo Vellem				
	Khanyisa Pesi				
	Ayanda Nqanqarhu				
	Nokwandisa Tina				
	Noluthando Sampu				
	Hlokomile Mbetheni				

## Appendix F – Ward Information

WARD	TOP 5 WARD PRIORITIES
1	<ol style="list-style-type: none"> <li>1. Roads - Access Roads, Main Roads, Bridges - all villages</li> <li>2. Mobile police station – Tshatshu</li> <li>3. Clinic – Nkolonga</li> <li>4. Farmer Support - Fencing of farming land, Tractors, stock market, dipping tank, desilting of dams (all villages)</li> <li>5. Building of Nkolonga primary school and Mpotulo JSS</li> </ol>
2	<ol style="list-style-type: none"> <li>1. RDP HOUSES – all villages</li> <li>2. Road infrastructure – District roads, Access roads, culverts, bridges,</li> <li>3. Water Sanitation – All villages</li> <li>4. Electricity – extensions and infills</li> <li>5. Eradication of Alien plant (Lapesi) – All villages</li> </ol>
3	<ol style="list-style-type: none"> <li>1. Storm water- Lemoen all villages</li> <li>2. Roads- Access Roads- all villages and Tar Road from Indwe Port to Indwe Town.</li> <li>3. Dam desilting</li> <li>4. Water &amp; Sanitation</li> <li>5. RDP Houses- all villages</li> </ol>
4	<ol style="list-style-type: none"> <li>1. ROADS- Paved Roads in all village, Bridges and foot bridge at Zakhele Location &amp; Cacadu town, access roads to graveyard,</li> <li>2. Multi-Purpose Centre</li> <li>3. RDP Houses all villages and townships</li> <li>4. Shearing Shed</li> <li>5. Water including household taps as well as Sanitation - all village</li> </ol>

WARD	TOP 5 WARD PRIORITIES
5	<ol style="list-style-type: none"> <li>1. Water (Mission and Zingxondo)</li> <li>2. Electricity- Mission, Zingxondo,Dopu,Noluthando</li> <li>3. Toilets –Emjikweni</li> <li>4. Roads – (all villages) – Road Repairs (Isabhunga all villages) Soil Erosion prevention (all villages) - Bridge- Cumakala, Noluthando and Mzi.</li> <li>5. RDP Houses – all villages</li> </ol>
6	<ol style="list-style-type: none"> <li>1. Water and Sanitation– Xonxa, Gqebenya, Dlamini, Sokolani, Matyhantya, Kundulu,Masikhule ,Gando and Mtirara Schools, Holani,</li> </ol>

	<ol style="list-style-type: none"> <li>2. Access Roads –all villages, paving of road to Ikhala FET College and Bridges and Colbert</li> <li>3. Desilting and fencing -Fields, grazing camps in all villages including Xonxa Dam.</li> <li>4. Construction of Multi-Purpose Sport Centre at Gqebenya and maintenance of Sports Fields.</li> <li>5. Shearing Shed and dipping tanks – Vulindlela, Emazimeni (take off), Sokolani,Gando, Matyhantya</li> </ol>
7	<p>Access Roads &amp; Causeways- Ndungwana &amp; Tambekeni , Dubeni, Noluphondwana bridge,  Fencing of arable land and along Tar Road  Water &amp; Sanitation – (as well as expansion of dams)  Annual Tournament  Storm water channels</p>
8	<ol style="list-style-type: none"> <li>1. Water and Sanitation</li> <li>2. Mobile Clinics</li> <li>3. Economic growth</li> <li>4. Grazing land</li> <li>5. Roads (Access Roads, district roads, Construction and renovation of Bridges) all villages</li> </ol>
9	<ol style="list-style-type: none"> <li>1. Access Roads (all villages) Bridges, Colbert, &amp; storm water</li> <li>2. Water and Sanitation</li> <li>3. Youth Skills Programs</li> <li>4. Mobile police station</li> <li>5. Dam construction</li> </ol>
10	<ol style="list-style-type: none"> <li>1. Access roads</li> <li>2. Bridges at Mcwangele</li> <li>3. Toilets at Ziyosini, Bankies, Bufflesdorings, Mcwangele, Mateyise</li> <li>4. Electricity (infields)</li> <li>5. Fencing of Agriculture land &amp; Irrigation</li> </ol>
11	<ol style="list-style-type: none"> <li>1. Electricity for streetlights and houses</li> <li>2. Building of RDP Houses</li> <li>3. Roads- Paved Sinako road (Internal streets)</li> <li>4. Education (TVET College at Tyoksville Chris Hani school)</li> <li>5. Middle income houses and allocation of sites</li> </ol>
12	<ol style="list-style-type: none"> <li>1. Water and Sanitation – All villages</li> </ol>

	<ol style="list-style-type: none"> <li>2. ROADS - Access Road- All villages including Mt Arthur to Ncalukeni, road to Thembelihle Primary School, Bridges- Mkapusi – Gali bridge, Kwantoni, Roma, Ncalukeni to Bhomeni, Shearing shed- Ngqanda, Gugulethu, Lower Mkapusi</li> <li>3. Electricity – extensions, infills and a transform at Mkapusi</li> <li>4. Sport fields - All villages</li> </ol>
<b>WARD</b>	<b>TOP 5 WARD PRIORITIES</b>
	<ol style="list-style-type: none"> <li>5. Forestation At Mkapusi</li> </ol>
13	<ol style="list-style-type: none"> <li>1. Roads (Access Roads, main roads, bridges, causeways– all villages and Paving.</li> <li>2. Water and Sanitation – Luxeni, Platkop, Dyobudaka Gxojeni.</li> <li>3. Sports Ground at Boomplaas</li> <li>4. Machubeni Dam desilting and fencing</li> <li>5. RDP Houses – All villages</li> </ol>
14	<ol style="list-style-type: none"> <li>1. Roads (Access Roads at Mangweni to Nkalweni, Clark station to Kalfontein Zwelitsha, Qoboshane to eNtlanjeni, Sosebenza, Mgqobozi, Nqonti to Tafeni, Nxomfu to Zola, crossway from Tafini to Sosebenza and Bridge from DDX town to eRoma</li> <li>2. Shearing shed</li> <li>3. Electricity</li> <li>4. Dordrecht Sports ground</li> <li>5. Sport Grounds in Sosebenza</li> </ol>
15	<ol style="list-style-type: none"> <li>1. Access Roads – all villages, Paving at Mavuya, Mzamo and Indwe townships, Tarred Road from Indwe town to Cacadu.</li> <li>2. Storm Water and channels- Manyano, Mzamo &amp; all villages</li> <li>3. Water and Sanitation – All villages</li> <li>4. tricity--Ext all villages</li> <li>5. Indwe overhead Bridge</li> </ol>
16	<ol style="list-style-type: none"> <li>1. Access Roads – all villages and Paving at Indwe</li> <li>2. RDP Houses - all villages</li> <li>3. Indwe Sportsfield</li> <li>4. Electricity Extension</li> <li>5. Water and Sanitation – all villages</li> </ol>
17	<ol style="list-style-type: none"> <li>1. Community Halls-Ngcuka</li> <li>2. High Mast Lights at Ezingqolweni</li> <li>3. Electricity infills &amp; Extensions-All villages</li> </ol>

4. Storm Water-All villages & graveyards

5. RDP Houses – All Villages

# Appendix G – Recommendations of The Municipal Audit Committee 2023/2024

## REPORT ON THE IMPLEMENTATION OF AUDIT COMMITTEE RESOLUTIONS

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File No. 9/2/1/1/1 [Author: Chief Audit Executive]  
Audit Committee  
[Audit Committee: 24 July 2024]

### PURPOSE

To update the Committee on the implementation of Audit Committee resolutions/recommendations by management.

### LEGAL/STATUTORY REQUIREMENT

- Municipal System Act, 32 of 2000.
- Municipal Finance Management Act, 56 of 2003.

### BACKGROUND/ REASONING

The Audit Committee to review level of implementation of the Audit Committee resolutions.

