



EMADLANGENI LOCAL MUNICIPALITY

DRAFT ANNUAL REPORT

2023/24



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ACRYNOMYS

ABET	Adult Basic Education & Training
AG	Auditor General
CBO	Community Based Organisation
CFI	Community Finance Institutes
CLLR	Councillor
COGTA	Cooperative Governance and Traditional Affairs
DoHS	Department of Human Settlement
DWS	Department of Water & Sanitation
ECD	Early Childhood Development
EPWP	Expanded Public Work Programme
EXCO	Executive Committee
HOD	Head of Department
IA	Internal Auditor
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
KM	Kilometre
KPAs	Key Performance Areas
LED	Local Economic Development
LF	Local Forum
MANCO	Management Committee
MFMA	Municipal Finance Management Act
MFMP	Municipal Finance Management Programme
MIG	Municipal Infrastructure Grant
MPT	Municipal Planning Tribunal

MSA	Municipal Systems Act
NGO	Non Governmental Organisation
NPO	Non-Profit Organisation
NT	National Treasury
OSS	Operation Sukuma Sakhe
PDMC	Provincial Disaster Management Centre
PLD	People Living with Disability
PMS	Performance Management Systems
PT	Provincial Treasury
RDP	Reconstruction and Development Programme
RPL	Recognition Prior Learning
SALGA	South African Local Government Association
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SLA	Service Level Agreement
SMMEs	Small Medium and Micro Enterprise
SPLUMA	Spatial Planning and Land Use Management Act
TLB	Tractor Loader Backhoe
TVET	Technical & Vocational Education & Training
WSP	Work Skills Plan
WULA	Water Utilization Licence

CHAPTER I

1.1 MAYOR'S FOREWORD

1. FOREWORD BY HIS WORSHIP THE HONOURABLE MAYOR

HIS WORSHIP THE MAYOR: CLLR ML BUTHELEZI



It gives me great pleasure to present the Annual Report for the 2023/24 financial year for the eMadlangeni Local Municipality. This report covers a significant period of transition for our municipality, as it deals with the year under review, I am proud to say that the eMadlangeni Municipality has achieved a number of important milestones over the past year.

One of our key accomplishments was the successful completion of the long-awaited refurbishment of the Balele Game Park. This project, which was years in the making, has breathed new life into this valuable community asset and has already begun attracting increased tourism to our region. In addition to this infrastructure upgrade, I am also pleased to report that the municipality has received an unqualified Audit opinion from the Auditor General. This is a testament to the hard work and diligence of our finance team and all municipal staff in ensuring proper financial management and accountability. Another significant development during this period was the establishment and completion of our Municipal Disaster Emergency Centre. In light of the ongoing global health challenges, this facility has greatly enhanced our ability to respond quickly and effectively to any disease outbreaks or public health emergencies that may arise in our community.

We have made strides in our infrastructure development, with the rehabilitation of three roads in our town - Kerk Phase 3, Scheepers and the upgrade of Sports Field in ward 2. These much-needed improvements to our road network will enhance connectivity and accessibility for our residents. As we look ahead to the next term of council, we remain committed to building on these achievements and delivering even greater value to the residents of eMadlangeni.

Our plans include expanding affordable housing options and strengthening regional partnerships to address issues like waste management and public transportation.

This Annual Report has been prepared in accordance with the requirements set out in the Municipal Finance Management Act No. 56 of 2003 section 121.

I would like to express my gratitude to the council, our dedicated municipal staff, and the people of eMadlangeni for their unwavering support and collaboration. Together, we have weathered a period of significant change and are now poised to embark on an even more ambitious agenda for the future.

Thank you

CLLR ML Buthelezi

THE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.2 MUNICIPAL MANAGER'S FOREWORD

1.2 MUNICIPAL MANAGER'S FOREWORD



Annual Reporting stands out as one of the key tools to report and evaluate our performance and the impact it has made on the lives of the ordinary citizens of Emadlangeni municipality. This report seeks to communicate to our stakeholders, the highlights of the organizational performance on both financial and non-financial matters for the year under review.

In facilitating service delivery resources, the Municipality is heavily dependent on infrastructure grants in delivering service delivery to the community. We view this as a limitation as it hinders the Municipality from meeting other community needs. We are putting all of our efforts towards getting the Municipality to be self-sufficient. Whilst this might take some time however with the collective efforts of all role players, we are certain it is achievable.

Section 121(1) of the Local Government Finance Management Act 56 of 2003 (MFMA), stipulates that every municipality and municipal entity must for each financial year, prepare an Annual Report in accordance with this chapter.

This report should include

- a) The Annual Financial Statements of the Municipality submitted to the Auditor General for audit in terms of Section 126(1) of the MFMA.
- b) The Auditor General's audit report in terms of Section 126(3) of the MFMA as well as Section 45(b) of the Municipal Systems Act.
- c) The Annual Performance Report as prepared in accordance with Section 45 of the Municipal Systems Act.
- d) The Auditor General's audit report in term of Section 45(b) of the Municipal Systems Act.
- e) An assessment by the municipality's accounting officer of any arrers on municipal taxes and service delivery.

- f) An assessment by the municipality's accounting officer of the municipal performance against the measured performance objectives referred to in Section 17(3)(b) for revenue collection from each revenue source and each vote in the municipal approved budget for the relevant financial year.
- g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d).
- h) Any explanations that may be necessary to clarify issues in connection with the financial statements.
- i) Any information as determined by the municipality.
- j) Any recommendations of the municipality's audit committee and
- k) Any other information as may be prescribed.

The audit outcomes for the three regulatory audits conducted by the AG are as following:

- The Annual Financial Statements: The Municipality received an unqualified audit opinion for the 2023/2024 financial year. The basis for this unqualified opinion is captured fully in the AG's Report, which forms part of this Annual Report.
- Audit on the Annual Performance Report: The Municipality received a unqualified as an audit opinion for the 2023/2024 financial year. The reasons for the audit opinion are captured in detail in the AG's Report.
- An Audit action Plan report is attached as part of the Annual Report.

The municipality manage to connect 331 households in various rural communities under eMadlangeni municipal jurisdiction through the Integrated National Electricity Programme grant. The Municipal Infrastructure Grant (MIG) projects for the year under review were successfully completed and this allocation was effectively spent in accordance with the conditions of the grant.

The Municipality received three awards at the COGTA Excellence Awards convened by the Department an event to recognise excellence among Municipalities in the Province. The Awards come in as an encouragement to the Municipality being recognised for improved performance. The Municipality was awarded in the following categories:

- 2nd Best Performing Local Municipality in Community Work Programme (CWP)

- 2nd Best Performing Local Municipality in Expanded Public Works Programme (EPWP)
- 3rd Best Performing Ward Committees (Ward 1) in terms of Functionality in 23/24 Financial year

During the year under review, the Municipality was exited from the COGTA intervention programme for Municipalities under distress. This is a result of the ongoing improvements in the governance and administrative key performance areas. Additionally, the Municipality received an unqualified audit from the Auditor General, following three years of qualifications in prior years. This is a significant achievement and a testament to the hard work and dedication of our management team and staff. To this end, I would like to extend my heartfelt appreciation to each and every one of you who contributed to this remarkable accomplishment. We have not yet reached our clean audit destination, but this notable achievement now serves as our bedrock to launch our quest for our First Clean Audit.

I would like to take this time to express my sincere gratitude to the Council for its oversight and strategic roles in supporting this work. Your guidance and unwavering support have been instrumental in steering Emadlangeni Municipality towards these remarkable milestones.

In conclusion, I take this opportunity to express my appreciation to all role players who contributed positively towards good governance of the municipality, ward committees, provincial departments and the community of Emadlangeni at large.

Mrs G.N Mavundla

MUNICIPAL MANAGER

1.3 ASSESSMENT OF ANY ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES BY THE MUNICIPAL MANAGER

The high levels of unemployment in the municipality's jurisdiction have impacted negatively on our ability to collect outstanding debt. Although the municipality is vast geographically, the population size is very small. Therefore, this is reflected in the small equitable share allocation because the formula put significant weight on the population size. In light of the above the municipality is still exploring ways of funding indigents as the equitable share is not enough and the indigent policy is not yet approved.

The aging municipal electricity infrastructure is also impacting negatively on revenue collection as electricity is lost in transmission, illegal connections and incomplete billings.

The municipality is licenced to supply electricity in the town leaving the vast area being supplied by Eskom which significantly reduce the revenue base.

Our municipal accounts consist of mainly electricity supply, rates, refuse removal and other revenue. Water supply and sanitation is the function of the District Municipality. To illustrate our point in the slow collection, rate our Municipality finds itself, see the billing sample of a month of June.

Table 1: Billing sample for Year 2023/24

Refuse collection billing for Year 2023/24	
Billing	R 2 308 905.04
Collection	R 1 449 782.63
Net-effect	R 859 122.41
Overall	63%

Rates collection billing for Year 2023/24	
Billing	R 37 739 825.66
Collection	R 20 950 535.20
Net- effect	R 16 789 290.46
Overall	56%

Conventional electricity billing for Year 2023/24	
Billing	R 15 079 661.40
Collection	R 17 489 979.25
Net – effect	R – 2 410 317.86
Overall	116%

Conventional rental billing for Year 2023/24	
Billing	R 1 259 829.46
Collection	R 650 431.69
Net – effect	R 609 397.77
Overall	52%

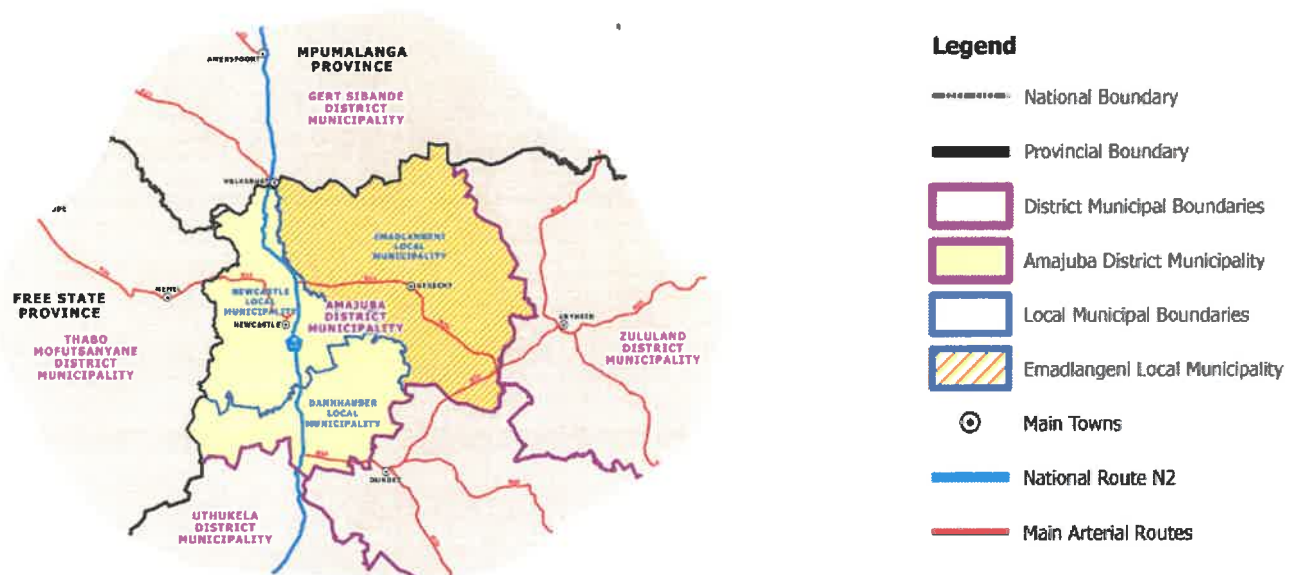
Receivables/Debtors for year 2023/24	
Electricity	R 10 297 754
Property Rates	R 58 237 234
Refuse Removal	R 4 433 037
Sundry Debtors	R 713 729
Total debt	R 73 681 613

1.4 MUNICIPAL OVERVIEW

EMadlangeni Local Municipality (KZ 253) is located in the Amajuba District Municipality in the North-western corner of KwaZulu-Natal. Its area in kilometer squared is the largest in the district and comprises 3539km². Newcastle Local Municipality (KZ 252) and Dannhauser Local Municipality (KZ254) are respectively 1855km² and 1516km² in extent.

EMadlangeni Local Municipality (KZ 253) is surrounded by Newcastle East (52km), 68km west of Vryheid, South West from Dundee and North East from Volksrust/Wakkerstroom. It consists of a vast rural area when compared to other Municipalities in the District but has a low percentage of Economic Activity in the area.

Map 1: EMadlangeni Regional Context

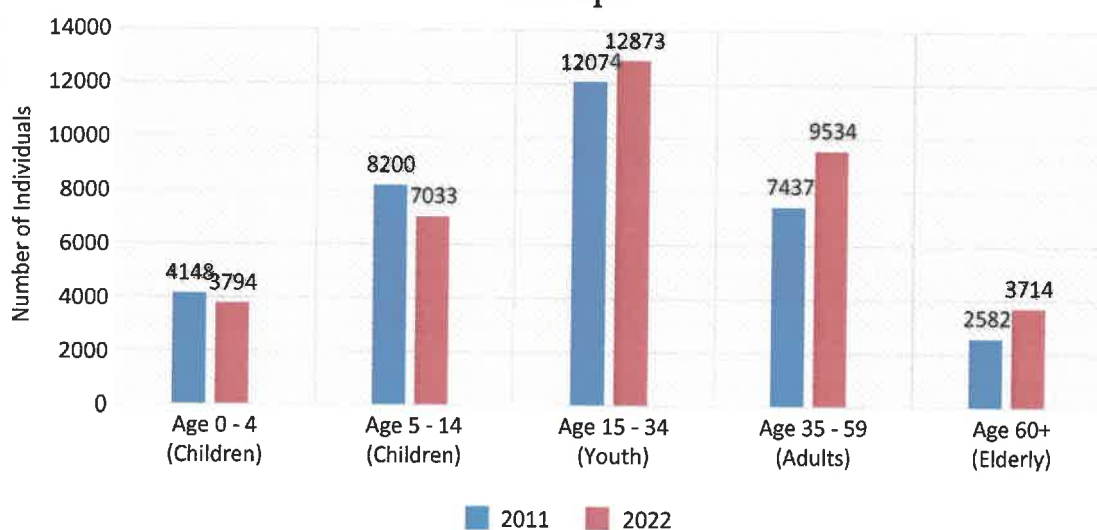


There was a slight increase in the population between 2011 and 2022. The population increased by about 2 500 persons from 34 442 to 36 948 and the number of households grew from 6 252 in 2011 to 7 998 in 2022.

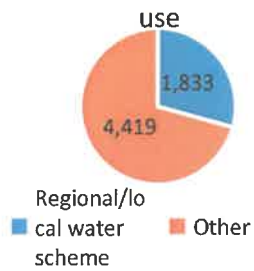
KEY DEMOGRAPHIC STATISTICS

	2011				2022			
Population size	34442				36 948			
Population Growth	0.65%				7.3%			
Households	6252				7 998			
Males per 100 females	103				103.1			
Dependency Ratio per 100 (15-64)	74				69.3			
Age	>14	15-34	35-64	65<	>14	15-34	35-64	65<
	35.85%	35.06%	24.02%	5.07%	29%	35%	29%	6%

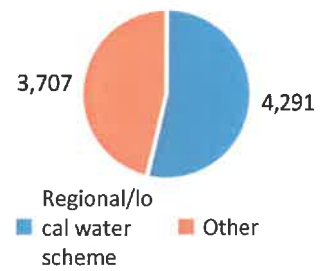
Distribution of Population of Emadlangeni by Broad Age Groups



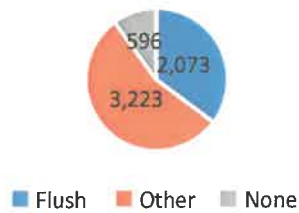
2011 Source of water for household use



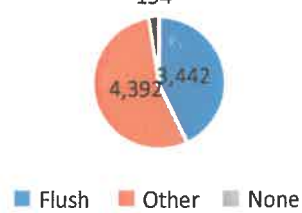
2022 Source of water for household use



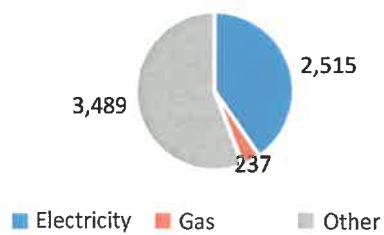
2011 Toilet facilities



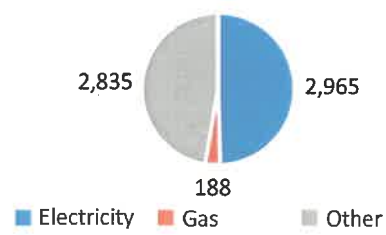
2022 Toilet Facilities



2011 Energy for Cooking



2022 Energy for Cooking



CHAPTER 2: GOOD GOVERNANCE

COMPONENT A:

COUNCIL'S VISION

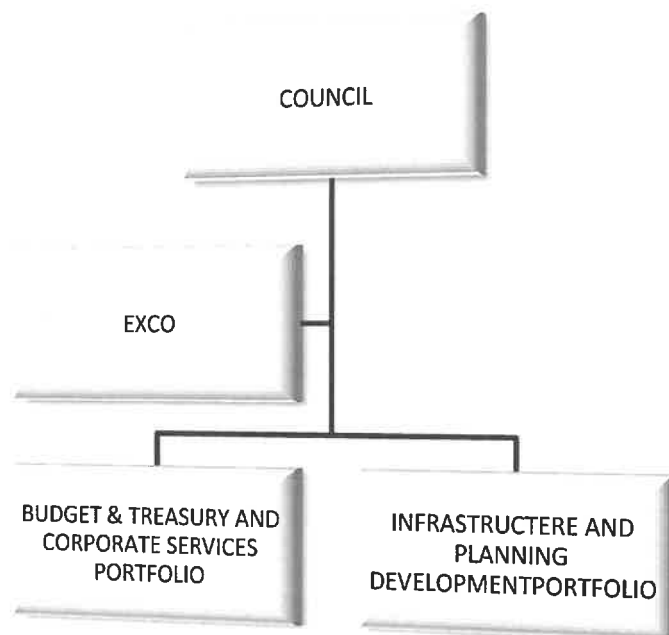
By 2036 eMadlangeni Local Municipality will be a self-sustaining exemplary local municipality with a diverse thriving economy where all citizens enjoy a high quality of life within a sustainable and resilient environment.