### DEVELOPMENTS

Management has updated progress on the implementation of Audit Committee resolution and level of implementation as follows:

Resolutions (Page 2-9)		
Level of Implementation	Performance	
In-Progress	6	40%
Resolved	3	20%
Not Resolved	6	40%
<b>TOTAL</b>	<b>15</b>	<b>100%</b>

a) Detail summary of resolutions that were implemented and in progress:

RESOLUTION REGISTER-PERFORMANCE AUDIT COMMITTEE AUDIT COMMITTEE MEETING 22/10/2021									
Audit Committee Meeting 26/04/2022									
1	26/04/2022	Item 10.1	Draft Report on Revenue Management Review	Management to implement the committed action plan.	CFO	<p>Will be monitored under follow-up to be conducted by Internal Audit. The Treasury has a portal of now where the audit action plan is documented, updated reported and verified by Internal Audit.</p> <p>Implementation is in progress; progress will be assessed in the outcome the AGSA audit. Not achieved – municipality obtained a qualification on revenue from exchange and non-exchange transactions. This was largely due to Revenue Manager going off-sick in the beginning of October and lack of audit evidence being submitted for audit. Way forward – develop an audit action plan with deadline of no later than 30 April 2024.</p> <p>The audit action plan has been developed and has been approved at all levels. Unaudited progress is at 35% for matters affecting the audit report and 50% for emphasis of matter as at 19 April 2024.</p> <p>The audit action plan status has improved as at 30 June 2024 to:</p> <ul style="list-style-type: none"> <li>• 60 actions are in progress</li> <li>• 10 actions are complete</li> <li>• 2 actions with findings addressed.</li> </ul>	12 Feb 2023		In Progress
Audit Committee Meeting – 26 October 2022									
2	26/10/2022	Item 10.4	Tracking tool-follow up on internal audit reports	<p>The following matters be escalated to the level of the municipal manager and will be closely monitored by the Audit Committee:</p> <ul style="list-style-type: none"> <li>-Lack of office space</li> <li>-Emergency Drills</li> <li>-Distribution Box inside the Server Room</li> </ul>	Municipal Manager	<p>We are in the process of acquiring office space as we have received a building from the Department of Education</p> <p>We will do the Emergency Drills as required:</p> <p>Budget has been allocated for the 2023/2024 FY.</p> <p>Procurement processes has been started to procure and have been awarded for material to renovate the Department of Education. Emergency drill no progress due to vacancy of the position.</p> <p>9 offices are at completion stage and can be ready by end of May. Emergency drills will be attended to in the next financial year.</p>	12 Feb 2023		In progress

						The only outstanding work is the electrical connections to the offices as well as IT connectivity to the network	April 2024		
Audit Committee Meeting – 20 June 2023									
3	20/06/2023	Item 8.1	Progress report against the plan	SCM should be reviewed on quarterly basis. The next Internal audit plan should have more than one SCM review.	CAE	<p>Risk assessment Report and Strategic Register has been tabled for comment. The Action will be completed at or next meeting where the annual plan will be tabled.</p> <p>Due to the cooling period of the perceived impairment risk SCM will only be reviewed in the 4<sup>th</sup> quarter.</p> <p>SCM Audit conducted by Internal Audit and Report part of the Agenda.</p>	<p>04 Aug 2023 23 April 2024</p> <p>23 July 2024</p>		Completed
4	20/06/2023	Item 8.6	Interim AFS Report	CFO should use the report and provide and update on each milestone made in response to the issues raised by the Interim Report. Report to be provided on the next audit committee meeting.	CFO	<p>Issues raised in the Interim AFS report have been incorporated in the Annual AFS preparation plan. It is not feasible to provide an update prior to the submission of Draft AFS to Internal Audit for Review. Progress on implementation of IA recommendations should form part of the review work to be done on AFS.</p> <p>Implementation is in progress will be assessed in the outcome the AGSA audit. Partially achieved – municipal audit opinion has stagnated on Qualified with a reduction in qualification paragraphs from 8 to 5 areas. This was due to inadequate implementation of audit action plan. Way forward – develop an audit action plan for 2022/23 audit and strengthen monitoring monthly. Audit of progress made to form part of the Internal audit quarterly audits.</p> <p>The audit action plan has been developed and has been approved at all levels. Unaudited progress is at 35% for matters affecting the audit report and 50% for emphasis of matter as at 19 April 2024.</p> <p>The interim AFS has been submitted to IA for review during on 14 June 2024, awaiting feedback. This will assess the actual status of addressing the prior year audit findings.</p>	<p>27 July 2023</p> <p>30 Nov 2023</p> <p>30 April 2024</p> <p>01 July 2024</p>		In Progress
Audit Committee Meeting held on the 04 August 2023									
5	04/08/2023	Item 7.2	Report on MSCOA	Alternative plans to resolve the network matter in the municipal area be looked at and a report be submitted on the next AC mee	Corporate Services	The municipality has engaged service providers on the SITA contract to assist with the issue of connectivity. Specifications were sent out to service providers on the SITA contract to provide solution proposals and quotations. The closing date for submission of responses was extended from 14 to 24 June 2024. The municipality still needs to evaluate the proposals.		Oct 2024	In Progress

Audit Committee Meeting held 19 October 2023										
6	19/10/2023	Item 5.2	Resolution register	The two directors and MM should resubmit their performance agreements since they didn't include resolutions from AC and other governments.	MM	The two affected director and MM with rectify the mishap in 2024/2025 FY.		31 July 2024	Not Done	
7	19/10/2023	Item 6	MUNICIPAL OVERVIEW	Filling of the vacancies should be included in each director's performance agreement and SDBIP.	MM	The resolution will be effected in the performance agreement that will be drafted in the 2024/2025 FY.		31 July 2024	Not Done	
Audit Committee meeting held on the 07 March 2024										
8	07/03/24	Item 7.1	Section 71 M07 2023/2024	AMM to Arrange the meeting with DC board members before end of March 2024	MM	The meeting was arranged on the 20 March 2024. The meeting could not take place due to clashing schedules in both instances.		31 March 2024	Not Done	
9	07/03/24	Item 10.2	ICT Report	Report on the next AC on the municipal plan for the backup plan that has contract that will be expired this year	Corporate Services	Report Part of the Agenda Item. Challenges to acquire these solutions (WAN connectivity, workstation Backup and data cabling) on the normal competitive bidding process has forced the municipality to seek the provision of these solutions on a SITA contract, specifications were shared with service providers on the SITA contract for them to submit proposals and quotations. First closing date was set for the 14 June 2024, and it was then extended to 24 June 2024 for submission of proposals and quotations. The municipality still needs to evaluate the proposals submitted to find the suitable service provider.		24 April 2024	In Progress	
Audit Committee meeting held on the 23 April 2024										
10	23/04/2024	Item 5.2	Resolution register	The due dates for the resolutions that are not resolved should be revised.	ALL	The resolution register has been amended and Directors requested to reflect the revised expected due date.		23 July 2024	N/A	Completed
11	23/04/2024	Item 6	Municipal Overview	A detailed report be submitted in the next audit committee meeting on the issues experienced by the absence of the Municipal Manager.	MM	A report was submitted by the Acting MM in the previous meeting				Not Done
12	23/04/2024	Item 6	Municipal Overview	DC board Chairperson should submit the report to acting Municipal Manager by 26 April 2024.	MM	The DC Board has not had a meeting yet. It is being arranged with the Chairperson as the MM only came back in May 2024 after 6 months absence.				Not Done
13	23/04/2024	Item 7.3	3 <sup>rd</sup> Quarter SCM report	MM should provide a separate detailed report on the construction of municipal building contract in the next meeting.	MM	The Executive Management discussed the matter on 22 July 2023 and legal assistance is being south to deal with the current situation of the municipal offices construction.				In Progress
14	23/04/2024	Item 13.2	Follow-up (tracking tool)	The tracking tool report should form part of management meeting for regular monitoring and updating.	MM	This is included in the performance plans of all senior managers for 2024/25.		31 July 2024		Not Done
15	23/04/2024	13.7	Interim AFS Review Report	Audit Committee resolved that interim AFS report will be discussed in the 4th quarter audit committee meeting.	CAE	Interim AFS was submitted to IA on the 14 June 2024.		23 July 2024		Completed

## Annexure I - Service Provider Performance Schedule For Technical Projects

### SERVICE PROVIDER PERFORMANCE SCHEDULE FOR TECHNICAL PROJECTS AS AT 30 JUNE 2023

No	DESCRIPTION OF CONTRACT/PROJECT	BID/ CONTRACT NO.	CONTRACTOR'S/SERVICE PROVIDER'S NAME	CONTRACT AMOUNT	TOTAL PAID	EVALUATING COMMENTS
1	Construction of DDX Sport Field Phase 2	ELM/1/6/2019T	BVI Border (PTY) LTD	R1 144 090.00	R1 124 941.81	Project completed on the 13 <sup>th</sup> October 2022.
2	Professional Services and Construction of Mavuya Paving at Emalahleni Local Municipality area Through Turnkey	ELM/2/9/2020T	MBSA JV Thubalam	R13 856 630.53	R13 373 185.54	Project completed on the 28 <sup>th</sup> March 2023
3	Paving of Sinakho Location inward 11 & 14 (Professional Services)	EIM/6/07/2019 T	Nemorango Consulting Engineers	R1 293 043.99	R1 293 043.99	Project completed on the 25 <sup>th</sup> May 2023.
4	Paving of Sinakho Location in ward 11 & 14	ELM/5/10/2019 T	Helushe Trading	R9 927 947.57	R9 781 356.11	Project completed on the 25 <sup>th</sup> May 2023
5	DR08563 Cacadu to Machubeni	ELM/1/11/2020 T	Masilakhe Consulting	R 13 185 331.76	R 13 857 208.22	Performance satisfactory, remedial works completed.
6	DR08563 Indwe to Machubeni	ELM,2/11/2020 T	Masilakhe Consulting	R 13 314 412.32	R9 921 580.03	Performance satisfactory, the contractor is busy with the remaining 1.5 km.
7	Panel of Professional Services (Civil) for a period of three years:Construction of Dlamini Access Road ward 5, 6 & 7	ELM/1/02/2021 T	Ibhotwe Lezizwe Consulting JV	R1 597 479.41	R1 208 224.26	Performance satisfactory.
8	Panel of Professional Services (Civil) for a period of three years:	ELM/1/02/2021 T	Ibhotwe Lezizwe Consulting JV	R1 565 458.72	R1 528 781.80	Performance satisfactory.