COUNCIL'S CORPORATE VALUES

The municipality pledges to its communities and stakeholders to:

- be embodiment of good governance;
- deliver services in an efficient and effective manner;
- promote and facilitate sustainable socio-economic development;
- create mutual trust and understanding between the municipality and the community;
- promote tourism, agriculture and mining, and facilitate the development of urban hubs in support of these economic sectors and delivery of services; and
- apply good and transparent corporate governance in order to promote community prosperity.

POLITICAL GOVERNANCE STRUCTURE



ADMINISTRATIVE GOVERNANCE

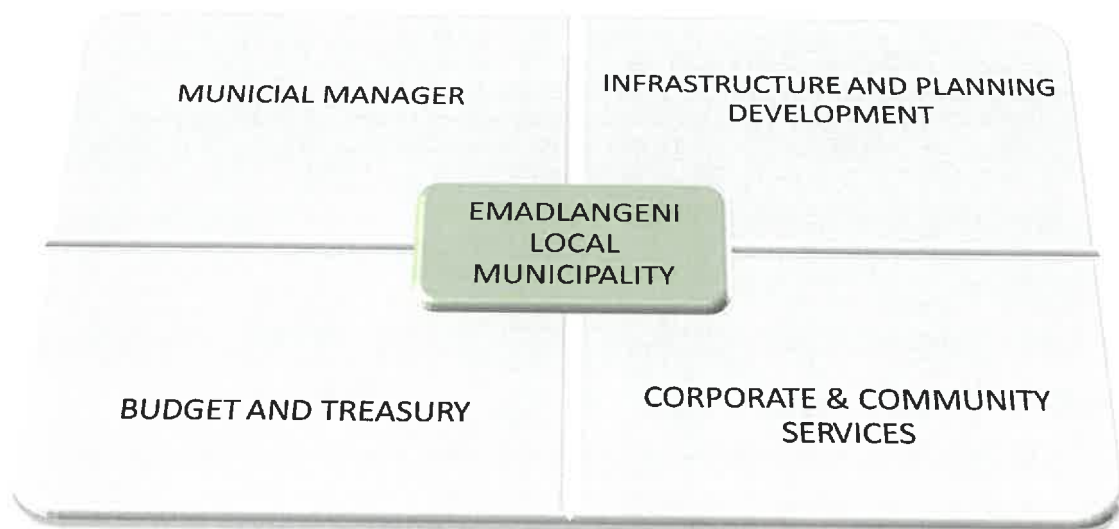
The Municipality have an approved 2023/24 organizational structure which is aligned to the IDP, in order to improve its operational capacity. During the year under review, the Municipality had a staff compliment of 153 during 2023/2024 of as opposed to 150 during 2022/2023 Financial Year. The Municipality needs to strengthen its Human Resources Policies and strategies to ensure that it does not lose employees. EMadlangeni Municipality comprises 4 Departments; one of which is the Office of the Municipal Manager and Three (3) report directly to the Municipal Manager, who is the Administrative Head. They are as follows

- Budget and Treasury;
- Corporate & Community Services and
- Municipal Planning and Technical Services

EMadlangeni Local Municipality employees report to the Heads of Department (HODs) - who are Directors of different Departments. The HODs sit in Portfolio Committee meetings and discuss matters pertaining to their respective areas of

operation. The relevant Portfolio Committee advises the HODs regarding solutions on how departmental programmes and projects, for service delivery to the community, should be tackled. When the issues have been analysed, the Management Committee, consisting of Municipal employees at management level, assembles and finalizes the individual Portfolio Committee's outcomes to form one report which will be tabled to Council for Resolutions to be taken.

ORGANISATIONAL STRUCTURE CAN BE SUMMARISED AS FOLLOWS



2.3 OCCUPATION AND GENDER EQUITY ANALYSIS

In terms of Section 20 of the Employment Equity Act 55 of 1998, the Municipality adopted the Employment Equity Plan which aims at implementing affirmative action so as to redress the imbalances of the past, in the workplace. Section 21 of the quoted Act requires the Municipality to report on progress achieved in implementing affirmative action.

2.4 MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

This Key Performance Area encapsulates the Municipality's commitment to the provision of the highest quality of service to its constituencies and to ensure that all strategies and objectives are adhered to, resulting in a productive and sustainable Municipality.

In terms of Section 152 (1) (e) of the South African Constitution, eMadlangeni, like all Municipalities, is obligated to encourage the involvement of communities and community organisations in the affairs of Local Government. This is further emphasised by Section 16(1) of the Municipal Systems Act 32 of 2000, which requires the Municipality to develop a culture of municipal governance that complements formal representative government with a system of participatory governance.

eMadlangeni Local Municipality has a functional Public Participation office which convene meetings in all Wards as per the unit calendar. The unit has developed the Policy on Ward Committee Establishment and Operations and it was adopted by Council.

There are 60 Ward Committee Members within the Municipality (10 per Ward) and they are no vacant posts all receiving a stipend of R1200 per month.

OPERATION SUKUMA SAKHE

The War Room meetings are convened in all 6 wards within the eMadlangeni Local Municipality. All war rooms are functional. The Local Task Team (LTT) visits the war rooms quarterly for support and further interventions. The War room Chairperson reports to the LTT once a month. The war room meetings are attended by Sector Departments,

CCGs, CDWs, Ward Committee Members, CWP, Forum members i.e. Disability Forum, Senior Citizens Forum, Women's Forum, Men's Forum, Child Care Forum as well as Traditional Leaders and Faith Based Organizations. Ward Councillors champion the war room meetings.

WARD COMMITTEE FUNCTIONALITY

The Ward Committee functionality verification results were reported at 100% for the 2023/2024 financial year. The Ward Committee functionality assessment criteria is as follows:

- Annual Target of 72 meetings was achieved for the quarterly meetings per ward.
- Annual Target of 1 Imbizo Meetings was achieved
- Annual Target of 720 Reports Submitted by ward committies.

CoGTA conducted the ward committee functionality assessment and the municipality achieved 100% in terms of functionality.

FUNCTIONALITY RESULTS OF EACH WARD PER QUARTER IN 2023/2024 FINANCIAL YEAR

WARD	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER	CHALLENGES
1	Functional	Functional	Functional	Functional	There were no challenges encountered for the year 2023/24.
2	Functional	Functional	Functional	Functional	
3	Functional	Functional	Functional	Functional	
4	Functional	Functional	Functional	Functional	
5	Functional	Functional	Functional	Functional	
6	Functional	Functional	Functional	Functional	

Interventions by the Municipality to sustain the functionality

- The Public Participation Practitioner is dedicated and ensures that all the ward committee functionality assessment elements are met
- The Public Participation Practitioner ensures that ward committee members attend the quarterly ward committee meetings for debriefing, so that they will be able to serve their communities better.
- Ward committee schedules for meetings, warroom meetings and public meetings are made available to all ward committee members and ward councilors.
- Ward Based Plans and Ward Committee Operational Plans were compiled and adopted by Council
- Ward Committees were inducted on Code of Conduct, Roles and Responsibilities and ward committee functionality assessment process
- Ward Committee Members attend workshops, trainings and sector meetings conducted by various stakeholders in order to deepen their knowledge on public participation programs and to also improve their report writing skills.

COMPONENT B

INTERGOVERNMENTAL RELATIONS

The Intergovernmental Relations Framework Act No 13 of 2005 was promulgated to establish a framework for the National, Provincial and Local governments in order to ensure, amongst other, things the:

- Promotion and facilitation of intergovernmental relations;
- Provision for mechanisms and procedures to facilitate the settlement of intergovernmental disputes; and
- Provision for matters connected therewith.

The objective of the Act is based on the principle of co-operative governance as set out in Chapter 3 of the Constitution. The Act also aims to facilitate co-ordination in the implementation of policy and legislation including:

- Coherent government;
- Effective provision of services;
- Monitoring implementation of policy and legislation; and
- Realization of national priorities.

IGR ensure co-operative governance and to implement wall to wall development. This municipality participated in the following IGR Forum meetings that sat at District Level, wherein matters that were cross-boundary were discussed and the invited, relevant sector departments gave inputs on other technical matters:

- The Mayors Forum
- The Municipal Manager's Forum
- The Planning Forum
- The Infrastructure Development Forum
- The LED Forum
- The Corporate Services Forum
- Financial Management Forum

The Municipality also participates in other structures such as the forum of municipalities and members of the Executive Councils, the Speaker's Forum in Legislature and the Premier's Monitoring & Evaluation Committee. Participation in these committees ensures that planning is undertaken in line with National, Provincial & District Priorities and key strategic documents.

EMadlangeni Local Municipality has the following Intergovernmental Relations Structures in place:

Intergovernmental Relations Forum	Objective of the Function	Functionality
IDP Representative Forum	The purpose of the forum is to serve as a platform where the eMadlangeni Municipality meet with the sector departments, private organizations, business, NGO's and CBOs to discuss developmental issues that affect the municipality	Yes
Planning and Development	The purpose of the forum is to co-ordinate planning. EMadlangeni Municipality does not have its own forum but seats at the district as the Amajuba District Municipality has established the forum where the district family of municipality engage to ensure communication amongst the various planning and development within the district is undertaken in a holistic way.	Yes
IDP Technical Committee	<p>This Committee is situated at the district level and the local municipalities participate on it. The purpose of this forum is:</p> <ul style="list-style-type: none"> • Streamline planning process; • Combating socio-economic ills in a strategic and coordinated manner 	Yes

	<ul style="list-style-type: none"> • Put forward a plan of action that will enjoy political buy-in at levels • Unifying the channelling of both private and public sector investments 	
LED Forum	Local Economic Development is one of the key programmes that exist in eMadlangeni area. Therefore the purpose of the committee is to monitor and assess LED projects and also discuss LED issues	Yes
Disaster Management Advisory Forum	The purpose of the forum is to implement, monitor and co-ordinate all disaster management related issues within eMadlangeni area by ensuring improved and continued communication.	Yes

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.5 PUBLIC MEETINGS

2.5 IDP PARTICIPATION AND ALIGNMENT

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

2.6 IDP PARTICIPATION AND ALIGNMENT

EMadlangeni Local Municipality also ensured that public engagements are taken into account to align with relevant legislations, ward based planning is a priority in this Municipality to ensure inclusive governance. The IDP/Budget Roadshow took place on the 16th of April 2024 at Bensdorp Sport Field. The LM had a joint Imbizo with the Amajuba District Municipality. The Mayor of the District also presented the IDP and Budget for the District. Community members from all 6 wards within eMadlangeni were transported to the venue to attend the Imbizo. They got a chance to engage with the Principals and offered an opportunity to present inputs and recommendations concerning the IDP and Budget.

COMPONENT D: CORPORATE GOVERNANCE

2.7 RISK MANAGEMENT

Risk Management forms a critical part of eMadlangeni municipality strategic management. It is the process whereby the eMadlangeni municipality both methodically and intuitively addresses the risks attached to the strategic objectives and activities of the municipality. The goal is to ensure the achievement of strategic objectives as well as the sustained benefit within each activity and across the portfolio of activities. Risk management is therefore recognised as an integral part of sound organisational management and is being promoted internationally and in South Africa as a good practice applicable to the public and private sector.

Objectives of Risk Management

The purpose of Risk Management at eMadlangeni municipality is to, among others provide the following:

- Advance the development and implantation of modern management practices and to support innovation through the eMadlangeni municipality.
- Contribute in building a risk smart workforce and environment that allows for innovation and responsible risk taking while ensuring legitimate precautions are taken to protect the public interest, maintain public trust, and ensure due diligence.
- Provide a comprehensive approach to better integrate risk management into strategic decision making.
- To provide guidance to Accounting Officer, Executives Authorities, Management and staff when overseeing or implementing the development of processes, systems and techniques for managing risk, which are appropriate to the content of the district.

The municipality has a risk management framework and policy in place. It also has established the risk management committee to oversee risk management process. The risk committee also considered the risks in the risk profile of the municipality and the action plans that have been put in place to ensure that those risks do not materialise.

The objectives of the Risk Management Committee (RMC) are:

To assist the Municipal Manager in discharging his or her accountability for risk management by reviewing the effectiveness of the municipality's risk management systems, practices and procedures, and providing recommendations for improvement.

Review the risk management policy and strategy and recommend for approval by the Accounting Officer.

Review and assess the integrity of the risk control systems and ensure that the risk policies and strategies are effectively managed.

Set out the nature, role, responsibility and authority of the risk management / risk officer function within the institution and outline the scope of risk management work;

Monitor the management of significant risks to the municipality, including emerging and prospective impacts;

Review any legal matters, together with the legal advisor, that could have a significant impact on the institution;

Review management and internal audit reports detailing the adequacy and overall effectiveness of the Municipality's risk management function as well as its implementation by management, reports on internal control and any recommendations, and confirm that appropriate action has been taken.

The RMC Meetings were successfully held during the 2023/24 Financial year on the following dates:

1. 29 September 2023
2. 08 December 2023
3. 17 May 2024

The following policies were approved by the Risk Management Committee (RMC) and adopted by Council are:

- **Risk Management Strategy**

1.The principles contained in this strategy will be applied at both strategic/organisational and operational levels of ELM. The strategy will also consider both internal and external risks and will include risks such as projects risks, interdepartmental risks, stakeholder risks, political risks etc.

2.Our positive approach to risk management means that we will not only look at the risk of things going wrong but also risks relating to not taking advantage of opportunities or not capitalizing on our inherent strengths as the municipality.

3.All risks and risk management activities will be aligned to the ELM's values and principles, strategic, functional and operational objectives, processes and procedures underpinning the business environment of ELM. This implies that risk management will not be performed in a vacuum or as an event, but it will be embedded to the strategy and operational day-to-day processes of ELM.

- **Risk Management Framework**

The purpose of the ERM framework is to provide a comprehensive approach to better integrate risk management into strategic decision-making; and

- Provide guidance for accounting officers, managers and staff when overseeing or implementing the development of processes, systems and techniques for managing risk, which are appropriate to the context of the municipality or municipal entity.
- Advance the development and implementation of modern management practices and support innovation throughout the Public Sector;

- Contribute to building a risk-smart workforce and environment that allows for innovation and responsible risk-taking while ensuring legitimate precautions are taken to protect the public interest, maintain public trust, and ensure due diligence.

- **Risk Management Policy**

We expect the following benefits in adopting this enterprise risk management policy and effectively implementing the Enterprise Risk Management Framework:

- Aligning risk appetite and strategy
- Pursuing Municipal objectives through transparent identification and management of acceptable risk
- Providing an ability to prioritise the risk management activity
- Enhancing risk response decisions
- Reducing operational surprises and losses
- Identifying and managing multiple and cross-enterprise risks.
- Seizing opportunities
- Improving deployment of capital
- Ensuring compliance with laws and regulations
- Increasing probability of achieving objectives

- **Anti-Fraud and Corruption Prevention Strategy**

In terms of Section 83 (c) of the Municipal Systems Act (MSA) Act 32 of 2000, if a municipality decides to provide a municipal service through service delivery agreement with a person referred to in section 80 (1) (b), it must select the service provider through selection processes which minimize the possibility of fraud and corruption.

EMadlangeni Local Municipality has the following strategies in place to prevent corruption, fraud and theft:

The Anti-Corruption Strategy and Fraud Prevention Plan have been developed as a result of the expressed commitment of Government to fight corruption. It complements the National Anti-Corruption Strategy of the country and supplements both the Public Service Anti-Corruption Strategy and the Local Government Anti-Corruption Strategy.

The Policy is also established to give effect to the various legislative instruments relating to fraud and corruption. In addition, the Policy provides guidelines as to how to respond should instances of fraud and corruption be identified.

Fraud and corruption manifests itself in a number of ways and varying degrees of intensity. These include, but are not limited to:

- unauthorised private use of municipal assets, including vehicles;
- falsifying travel and subsistence claims;
- conspiring unfairly with others to obtain a tender;
- disclosing proprietary information relating to a tender to outside parties;
- accepting inappropriate gifts from suppliers;
- employing family members or close friends;
- operating a private business during working hours;
- stealing equipment or supplies from work;
- accepting bribes or favours to process requests;
- accepting bribes or favours for turning a blind eye to a service provider who does not provide an appropriate service;
- submitting or processing false invoices from contractors or other service providers;
- misappropriating fees received from customers, and avoiding detection by not issuing receipts to those customers;
- misappropriation of Municipal funds;
- falsifying accounting records or documents
- falsifying consumer debtors accounts or amending such accounts without authority;

Fraud represents a significant potential risk to the Municipality's assets and reputation. The Municipality is committed to protecting its funds and other assets. It is the policy of the Municipality that fraud, corruption, maladministration or any other dishonest activities of a similar nature is not to be tolerated. Such activities will be investigated,

where required, and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative actions and the institution of recoveries where applicable. This Policy includes prevention, detection, response and investigative strategies.

Risk Management Implementation Plan

The Risk Management Implementation Plan (RMIP) forms part of the Risk Management Framework of the Municipality and must therefore be read in conjunction with inter-alia; the Risk Management Strategy and Policy, the Anti-Fraud and Corruption Strategy and Policy, Loss Prevention and Management Policy, Business Continuity Plan.

The Risk Management Implementation Plan describes how the Risk Management Strategy and Policy, the Anti-Fraud and Corruption Strategy and Policy, Loss Prevention and Management Policy, Business Continuity Plan are to be implemented during the 2024/25 financial year.

2.9 SUPPLY CHAIN MANAGEMENT

In terms of Local Government: Municipal Finance Management Act 2003 Municipal Supply Chain Management Regulation, each municipality and each municipal entity must in terms of Section 111 of the Municipal Finance Management Act 2003 have and implement a supply chain management policy that is fair, equitable, transparent, competitive, cost effective and is consistent with other applicable legislation.

The accounting officer of a municipality or municipal entity must at least annually review the implementation of the policy and when the accounting officer considers it necessary, submit proposals for the amendment of the policy to the council.

The accounting officer of a municipality or municipal entity must promptly prepare and submit a draft supply chain management policy complying with regulation 2 to the council of the municipality for adoption.

EMandlangeni Local Municipality Supply Management Policy was approved and adopted by council on 30 April 2024.

2.10 BY-LAWS

The following is the list of Policies and By-laws which are kept by the Municipality:

TABLE: STATUS OF MUNICIPAL POLICIES AND BY-LAWS

POLICIES	STATUS
Recruitment, Selection and Placement Policy	Adopted and implemented
Delegation Framework	Under Review
Skills Development Policy	Adopted and implemented
Acting Policy	Adopted and implemented
Leave Policy	Adopted and implemented
Overtime Policy	Adopted and implemented
Payroll Policy	Adopted and implemented
Car Allowance policy	Adopted and implemented
S & T Policy	Adopted and implemented
Performance Management and Development System	Adopted and implemented
Delegation Policy	Under Review
Budget Policy	Adopted and implemented
Council Vehicle Policy	Adopted and implemented
Virement Policy	Adopted and implemented
Supply Chain Management Framework	Adopted and implemented
Remuneration Policy	Adopted and implemented

POLICIES	STATUS
Indigent Policy	Under Review
Re-imbursement Policy	Adopted and implemented
Travel and Subsistence	Adopted and implemented
Communication Strategy	Adopted
Communication policy	
Property Rates Policy	Adopted and implemented
Building works, Building Plans, completion: Policies and Procedures	Adopted and implemented
Ward Committee Establishment Policy	Adopted and implemented
HIV/AIDS and Chronic Illness Policy	Adopted
Language Policy	Adopted
Contract Management Policy Framework Procedural Manual Contract Management Policy	Adopted

MUNICIPAL BY-LAWS	STATUS
Outdoor Advertising Municipal By-Laws	Adopted and gazetted
Keeping of Animals and Birds Municipal By-Laws	Adopted and gazetted
Keeping of Dogs Municipal By-Laws	Adopted and gazetted
Cemeteries, Cremation and Undertakers Municipal By-	Adopted and gazetted

MUNICIPAL BY-LAWS	STATUS
Laws	
Credit Control Municipal By-Laws	Adopted and gazetted
Electricity Supply Municipal By-Laws	Adopted and gazetted
Tariff Policy for Indigent Persons Municipal By-Laws	Adopted and gazetted
Municipal Public Transport Municipal By-Laws	Adopted and gazetted
Property Encroachment Municipal By-Laws	Adopted and gazetted
Environment Municipal By-Laws	Adopted and gazetted
Fire Prevention Municipal By-Laws	Adopted and gazetted
Parking Areas Municipal By-Laws	Adopted and gazetted
Pollution Control Municipal By-Laws	Adopted and gazetted
Pound Municipal By-Laws	Adopted and gazetted
Public Amenities Municipal By-Laws	Adopted and gazetted
Public Roads Municipal By-Laws	Adopted and gazetted
Rules and Orders of Municipal Councils and Committees By-Laws	Adopted and gazetted
Storm Water Management Municipal By-Laws	Adopted and gazetted
Street trading Municipal By-Laws	Adopted and gazetted
Dumping and Littering Municipal By-Laws	Adopted and gazetted
Abattoir Municipal By-Laws	Adopted and gazetted
By-Laws Relating to the Control over Buildings	Adopted and gazetted

2.11 WEBSITE

The importance of the Website is outlined in MFMA regarding documents which should be published on the Website. It is monitored by National Treasury as part of compliance. Municipal Website is updated regularly to ensure that all information required by the Municipal Finance Management Act and other legislation are promptly and appropriately displayed on the Website.

EMadlangeni Website is one of a variety of communication tools available in the Municipality. Municipal website fulfils one or more of the following functions:

A. Publishing tool.

Following are the compliance documents that were published in 2023/2024 financial year.

- Performance Contracts
- Annual Budget
- Adjusted Budget
- Service Delivery and Budget Implementation Plan
- IDP Reviewed Document
- SDF Reviewed Document
- Annual Report
- Budget related policies
- Vacancies and Careers
- Adverts (Tenders)
- Supplier database registration
- Annual Financial Statements
- Annual Performance Report
- Intention to award
- Rates and Tariffs

- By-Laws and Policies
- Council resolutions
- MFMA Section 52 (d) Reports

B. Marketing tool.

Providing Tourism related issues with the aim of attracting tourist on visiting the Balele Game and Caravan Park.

C. Transactional tool.

It allows the community to exchange all the information necessary to support a transaction of any kind e.g. Rates, Tariffs, supplier database registration etc. Municipal website is updated on on-going basis by IT Unit.

2.11.1. Annual Licenses Renewal

The following systems' licenses were renewed to ensure continuous ICT services with the municipality.

- **Sage Evaluation 11** for daily accounting transactions
- **PayDay HR and Payroll** to perform daily payroll and HR duties.
- **Sophos antivirus and firewall** to safeguard the municipal network against cyber threats.
- **Perception Point** to secure the municipal domain and emails against cyber threats
- **Office 365** to access daily productive tools, cloud storage and file security
- **CaseWare** for financial reporting, tax, audit and assurance.

2.1.1.2 Hardware Procurement

Thirteen (13) laptops were purchased to allow end-users to perform their office duties.

2.1.1.3 New Contracts

The municipality entered a twelve-month contract with Imvula Technologies to provide internet.

2.1.1.4 Adopted/Reviewed Policies

The following ict related policies were reviewed by the council during the 2023/24 financial year.

- **ICT policy** to governs the use of information and communication technologies (ICT) in the municipality.
- **ICT Governance Framework** to provide a framework for the development, implementation, and evaluation of ICT.
- **ICT Disaster Recovery Plan (DRP)** to helps the municipality recover and continue operations after a disaster that impacts its IT infrastructure.

2.12 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The Municipality did not conduct public satisfaction on municipal services in 2023/2024, however, the municipality is currently in the process of assembling a team that will verify public satisfaction in order to guarantee that this exercise is carried out and that the municipality is aware of the needs of the communities.

2.13 ALL MUNICIPAL OVERSIGHT COMMITTEES

The Municipality has Oversight Committees that are fully established and they are fully functional because Oversight Committee meetings are convened as per their adopted calendar on the quarterly basis. All Committees report to Municipal Council as the mother body structures that exist in the Municipality. The Committees are broadly discussed as follows: committies commitees

The Performance Audit Committee has been well functioning and has been sitting in each quarter as per its Terms of Reference. In Quarter 4 this indicator was not achieved because the Audit committee meeting scheduled for June was postponed to unforeseen circumstances. The meeting was scheduled for July 2024.

The oversight role of Council is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between Council, the Executive Committee and Administration. In the case of eMadlangeni Municipality the Executive Committee was established after August 2016 elections as the Municipal

Council moved from Plenary to Collective Council which allows the Municipality to establish an Executive Committee. Good governance, effective accountability, and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

The Municipal Finance Management Act, No.56 of 2003 (MFMA) vests in Council specific powers of approval and oversight:

- Approval of budgets;
- Approval of Budget related policies;
- Review of the Annual Report and adoption of the Oversight Report;
- Invite, receive, and consider inputs from Councillors and Portfolio Committees, on the Annual Report;
- Consider written comments received on the Annual Report from the public consultation process;
- Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report;
- Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report and
- Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

EMadlangeni Local Municipality 2023/24 Annual Performance Report

PERFORMANCE MANAGEMENT PROCESS

The Municipality has an adopted Performance Management Framework in place which sets out the process that must be followed by the organization in the formulation of performance criteria that the Municipality should use in the establishment of performance management.

3.1 THE MUNICIPALITY REPORTS AS FOLLOWS:

- Management Committee (MANCO) meetings were held on monthly basis as it is stipulated law. All items to be submitted to Council structures are also tabled to MANCO for further comments and recommendations before they are forwarded to respective Portfolio Committees, EXCO and Council.
- Quarterly Departmental PMS reports are submitted to the Internal Auditors for review
- Audited report goes to the Audit Committee; please note that eMadlangeni Municipality have the fully functional Performance Audit Committee which oversees all the municipal performance.
- The municipality then compile the Annual Performance Report based on the performance plans, scorecard as well SDBIP that were submitted throughout the financial year. The Annual Performance Report is then submitted to the Internal

Audit and Performance Audit Committee before it is submitted to the relevant stakeholders.

3.2 PERFORMANCE AND SUPPORTING INFORMATION

The municipal scorecard which forms part of this report unpacks the 5 Key Performance Area's and the municipal targets as well as achievements of the municipality. This report also reflects 2021/22 scorecard which will ensure that the comparison between the year in report and the previous year. EMadlangeni Integrated Development Plan contains priorities and these priorities are cascaded to performance management and are measured by the progress made with the timeframes allocated. The priorities are adopted by Council in the process of adopting the IDP, SDBIP as well as Scorecard. These priorities are measured through quarterly reports and tabled to Municipal Council.

3.3 PERFORMANCE AUDIT COMMITTEE

The Audit & Performance Committee was established in 2003 in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001. The Audit & Performance Committee comprises of external Members, who have changed over time as each appointment term is valid for a period of three (03) years. The eMadlangeni Municipal Council appointed the existing external Audit Committee Members to serve in the Audit & Performance Committee (APC) of eMadlangeni Local Municipality as at 01 August 2022. The appointments are effective for a period of three (03) years with effect from 01 August 2022 to 31 July 2025.

The Membership of the Committee is as follows:

- | | |
|-----------------------------|-----------------------------|
| • Mr. Buhle Dhlamini | Audit Committee Chairperson |
| • Advocate Jabulani Mhlongo | Audit Committee Member |
| • Ms. Thandeka Ndlovu | Audit Committee Member |
| • Mr. Velaphi Kubeka | Audit Committee Member |

The Audit & Performance Committee meets on a quarterly basis throughout the financial year to ensure compliance with relevant legislation, procedures and to consider the quarterly performance achievements reported in the Operational Performance Management Systems (OPMS) Scorecard/Top Layer SDBIP as well as the performance achievements reported in terms of the Departmental Service Delivery Budget Implementation Plan.

The Audit & Performance Committee convened on the following dates throughout the 2023/24 financial year:

- 25 August 2023
- 30 August 2023

- 27 September 2023
- 01 December 2023
- 19 February 2024

The Draft Annual Performance Report for the 2023/24 financial year was submitted to the Internal Audit Unit on 16 August 2024 and subsequently submitted to the Audit & Performance Committee on 20 August 2024. The Audit & Performance Committee convened on 23 August 2024 to process the report prior to the Council meeting held on 29 August 2024 to note and consider the annual performance achievements reported in the OPMS Scorecard/Top Layer SDBIP for the completed 2023/2024 financial year. The Quarterly PMS reports for the 2023/2024 financial year were prepared and submitted to the Internal Audit Activity for review. Internal Audit reports were discussed with Performance Management Systems Unit prior to tabling the reports to the Audit & Performance Committee for consideration.

3.4 EVALUATION PANEL PERFORMANCE

The process of establishing the performance evaluation panel is complete. The item requesting the appointment of the panel was tabled and approved by council. The municipality is executing the function.

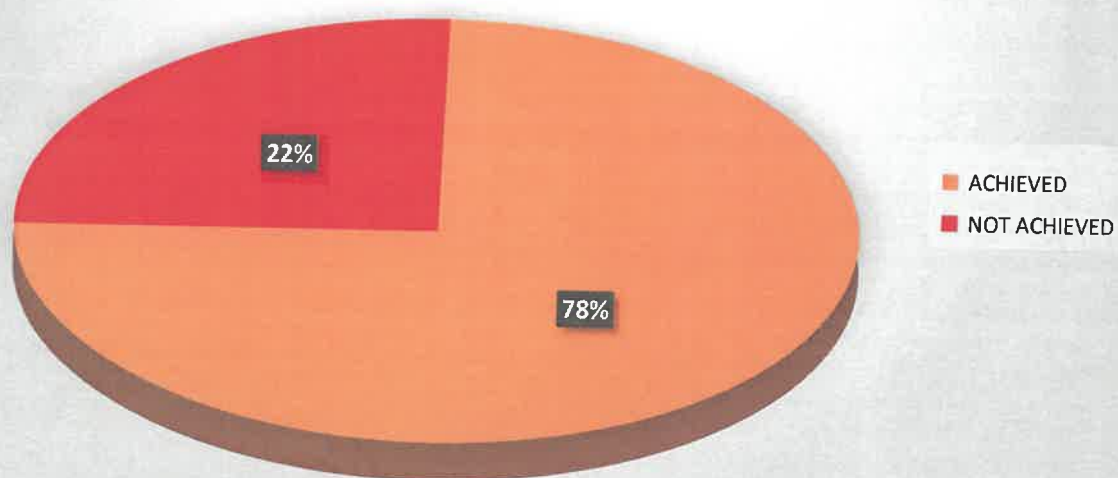
Evaluation of the Municipal Manager	Evaluation of Employees reporting directly to the Municipal Manager
<ol style="list-style-type: none">1. Mayor of eMadlangeni Local Municipality2. Chairperson of the Performance Audit Committee.3. EXCO member4. Municipal Manager from Amajuba District Municipality/ Manager from any other Municipality within the District.5. Member of a ward committee as nominated by the Mayor or Speaker.	<ol style="list-style-type: none">1. Municipal Manager of eMadlangeni Local Municipality2. Member for Performance Audit Committee3. Chairperson of the Portfolio Committee responsible for Department (EXCO)4. Municipal Manager from Newcastle Local Municipality/Manager from any other Municipality within the District.