	Construction of Gadlume Access Road					
9	Construction of DDX Sports Field	ELM/1/7/2021T	Vitsha Trading	R7 326 660.25	R6 960 325.50	Project completed on the 13 <sup>th</sup> October 2022. Project under Defects liability period.
10	Construction of Gadlume Access Road	ELM/3/7/2021T	Mvi Construction	R9 767 340.93	R9 325 444.26	Performance unsatisfactory. The Contractor has not completed the defects on concrete works, retention withheld until defects are completed.
11	Construction of Dlamini Access Road	ELM/2/7/2021T	Dintwa	R9 703 125.45	R9 322 177.25	Performance unsatisfactory. The contractor is looking to

No	DESCRIPTION OF CONTRACT/PROJECT	BID/ CONTRACT NO.	CONTRACTOR'S/SERVICE PROVIDER'S NAME	CONTRACT AMOUNT	TOTAL PAID CONTRACT TO	EVALUATING COMMENTS
						cede the remaining defects to a sub-contractor.
12	Panel of Professional Services (Civil) for a period of three years: (Construction of Wisile Access Road at Mhlanga)	ELM/1/02/2021 T	Engineering Aces	R1 577 150.39	R1 540 628.65	Performance satisfactory. There are no issues.
13	Electrification of ward 10 through turnkey	ELM/1/02/2021 T	Hamsa	R3 240 000.00	R3 022 180.48	Project completed within three months. Pending outages by Eskom.

14	Electrification of ward 14 & 15 through turnkey	ELM/1/02/2021 T	Igoda	R6 510 164.85	R5 947 728.74	Project completed within three months. Eskom issued defect list cleared by the contractor pending Eskom outage.
15	Change Control	ELM/7/2/202T	Akal Genesis	R8 626 484.66	R8 178 712.44	Project completed, pending Eskom outage.
16	Panel of Professional Services (Civil) for a period of three years (Design and monitoring of Public toilets)	ELM/1/02/2021 T	Black Mountain Consultig Engineers (Pty) Ltd Jv Ziinzame Ltd	R3 081 732.34	R2 209 298.30	Performance satisfactory.
17	Panel of Professional services (Civil) for a period of three years: Rehabilitation of Indwe Sports Field Phase 2	ELM/1/02/2021 T	Masilakhe Consulting	R3 283 712.78	R2 829 934.97	Performance satisfactory, no issues.
18	Panel of Professional services (Civil) for a period of three years : Gqebenya paving	ELM/1/02/2021 T	Engineering Aces	R1 066 653.43	R925 481.1 8	Performance satisfactory, no issues.
19	The Construction of Cacadu Public Ablution Facilities	ELM/1/12/2021 T	NNW Sibhoma Construction and Supplies	R2 841 042.63	R2 115 469.46	The performance is satisfactory. The contractor is awaiting the installation of roof which is delaying the remaining works. Project extended until 28/07/2023.
20	Construction of Wisile Access Road at Umhlanga	ELM/4/10/2021 T	Amlo Trading	R9 595 518.35	R8 117 681.10	Performance satisfactory, the project

						delayed by specification changes for the construction of
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No	DESCRIPTION OF CONTRACT/PROJECT	BID/ CONTRACT NO.	CONTRACTOR'S/SERVICE PROVIDER'S NAME	CONTRACT AMOUNT	TOTAL PAID CONTRACT TO	EVALUATING COMMENTS
						a bridge. Project extended to 29/08/2023.
21	Panel of Professional Services (Electrical) for a period of three years: Electrification of Ngonyama, Zingxondo, Xonxa and Kavari Villages in ward 5. 6 & 8	ELM/1/02/2021 T	Igoda Projects (Pty) Ltd	R1 900 000.00	R1 900 000.00	Performance satisfactory.
22	Rehabilitation of Indwe Sport Field Phase 1	ELM/1/08/2022 T	Mvi Construction	R14 794 117.62	R6 770 554.64	Performance satisfactory. Project on time.
23	Panel of Professional services (Civil) for a period of three years: Paving of Indwe internal streets- Barkley	ELM/1/02/2021 T	Nemorango Consulting Engineers	R2 464 514.61	R971 856.72	Performance satisfactory, no issues. Awaiting appointment of the contractor.
24	Panel of Professional services (Civil) for a period of three years: Paving of Indwe internal streets- Woodhouse	ELM/1/02/2021 T	Nemorango Consulting Engineers	R1 341 702.57	R678 102.42	Performance satisfactory, no issues.

25	Construction of Indwe Public Ablution Toilets	ELM/2/06/2022 T	Tati Group (Pty) Ltd	R2 579 760.55	R1 126 813.19	Performance unsatisfactory . Progress slow, underground water has affected progress on site, contractor issued with site instruction to fix the problem but their progress dealing with the matter is very slow.
26	Construction of Dordrecht Public Ablution Toilets	ELM/3/06/2022 T	Tati Group (Pty) Ltd	R2 579 760.55	R1 513 796.81	Performance satisfactory. Extension of time granted due to delays encountered on site.
27	Framework Contract for a panel of two to three contractors for the construction of Emalaheni Municipality rural electrification projects from the date of appointment until 30 June 2024: Electrification Of 181 Households in ward 5,6,8	ELM/1/10/2022 T	KomaniM Trading	R7 000 000.00	R4 856 611.22	Performance satisfactory, construction works completed, some connections are energized and others awaiting outage from Eskom.

No	DESCRIPTION OF CONTRACT/PROJECT	BID/ CONTRACT NO.	CONTRACTOR'S/ SERVICE PROVIDER'S NAME	CONTRACT AMOUNT	TOTAL PROJECT CONTRACT	EVALUATING COMMENTS
28	Panel of Professional Services (Electrical) for a period of three years: Electrification of 79 households in ward 1, 5 & 7	ELM/1/02/2021 T	Hamsa Consulting Engineers	R1 829 293.39	R1 829 293.44	Performance satisfactory.
29	Framework Contract for a panel of two to three contractors for the construction of Emalahleni Municipality rural electrification projects from the date of appointment until 30 June 2024: Electrification of 79 households in ward 1, 5 & 7	ELM/1/10/2022 T	NSK	R7 170 706.61	R6 453 569.20	Performance satisfactory, construction works completed some connections are energized and some awaiting outage from Eskom. SMMEs for sidewalks. Extension of time

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No	DESCRIPTION OF CONTRACT/PROJECT	BID/ CONTRACT NO.	CONTRACTOR'S/SERVICE PROVIDER'S NAME	CONTRACT AMOUNT	TOTAL PAID ID CONTRACT	EVALUATING COMMENTS
						Granted from 10 May to 30 June 2023
35	Construction of Indwe Paved Internal Streets: Woodhouse Street	ELM/2/01/2023 T	Odwa and Solie Trading Enterprise CC	R6 745 486.49	R1 930 941.91	Performance satisfactory. However, progress was delayed by relocation of water pipes which was not part of the original scope of works.

**Appendix J – Disclosures Of Financial Interests Declaration Of Interest/S - 2023/2024**

**LIST OF COUNCILLORS/EMPLOYEES WHO HAVE DECLARED THEIR COMPANIES/FINANCIAL INTERESTS**

**WARD/PR COUNCILLORS**

Name of Person	Name of company	Declared (Y/N)
Koni Nontombizanele	<ul style="list-style-type: none"> <li>NF Koni Zenzele SAB Shares</li> <li>Suster Tavern</li> <li>Spaza Shop</li> </ul>	Yes
Mjezu Kwaaiman	<ul style="list-style-type: none"> <li>None</li> </ul>	Yes
Kraqa Nowandisile	<ul style="list-style-type: none"> <li>None</li> </ul>	Yes
Moshani Given Zolisile	<ul style="list-style-type: none"> <li>None</li> </ul>	Yes

Oyiya Mxolisi Peacemaker	• None	Yes
Tyulu Nomzi Mary	• None	Yes
Kulashe Thandeka	• None	Yes
Makatesi Makhosandile	<ul style="list-style-type: none"> <li>• Guba hoek co-op Monthly</li> <li>• Guba Community Hand Trust</li> <li>• Gumamhla Coal Trust</li> </ul>	Yes
Twala Badikazi	• None	Yes
Zama Sipo Ernest	• None	Yes
Njadu Xolela Hendrick	• None	Yes
Koto Zingisile Douglas	• None	Yes

NdlelaThandiwe	• None	Yes
Mahola Zenzile Dennis	• Funeral Parlour	Yes
	• Cash Loans	
James Nicholas	• None	Yes
Mapete Lumka	• None	Yes
Liwani Sibha	• None	Yes
Ziduli Nokwandisa	• Khazimla Holdings (Pty)Ltd • (Husband Company)	Yes
Bobotyana Cecil	• None	Yes
Kulashe Thandeka Gloria	• None	Yes
Mondile Thembi	• None	Yes
Nqono Nosibulelo	• None	Yes
Fatyela Linda	• None	Yes
Sixishe Thobeka	• None	Yes