3.5 KEY PERFORMANCE MEASURES

This report includes highlights from the key performance measures included in the 2022/2023 IDP, which constitute the Municipal Scorecard for the 2023/2024 financial year

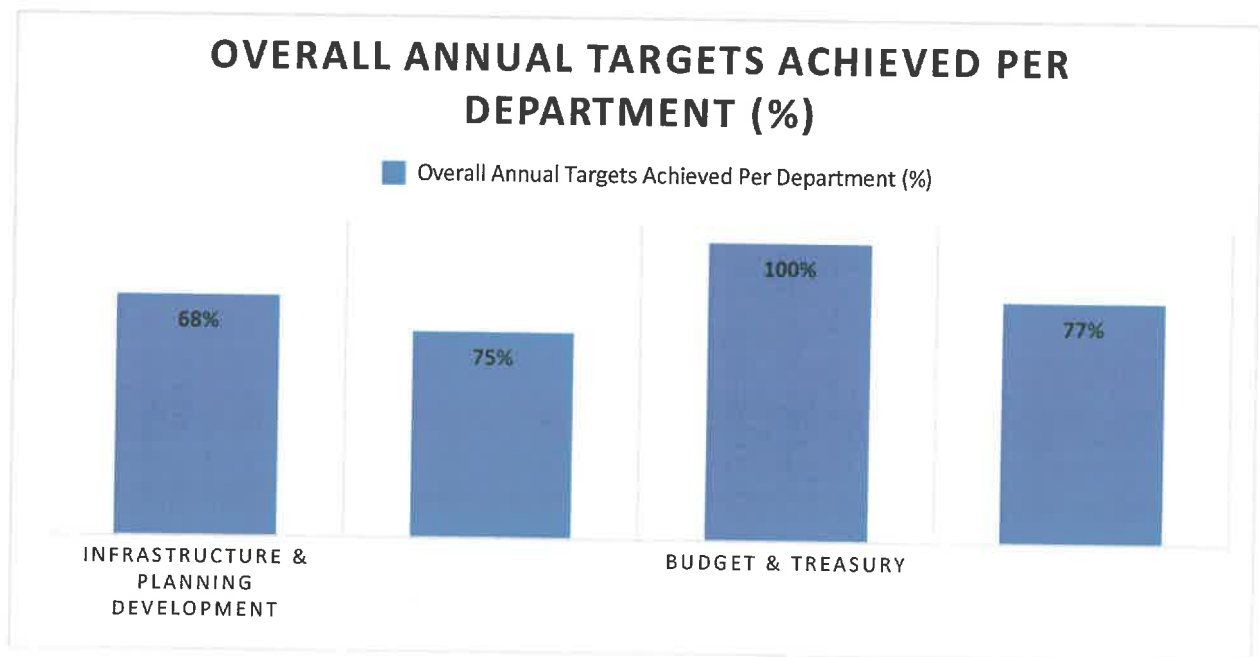
KEY PERFORMANCE AREAS	TOTAL NO. OF ANNUAL TARGETS	TOTAL NO. OF TARGETS ACHIEVED	TOTAL NO. OF TARGETS NOT ACHIEVED	PERCENTAGE OF TARGETS ACHIEVED
BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT	31	23	8	74%
MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	15	9	6	60%
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT	17	17	0	100%
GOOD GOVERNANCE & PUBLIC PARTICIPATION	29	22	7	76%
LOCAL ECONOMIC & SOCIAL DEVELOPMENT	5	5	0	100%
OVERALL 2023-24 ANNUAL PERFORMANCE	97	76	21	78%

OVERALL PERFORMANCE FOR THE 2023/24 FINANCIAL YEAR



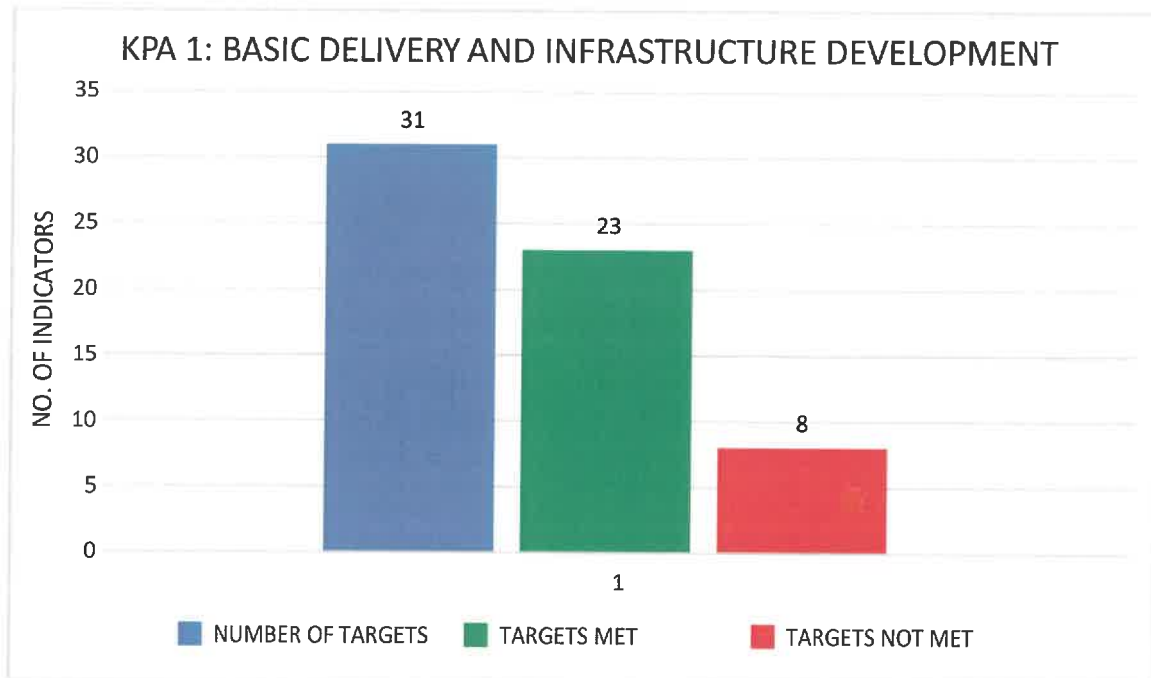
OVERALL ANNUAL PERFORMANCE PER DEPARTMENT

DEPARTMENT	TOTAL NO. OF ANNUAL TARGETS	TOTAL NO. OF TARGETS ACHIEVED	TOTAL NO. OF TARGETS NOT ACHIEVED	PERCENTAGE OF TARGETS ACHIEVED
INFRASTRUCTURE & PLANNING	25	17	8	68%
CORPORATE & COMMUNITY SERVICES	24	18	6	75%
BUDGET & TREASURY	17	17	0	100%
OFFICE OF THE MUNICIPAL MANAGER	31	24	7	77%



3.5.1 KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

The overall performance of KPA 1 was achieved at 71%.



The municipal planning tribunal remains functional. The Department received 11 Development Applications, which is a satisfactory number in an area similar to that of eMadlangeni Local Municipality. The unit continues to issue contravention notices to ensure compliance with the scheme. The unit has promoted shortened land use applications in line with the Spatial Planning and Development act read together with the Spatial Development Framework in Berouw and New Look, and has seen a huge improvement in the submission of Land development applications.

The unit is faced with a challenge of having a backlog of Land Development applications as the position of the Senior Town Planner remains vacant. A number of applications are received however are not processed accordingly within the legislated timeframe which affects the processing of the land development applications. According to schedule 2 of the eMadlangeni municipal planning and Land use bylaws

The Manager Planning cannot process and approve these application as a sole person as there are clear designation of powers the municipality needs to look into the filling of the position as it is affecting a core function of the planning unit as a revenue generating unit.

The Building Control Unit received 23 building plans 16 approved and 7 pending approval which is a stagnant number for the past years. The unit conducted two awareness campaigns educating residents on the importance of submitting building plans, building stages which inspections are requires and how and why compliance certificates are issued. The unit continues to issue contravention notices even though the issuing of compliance certificate remains an unresolved problem.

In terms of compliance with the Spatial Planning and Land Use Management Act, the municipality has developed a Spatial Development Plan as an annexure to the SDF.

3.5.1.1 KEY HIGHLIGHTS

The MEC of Human Settlements officially handed over 57 Title deeds on the 19th of March 2024. The residents of Khayaletu now enjoy the benefits of being title deed holders.

The Department of Human Settlements has appointed BDSCM Holdings (Pty) Ltd for the Khayaletu Extension project, which remains in the planning stage as consultants are busy with investigations of the feasibility of the extension.

3.5.1.2 PORTION 7 OF 2 OF THE FARM NO 53 WELTEVREDEN (BALGRAY).

The Provincial Department of Human Settlements has appointed Delton Projects (PTY) LTD to undertake stage 1 activities listed below for the Balgray Housing Project consisting of 300 units:

- Land assessment
- Bulk services investigation and obtaining service level agreement with district municipality

- Geotechnical Investigation
- Environmental Assessment
- Town Planning
- Social Facilitation
- Socio-economic issues
- Floodline Determination
- Civil engineering
- The provision of informal Settlement Upgrade Plan

The project is currently underway and will assist the municipality in formalising Portion 7 of 2 of the Farm No 53 Weltevreden (Balgray). The Municipality needs to put up infrastructure services plans for this property, as there is no electricity connection.

3.5.1.3 ERF 739

The municipality owns Erf 739. The Provincial Department of Human Settlements has appointed Stedone Developments (PTY) LTD to undertake stage 1 activities listed above for creating 300 vacant serviced sites. This project is a major highlight for the municipality because the sites will cater for middle to high-income earners.

3.5.1.4 SPATIAL DEVELOPMENT FRAMEWORK (SDF)

The unit reviewed the Spatial Development Framework in-house. The review focused on ensuring compliance with the Spatial Planning and Land Use Management Act and included a written and spatial representation of a five-year spatial development plan for the spatial form of the municipality, and population growth estimates for the next five years amongst other matters.

The Amajuba District Municipality GIS Unit assisted in mapping required information. We look forward to the MEC's comments as major alignment to the Spatial Planning and Land Use Management Act was complied with.

The SDF lacks efficient environmental management, there is no alignment with the District Municipality Environmental Management Framework and has little to no interventions

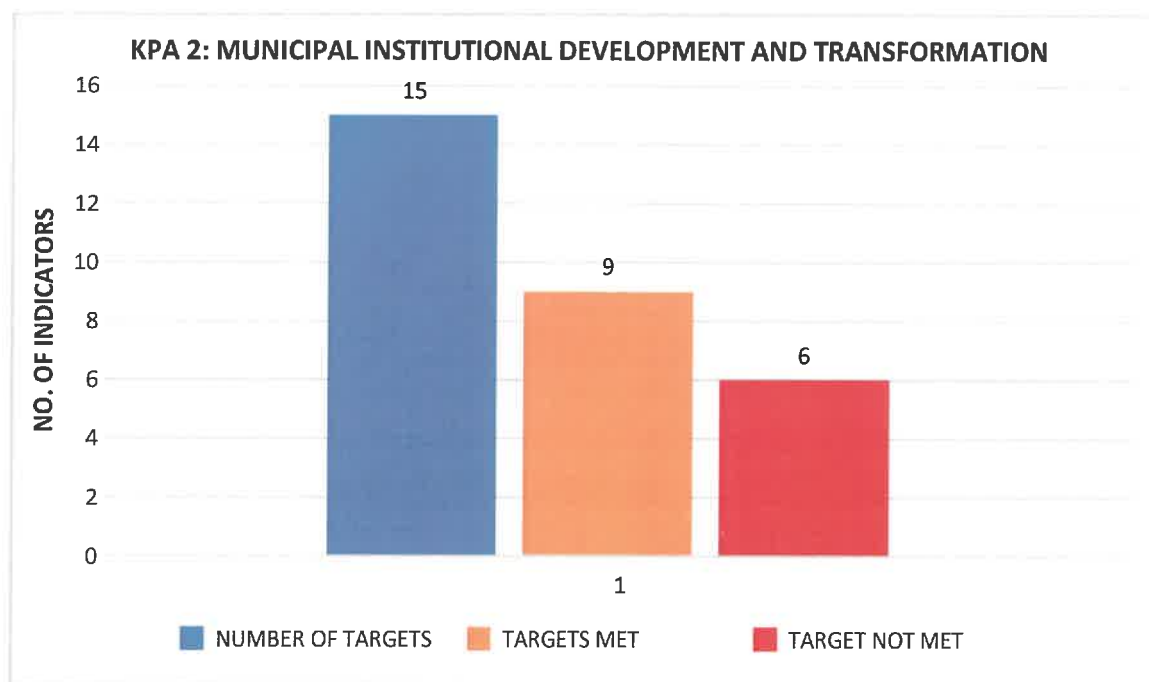
related to the environmental climate change issues which is a great concern as the municipal area is environmentally sensitive. It should be noted with concern that the municipality should consider appointing an environmental officer to ensure that environmental concerns and challenges are taken into consideration and addressed.

3.5.1.5 CHALLENGES

- Quantification of engineering services for both 5 years and 20 years' period should be undertaken.
- Absence of an environmental officer in the vacant post.
- Enforcing building penalties, summons on illegal buildings and issuing of contravention notices remains a major concern.
- The issuing of compliance certificate which affects rates charges.
- The Municipality needs to consider training and appointing Peace Officers to assist with the issuing of contravention notices.

3.6 **KPA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION**

The overall performance of KPA 2 was achieved at 60%.



Municipal Training Committee has been established and had its first sitting on the 25th April 2024.

The municipality compiled the Work Skills Plan and submitted the Annual Employment Equity Report.

The following policies were approved and adopted by Council in the 2022/2023 financial year for implementation in 2023/24:

- Recruitment and Selection policy
- Payroll policy
- Car Allowance policy
- Skills Development Policy
- Leave policy
- Overtime policy
- S & T policy
- Telephone policy
- Records Management policy

- Acting Policy
- Fleet Management Policy

The municipality has developed the Performance Management and Development System (PMDS) Policy for adoption by Council. The Policy aligns with the Municipal Staff Regulations and it compels all employees' performance be assessed on annual basis. It has been cascaded to Managers and Officers, Performance Agreement has been signed.

The municipality received the Local Government Sector Education Training Authority (LGSETA) Mandatory Grant of R12 766.29 for the financial year 2023/2024 to cover trainings. However, the grant could not cover the Work Skills Plan training priorities therefore the municipality had to rely on FMG grant for finance related courses and the Municipal Skills Development funds for other trainings. The municipality has engaged other SETA's in order to address the skills gaps.

The municipality reviewed the Organogram and the Community Services department is now split across the OMM, CS as well as I&PD departments. Only Five (05) positions that were funded for the year 2023/2024. The municipal council resolved that some vacant positions remain unfunded in order to maintain the 40% Equitable share budget threshold.

3.6.1 PERFORMANCE HIGHLIGHTS

- Majority of meetings and trainings were held on virtual platforms (Zoom or Microsoft Team) and some were held physical.
- Six (06) appointments were made during the financial year. There are nine (09) interns across various departments. Five (5) appointed through the Municipal Financial Management Internship Programme and thirteen (13) seconded by COGTA. Out of the 13, four (04) interns are no longer with the municipality. The total number interns seconded by COGTA who remains with the municipality is nine (09)
- All Councillors attended the Standing Rules and other policy workshops.
- The attrition rate had improved (5 retirements, 2 resignations 1 Deceased)

3.6.2 CHALLENGES

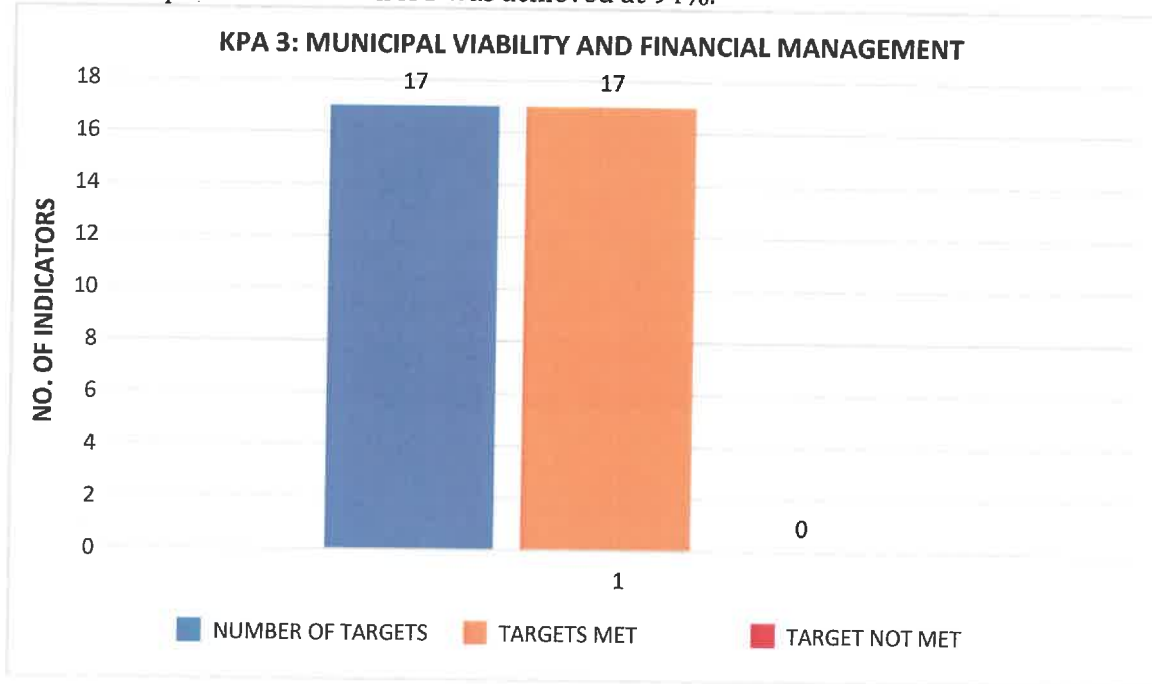
- Budgetary constraints resulted in limited trainings
- Some critical positions are unfunded on the organogram

3.6.3 MEASURES TAKEN TO IMPROVE PERFORMANCE

- Source the external funds for trainings from different SETA's.
- Critical positions to be filled as and when funds permit on an incremental basis.

3.7 KPA 3: MUNICIPAL VIABILITY AND FINANCIAL MANAGEMENT

The overall performance of KPA 3 was achieved at 94%.