Nkuzo N	• None	Yes
Kali Monwabisi	• None	Yes
Mrwebi Thozama	• None	Yes
Siyolo Peter Dalumzi	• None	Yes
Mziwakekile Kamteni	• None	Yes
Mtyobile Ncedisa	• None	Yes

Lali Nolitha	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Bongo Siyabulela	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Kalolo Dumisa	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Greyling Peter	<ul style="list-style-type: none"> <li>• Owner Universal Garage Dordrecht</li> </ul>	Yes
Kama Nolisten	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Fumanekile Mthandeni	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Paul Lizo Nelson	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Limba Mcebisi	<ul style="list-style-type: none"> <li>• Blue Crane Investment</li> </ul>	Yes
Qomoyi Mncedisi	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes

#### SECTION 56/57 MANAGERS

POB Makoma	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Gatyeni Malusi	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Lehlehla Mothusi	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Sikobi Xolani	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Mntuyedwa Nkululo	<ul style="list-style-type: none"> <li>• 26 Grey Street, Queenstown</li> <li>• Rental Accommodation</li> <li>• (7 Units)</li> </ul>	Yes
Javu Thobela	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes

#### SUPPLY CHAIN STAFF

Mpokela Vuyiseka	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Majambe Fungiwe	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes
Mejeni Zola	<ul style="list-style-type: none"> <li>• None</li> </ul>	Yes

Stemela Nceba	• None	Yes
Songelwa Akhona	• None	Yes

BTO STAFF

Name of Person	Name of company	Declared (Y/N)
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Siyabulela Fokazi	• None	Yes
Ngeva Nomakhosazana	• None	Yes
Juwele Lwandile	• Juwele Accounting & Tax Solution (Pty) Ltd • Isibane Sethemba Social	Yes
Manakaza Philisa	• None	Yes
Mbombo Mamela	• None	Yes
Matoti-Qambi Zola	• None	Yes
Blaweni Xolisa	• None	Yes
Qondela Nomvuyo	• None	Yes
Xakwe Ntomboxolo	• None	Yes
Boniwe Sinawo	• None	Yes
Nobhula Andisiwe	• None	Yes
Stuurman Lusanda	• None	Yes
Mejeni Zola	• None	Yes
Ziwele Lusanda	• None	Yes
Madikizela Madodomzi	• None	Yes
Mxhamli Zikhona	• None	Yes
Makhasi Nqaba	• None	Yes
Sam Asithandile	• None	Yes
Njovane Indiphile	• None	Yes

Bhuti Babalwa	• None	Yes
COMMUNITY SERVICES STAFF		

Name of Person	Name of company	Declared (Y/N)
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Owen Luyanda Ndyumbu	• None	Yes
Mbengo Thembela Sherol	• None	Yes
Welile Mbaliso	• None	Yes
Makoma Nomfundo	• None	Yes
Bizwaphi Sivuyisiwe	• None	Yes
Kalipha Phakama	• None	Yes
Hlangu Nkosiyabo	• None	Yes
France Nolusindiso	• None	Yes
Jack Mthandazo	• None	Yes
Mbono Mthunzi	• None	Yes
Mgemane Letshego Junior	• None	Yes
Gushelo Mncedisi	• None	Yes
Ntongana Nandipa Nwabisa Kwasa	• None	Yes
Nkwentsha Yandela	• None	Yes
Banca Luvuyo Lovemore	• None	Yes
Ngqele Trevor	• None	Yes
Khayingana Mathias	• None	Yes
Xuba Kunjulwa	• None	Yes
Qaba Andile	• None	Yes
Mphali Victor	• None	Yes
Hamza Mandla	• None	Yes
Mntuyedwa Nomsa Charity	• None	Yes
Magalati Nombulelo Eunice	• None	Yes

Mfihlo Asanda	• None	Yes
Matyalana Bonga	• None	Yes
Hleko Sima	• None	Yes
Chaza Mandlenkosi	• None	Yes

Ntlali Nomsindisi	• None	Yes
Siyeka Malibongwe	• None	Yes
August Nondumiso	• None	Yes
Tshazibane Douglas	• None	Yes
Ntshebe Sivuyile	• None	Yes
Songo Simphiwe	• None	Yes
Khethelo Lungelwa	• None	Yes
Manjo Xolisa	• None	Yes
Zibi Ntombizanele	• None	Yes
Makinana Thobeka	• None	Yes
Hotyelwa Ntobeko Elvis	• None	Yes
Bonga Xolisa Samuel	• None	Yes
Mzileni Zindlovu	• None	Yes
Fatyela Ncediswa	• None	Yes
Bendlela Zonwabele	• None	Yes
Liwani Sipiwo	• None	Yes
Msebi Mzwabantu Andrew	• None	Yes
Bobotyana Makwenkwe	• None	Yes
Silwanyana Mandlenkosi	• None	Yes
Mtingeni Zolani	• None	Yes
Kanzi Pumlan	• None	Yes
Pijoos Mabhuti	• None	Yes
Sam Mandisa	• None	Yes
Dliwako Xolisa	• None	Yes
Magalati Akhona	• None	Yes
Myekwa Nkosifikile	• None	Yes
Yaphi Bukiwe	• None	Yes

INFRASTRUCTURE DEVELOPMENT AND HUMAN SETTLEMENTS STAFF

Umanda Njuze	• None	Yes
Khanya Nomesi	• None	Yes
Duba Timoty	• None	Yes
Malusi Ludwe Anda	• None	Yes
Sawa Yanga Witness	• None	Yes
Ndamane Sango	• None	Yes
Nzima Bongani	• None	Yes
Soboyisi Ntozami	• None	Yes
Mati Zenzile Richard	• None	Yes
Nkololo Siyabonga	• None	Yes
Ganamfana Xolile Maxwell	• Twin Dog Construction cc • Sibanye Event Management	Yes
Siyekwana Isaac Vuyani	• None	Yes
Thenjwa Mhlozayo Elvis	• None	Yes
Ngacu Onke	• None	Yes

Nkasela Amanda Nosisa	• None	Yes
Petse Luhle	• None	Yes
Ndyalvan Patrick	• None	Yes
Sabatha Zolani	• None	Yes

CORPORATE SERVICES STAFF

Masabata Swayena	<ul style="list-style-type: none"> <li>• Tsimo Transports and Furniture Installations (PTY) Ltd</li> <li>• Dorrington Dynamic Trading (PTY) LTD</li> </ul>	Yes
Gqada Ziyanda	• None	Yes
Maqungo Ntombizodwa	• None	Yes
Mpokela Noluthando	• None	Yes
Baza Azola	• None	Yes
Kelembe Buyiswa	• None	Yes
Peter Nonkosikho	• None	Yes
Zangwa Sanelisiwe	• None	Yes
Jentile-Phopho Lindelwa	• None	Yes
Xozumthi Eric	• None	Yes
Lujabe Vuyo	• None	Yes
Bushula Nelisa	• None	Yes
Rozlyn Plaatjies	• None	Yes
Skoti Mzukisi	• None	Yes
Kamteni Ziyanda	• None	Yes

Bakana Lunga	• None	Yes
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#### IT STAFF

Matinise Phakamisa	• None	Yes
Sivenathi Cwathi	• None	Yes

#### PEDTA

Vanqa Aphiwe	• None	Yes
Xhego-Madubela Nomabhaca	• None	Yes
Mfundisi Joseph	• None	Yes
Dofi Zovuyo	• None	Yes
Mciteka Bathandwa	• None	Yes
Tshona Sonwabile	• None	Yes
Makaula Lungile	• None	Yes
Mkefa Daluxolo	• None	Yes
Tikana Masonwabe	• None	Yes
Andisiwe Jordaan	None	Yes

#### MUNICIPAL MANAGER OFFICE

Yawa Vuyelwa	• None	Yes
Mbotyi Zamuxolo	• None	Yes
Nqumkana Luthando	• None	Yes

Mzwana Noluntu	• None	Yes
Tiwani Luxolo	• None	Yes
Ngqola Andiswa	• None	Yes
Plaatjie/Nyati Wanga	• None	Yes
Nyila Nande	• None	Yes
Mrwebi Nwabisa	• None	Yes
Smith Yolanda	• None	Yes

#### DORDRECHT UNIT

Mayaka Sizeka	• None	Yes
Kalolo Thabisa	• None	Yes
Mayekiso Thamsanqa John	• None	Yes
Ramasehla Mabhuti	• Boarding house for school children	Yes
Elefu Spiti Mbulelo	• None	Yes
Sam Mzwakhe Richbalt	• None	Yes
Futshane Vusumzi	• None	Yes
Laaistok Monwabisi	• None	Yes
Manjiya Vuyani	• None	Yes
Stoffel Thmbalethu	• None	Yes
Nkumenge Sinethemba	• None	Yes
Nazo Malixole	• None	Yes
Boniswa Anele Patrick	• None	Yes
Pikoko Lindile	• None	Yes
Bentele Maboyi	• None	Yes
Mntwana Mzoxolo	• None	Yes
Msitshana Buntubanti	• None	Yes
Mbam Mandla	• None	Yes
Liwani Zoliswa	• None	Yes
Mkhosana Zolisa	• None	Yes
Bekker M.J.	• None	Yes

Teka Zukile	<ul style="list-style-type: none"><li>• owner of zuk's tarven</li></ul>	Yes
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Masiza Lungiswa Gloria	• None	Yes
Marotya Lindiwe	• None	Yes
Mketo Tembela	• None	Yes
Phondoyi Lesi	• None	Yes
Gaji Phumzile	• None	Yes
Ngantweni Thulani Cristopher	• None	Yes
Sizani Thobeka Hazel	• None	Yes
<b>INDWE UNIT</b>		
Nziweni Malibongwe Advocate	• None	Yes
Peti Andisiwe	• None	Yes
Siteto Sindephi	• None	Yes
Jacobs Phumzile	• None	Yes
Mangena Mandla	• None	Yes
Dyantyi Thembinkosi Thomas	• None	Yes
Swelindawo Lindelwa	• None	Yes
Hlekiso Thembisile	• None	Yes
Fuma Vuyisile	• None	Yes
Gwatyu Mlungisi	• None	Yes
Elefu Thembani	• None	Yes
Diko Xolile	• None	Yes
Naka Elvis	• None	Yes
Khayingana Mafiyosi Iholho	• None	Yes
Poni Mlungisi	• None	Yes
Makamba Sekiwe	• None	Yes
Noganta Sindiswa	• None	Yes
Siyoyo Asanda	• None	Yes
Nonambana Zanenkosi	• None	Yes
Mbekwa Ntombizodidi	• None	Yes
Magalati Akhona	• None	Yes
Kwatshana Mzwethu	• None	Yes
Dyantyi Phumeza	• None	Yes
Nxenye Nosakhele	• None	Yes
Tyuka Nothemba	• None	Yes
Ntangeni Zukile	• None	Yes
Nofemele Gerdrude	• None	Yes
Bomvana Zukile	• None	Yes

## Appendix K – Revenue Collection Performance By Vote And By Source (i)

Service Type	Sum of Amount	Sum of Vat	Sum of Interest	Sum of Total
Advance Payment	<b>1 748 609.87</b>	-	-	<b>1 748 609.87</b>
Advance Payment	- 1 202 021.21	-	-	- 1 202 021.21
Advance Payment Allocation	2 945 188.68	-	-	2 945 188.68
Billing Normal Journal	5 442.40	-	-	5 442.40
<b>Electricity Basic</b>	<b>196 796.14</b>	29 559.97	40 711.38	<b>267 067.49</b>
Advance Payment Allocation	- 69 982.18	- 9 304.59	- 133.69	- 79 420.46
Basic Charge Electricity	698 556.48	113 515.87	-	812 072.35
Billing Interest	-	-	59 142.65	59 142.65
Billing Normal Interest Journal	0	0	0	0
Billing Transfer Normal Journal	686.66	103.08	- 789.74	-
Billing Payments	- 325 725.90	- 48 818.79	- 35 252.55	- 409 797.24
Departmental Credit Journal	- 106 651.60	- 15 997.86	- 1 242.73	- 123 892.19
Billing Journal Bad Debt Write Off	- 87.32	- 13.10	- 184.10	- 284.52
Electricity Metered	<b>4 936 349.60</b>	<b>741 512.14</b>	<b>1 196 087.53</b>	<b>6 873 949.27</b>
Advance Payment Allocation	- 934 288.15	- 140 143.20	- 2 856.69	- 1 077 288.04
Billing Interest	-	-	1 489 889.09	1 489 889.09
Billing Normal Interest Journal	- 766.78	- 115.01	- 126 397.37	- 127 279.16
Billing Normal Journal	- 357 408.60	- 53 611.29	- 369.43	- 411 389.32
Billing Payments	- 2 300 948.70	- 213 840.72	- 137 943.46	- 2 652 732.88
Departmental Credit Journal	- 667 909.23	- 100 186.39	-	- 768 095.62
Metered – Electricity	9 793 590.05	1 379 860.84	-	11 173 450.89
<b>Property Rates</b>	<b>2 580 112.94</b>	-	<b>2 125 165.81</b>	<b>4 705 278.75</b>
Advance Payment Allocation	- 983 841.81	-	- 1 445.70	- 985 287.51
Billing Interest	-	-	1 489 889.09	1 489 889.09
Billing Journal ATTP Write Off	- 224 428.57	-	- 103 252.41	- 327 680.98
Billing Normal Interest Journal	- 74 609.15	-	- 356 565.27	- 431 174.42
Billing Normal Interest Journal (Earlier Year)	-	-	-	-

**Appendix K (i) – Revenue Collection Performance by Vote**  
**Appendix K (ii): Revenue Collection Performance by Source**

<b>MONTH</b>	<b>JUNE</b>				<b>TOTALS</b>	
	<b>BILLING</b>	<b>COLLECTION</b>	<b>COLL. %</b>	<b>BILLING</b>	<b>COLLECTION</b>	<b>COLL. %</b>
<b>RATES</b>	R557 537.56	- 345 251.63	<b>62%</b>	<b>R13</b> 209151.83	<b>R7 816</b> 424.92	<b>59%</b>
<b>REFUS E REMO VAL</b>	R3 643 057.88	- 1 081 523.03	<b>30%</b>	<b>R10 498</b> 837.80	<b>R2 429</b> 457.99	<b>23%</b>
<b>RENTAL</b>	R32 216.28	- 284 533.74	<b>40%</b>	<b>R304</b> 929.13	<b>R306 990.82</b>	<b>101%</b>
<b>ELECTRICITY</b>	R704 943.34	- 9 026.95	<b>28%</b>	<b>R8 859</b> 453.81	<b>R3 357</b> 891.75	<b>38%</b>
<b>TOTALS</b>	<b>R4 937 750</b> <b>6</b>	- <b>2 019 904.99</b>	<b>41%</b>	<b>R32872</b> <b>372.57</b>	<b>R14740553.</b> <b>07</b>	<b>45%</b>

<b>GRANTS RECEIVED 2023 -2024 FINANCIAL YEAR</b>	DORA	DORA	DORA	DORA	Provincial Allocation	Provincial Allocation	Provincial Allocation	
DATE	<b>EQUITABLE SHARE</b>	<b>FMG</b>	<b>INEP (municipal)</b>	<b>EPWP</b>	<b>LIBRARY GRANT</b>	<b>DISASTER</b>	<b>OTP</b>	<b>TOTAL</b>
<i>Expected Grant Amount as per DORA (NT), Provincial Gazette and letters from DM</i>	<b>(153 876 000,00)</b>	<b>(3 100 000,00)</b>	<b>(24 881 000,00)</b>	<b>(1 416 000,00)</b>	<b>(950 000,00)</b>	<b>(46 134 000,00)</b>		<b>(223 710 000,00)</b>
<i>Quarter 01</i>						<b>3 395 000,00</b>		
<i>Quarter 01</i>	64 115 000,00	-	-	-	-			64 115 000,00
<i>Quarter 01</i>	-	-		-	-			12 795 000,00
<i>Quarter 01</i>	-			-	-			-
<i>Quarter 01</i>			5 000 000,00					5 000 000,00
<i>Quarter 01</i>	-	-	-	354 000,00				354 000,00
<i>Quarter 01</i>		3 100 000,00						
<i>Quarter 01</i>	-	-	-	-	950 000,00			950 000,00
<i>Quarter 01</i>	-	-	-	-				10 364 000,00
<i>Quarter 02</i>	-	-	-	-	-			-
<i>Quarter 02</i>	-	-	7 500 000,00					7 500 000,00
<i>Quarter 02</i>				637 000,00				637 000,00
<i>Quarter 02</i>	51 292 000,00	-	-		-			51 292 000,00
<i>Quarter 02</i>	-	-	-	-	-			8 670 000,00
<i>Quarter 03</i>		-	-	425 000,00	-			425 000,00

Quarter 03			7 881 000,00					
Quarter 03						42 739 000,00		
Quarter 03	38 469 000,00							
Quarter 03							1 615 117,50	
Quarter 03		-	-	712 000,00	-			712 000,00
Quarter 03								5 017 000,00
Quarter 03			2 000 000,00					2 000 000,00
Quarter 04							1 080 436,50	-
Quarter 04							872 965,00	
<b>Total Grants received</b>	<b>153 876 000,00</b>	<b>3 100 000,00</b>	<b>22 381 000,00</b>	<b>2 128 000,00</b>	<b>950 000,00</b>	<b>46 134 000,00</b>	<b>2 695 554,00</b>	<b>169 831 000,00</b>