3.7.1 PERFORMANCE HIGHLIGHTS FOR 2023/24

- The municipality has obtained an unqualified Audit opinion in the previous financial year 2022/23.
- The qualifying matters have decrease from seven to two in the past financial year.
- The municipality has continued assisting with social packages (indigent) to poor households or households facing other circumstances that limit their ability to pay for services, the cost of the social package of registered indigent households is largely

financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

3.7.2 CHALLENGES

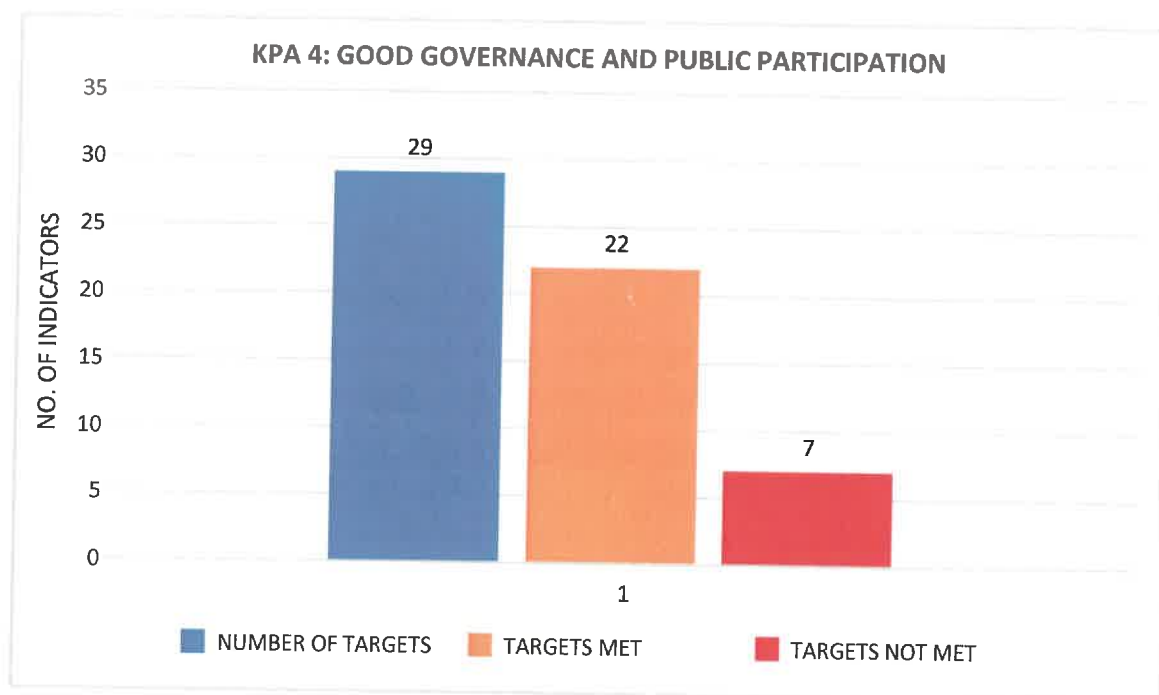
- The electricity distribution losses are above the benchmark of 3%-7%.
- The municipality is facing a large amount of debtors' book as at the end of 2023/2024 financial year.
- The municipality was not able to collect revenue as anticipated, thus affecting the timely payment of suppliers which ultimately lead to municipality incurring an unauthorized expenditure.
- Budget and Treasury Office has limited staff which affect the full functioning of the finance department.
- The municipality approved an unfunded budget as a result of (amongst others) previous financial commitments, limited equitable share allocation. In this regard the municipality also approved a budget funding plan to address all shortcomings of the unfunded budget. The budget funding plan is monitored and reported on a quarterly basis by council and provincial Treasury.

3.7.3 MEASURES TAKEN TO IMPROVE PERFORMANCE

- To improve and enhance performance, the Budget and Treasury office holds departmental meetings on a monthly basis. The departmental scorecard is a standing item on the agenda to ensure that department delivers on all its set targets. Each unit within the department is required to report on the allocated Key Performance Indicators during these meetings.
- The mechanism ensures units that are underperforming are detected and corrective measures are taken timely.
- CoGTA has been instrumental in supporting the municipality to recover debt owed by government departments.

3.8 KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATIONS-PUTTING PEOPLE FIRST

The overall performance of KPA 4 was achieved at 76%.



3.8.1 PERFORMANCE HIGHLIGHTS

The information below aims at providing insight of the functions that the Public Participation Unit undertakes on annual basis. These include activities such as Ward Committee meetings, assessments and trainings to ensure that the wards remain functional, engagements with different stakeholders and sectors IDP/BUDGET Roadshows (Izimbizo) and engagements that ensures interaction with the Municipality.

3.8.2 FUNCTIONS OF WARD COMMITTEE MEMBERS

The following functions and powers have been assigned to Ward Committee Members, as contained in Section 16 and Section 59 of the Municipal Systems Act, No. 32 of 2000: Encourage and create conditions for communities to participate in:

- a) The preparation, implementation and review of the IDP;
- b) Establishment, implementation and review of Councils Performance Management System;
- c) The monitoring and review of Councils performance, including the outcomes and impact of such performance and
- d) The preparation of Councils budget
- e) Participation in the above functions means that the Ward Committee members will discharge its responsibilities by way of involvement in making inputs in the form of recommendations to Council.
- f) Additional delegated functions and powers:
 - g) Assist the ward councilor in identifying challenges and needs of residents;
 - h) Create formal unbiased communication channels and co-operative partnership between the Municipality and the community within the ward;
 - i) Ensure contact between the municipality and community through use of and payment of Services;
 - j) Create harmonious relationships between residents of a ward, the ward councilor, geographic community and the municipality;
 - k) Act as advisory body on Council policies and matters affecting communities in the ward;
 - l) Serve as officially recognized and specialized participatory structures in the municipality;
 - m) May receive and record complaints from the community within the ward and provide feedback on Councils response;
 - n) May make recommendations on any matter affecting the ward to the Ward Councillor or the Council, the EXCO and the Mayor;
 - o) May act as a resource, through which Council and its departments, Provincial and National Departments must consult with and canvass community opinions on any matter they deem necessary;
 - p) Ward Committees may also be used as resources, by non-governmental organizations and non-political organizations to consult with Ward Committees, only if they do not and will not make Council liable for any expenditure to be incurred;

- q) Ward Committees shall, within their scope of work, invite Council officials and other people with specialized knowledge to advise them on matters affecting their ward, when they deem it necessary;
- r) Ward Committees may, subject to available capacity and resources, conduct an annual satisfaction survey in order to assist the committee in the execution of its function and powers. The satisfaction survey should be administered in the ward by the Ward Committee members under the supervision of the Ward Councilor and with the administrative support of the municipality.

3.8.3 WARD COMMITTEE ASSESSMENT

The Ward Committee functionality verification results were reported at 100% for the 2023/2024 financial year. The Ward Committee functionality assessment criteria is as follows:

- Annual Target of 72 meetings was achieved for the quarterly meetings per ward.
- Annual Target of 1 Imbizo Meetings was achieved
- Annual Target of 720 Reports Submitted by ward committees.

CoGTA conducted the ward committee functionality assessment and the municipality achieved 100% in terms of functionality.

FUNCTIONALITY RESULTS OF EACH WARD PER QUARTER IN 2023/2024 FINANCIAL YEAR

WARD	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER	CHALLENGES
1	Functional	Functional	Functional	Functional	There were no challenges encountered for the year 2023/24.

2	Functional	Functional	Functional	Functional
3	Functional	Functional	Functional	Functional
4	Functional	Functional	Functional	Functional
5	Functional	Functional	Functional	Functional
6	Functional	Functional	Functional	Functional

3.8.4 MEASURES TAKEN TO IMPROVE PERFORMANCE

- The Public Participation section ensures that all the ward committee functionality assessment elements are met.
- Ward committee members signed the code of conduct guiding them to serve their communities in an ethical manner.
- The Public Participation section ensures that ward committee members attend the quarterly ward committee meetings for debriefing, so that they will be able to serve their communities better.
- All ward committee members and ward councillors can attend Ward committee schedules for meetings, WAR ROOM meetings; and public meetings.
- Ward Based Plans and Ward Committee Operational Plans were compiled and adopted by Council.
- Ward Committees were inducted on Code of Conduct, Roles and Responsibilities and ward committee functionality assessment process.
- Ward Committee Members attend workshops, trainings and sector meetings conducted by various stakeholders in order to expand their knowledge on public participation programs and improve their report writing skills.

3.8.4 IDP/BUDGET ROAD SHOWS PERFORMANCE HIGHLIGHTS

The IDP/Budget Roadshow took place on the 16th of April 2024 at Bensdorp Sport Field. The LM had a joint Imbizo with the Amajuba District Municipality. The Mayor of the District also presented the IDP and Budget for the District. Community members from all 6

wards within eMadlangeni were transported to the venue to attend the Imbizo. They got a chance to engage with the Principals and offered an opportunity to present inputs and recommendations concerning the IDP and Budget.

3.8.5 WARD COMMITTEE TRAININGS

There were no accredited trainings conducted for the year.

3.8.6 PUBLIC PARTICIPATION STAKEHOLDERS ENGAGEMENT

- Public Participation attended Legislature Public Hearing on Agriculture on the 14th of July 2023 at Newcastle Famers Hall. Two taxis were provided for the Local Municipality to attend the Hearing.
- The Amajuba District Speaker convened a District Speakers Forum on the 26th of July 2023. eMadlangeni Local Municipality Speaker attended the meeting
- The Department of Economic Development conducted a Red Tape at Utrecht Town Hall on the 15th of August 2023; Mxhakeni on the 16th of August 2023 and Ezimbuthu on the 17th of August 2023
- KZN provincial Legislature convened a Public Hearing on Conservation and Environmental Affairs on the 22nd of August 2023 at the Utrecht Town Hall. Community members were transported from all wards within the Local Municipality, 2 taxis per ward.
- KZN provincial Legislature had another Public Hearing in August at Ladysmith on the 23rd on Human Settlements, 1 taxi was provided for the community and ward 2 attended the hearing
- Provincial Disaster Management Centre (PDMC) arranged a Provincial Disaster Management Training on the 23rd of August 2023 at Mxhakeni Hall, together with the Local Municipality Disaster Management Unit and Public Participation Unit.
- Local Economic Development, Planning and Public Participation Unit attended a meeting with Department of Mineral Resources and Energy (DMRE) on the 24th of August 2023 at eMadlangeni Local Municipality Council Chamber.

- Public Participation Unit attended an Anti-Corruption Workshop on the 24th of August 2023 held at Amajuba District.
- Public Participation Unit attended Agri-village meeting on the 7th of September 2023 at Land Reform Office
- EMadlangeni Local Municipality had a Local Task Team (Sukuma Sakhe) on the 12th of September 2023, meeting was chaired by Public Participation Officer as the Deputy Chair of the Task Team.
- Public Participation Unit, Communications and Risk Officer attended a virtual workshop on the Link App held at the Council Chamber on the 13th of October 2023.
- EMadlangeni Local Municipality Disaster Management Unit convened a Municipal Disaster Management Advisory Forum (MDMAF) Meeting on the 8th of November 2023 and Public Participation Officer attended the meeting and presented her quarterly report.
- Public Participation Officer attended District Public Participation Forum chaired by Provincial Department of Cooperative Governance and Traditional Affairs (CoGTA) on the 16th of November 2023 at Amajuba District Municipality.
- The Municipal Speaker chaired a ward committee quarterly meeting on the 4th of December 2023 at the Utrecht Town Hall.
- Public Participation Officer attended the District Development Model (DDM) Social Cluster meeting on the 2nd of February 2024.
- Public Participation Officer coordinated an intervention meeting between the ward committee member in ward 2 at Khayaletu Village and the Community Committee in Khayaletu. The ward councilor was present at the meeting and the Speaker chaired the meeting.
- KZN Legislature convened a Public Hearing on National Small Enterprise Amendment Bill on the 1st of March 2024 at Utrecht Town Hall
- EMadlangeni Local Municipality Disaster Management Unit convened a Municipal Disaster Management Advisory Forum (MDMAF) Meeting on the 28th of February 2024 and Public Participation Officer attended the meeting.
- Public Participation Officer attended the DDM Social Cluster meeting on the 4th of March 2024

- Public Participation Officer, Manager Planning and Social Services Officer attended Fetal Alcohol Syndrome Workshop facilitated by the Office of the Deputy Minister Social Development on the 8th of March 2024 at Newcastle Black Rock Casino.
- Public Participation Officer attended IDP Representative Forum facilitated by the Local Municipality IDP Unit on the 16th of April 2024 at the Utrecht Town Hall; one ward committee member from the 6 wards within Local Municipality attended the session.
- The Local Municipality had a joint Imbizo with Amajuba District Municipality on the 17th of April 2024 at Bensdorp Sport Field. Public Participation Officer was responsible for mobilization and coordination of the event. Community members from all 6 wards within the Local Municipality were transported to the venue by taxis provided by the Local Municipality.
- The Speaker chaired the Municipal Rapid Response Team on the 29th of April 2024, coordinated by the Public Participation Officer as the Secretariat of the Team.
- Public Participation Officer attended the District Development Model Social Cluster meeting on the 29th of April 2024.
- Emadlangeni Local Municipality had a general staff meeting on the 26th of June 2024 at the Utrecht Town Hall.

3.8.7 MUNICIPAL RAPID RESPONSE TEAM (MRRT)

The MRRT is functional and is chaired by the Municipal Speaker, with PPO as the Secretariat. The MRRT meets quarterly or as and when the need arises. The last meeting was on the 29th of April 2024 at the Council Chamber.

Composition of the Municipal Rapid Response Team

- The Speaker shall be the Chairperson of the eMadlangeni Municipal Rapid Response Team, as the person responsible for Public Participation
- Minimum of 3 councilors as assigned by Council
- The Municipal Manager or a consistent delegate referred by the Municipal Manager
- Public Participation Official
- Disaster Management
- Heads of Department as assigned by council
- Community Service Manager / complaints management head

3.8.8 OPERATION SUKUMA SAKHE (OSS)

The War Room meetings are convened in all 6 wards within the eMadlangeni Local Municipality. All war rooms are functional. The Local Task Team (LTT) visits the war rooms quarterly for support and further interventions. The War room Chairperson reports to the LTT once a month. The war room meetings are attended by Sector Departments, CCGs, CDWs, Ward Committee Members, CWP, Forum members i.e. Disability Forum, Senior Citizens Forum, Women's Forum, Men's Forum, Child Care Forum as well as Traditional Leaders and Faith Based Organizations. Ward Councillors champion the war room meetings.

3.8.9 COMMUNITY DIALOGUES

Open community dialogues on any issues of interest to the community should also be arranged. These are sessions to be held in halls, open parks or even schools to engage the community on any issue which may be of interest to the community. Though open, the sessions should not be allowed to transgress from the intention of getting the community to constructively engage on their development.

The sessions should as much as possible be used to encourage the community to discuss solutions to their problems rather than present only challenges and should be channelled to presenting what they can do rather than what it is that government/municipality should do for them. These sessions are conducted in collaboration with the Department of Social Development and Special Programmes under the Operation Sukuma Sakhe umbrella.

3.8.10 CHALLENGES

- Complaints Management System is not integrated within all Units in the Local municipality.
- Attendance for the Public Meetings in some areas within wards is poor as the areas are too scattered and some community members do not get the notices for the meetings

and hence, they do not attend the meetings and are left uninformed on the activities and programmes happening in their areas. A loud hailer can bridge that gap and everyone can be able to attend the meetings and stay informed.

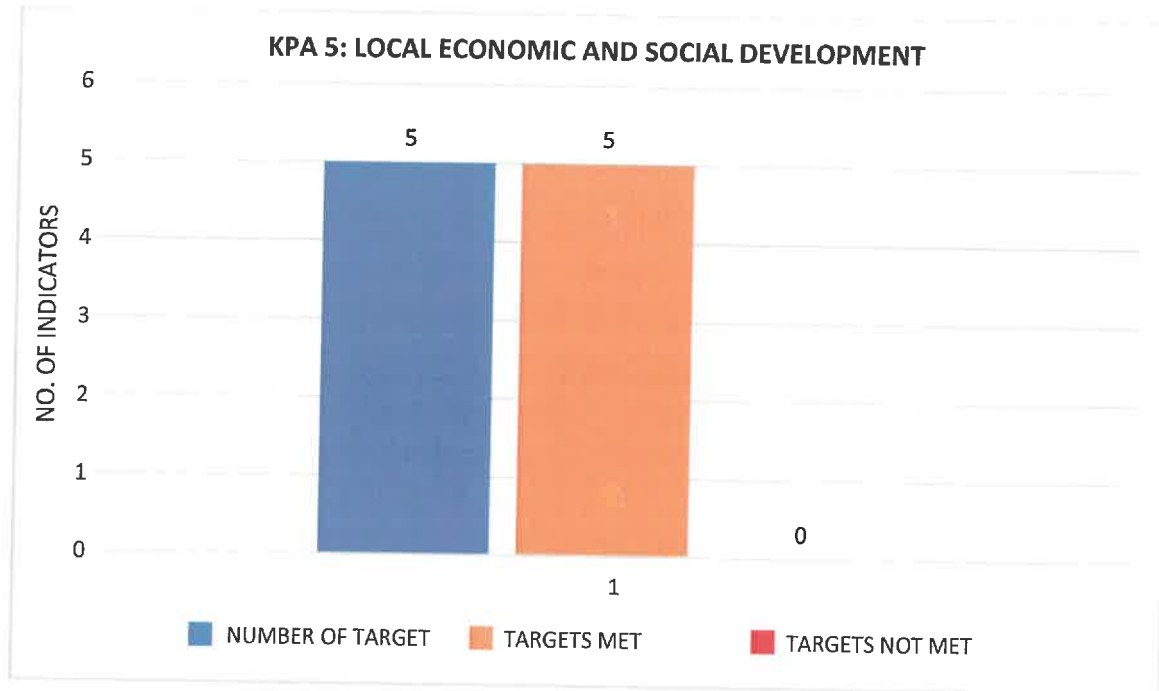
- Lack of resources for the Public Participation Unit i.e. car allowance, vehicle designated for the Unit to attend stakeholder and community engagements.

3.8.11 MEASURES TO IMPROVE PERFORMANCE

- An Integrated Complaints Management System in place but not yet integrated across all units.
- Prompt feedback on community issues and complaints.
- Regular presentation on the progress of planned projects for the 2024/2025 financial period to ward committees on a quarterly basis.
- Bringing back Community Services Department to deal directly with community queries.

3.9 KPA 5: LOCAL ECONOMIC AND SOCIAL DEVELOPMENT

The overall performance of KPA 5 was achieved with 100%.



3.9.1 LOCAL ECONOMIC DEVELOPMENT PERFORMANCE HIGHLIGHTS FOR 2023/24

According to Business License Act 71 of 1991, eMadlangeni Local Municipality is required to issue business licenses to businesses trading in perishable items like food and drinks. The Local Economic Development Unit issued 25 Business Licenses and 89 Informal Trading Permits in the 2024/2025 financial year.