## APPENDIX M-CAPITAL PROGRAMME BY PROJET MIG

### EMALAHLENNI LOCAL MUNICIPALITY (EC 136)

Project List for 2023/24	National Registration Number (as on the MIG-MIS)	Registered MIG Funds	Awarded Amount	Variation Order	Revised Total planned expenditure on MIG for 2023/24	Expenditure for MIG by 30 June 2024	Unspent Amount by End of June 2024
Rehabilitation of Indwe Sport Field	CS/EC/1534/18/19	R25 725 462,50	R17 330 827,88	R0,00	R6 277 417,22	R6 277 417,22	-
Construction of Wisile Access Road ( Ward 14)	R/EC/16986/20/22	R12 420 000,00	R12 220 146,24	R1 047 477,50	R1 694 875,45	R1 694 875,45	-
Paving of Gqebenya (Ikhala)	EC2020/21/05/10	R7 500 000,00	R7 498 843,21	R0,00	R1 837 177,16	R1 837 177,16	-
Construction of Indwe Public Toilets	EC2023/24/09/232	R4 177 576,25	R3 913 133,76	R249 914,41	R1 462 247,09	R1 462 247,09	-
Construction of Dordrecht Public Toilets	EC2023/24/09/234	R4 139 343,80	R3 992 415,12	R367 428,22	R1 493 422,91	R1 493 422,91	-
Construction of Cacadu Public Toilets	EC2023/24/09/231	R4 355 477,49	R4 171 691,60	R377 601,78	R624 868,52	R624 868,52	-
Paving of Indwe Internal Streets: Barkley Street	EC2023/24/09/226	R15 656 799,18	R14 238 649,00	R0,00	R523 927,22	R523 927,22	-
Paving of Indwe Internal Streets: Woodhouse Street	EC2023/24/09/225	R8 201 180,52	R8 087 189,06	R0,00	R5 355 118,23	R5 355 118,23	-
Paving of Indwe Internal Streets: Xalanga Street	EC2023/24/09/227	R9 723 503,99	R9 304 119,99	R0,00	R1 043 864,05	R1 043 864,05	-
Paving of Dordrecht Internal Streets: Voortrekker Street	EC2023/24/09/228	R14 874 762,55	R14 372 456,82	R0,00	R2 975 890,41	R2 975 890,41	-
Paving of Dordrecht Internal Streets: Van Zyl Street	EC2023/24/09/229	R12 673 773,81	R12 604 894,77	R0,00	R2 037 419,98	R2 037 419,98	-
Paving of Dordrecht Internal Streets: Du Plesuis Street	EC2023/24/09/230	R14 355 158,52	R13 061 367,60	R0,00	R3 437 050,36	R3 437 050,36	-
Paving of Ngonyama Clinic in Ward 08	EC2023/24/09/233	R10 227 398,82	R9 832 401,83	R0,00	R4 380 040,49	R4 380 040,49	-
Paving of Hala to Calabash Ward 3	EC2023/24/09/235	R23 977 899,37	R23 805 399,37	R0,00	R6 108 002,26	R6 108 002,26	-
Noluphondwana Bridge Ward 7	EC2023/24/04/158	R500 000,00	R497 324,63	R0,00	R497 324,64	R497 324,64	-
Mbokodwa Bridge in Ward 15 (Ida)	EC2023/24/04/156	R500 000,00	R497 669,63	R0,00	R497 669,63	R497 669,63	-
Helushe bridge in Ward 13	EC2023/24/04/159	R500 000,00	R497 094,63	R0,00	R497 094,63	R497 094,63	-
Cavary Access Road in Ward 5	EC2023/24/04/157	R500 000,00	R499 394,63	R0,00	R499 394,64	R499 394,64	-
PMU ADMIN 5%	N/A				R1 974 350,00	R1 974 350,00	-
					<b>R43 217 154,89</b>	<b>R43 217 154,89</b>	-

## APPENDIX M CAPITAL PROGRAMME BY PROJET - INEP

Project List for 2023/24	Consultant and Contractor	Approved INEP Funds	Revised budget Approved INEP Funds	Awarded Amount	Expenditure for INEP by 30 June 2024
BRANSTONE	Hamsa Consulting Engineers and NSK Electrical	R373 000,00	R373 000,00	R8 348 664,06	R373 000,00
MCWANGELE		R1 012 000,00	R1 012 000,00		R1 012 000,00
BANKIES		R1 965 000,00	R0,00		R0,00
BUFFELSDORRENCE		R2 017 000,00	R2 017 000,00		R2 017 000,00
LUPHINDWENI		R2 877 000,00	R2 877 000,00		R2 877 000,00
KURHAQU		R1 472 000,00	R1 472 000,00		R1 472 000,00
TSEMBEYI	Akai Genesis and Siya & Aya Engineering	R3 131 000,00	R3 131 000,00	R7 899 335,94	R3 131 000,00
NDONGA		R580 000,00	R345 000,00		R345 000,00
MAQHUBELA		R300 000,00	R300 000,00		R300 000,00
TRUST		R300 000,00	R300 000,00		R300 000,00
HALA		R54 000,00	R54 000,00		R54 000,00
LAMUNI		R220 000,00	R220 000,00		R220 000,00
LUQOLO		R300 000,00	R0,00		R0,00
MAQHASHU	Akai Genesis	R120 000,00	R120 000,00	R215 000,00	R120 000,00
LUTHUTHU		R42 000,00	R42 000,00		R42 000,00
MTHONJENI		R53 000,00	R53 000,00		R53 000,00
LUPHAPHAZI PROJECT	Igoda Projects and Komanim Trading	R10 065 000,00	R10 065 000,00	R8 418 000,00	R10 065 000,00

R24 881 000,00

R22 381 000,00

R24 881 000,00

R22 381 000,00

## APPENDIX M CAPITAL PROGRAMME BY PROJET - MDRG

EMALAHLENNI LOCAL MUNICIPALITY (EC 136)						
Project List for 2023/24	Approved MDRG Funds	Awarded Amount	Variation Order	Revised Total planned expenditure on MDRG for 2023/24	Expenditure for MDRG by 30 June 2024	Unspent Amount by End of June 2024
Reconstruction of Greyspan gravel road	R1 348 451,00	R1 166 318,50	R0,00	R1 166 318,50	R1 166 318,50	R0,00
Reconstruction of Blangwe Causeway Bridge	R820 212,00	R815 459,25	R0,00	R815 459,25	R815 459,25	R0,00
Reconstruction of Ngqoko to Tshinga Road and Stormwater	R3 800 000,00	R5 462 293,00	R0,00	R5 462 293,00	R1 097 423,42	R4 364 869,58
Reconstruction of Nkolonga to Tshatshu Road and Stormwater	R2 600 000,00	R2 254 568,10	R0,00	R2 254 568,10	R1 483 385,00	R771 183,10
Reconstruction of Xonxa Road and Stormwater	R3 300 000,00	R2 956 430,35	R0,00	R2 956 430,35	R2 290 919,60	R665 510,75
Reconstruction of Gando Road and Stormwater	R2 600 000,00	R2 019 319,50	R0,00	R2 019 319,50	R555 565,00	R1 463 754,50
Reconstruction of Mncwangele & Mayeye Road and Stormwater	R3 800 000,00	R4 576 735,71	R0,00	R4 576 735,71	R2 937 615,74	R1 639 119,97
Reconstruction of Eluxeni Road and Stormwater	R2 570 000,00	R2 032 442,15	R0,00	R2 032 442,15	R1 341 659,03	R690 783,12
Reconstruction of Mackaysneck Road and Stormwater	R7 275 000,00	R8 588 816,03	R0,00	R8 588 816,03	R2 885 811,13	R5 703 004,90

Reconstruction of Mt Arthur Road and Stormwater	R2 300 000,00	R2 193 949,30	R0,00	R2 193 949,30	R1 651 078,00	R542 871,30
Reconstruction of Kwa Fani Road and Stormwater	R3 100 000,00	R1 738 030,60	R0,00	R1 738 030,60	R1 254 133,38	R483 897,22
Installtion of Gabions for Bowden bridge	R380 000,00	R374 198,50	R0,00	R374 198,50	R301 671,22	R72 527,28
Reconstruction of Lower Lanti Road and Stormwater	R2 150 000,00	R2 243 706,68	R0,00	R2 243 706,68	R1 207 040,00	R1 036 666,68
Reconstruction of Bhoqo Road and Stormwater	R2 400 000,00	R1 644 615,00	R0,00	R1 644 615,00	R520 950,00	R1 123 665,00
Reconstruction of Makrwayibeni Boqo Road and Stormwater	R2 600 000,00	R2 626 347,00	R0,00	R2 626 347,00	R1 467 952,00	R1 158 395,00
Reconstruction of Zwelixelile Village Road and Stormwater	R2 900 000,00	R2 760 587,56	R0,00	R2 760 587,56	R2 087 480,00	R673 107,56
Reconstruction of Thembeni Road and Stormwater	R964 000,00	R1 266 960,52	R0,00	R1 266 960,52	R1 023 298,52	R243 662,00
				<b>R46 134 000,00</b>	<b>R25 500 982,04</b>	<b>R20 633 017,96</b>

## APPENDIX N: MIG CAPITAL PROJECTS BY CURRENT YEAR

Project List for 2023/24 FY	Ward	National Registration Number (as on the MIG-MIS)	Registered MIG Funds	Awarded Amount	Variation Order	Revised Total planned expenditure on MIG for 2023/24	Expenditure on MIG by 30 June 2024	Unspent Amount b End of Jun 2024
Rehabilitation of Indwe Sport Field	14	CS/EC/1534/18/19	R25 725 462,50	R17 330 827,88	R0,00	R6 277 417,22	R6 277 417,22	R0,00
Construction of Wisile Access Road (Ward 14)	14	R/EC/16986/20/22	R12 420 000,00	R12 220 146,24	R1 047 477,50	R1 694 875,45	R1 694 875,45	
Paving of Gqebenya (Ikhala)	6	EC2020/21/05/10	R7 500 000,00	R7 498 843,21	R0,00	R1 837 177,16	R1 837 177,16	
Construction of Indwe Public Toilets	16	EC2023/24/09/23 2	R4 177 576,25	R3 913 133,76	R249 914,41	R1 462 247,09	R1 462 247,09	
Construction of Dordrecht Public Toilets	14	EC2023/24/09/23 4	R4 139 343,80	R3 992 415,12	R367 428,22	R1 493 422,91	R1 493 422,91	
Construction of Cacadu Public Toilets	4	EC2023/24/09/23 1	R4 355 477,49	R4 171 691,60	R377 601,78	R624 868,52	R624 868,52	
Paving of Indwe Internal Streets: Barkley Street	16	EC2023/24/09/22 6	R15 656 799,18	R14 238 649,00	R0,00	R523 927,22	R523 927,22	
Paving of Indwe Internal Streets: Woodhouse Street	16	EC2023/24/09/22 5	R8 201 180,52	R8 087 189,06	R0,00	R5 355 118,23	R5 355 118,23	
Paving of Indwe Internal Streets: Xalanga Street	16	EC2023/24/09/22 7	R9 723 503,99	R9 304 119,99	R0,00	R1 043 864,05	R1 043 864,05	

Paving of Dordrecht Internal Streets: Voortrekker Street	14	EC2023/24/09/228	R14 874 762,55	R14 372 456,82	R0,00	R2 975 890,41	R2 975 890,41	
Paving of Dordrecht Internal Streets: Van Zyl Street	14	EC2023/24/09/229	R12 673 773,81	R12 604 894,77	R0,00	R2 037 419,98	R2 037 419,98	
Paving of Dordrecht Internal Streets: Du Plesuis Street	14	EC2023/24/09/230	R14 355 158,52	R13 061 367,60	R0,00	R3 437 050,36	R3 437 050,36	
Paving of Ngonyama Clinic in Ward 08	8	EC2023/24/09/233	R10 227 398,82	R9 832 401,83	R0,00	R4 380 040,49	R4 380 040,49	
Paving of Hala to Calabash Ward 3	3	EC2023/24/09/235	R23 977 899,37	R23 805 399,37	R0,00	R6 108 002,26	R6 108 002,26	
Noluphondwana Bridge Ward 7	7	EC2023/24/04/158	R500 000,00	R497 324,63	R0,00	R497 324,64	R497 324,64	
Mbokodwa Bridge in Ward 15 (Ida)	15	EC2023/24/04/156	R500 000,00	R497 669,63	R0,00	R497 669,63	R497 669,63	R0,00
Helushe bridge in Ward 13	13	EC2023/24/04/159	R500 000,00	R497 094,63	R0,00	R497 094,63	R497 094,63	R0,00
Cavary Access Road in Ward 5	5	EC2023/24/04/157	R500 000,00	R499 394,63	R0,00	R499 394,64	R499 394,64	R0,00
PMU ADMIN 5%		N/A				R1 974 350,00	R1 974 350,00	R0,00
			<b>R170 008 336,80</b>	<b>R156 425 019,77</b>	<b>R2 042 421,91</b>	<b>R43 217 154,89</b>	<b>R43 217 154,89</b>	<b>R0,00</b>

## APPENDIX N: INEP CAPITAL PROJECTS BY CURRENT YEAR

Project List for 2023/24	Ward	Consultant and Contractor	Approved INEP Funds	Revised budget Approved INEP Funds	Awarded Amount	Expenditure for INEP by 30 June 2024
BRANSTONE	10	Hamsa Consulting Engineers and NSK Electrical	R373 000,00	R373 000,00	R8 348 664,06	R373 000,00
MCWANGELE	10		R1 012 000,00	R1 012 000,00		R1 012 000,00
BANKIES	10		R1 965 000,00	R0,00		R0,00
BUFFELSDORRENCE	10		R2 017 000,00	R2 017 000,00		R2 017 000,00
LUPHINDWENI	10		R2 877 000,00	R2 877 000,00		R2 877 000,00
KURHAQU	10		R1 472 000,00	R1 472 000,00		R1 472 000,00
TSEMBEYI	10	Akal Genesis and Siya & Aya Engineering	R3 131 000,00	R3 131 000,00	R7 899 335,94	R3 131 000,00
NDONGA	3		R580 000,00	R345 000,00		R345 000,00
MAQHUBELA	3		R300 000,00	R300 000,00		R300 000,00
TRUST	3		R300 000,00	R300 000,00		R300 000,00
HALA	3		R54 000,00	R54 000,00		R54 000,00
LAMUNI	3		R220 000,00	R220 000,00		R220 000,00
LUQOLO	2		R300 000,00	R0,00		R0,00

MAQHASHU	2	Akal Genesis	R120 000,00	R120 000,00	R215 000,00	R120 000,00
LUTHUTHU	3		R42 000,00	R42 000,00		R42 000,00
MTHONJENI	3		R53 000,00	R53 000,00		R53 000,00
LUPHAPHAZI PROJECT	15	Igoda Projects and Komanim Trading	R10 065 000,00	R10 065 000,00	R8 418 000,00	R10 065 000,00
			<b>R24 881 000,00</b>	<b>R22 381 000,00</b>	<b>R24 881 000,00</b>	<b>R22 381 000,00</b>

## APPENDIX N: CAPITAL PROJECTS CURRENT YEAR MDRG

Project List for 2023/24	Ward	Approved MDRG Funds	Awarded Amount	Variation Order	Revised Total planned expenditure on MDRG for 2023/24	Expenditure for MDRG by 30 June 2024	Unspent Amount by End of June 2024
Reconstruction of Noluthando gravel road	5	R1 226 337,00	R1 413 222,25	R0,00	R1 413 222,25	R1 413 222,25	R0,00
Reconstruction of Greyspan gravel road	3	R1 348 451,00	R1 166 318,50	R0,00	R1 166 318,50	R1 166 318,50	R0,00
Reconstruction of Blangwe Causeway Bridge	7	R820 212,00	R815 459,25	R0,00	R815 459,25	R815 459,25	R0,00
Reconstruction of Ngqoko to Tshinga Road and Stormwater	17	R3 800 000,00	R5 462 293,00	R0,00	R5 462 293,00	R1 097 423,42	R4 364 869,58
Reconstruction of Nkolonga to Tshatshu Road and Stormwater	1	R2 600 000,00	R2 254 568,10	R0,00	R2 254 568,10	R1 483 385,00	R771 183,10

Reconstruction of Xonxa Road and Stormwater	6	R3 300 000,00	R2 956 430,35	R0,00	R2 956 430,35	R2 290 919,60	R665 510,75
Reconstruction of Gando Road and Stormwater	6	R2 600 000,00	R2 019 319,50	R0,00	R2 019 319,50	R555 565,00	R1 463 754,50
Reconstruction of Mncwangele & Mayeye Road and Stormwater	10	R3 800 000,00	R4 576 735,71	R0,00	R4 576 735,71	R2 937 615,74	R1 639 119,97
Reconstruction of Eluxeni Road and Stormwater	12	R2 570 000,00	R2 032 442,15	R0,00	R2 032 442,15	R1 341 659,03	R690 783,12
Reconstruction of Mackaysneck Road and Stormwater	5	R7 275 000,00	R8 588 816,03	R0,00	R8 588 816,03	R2 885 811,13	R5 703 004,90
Reconstruction of Mt Arthur Road and Stormwater	12	R2 300 000,00	R2 193 949,30	R0,00	R2 193 949,30	R1 651 078,00	R542 871,30
Reconstruction of Kwa Fani Road and Stormwater	7	R3 100 000,00	R1 738 030,60	R0,00	R1 738 030,60	R1 254 133,38	R483 897,22
Installtion of Gabions for Bowden bridge	7	R380 000,00	R374 198,50	R0,00	R374 198,50	R301 671,22	R72 527,28
Reconstruction of Lower Lanti Road and Stormwater	2	R2 150 000,00	R2 243 706,68	R0,00	R2 243 706,68	R1 207 040,00	R1 036 666,68
Reconstruction of Bhoqo Road and Stormwater	9	R2 400 000,00	R1 644 615,00	R0,00	R1 644 615,00	R520 950,00	R1 123 665,00
Reconstruction of Makrwayibeni Boqo Road and Stormwater	9	R2 600 000,00	R2 626 347,00	R0,00	R2 626 347,00	R1 467 952,00	R1 158 395,00
Reconstruction of Zwelixelile Village Road and Stormwater	5	R2 900 000,00	R2 760 587,56	R0,00	R2 760 587,56	R2 087 480,00	R673 107,56
Reconstruction of Thembeni Road and Stormwater	6	R964 000,00	R1 266 960,52	R0,00	R1 266 960,52	R1 023 298,52	R243 662,00
					<b>R46 134 000,00</b>	<b>R25 500 982,04</b>	<b>R20 633 017,96</b>

**APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD  
2023/2024 (SEE APPENDIX M)**

**APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS  
AND CLINICS 2023/2024**

N/A

**APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE  
COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS  
RESPONSIBLE FOR SERVICE PROVISION 2023/2024**

N/A

**APPENDIX R - Declaration Of Returns Not Made In Due Time Under  
MFMA S71**

Section 71(1) of the MFMA requires the accounting officer of the municipality to submit monthly budget statements no later than 10 working days after the end of each month in a prescribed format.