EMadlangeni Local Municipality LED Unit working with Small Enterprise Development Agency (SEDA), on 20 July 2023 provided 27 Point Of Sale devices to Emadlangeni Local Municipality SMMEs in different sectors.

On 30 April 2024, eMadlangeni Local Municipality Council adopted a reviewed Local Economic Development Strategy, which is a guiding and planning document for Economic Development and provides the municipality with strategies on how to achieve Economic Development. On 30 April 2024 Emadlangeni Local Municipality adopted Informal Economy

Policy, Informal Economy Policy will assist the Municipality to positively respond to any challenges faced by local SMMEs.

3.9.2 BALELE RENOVATIONS

The renovations of the eMadlangeni Local Municipality Balele Game Park are funded by the Department of Economic Development, Tourism and Environmental Affairs (EDTEA). An amount of R4 500 000 was transferred in 27 September 2023 for phase two of the project, and a subsequent R3 000 000 was transferred on the 14th December 2023 for phase two of the project. The project will continue into the 2024/2025 financial year.

3.9.3 EVENTS

On April 2024, eMadlangeni Municipality hosted a Bike Rally at Balele Game Park, Van Rooyen Street. Utrecht Colour Run was hosted by Jolt Pores at Balele Game Park on 25 November 2023. KZN Miss Heritage was held at Balele Game Park in August 2023.

3.9.4 COMPLIANCE INSPECTIONS

The last formal compliance inspection took place in 23 May 2024. The Municipality is assisted by the Amajuba District Municipality for all inspections as it currently has no Environmental Health Practitioners employed in-house.

3.9.5 EXTENDED PUBLIC WORKS PROGRAMME (EPWP)

In 1 July 2023 started the Implementation of EPWP Program, the program lasted for six months and it ended on 31 December 2023. Emadlangeni received R1 124 000 grant from National Department of Public Works for implementation of EPWP program.

3.9.6 SMMES AND CO-OPS CAPACITY BUILDING

- On 1 August 2023, Emadlangeni working with KZNEDTEA and NEMISA conducted digital skills training and twenty community members were trained
- On 20 September 2023 Emadlangeni Local Municipality working with Amajuba District Municipality and KZN Department of Agriculture hosted radical agrarian socio economic road show.
- On 13 November 2023, Emadlangeni working with Amajuba TVET College hosted a 22 days' free skills training program on Hand Sewing and Raw Hides and Skin.
- On 11 March 2024 the Municipality hosted Customer Care Training for local 19 SMMEs
- 28 June 2024 the Municipality working with SANRAL started Capacity workshop focusing on pre-tender documentation , the workshop covered 19 service providers.

3.9.7 CHALLENGES

- Difficulty in implementing projects and program that were proposed in the Unit Implementation Plan due to shortage of funding.
- Inability to reach all 6 Municipal Wards to supply registers and monitor EPWPs due to unavailability of transport
- Lack of Tools of Trade and inadequate office space
- Regular outages of Internet connection
- EMadlangeni Local Municipality does not have an in-house Environmental Health Practitioner, thus making it difficult to conduct regular formal compliance inspections.
- The Municipality's financial constraints present challenges in the successful execution of LED programmes.

3.9.8 MEASURES TAKEN TO IMPROVE PERFORMANCE

- Formal applications and requests have been sent to various stakeholders including KZN COGTA, KZN EDTEA, SEDA for funding to ensure that LED programs are implemented.
- Development and implementation of Informal Economy Policy

3.9.9 SOCIAL SERVICES

The municipality is mandated by the **Municipal Systems Act No. 32 of 2000** and the Constitution of South Africa to ensure that the Municipality gives priority to the needs of vulnerable groups in the community. One of the objectives of the Municipality is **to promote Social and Economic Development as mandated by the Constitution of South Africa**. The Social Services Unit operates to ensure the accomplishment of the social upliftment and development objectives of the Municipality.

The Social Services Unit coordinated social development programmes during the 2023/2024 financial year, interacting with community based structures to facilitate alignment of needs and priorities of: Youth Development programmes, Gender programmes, Child Care & Support Programmes, People Living with Disability Programmes, Senior Citizens Programmes, Sports, Recreation, Arts & Culture Programmes, and HIV/AIDS programmes, aimed at the development of the vulnerable groups in the community.

Programmes Undertaken during the 2023/2024 financial year are as follows:

No.	Priority Group	Date	Details	Venue
1	Men	19 July 2023	Men's Programme	Utrecht Correctional Services
2	Senior Citizens	07 August 2023	Local Golden Games Selection for Senior Citizens	Utrecht High School Sports Ground
3	Senior Citizens	23 August 2023	Participation of Senior Citizens in District Golden Games	Arbour Park - Newcastle
4	Men & Women	30 August 2023	Gender Economic Development Programme	Utrecht Town Hall
5	Youth	08-10 September 2023	Umkhosi Womhlanga	Enyokeni Royal Palace

6	Senior Citizens	12-14 September 2023	Participation of Senior Citizens in Provincial Golden Games	Ugu Sports & Leisure Centre
7	Senior Citizens	26 October 2023	Senior Citizens Centenarian Programme	Utrecht Town Hall
8	Women & Children	25 November - 10 December 2023	16 Days of Activism for No Violence Against Women & Children	Utrecht and the surroundings
9	People with Disabilities	11-13 November 2023	Participation of People with Disability in Provincial Disability Games	EThekweni Durban Metro
1	People with Disabilities	30 November 2023	Disability Awareness Programme	Niemeyer Hospital
1	People with Disabilities	04-05 December 2023	Disability Parliament	Richview Civic Hall in Newcastle
1	Emadlangeni Stakeholders	21 January 2024	Mayoral Stakeholder Engagement	Utrecht Town Hall
1	Youth	09 February 2024	Matric Excellence Awards	Utrecht Town Hall
1	Children	04 – 07 March 2024	Back to School Campaign	Utrecht Primary School
1	Children	17 May 2024	Child Protection Activities: Promoting Care & Protection of Children	Lindokuhle Creche - Berouw
1	Children & Parents	22 May 2024	Child Protection Activities: Strengthening Positive Relationships – Empowerment of Children & Parents	Enzimane Combined School
1	Community	04 June 2024	Child Protection Activities: Role of	Emgundeni Tribal Court

			Communities in the Care & Protection of Children	
1	Youth	01 June 2024	Youth Marathon	Utrecht Town (Starting Point: Balele Game Park)

3.9.9.1 EMADLANGENI LOCAL FORUMS

The Municipality officially launched the current Local Forums for the vulnerable groups on the 20th of May 2022, to serve for the period of five (5) years in line with the current Administration. Forum Meetings sit on a quarterly basis. The Municipality develops and executes Social Development Programmes based on the identified needs for each sector. Forums also assist in strengthening the relationship between the Municipality and the community.

The existing forums for the vulnerable groups are as follows:

- The Local Drug Action Committee
- The Local Aids Council
- The Local Youth Council
- The Local Women's Forum
- The Local Men's Forum
- The Local Senior Citizens Forum
- The Local Disability Forum
- The Local Arts & Culture Forum

3.8.9.2 CHALLENGES

The following are the challenges currently experienced in the social services unit:

- Suitable transport is required in order to reach out to communities, especially deep rural communities.
- The budget allocated is not sufficient to efficiently execute special programmes.

3.8.9.3 MEASURES TO BE TAKEN TO IMPROVE PERFORMANCE

- Procurement of a 22-seater taxi for community outreach and transportation of forum members to District events and meetings for effective forum functioning.
- Increase budget for special programmes so as to execute special programmes efficiently.

3.10 CROSS CUTTING

3.10.1 DISASTER MANAGEMENT

3.10.1.1 INSTITUTIONAL ARRANGEMENTS

The disaster management unit was established in 2015 and operates 24 hours 7 days (24/7) with four teams performing a twelve hour shift each. The disaster manager was appointed in November 2016. There is only one (1) disaster officer, eight (8) fire fighters, and one (1) support staff trained as a fire fighter. The Municipality is working together with Uitkomst Colliery (Pty) Ltd towards the establishment of the Fire & Emergency Services Centre (The Centre) as part of its social and labour plan. The approval of plans for the Centre was done on 12/09/2023 by the Municipality. The contractor was appointed on 08/03/2024; and sod turning was done on 09/04/2024. The construction of the Centre commenced on 12/03/2024; and the completion date will be within the second quarter of 2024/25 financial year. The

municipal disaster management plan was reviewed and updated then adopted by the Council in May 2023; and it will be reviewed in 2024/25 financial year.

The Municipal Disaster Management Advisory Forum (MDMAF) was established in July 2015 as required by the Disaster Management Act 57 of 2002 and sits on quarterly basis. The MDMAF meetings were held on 31/08/2023; 08/11/2023; 28/02/2024; and 24/04/2024. The primary purpose of the MDMAF is to provide a mechanism for relevant role players to consult one another and to coordinate their actions on matters relating to disaster management in the municipality (Section 51 of the Disaster Management Act, 2002).

Disaster risk reduction

The Municipality has a responsibility to implement disaster risk reduction measures to limit the adverse impact of both man-made and natural hazards on vulnerable areas, communities and households.

(i) Contingency plans

Disaster risk assessment is the first step in planning an effective disaster risk reduction programme. Participatory Disaster Risk Assessment (PDRA) was conducted at the community level and it showed that the Municipality is mostly threatened by veld fires; structural fires; lightning; strong winds; heavy rains; flash floods and tornadoes. The Municipality in partnership with the sector departments, FPA, welfare and relief organisations developed the contingency plans for both 2023/24 summer and winter seasons to ensure preparedness measures for any eventuality that may lead to a disaster.

(ii) Installation of smoke alarms

The Provincial Disaster Management Centre (PDMC) supported the Municipality with the installation of smoke alarms in eMxhakeni Ward 3. The Municipality is prone to fires; due to the vastness of wards it takes time to reach some areas when a fire incident has been reported. To reduce a risk of fires, **twenty-five (25)** smoke alarms were installed to the households who mostly do not have electricity in the area on 23/08/2023.

(iii) Installation of lightning conductors

The Municipality is prone to lightning, which normally leads to death, injury and loss of property. One of the risk reduction strategies in preventing and mitigating lightning is the installation of lightning conductors. A total of **sixty-three (63)** lightning conductors were installed to the most affected families; **fifteen (15)** lightning conductors were procured by the Municipality; Amajuba District Disaster Management Centre (DDMC) supported the Municipality with **twenty-five (25)** lightning conductors; and PDMC also supported the Municipality with **twenty- three (23)** lightning conductors.

(iii) Creation of fire breaks

The Municipality created the fire breaks around the Game Park and Amajuba Water works in Utrecht Ward 2, eMadlangeni from 03/07/2023-18/08/2023 and again from 20-26/06/2024 to prevent and mitigate the impact that can be caused by veld fires.

Response and recovery

The Municipality has experienced numerous incidents caused by strong winds, structural fires, veld fires, heavy rains, storm and lightning. The main causes of structural fires are candles left unattended, illegal connections, furnace (Imbawula), gas and arson. The veld fires destroyed livestock and grazing land. There were **fifty-seven (57)** injuries caused by fire, lightning and storm.

3.10.1.2 DISASTER RISK REDUCTION

The Municipality has a responsibility to implement disaster risk reduction measures to limit the adverse impact of both man-made and natural hazards on vulnerable areas, communities and households.

(i) Contingency plans

The Municipality faces an increasing level of disaster risks and is exposed to a wide range of hazards, including weather related hazards that can trigger widespread hardship and devastation. These hazards include amongst others structural fires, strong winds, storms, heavy rains, flash floods, lightning and others that may not yet be characterised. These events are known to cause widespread disruption within the communities. In order to ensure preparedness measures for any eventuality during the 2023/24 financial year; the Municipality in partnership with the sector departments, welfare and relief organisations has

prepared contingency plans for both 2023/24 summer and winter seasons. The summer and winter season plans were presented to all Council structures and they were adopted by Council on 12/09/2023 and 28/02/2024 respectively. The aim of these plans is to give prevention and mitigation strategies, emergency response and recovery, and coordination with other organs of state and institutional role play. A contingency plan for 2024 general elections was developed and adopted by Council on 23/05/2024.

(ii) Installation of smoking alarms

The Provincial Disaster Management Centre (PDMC) supported the Municipality with the installation of smoke alarms in eMxhakeni Ward 3. The Municipality is prone to fires; due to the vastness of wards it takes time to reach some areas when a fire incident has been reported. To reduce a risk of fires, **twenty-five (25)** smoke alarms were installed to the households who mostly do not have electricity in the area on 23 August 2023.

(iii) Installation of lightning conductors

The Municipality is prone to lightning, which normally leads to death, injury and loss of property. One of the risk reduction strategies in preventing and mitigating lightning is the installation of lightning conductors. A total of **sixty-three (63)** lightning conductors were installed to the most affected families; **fifteen (15)** lightning conductors were procured by the Municipality; Amajuba District Disaster Management Centre (DDMC) supported the Municipality with **twenty-five (25)** lightning conductors; and the PDMC also supported the Municipality with **twenty-three (23)** lightning conductors.

(iv) Creation of fire breaks

The Municipality created the fire breaks around the Game Park to prevent and mitigate the impact that can be caused by veld fires as follows:

Date	Ward	Area
03-06 July 2023	2	Game Park & Amajuba Water Treatment Plant
17-19 July 2023	2 & 5	Game Park & eMadlangeni
26 July 2023	5	eMadlangeni Combined School
	2	eMalahleni Combined School
18/08/2023	2	Amajuba Water Treatment Plant
20 June 2024	2	Game Park
25-26 June 2024	2	Game Park

3.10.1.3 RESPONSE AND RECOVERY

In terms of the Disaster Management Act 57 of 2002(as amended) and the South African National Policy Framework for Disaster Risk Management (2005), the disaster management unit of eMadlangeni Local Municipality is responsible for the co-ordination and management of incidents and disasters that occurs in its area of jurisdiction.

The Municipality has experienced numerous incidents caused by strong winds, house fires, veld fires, heavy rains, storm and lightning.

Table 1: Summary statistics of the incidents that occurred from July 2023– June 2024 is as follows:

Local Municipalities	Types of Incidents	Number of Incidents	Households Affected	Houses Destroyed		People Affected	Fatalities	Injuries	Missing Persons	Homeless
				Totally destroyed	Partially damaged					
SW – Strong Winds, F – Fires, FL – Floods, HR – Heavy Rains, S – Storm, Lightning – L, Drowning-D										
eMadlangeni	SW	20	213	120	200	1384	0	57	0	122
	Structural F	23								
	Veld F	64								
	HR	4								
	S	3								
	L	32								
TOTALS		146	213	120	200	1384	0	57	0	122

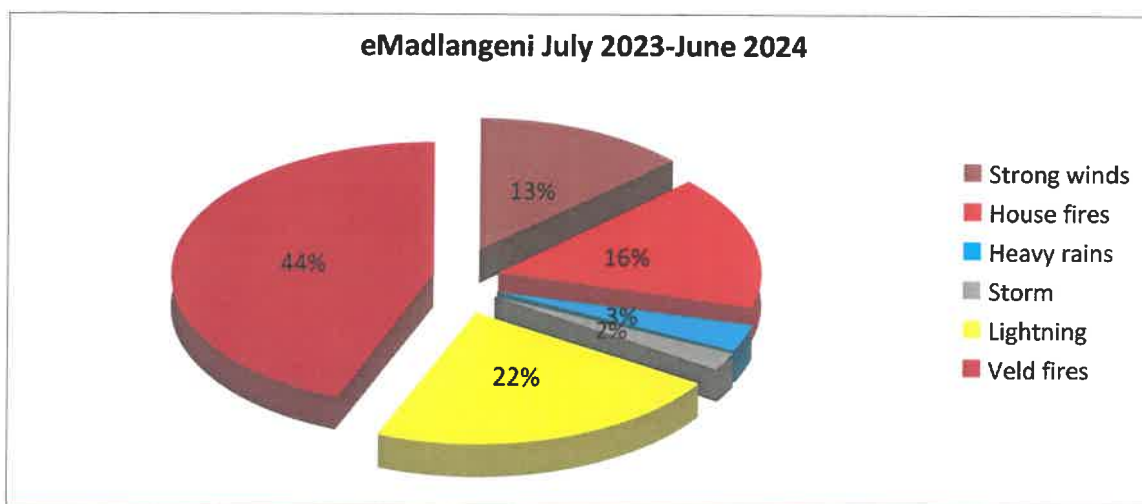


Figure 1: Distribution of incidents

Emergency relief issued by various stakeholders

The following relief was issued by the Municipality with the support of the PDMC, Amajuba DDMC, DSD and SASSA:

Blankets	Sponges	Box "B"	Plastic Sheeting	Food Vouchers	Tarpaulins	School uniform	Emergency Shelter
83	7	4	67	18	2	0	0

Damage to infrastructure

The magnitude and severity of the damage caused by the heavy rains in October-December 2023 and January 2024 had effects in the Municipality; the roads have developed severe potholes and some edge-break and require reworking of some layers and resurfacing. The imported surface material has been washed away by storm water, and the roads have developed trenches and dongas across and along the roads. The conditions of the roads are not conducive to any road users. The electrical infrastructure was also damaged and needs urgent attention; and the Municipality sees a need to conduct emergency infrastructural repairs and maintenance on the identified roads and electrical infrastructure.