- Month 06 strings were not submitted (the strings were submitted but there was a system error and the result is that the month 06 strings were unsuccessfully submitted)

**SECTION 71 REPORTS SUBMISSION FOR 2023/2024 FINANCIAL YEAR**

<b>Reporting month</b>		<b>Date of Submission</b>	<b>Compliant: Y or N</b>
<b>Jul-23-Month 01</b>	Schedule C	16-Aug-23	Y
	Grants	16-Aug-23	Y
<b>Aug-23-Month 02</b>	Schedule C	14-Sep-23	Y
	Grants	14-Sep-23	Y
<b>Sep-23-Month 03</b>	Schedule C	13-Oct-23	Y
	Grants	14-Oct-23	Y
<b>Oct-23-Month 04</b>	Schedule C	13-Nov-23	Y

	Grants		13-Nov-23	Y
<b>Nov-23-Month 05</b>	Schedule C		14-Dec-23	Y
	Grants		14-Dec-23	Y
<b>Dec-23-Month 06</b>	Schedule C		16-Jan-24	N
	Grants		16-Jan-24	Y
<b>Jan-24-Month 07</b>	Schedule C		14-Feb-24	Y
	Grants		14-Feb-24	Y
<b>Feb-24-Month 08</b>	Schedule C		13-Mar-24	Y
	Grants		13-Mar-24	Y
<b>Mar-24-Month 09</b>	Schedule C		11-Apr-24	Y
	Grants		11-Apr-24	Y
<b>Apr-24-Month 10</b>	Schedule C		14-May-24	Y
	Grants		14-May-24	Y
<b>May-24-Month 11</b>	Schedule C		12-Jun-24	Y
	Grants		12-Jun-24	Y
<b>Jun-24- Month 12</b>	Schedule C		12-Jul-24	Y
	Grants		12-Jul-24	Y

**APPENDIX S – Declarations of returns not made in due time**  
(N/A)

**APPENDIX T - National and Provincial Outcome for local government**



Ref No: 12/3/24/6

Requester: Ms NS Mhlaba

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The Municipal Manager  
Emalahleni Local Municipality  
P.O Box 23  
CACADU  
5410

Dear Ms P. Makoma

## **FEEDBACK ON THE ASSESSMENT OF ANNUAL REPORTS FOR 2022/23 FINANCIAL YEAR BY THE DEPARTMENT**

The Provincial Department of Cooperative Governance and Traditional Affairs is mandated by Section 154 (1) of the Constitution to monitor support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and perform their functions.

Sec 46 (1) of the Municipal Systems Act requires a municipality to prepare for each financial year a performance report reflecting on the following:

- a) The performance of the municipality and of each external stakeholder during that financial year.
- b) A comparison of the performance referred to in (a) with targets set for and performances of the previous financial year.
- c) Measures taken to improve performance.

Sec. 127 (2) of the MFMA a municipality must compile and table in the municipal council its Annual Report within a period of seven months after the end of the financial year i.e. by no later than the 31<sup>st</sup> of January of each year. The Annual Performance Report that the municipalities must compile in terms of Sec. 46 of the Municipal Systems Act is one of the eleven (11) elements which comprise the Annual Report as is stipulated in Sec. 121 (3) of the MFMA.

## **FEEDBACK ON THE ASSESSMENT OF ANNUAL REPORTS FOR 2022/23 FINANCIAL YEAR BY THE DEPARTMENT**

Section 47 of the Municipal Systems Act requires the MEC for local government to annually compile and submit to the relevant provincial legislature and the Minister (responsible for local government) a consolidated report on the performance of municipalities in the province.

The report must:

- a) Identify municipalities that under-performed during the year.
- b) Propose remedial action to be taken; and
- c) Be published in the Provincial Gazette.

The MEC for Local Government must submit a copy of the report to the National Council of Provinces as well.

This report has therefore been compiled in accordance with the requirements of sec. 47 of the Municipal Systems Act. The assessment covered the municipal financial year 1 July 2022 to 30 June 2023. The importance of this assessment is to identify areas of underperformance and to propose remedial actions.

### **ASSESSMENT OUTCOMES PER KEY PERFORMANCE AREA (KPA)**

#### **KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

The performance of municipalities on this KPA was assessed using twelve (12) KPIs. It should be noted that, the report will only reflect four (4) KPI's on municipalities' performance as required by the Department of Cooperative Governance and Traditional Affairs (CoGTA).

They are as follows:

- Vacancy rate in respect of all approved posts
- Filling of Section 54A/56 positions
- Employment Equity
- Performance Management Systems

**The municipality obtained a disclaimer on the area reflected below-**

*Employment Equity-* The municipality failed to provide the required information on the number of employed people with disabilities as well as the indicator on the employment of youth.

#### **KPA 2: BASIC SERVICE DELIVERY**

## **FEEDBACK ON THE ASSESSMENT OF ANNUAL REPORTS FOR 2022/23 FINANCIAL YEAR BY THE DEPARTMENT**

In analysing the performance of municipalities with regards to this KPA, the Department of Cooperative Governance and Traditional Affairs (CoGTA) has identified eighteen (18) KPIs which are regarded as very critical to address service delivery challenges in the municipalities.

Out of eighteen (18) KPIs assessed, the report focuses on progress and the performance of four (4) key KPIs as follows:

- Access to Electricity
- Access to Free Basic Electricity
- Access to Roads
- Indigent Policy Implementation

**The municipality has not reported on Access to electricity and to roads**

### **KPA 3: LOCAL ECONOMIC DEVELOPMENT**

The assessment for LED was conducted in the following three (3) Key Performance Indicators (KPIs).

- Capacity for planning and implementing LED functions in municipalities through an effective LED Unit
- Existence and implementation of credible LED strategies and plans
- Number of employment opportunities created through Extended Public Works Programmes (EPWP) and Community Works Programmes (CWP).

**The performance of the municipality is commendable in this KPA.**

### **KPA 4: MUNICIPAL FINANCIAL MANAGEMENT AND VIABILITY**

The Department has utilised a set of indicators to measure the performance of municipalities with regards to their financial management and viability. These KPIs are as follows:

- Status of the audit outcome.
- Submission of Annual Financial Statements.
- Percentage of capital budget expenditure.
- Actual salaries versus operational budget.
- Total amount of actual trade creditors as a percentage of total own revenue.
- Total municipal own revenue as a percentage of the total budget.
- The rate of municipal debtors' reduction.
- Percentage of Municipal Infrastructure Grant (MIG) budget appropriately spent and;
- Functionality of Audit Committee.

## FEEDBACK ON THE ASSESSMENT OF ANNUAL REPORTS FOR 2022/23 FINANCIAL YEAR BY THE DEPARTMENT

- ✓ *Actual salaries versus operational budget was high, at 51% which was against the Treasury norm of 25 to 40%. Own revenue was too low at 22%, Rate of consumer reduction was 4% and MIG expenditure was 87%.*

### KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Performance assessment was measured using the following seven (7) indicators:

- Establishment of ward committees
- Effective functioning of Ward Committees
- Existence of an effective system of monitoring Community Development Workers (CDWs)
- Existence of an effective IGR strategy
- Existence of communication strategy
- Number of Mayoral Imbizos conducted.
- Existence of corruption prevention mechanisms
- ✓ *Communication strategy not developed and no information on Mayoral Imbizos held*

### PROPOSED REMEDIAL ACTIONS

- **KPA 1:**
  - *Employment Equity*- The municipality must report the required information on the number of employed people with disabilities and youth
- **KPA 2:**
  - *Access to Electricity*  
The municipality must achieve 50% of their yearly target.
  - *Access to roads* – The municipality reports less than 50% achievement.
- **KPA 4:**
  - *Actual salaries versus operational budget* - The municipality must spend 35% at most of its operational budget on salaries.
  - *Total municipal own revenue as a percentage of the total budget* - The municipality own revenue must constitute at least 80% of the total municipal actual budget.
  - *Rate of municipal consumer debtor's reduction* - The municipality must strive to reduce consumer debtors by 15% minimum.
  - *Percentage of Municipal Infrastructure Grant (MIG) budget appropriately spent* – Municipality must have spent 100% of the MIG

**FEEDBACK ON THE ASSESSMENT OF ANNUAL REPORTS FOR 2022/23 FINANCIAL YEAR BY THE DEPARTMENT**

**KPA 5:**

- *Existence of communication strategy*- The municipality must adopt and implement the communication strategy and reflect in the Annual Report.
- *Number of Mayoral Imbizos conducted*- The municipality must report on the number of community engagements held where Executive Mayors/Mayors engage with community

The municipality is therefore, based on the areas raised above which are regarded as *not disclosed or weak* performed, requested to kindly reflect on the areas that are not disclosed, as well as improve on areas not performed in accordance with the required standards in the next Annual Report.

Yours in good governance



**Mr. V. Mlokothe**

**Acting Head of Department**

**Cooperative Governance and Traditional Affairs**

**Date:** 3/19/2024

2. Volume II: Annual Financial Statements (Tabled as a separate item to Council, to be included after the Oversight)