3.10.1.4 EDUCATION, TRAINING AND PUBLIC AWARENESS

The Disaster Management Act 57 of 2002, National and Provincial frameworks state that, a municipal disaster management centre must promote formal and informal initiatives that encourage risk-avoidance behaviour by organs of state, the private sector, non-governmental organisations, communities, households and individuals in the municipal area. The workshops and awareness campaigns to raise disaster risk awareness, disaster risk reduction, volunteerism and preparedness were conducted as follows:

Activity	Ward	Date	Time	Venue	Target group	Number of participants
(i) Disaster preparedness-Fire Drill to test disaster contingency plan	2	26/07/2023	09h00	Niemeyer Hospital	Staff and patients	100
	6	06/12/2023	10h30	Bloed River Sub-station	Eskom Employees	19
(ii) Awareness on disaster response	6	02/08/2023	13h00	Kingsley Combined School	Ward Councillor,	61
			15h00	Slagveld Combined School	Ward Committee members & Community members	46
	1	22-23/11/2023	10h00	Luthilunye CP School	Community members	108
		12/03/2024	10h00	Luthilunye Combined School	Community members	57
(iii) Climate Change and Disaster Management Workshop with EDTEA	1, 3, 4, 5 & 6	22/08/2023	10h00	Kingsley Traditional Council	Traditional Leadership	32
(iv) Disaster Risk Awareness Campaign with NDMC, PDMC & DDMC	3	23/08/2023	10h00	Emxhakeni Hall	Community members	63
(v) Simulation exercise	2	06/09/2023	09h00	eMalahleni Combined School	Educators, Learners and	477

Activity	Ward	Date	Time	Venue	Target group	Number of participants
					Support Staff	
	5	12/09/2023	10h00	Utrecht Primary School	Educators, Grade7 Learners and Support Staff	67
		12/10/2023	12h00	Zimbuthu CP School		32
	3	12/10/2023	09h00	eMxhakeni CP School		256
	6	17/10/2023	09h00	Kingsley Sivananda Combined School		366
(vi) Awareness on fire prevention	3	11/09/2023	10h00	St Francis Creche & Pre-School	Educators, Learners and Support Staff	205
		12/10/2023	10h00	eMxhakeni CP School	Food handlers and Supervisors	8
	5	12/10/2023	12h20	Zimbuthu CP School		11
	6	17/10/2023		Kingsley Sivananda Combined School		03
(vii) Water safety workshop	2	07/11/2023	10h00	Community Services Boardroom	Fire Fighters & EPWP	19
(viii) Training on disaster management and national school safety framework	2	30/01/2024	09h00	Bergsig LSEN	School principals and school safety chairpersons	50
(ix) Awareness on National Veld and Forest Fire Act	4	04/06/2024	10h00	Groenvlei Hall	Community members	46
TOTAL						2026

Total	18 523 000.00	915 600.36	17 607 399.64	4.9% spent
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3.10.2 CHALLENGES AND POSSIBLE SOLUTIONS

CHALLENGES	POSSIBLE SOLUTIONS
Response time due to non-availability of response vehicles	Prioritize procurement of a rescue vehicle.
Limited staff versus vastness of wards	Create and fund posts for appointment of: <ul style="list-style-type: none"> ▪ 4 X Leading Fire Fighters; ▪ 4 X Control Room Operators; and ▪ Station Officer
Limited budget	Additional funding for fire & rescue
Enforcement of Municipal by-laws	Training of Peace Officers to enforce the by-laws
Fire hydrants are not in good condition	Installation of new hydrants
Limited resources: <ul style="list-style-type: none"> ▪ Fire truck (4500 litres); ▪ Worn out PPE for structural fires; ▪ Limited fire equipment; and ▪ No relief material 	Procurement of: <ul style="list-style-type: none"> ▪ Rescue vehicle with all necessary equipment; ▪ PPE for structural fires; ▪ Fire equipment; and ▪ Relief material.

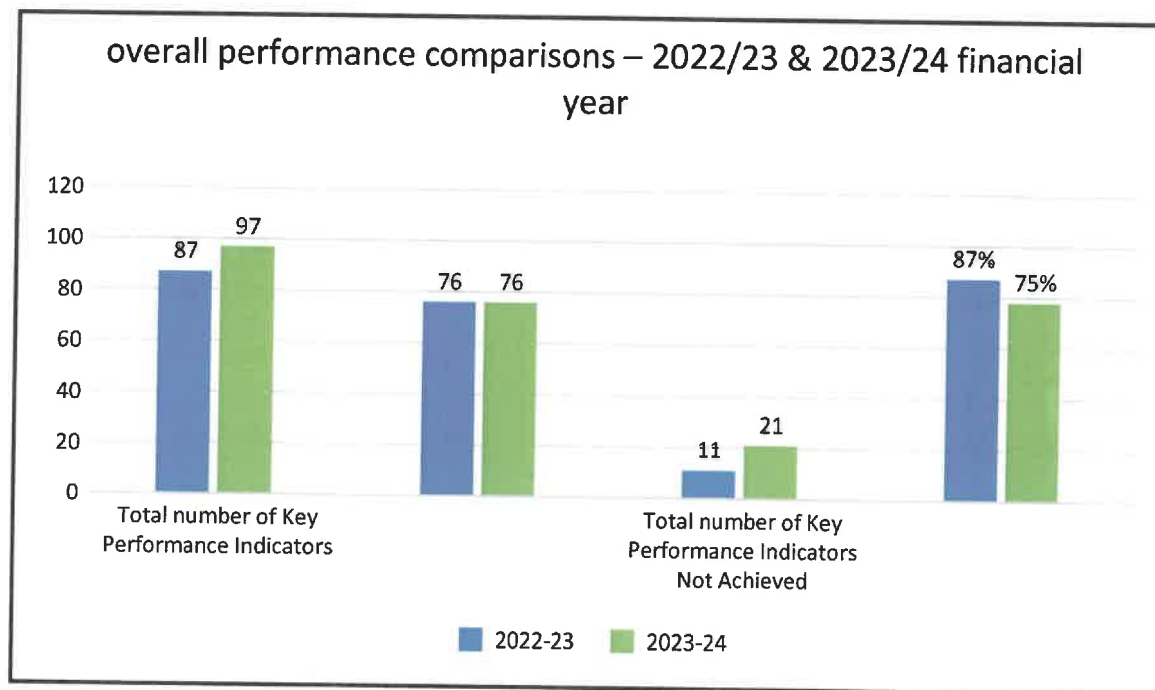
3.10.3 MEASURES TAKEN TO IMPROVE PERFORMANCE

- Establishment of Municipal Emergency Services Centre;
- Positive cooperation among stakeholders;
- Capacity building initiatives;
- Public awareness campaigns; and
- MDMAF meetings sit quarterly.

3.10.4 SUMMARISED ACHIEVEMENTS

3.10.4.1 overall performance comparisons – 2022/23 & 2023/24 financial year

KEY PERFORMANCE INDICATORS (KPIs)	2022-2023	2023-24
total number of key performance indicators	87	97
total number of key performance indicators met	76	76
total number of key performance indicators not met	11	21
overall performance percentage (%)	87%	78%



- This report includes highlights from the key performance measures included in the 2023/24 IDP.
- This report presents the year-end performance results for 2023/2024 financial year. The results are reported using the traffic light criteria, according to their performance

against improvement targets. A dashboard that summarizes performance for the municipality's scorecard is shown below.

- In 2023/24, performance has declined by 11% since the 2022/2023 financial year.

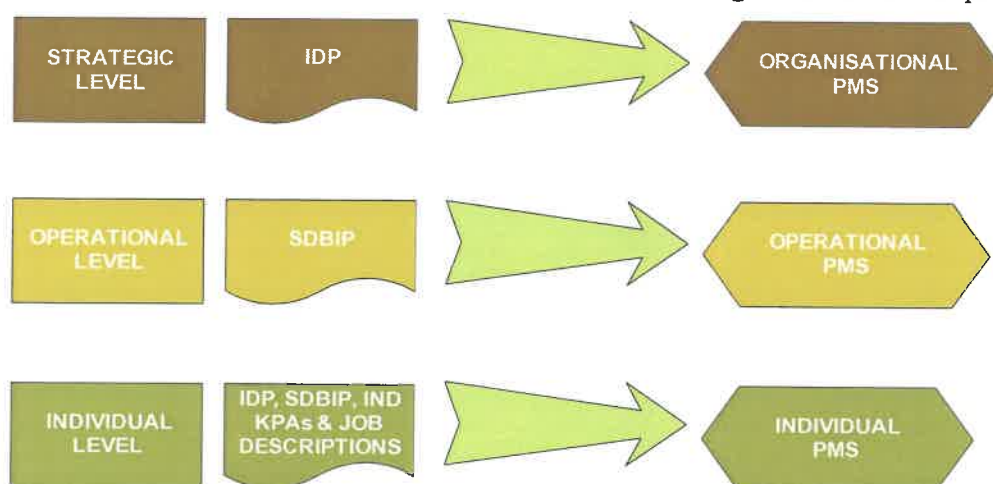
The traffic light system used to report performance is as follow:

- **Green** – Performance meets target
- **Red** – Performance not met target

<i>Traffic Light Status</i>	<i>2022/23 Performance</i>	<i>2023/2024 Performance</i>
Green – Met target	87%	78%
Red – Target Not Met	13%	22%

3.11 ORGANISATIONAL PERFORMANCE MANAGEMENT PROCESS

The legislative framework as set out above provides for performance management at various levels in a municipality including Organizational (sometimes also referred to as municipal, corporate or strategic) level, operational (also referred to as services, departmental or section/team level) and lastly, at individual level as. These levels are however integrated and interdependent on each other.



The process of managing performance at Organizational level in the eMadlangeni Local Municipality involves the stages as set out in the following diagram:

3.12 PERFORMANCE AND SUPPORTING INFORMATION

Performance Monitoring underpins the Municipality's Integrated Development Plan in terms of reviewing progress regularly in achieving the priorities and delivering value for money services.

Early investigation into variances enables remedial action taken where appropriate.

The Annual Performance Report highlights the key performance measures included in the Integrated Development Plan (IDP) review for the 2023/2024 financial year. These priority measures constitute the Organisational Performance Scorecard.

The annual performance reporting on the 2023/24 financial year has been completed and reflected in the Organisational Performance Scorecard / The Top Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan in a table format (as prescribed by KwaZulu Natal Department of Cooperative Governance and Traditional Affairs). The Top Layer Service Delivery Budget Implementation Plan (SDBIP) consolidated service delivery targets as contemplated in National Treasury Municipal Finance Management Act (MFMA) Circular 13 guide.

- The Municipal Scorecard approach reflects the 6 national KPA's and local priorities and enables a wider assessment of how the municipality is performing.
- The performance report is based on measures included in the Municipal Scorecard.

COMPARISON OF THE PERFORMANCES BETWEEN 2022/23 & 2023/24 ORGANISATIONAL PERFORMANCE SCORECARD

10.1 COMPARISON OF THE PERFORMANCES BETWEEN 2022/23 & 2023/24 ORGANISATIONAL PERFORMANCE SCORECARD

KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

DEPARTMENT	BASELINE	KEY MEASURABLE PERFORMANCE INDICATOR	ANNUAL TARGET 2022/23	ANNUAL ACTUAL ACHIEVEMENT 2022/23	ANNUAL TARGET 2023/24	AMENDED (MID-YEAR) ANNUAL TARGET 2023/24	ANNUAL ACTUAL ACHIEVEMENT 2023/24	BUDGET	TOTAL BUDGET EXPENDITURE	MEANS OF VERIFICATION	ACHIEVED/NOT ACHIEVED	CORRECTIVE ACTION FOR TARGET NOT MET/REMARKS
Objective:												
Infrastructure and Planning Development	Phase 1	1.1.1.1 Number of Households connected through Rural electrification at Emadlangeni Phase 2, Ward 5 for the year ending June 2024	N/A	N/A	39 Connections	51 Connections	51 Connections	6 999 000	R10 176 321,16 (Including Fees)	Quarterly progress report/Close out Report	ACHIEVED	one house was burned down by the community after completing connections.
Infrastructure and Planning Development	Phase 1	1.1.1.2 Number of Households connected through Rural electrification at Blue Mountain Phase 2, Ward 4 for the year ending June 2024	N/A	N/A	76 Connections	56 Connections	58 connections	10 867 000	R12 573 954,42 (Including Fees)	Quarterly progress report/Close out Report	ACHIEVED	The farmer requested that we connected him as well on the project for him to sign the wayleave agreement for the farm dwellers to be electrified. The second customer was on the line route to the farmer and was connected.

Infrastructure and Planning Development	New Indicator	N/A	N/A	171 Connections	151 Connections	0 Connections	6 000 000	R5 999 603,36 (Including Fees)	Quarterly progress report/Close out Report	NOT ACHIEVED	Inadequate budget for the project, project need R16 863 682,84 but only acquired R6 000 000. •The allocation funding amount of R7 493 000,00 for Luthilunye Phase 2 (2024/25fy) will be utilised to fund portion of the project shortfall. DMRE has been notified and a Project Change Control Form has been completed and send to them. The application for funding for the outstanding amount of R3 370 682,85 was submitted to DMRE as package of projects applied for funding for 2025/26 financial year.
Infrastructure and Planning Development	Phase 2 1.1.1.3 Number of Households connected through Rural electrification at Dorothea Ward 1 for year ending June 2024	25 connections at KwaNtata	0 connections	25	-	25	R 2 686 430,01	R 2 686 430,01 (outstanding balance= R179 764,40) R 2 752 578,04 (Including Fees. Have outstanding balance= R458 525,07)	Quarterly Progress Report/Close-Out Report	ACHIEVED	
Infrastructure and Planning Development	Phase 2 1.1.1.4 Number of households connected through rural electrification at KwaNtata, Phase 3, Ward 4 for year ending June 2024	15 connections at Kaarpoort	0 connections	19 connections at Kaarpoort	-	19 connections at Kaarpoort	R 2 620 886,65		Quarterly Progress Report/Close-Out Report	ACHIEVED	
Infrastructure and Planning Development	Phase 2 1.1.1.5 Number of households connected through rural electrification at Kaarpoort, Phase 3, Ward 4										

Infrastructure and Planning Development	New Indicator	1.1.1.6 Number of Pre-Engineering for connections in Luthilunye within the 2023/24 financial year	N/A	N/A	Preliminary designs for 44 connections	0 connections	44 Preliminary designs	622 000	R622 000	Progress Report	ACHIEVED	The target was removed for Quarter 3 during the mid-year amendment. The target was met in quarter 2.
Infrastructure and Planning Development	New Indicator	1.2.1.1 0.4 KMs of paved municipal road which has been resurfaced to surfaced road, Scheepers Street Phase 2, ward 2 for year ending 30 June 2024	N/A	N/A	Completion of 0.4 KMs	-	1 KMs of resurfaced to surfaced municipal road	5 000 000		Certificate of completion	ACHIEVED	There are numerous intersections that intersect Scheepers street. DOT standards state that at intersections there should be minimum of 50 meters of construction on both side of the intersecting roads.
Infrastructure and Planning Development	New Indicator	1.2.1.2 0.8 KMs of paved municipal road which has been resurfaced to surfaced road, Plein Street ward 2 for year ending 30 June 2024	N/A	N/A	Completion of 0.8 KMs	-	0.9 KMs of resurfaced to surfaced municipal road	5 249 000		Certificate of Completion	ACHIEVED	There are numerous intersections that intersect Plein Street. DOT standards state that at intersections there should be minimum of 50 meters of construction on both side of the intersecting roads.
Infrastructure and Planning Development	New Indicator	1.2.1.3 Upgrade of sport field in ward 2 for year ending 30 June 2024	N/A	N/A	Upgrade of Sport field in ward 2	-	Complete Sport field in ward 2	8 000 000		Certificate of Completion	ACHIEVED	
Infrastructure and Planning Development	60KM	1.2.1.4 Maintenance of 60 KMs gravel roads in all 6 Wards for year ending 30 June 2024	60 KM of Municipal gravel roads maintained	98.7 KMs	Maintenance of 60 KMs gravel roads in 6 wards	Maintenance of 60 KMs gravel roads in 6 wards	74.7 KMs maintained gravel roads in 6 wards			Completion certificate signed by supervisor and HOD	ACHIEVED	The additional scope of work was identified by the ward councilors while the grader was on site. This was due to unforeseen weather patterns.

Infrastructure and Planning Development	2022/23 Roll over project	1.2.1.5 of 0.7 KMs paved Municipal road which has been resurfaced to surfaced road: Kerk Street, Phase 3, Ward 2 for the year ending June 2024.	Rehabilitation of 0.7 KMs of Kerk Street	0 KM	0 KM	2022/23 roll over project of 0.7 KMs	0.5 KMs Rehabilitated	R 3 753 750		Completion Certificate	NOT ACHIEVED	The initial planned scope was 700m but only 500m was completed due to limited MIG allocation. In the future the municipality will ensure that the review of the SDBIP addresses similar amendments.
Infrastructure and Planning Development	New Indicator	1.2.1.6 Regravelling of 4.6 KMs of Dorothea access Road 1 ward 1 for year ending 30 June 2024	N/A	N/A	4.6 KMs	4.6 KMs	0 KMs	3 521 250	R160 960.03 (Payment for Fees)	Certificate of Completion	NOT ACHIEVED	The municipality has resolved to form a panel of contractors. A large number of bidders were received (250), therefore SCM processes delayed the appointment of contractors The Project was roll-over to the next financial year
Infrastructure and Planning Development	New Indicator	1.2.1.7 Rehabilitation of 0.6 KMs Keerom Street in ward 2 for year ending 30 June 2024	N/A	N/A	0.6 KMs	0.6 KMs	0 KMs	3 387 972	R202 584.94 (Payment for Fees)	Certificate of Completion	NOT ACHIEVED	The municipality has resolved to form a panel of contractors. A large number of bidders were received (250), therefore SCM processes delayed the appointment of contractors The Project was roll-over to the next financial year
Infrastructure and Planning Development	New Indicator	1.2.1.8 Re-Gravelling of 2.4 KMs Vaalbank access road in ward 4 for year ending 30 June 2024	N/A	N/A	2.4 KMs	2.4 KMs	0 KMs	2 615 028	R165 607.72 (Payment for Fees)	Certificate of Completion	NOT ACHIEVED	The municipality has resolved to form a panel of contractors. A large number of bidders were received (250), therefore SCM processes delayed the appointment of contractors The Project was roll-over to the next financial year

Infrastructure and Planning Development	New Indicator	1.2.1.9 Re-gravelling of 4.6 KMs Reserved Road Access ward 4 for year ending 30 June 2024	N/A	N/A	4.6 KMs	4.6 KMs	0 KMs	3 912 500	R 149 301.64 (Payment for Fees)	Certificate of Completion	NOT ACHIEVED	The municipality has resolved to form a panel of contractors. A large number of bidders were received (250), therefore SCM processes delayed the appointment of contractors The Project was roll-over to the next financial year
Infrastructure and Planning Development	New Indicator	1.2.1.10 Re-gravelling of 2.9 KMs in Lenz access Road in Ward 5 for year ending 30 June 2024	N/A	N/A	2.9 KMs	2.9 KMs	0 KMs	2 347 500	R98 039.89 (Payment for Fees)	Certificate of Completion	NOT ACHIEVED	The municipality has resolved to form a panel of contractors. A large number of bidders were received (250), therefore SCM processes delayed the appointment of contractors The Project was roll-over to the next financial year
Infrastructure and Planning Development	New Indicator	1.2.1.11 Re-gravelling of 4.6 KMs of Mlwane access road in ward 6 for year ending 30 June 2024	N/A	N/A	4.6 KMs	4.6 KMs	0 KMs	2 738 750	R139 106.14 (Payment for Fees)	Certificate of Completion	NOT ACHIEVED	The Project was roll-over to the next financial year The municipality has resolved to form a panel of contractors. A large number of bidders were received (250), therefore SCM processes delayed the appointment of contractors The Project was roll-over to the next financial year
Infrastructure and Planning Development	1	1.3.1.1 Number of adopted Housing Sector Plan	1	1	1	-	1			Council Resolution & Copy of Housing Sector Plan	ACHIEVED	
Infrastructure and Planning Development	1	1.3.1.2 Number of adopted Spatial Development Framework	1	1	1	-	1			Council Resolution & copy SDF	ACHIEVED	

[illegible]

KEY PERFORMANCE AREA 2: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

[illegible]

Corporate Services	5	2.1.1.1 Number of developed, adopted and reviewed policies	5	5	5	-	2			Council Resolution & Signed Policies	NOT ACHIEVED	CoGTA presented that they will provide the generic HR policies for the current financial year. Generic HR policies will be tabled during the LLF meeting on 18/07/2024. Only 2 policies reviewed. Date was postponed to 26/07/2024 due to competitive events Wellness campaign will be held in Quarter 1. 26/07/2024
Corporate Services	1	2.1.1.2 Number of Employee Wellness Campaign held by 30 June 2023	1	1	2	-	0			Attendance Register	NOT ACHIEVED	
Corporate Services	18	2.2.1.1 Number of lease agreements signed for Municipal Properties (Rental Houses)	18	18	18	-	18			Individual Signed Lease Agreements	ACHIEVED	
Corporate Services	1	2.2.1.2 Number of adopted reviewed Organogram	1	1	1	-	1			Council Resolution	ACHIEVED	
Corporate Services	4	2.3.1.1 Number of LLF meetings conducted	4	4	4	-	3			Notice of meeting, agenda, Minutes and Attendance Register	NOT ACHIEVED	Non-availability of items in Quarter 4 Next meeting will be held on 18/07/2024

Corporate Services	12	2.3.1.2 (a) Number of Portfolio Committee meetings conducted within the 2023/24 financial year	N/A	N/A		12		10	8		Notice of meeting, agenda, minutes, attendance register	NOT ACHIEVED	All May meetings were cancelled due to the 2024 general elections. All Meetings will convene normally after the elections.
Corporate Services	12	2.3.1.2 (b) Number of Portfolio Committee meetings conducted within the 2023/24 financial year	N/A	N/A		12		10	9		Notice of meeting, agenda, minutes, attendance register	NOT ACHIEVED	All May meetings were cancelled due to the 2024 general elections. All Meetings will convene normally after the elections.
Corporate Services	4	2.3.1.3 Number of EXCO meeting conducted within the 2023/24 financial year	N/A	N/A		4		-	4		Notice of meeting, agenda, minutes, attendance register	ACHIEVED	
Corporate Services	4	2.3.1.4 Number of Council meetings conducted within the 2023/24 financial year	N/A	N/A		5		-	5		Notice of meeting, agenda, minutes, attendance register	ACHIEVED	
Corporate Services	4	2.3.1.5 Number of MPAC meetings conducted within the 2023/24 financial year	N/A	N/A		4		-	4		Notice of meeting, agenda, minutes, attendance register	ACHIEVED	

Corporate Services	1	2.4.1.1 Number of approved Workplace Skills Plan submitted to LG SETA	1	1	1	-	1	Achieved	Acknowledgement letter from LGSETA	
Corporate Services	1	2.4.1.2 Number of induction programs conducted within the 2023/24 financial year	N/A	N/A	1	-	1	Achieved	Induction/Training manual and attendance register	
Corporate Services	1	2.4.1.3 Number of employment equity report compiled	1	1	1	-	1	Achieved	Acknowledgement letter from Labour and Employment	
Corporate Services	4	2.5.1.1 Number of facilities committee meetings conducted within the 2023/24 financial year	N/A	N/A	4	-	2	NOT ACHIEVED	Notice of meeting, agenda, minutes, attendance register	Meeting did not convene due to limited human resource capacity. The target will be revised in accordance with the approved organogram.
Corporate Services	1	2.5.1.2 Number of ICT steering committee meetings for 2023/24 financial year	N/A	N/A	4	-	4	Achieved	agenda, minutes, attendance register	

KEY PERFORMANCE AREA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (SOUND FINANCIAL MANAGEMENT)

DEPARTMENT	BASELINE	KEY MEASURABLE PERFORMANCE INDICATOR	ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	ANNUAL TARGET 2023/24	AMMENDED (MID-YEAR) ANNUAL TARGET 2023/24	ANNUAL ACTUAL ACHIEVEMENT 2023/24	BUDGET	TOTAL BUDGET EXPENDITURE	MEANS OF VERIFICATION	ACHIEVED/NOT ACHIEVED	CORRECTIVE ACTION FOR TARGET NOT MET/REMARKS
OBJECTIVE:												
Budget & Treasury	1	3.1.1.1 Number of Annual Financial Statement submitted to Auditor General	1	1	1	-	1			Proof of submission and copy of annual financial statement	ACHIEVED	
Budget & Treasury	1	3.1.1.2 Number of municipal draft & final annual budget adopted	1	1	1	-	1			Council Resolution and proof of submission to treasury	ACHIEVED	

Budget & Treasury	1	3.1.1.3 Number of municipal adjustment budget adopted	1	1	1	1	-	1	Council Resolution	ACHIEVED	
Budget & Treasury	12	3.2.1.1 Number of monthly investments reconciliation	12	12	12	12	-	12	Signed investment register	ACHIEVED	
Budget & Treasury	12	3.2.1.2 Number of monthly grant reconciliation	12	12	12	12	-	12	Signed copies of grant reconciliation	ACHIEVED	
Budget & Treasury	12	3.2.1.3 Number of monthly creditors reconciliation	12	12	12	12	-	12	Signed copies of creditors reconciliation	ACHIEVED	
Budget & Treasury	12	3.2.1.4 Number of monthly valuation roll reconciliation	12	12	12	12	-	12	Signed copies of valuation roll	Achieved	

Budget & Treasury	12	3.2.1.5 Number of monthly debtors reconciliation	12	12	12	-	12	12	Signed copies of debtors reconciliation	ACHIEVED	
Budget & Treasury	12	3.2.1.6 Number of monthly assets reconciliation	12	12	12	-	12	12	Signed copies of assets reconciliations	ACHIEVED	
Budget & Treasury	12	3.2.1.7 Number of monthly bank reconciliation	12	12	12	-	12	12	Signed copies of bank reconciliations	ACHIEVED	
Budget & Treasury	12	3.3.1.1 Number of monthly and quarterly Supply Chain processes reports	12	12	12	-	12	12	Compiled monthly & quarterly reports	ACHIEVED	
Budget & Treasury	1	3.3.1.2 Number of adopted and updated SCM framework	1	1	1	-	1	1	Proof of submission and signed procurement plan	ACHIEVED	

Budget & Treasury	4	3.4.1.1 Number of contract register reviewed and updated	4	4	4	-	4	4	4	Signed copies of updated contract registers	ACHIEVED	
Budget & Treasury	12	3.4.1.2 Number of monthly Section 71 reports compiled	12	12	12	-	12	12	12	Proof of submission and copy of report	ACHIEVED	
Budget & Treasury	1	3.4.1.3 section 72 reports completed and submitted to council	1	1	1	-	1	1	1	Council resolution and extract of report	ACHIEVED	
Budget & Treasury	4	3.4.1.4 Number of annual financial reports	4	4	4	-	4	4	4	Proof of submission and reports	ACHIEVED	
Budget & Treasury	12	3.4.1.5 Number of VAT returns submitted to SARS	12	12	12	-	12	12	12	VAT 201 statements	ACHIEVED	

KEY PERFORMANCE AREA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (PUTTING PEOPLE FIRST)

DEPARTMENT	BASELINE	KEY MEASURABLE PERFORMANCE INDICATOR	ANNUAL TARGET 2022/23	ANNUAL ACTUAL ACHIEVEMENT 2022/23	ANNUAL TARGET 2023/24	BUDGET	TOTAL BUDGET EXPENDITURE	MEANS OF VERIFICATION	ACHIEVED / NOT ACHIEVED	CORRECTIVE ACTION FOR TARGET NOT MET/ REMARKS
OBJECTIVE:										
Office of the Municipal Manager	24	4.1.1.1 Number of public meetings (per ward) conducted	24	24	24	-		Minutes and Attended Register	ACHIEVED	
Office of the Municipal Manager	0	4.1.1.2 Number of Izimbizo meeting conducted	6	6	6	-		Attendance register and report	ACHIEVED	
Office of the Municipal Manager	72	4.1.1.3 Number of quarterly meetings reports per ward (ward committee)	72	72	72	-		Minutes and register	ACHIEVED	
Office of the Municipal Manager	2	4.2.1.1 Number of the IDP RF functionality.	2	2	2	-		Meeting. Invitation, minutes & Attendance register	ACHIEVED	

Office of the Municipal Manager	2022/2023 IDP	4.2.1.2 Number of prepared, adopted and submitted IDP	Review and adopt 1 2023/24 IDP	1 2023/24 IDP reviewed & adopted	1	-	1	Council resolution & Proof of submission to CoGTA	ACHIEVED	
Office of the Municipal Manager	2023/24 SDBIP	4.2.1.3 2023/2024 Service Delivery and Budget Implementation Plan	1 Adoption of SDBIP	1 2023/24 SDBIP adopted	1	-	1	Acknowledgement of receipt from Mayor	ACHIEVED	
Office of the municipal manager	1	4.2.1.4 Number Annual Performance Reports prepared and submitted to AG and relative authorities	1	1	1	-	1	Extract for APR & Proof of submission	ACHIEVED	
Office of the municipal manager	1	4.2.1.5 Number of reviewed and adopted performance management system policy	1	1				Council resolution and extract	ACHIEVED	

Office of the municipal manager	Signed section 54 & 56 performance agreements	4.2.1.6 Number of managed performance systems in terms of Chapter 6 MSA within the 2023/24 financial year	N/A	N/A	4	-	4	Copy of completed assessment sheet	ACHIEVED
Office of the municipal manager	0	4.2.1.7 Number of quarterly Performance Reports generated and submitted to Internal Audit	4	4	4	-	4	Extract of the report & proof of submission from Internal Auditor	ACHIEVED
Office of the municipal manager	1	4.2.1.8 Number of Annual Reports prepared and submitted within the 2023/24 financial year	N/A	N/A	1	-	1	Council Resolution	ACHIEVED
Office of the municipal manager	1	4.2.1.9 Number of Oversight Reports prepared and submitted to MPAC	N/A	N/A	1	-	1	Extract of Oversight report, MPAC minutes, & /Council resolution	ACHIEVED

Office of the Municipal Manager	0	4.3.1.1 Number of municipal newsletters published within the 2023/24 financial year	4	0	2	1	0			Copy of newsletter	ACHIEVED	
Office of the Municipal Manager	4	4.3.1.2 Number of radio slots conducted	4	4	4	-	3		R 14 999,80	Infographic	NOT ACHIEVED	Target was not met due to municipal financial constraints. Radio slots targets will be reduced from 4 – 2, only quarter 3 & quarter 4.
Office of the Municipal Manager	18	4.3.1.3 (a) Number of banner procured within the 2023/24 financial year	4	4	4	-	0			Invoice	NOT ACHIEVED	Target was not met due to municipal financial constraints. However, a request for quote (RFQ) has been publicized and waiting the appointment of service providers. The target will be met once the SCM processes have been completed and the service provider is appointed.

Office of the Municipal Manager	0	4.3.1.3 Number of marketing material procured (calendars & diaries)	10 000 calendars & diaries	10 000 calendars & diaries	10 000 calendars & diaries	10 000 calendars & diaries	10 000 calendars & diaries	800 calendars & 120 Diaries	R 44 160.00	Invoice	NOT ACHIEVED	The intended number of Calendars and Dairies was 10 000 due to the municipal financial constraints the number was reduced to 800 calendars and 150 Diaries. Only 800 calendars and 120 Diaries were procured. The target on the 2024/25 SDBIP has been reduced from 10000 calendars to 800 calendars and 200 dairies to 150.
Office of the Municipal Manager	0	4.3.1.4 Number of photography services conducted	121	121	121	121	121	121	R	Invoice	ACHIEVED	Going forward the quantity of pictures will stipulate on the invoice on how many photographs were captured instead of capturing the event.

Office of the municipal manager	4	4.6.1.1 Number of risk management meetings held within the 2023/24 financial year	4	3	4	-	3		Agenda, minutes and attendance register	NOT ACHIEVED	3 rd quarter meeting was set for the 15 th of March 2024, but was unable to sit due to the ill health of the Risk Committee Chairperson. A consolidated report was presented in the meeting that was convened for the 4 th quarter.
Office of the municipal manager	1	4.6.1.2 Number of Annual Risk Assessment & Annual Fraud Risk Assessment conducted	1	1	1	-	0		Copy of reviewed risk register and attendance Register	NOT ACHIEVED	Risk assessment was scheduled for 11 – 14 June 2024 was postponed due to unforeseen circumstances. The assessment was scheduled for 16 – 19 July 2024.
Office of the municipal manager	4	4.6.1.3 Number of risk registers updated quarterly within the 2023/24 financial year	4	4	4	-			Updated risk register	ACHIEVED	

Office of the municipal manager	New Indicator	4.6.1.4 Number of reviewed and approved Risk Committee Charter, Risk management policy and Risk management strategy within the 2023/24 financial year	N/A	N/A	Council resolution	-	Council Resolution		Minutes and Council Resolution	ACHIEVED
Office of the municipal manager	12	4.7.1.1 Number of MANCO meetings convened within the 2023/24 financial year	12	12	12	-	12		Agenda, minutes & attendance register	ACHIEVED

KEY PERFORMANCE AREA 5: LOCAL ECONOMIC AND SOCIAL DEVELOPMENT (SERVICE DELIVERY)

DEPARTMENT	BASELINE	KEY MEASURABLE PERFORMANCE INDICATOR	ANNUAL TARGET 2022/23	ANNUAL ACTUAL ACHIEVEMENT 2022/23	ANNUAL TARGET 2023/24	AMENDED (MID-YEAR) ANNUAL TARGET 2023/24	ANNUAL ACTUAL ACHIEVEMENT 2023/24	BUDGET	TOTAL BUDGET EXPENDITURE	MEANS OF VERIFICATION	ACHIEVED / NOT ACHIEVED	CORRECTIVE ACTION FOR TARGET NOT MET/ REMARKS
Office of the municipal manager	4	5.1.1.1 Number of meetings/workshops for forum of vulnerable groups implemented in 2023/24 financial year	4	4	4	-	4			Agenda, Minutes & Attendance Register	ACHIEVED	
Office of the municipal manager	8	5.1.1.2 Number of Special Programmes coordinated to empower the vulnerable groups	8	8	8	-	8			Report & Register	ACHIEVED	
Corporate & Community Services	4	5.2.1.1 Number of book exchange programmes	4	4	4	-	4			Quarterly Report	ACHIEVED	

Corporate & Community Services	4	5.2.1.2 Number of library orientation and outreach programmes	4	4	4	4	-	4		Agenda, Minutes & Attendance Register	ACHIEVED	
Corporate & Community Services	8	5.4.3.1 Number of road blocks conducted	12	8	12	-	12		12	Quarterly Report	ACHIEVED	

3.13 ASSESSMENTS OF EXTERNAL SERVICE PROVIDERS 2023/2024 FINANCIAL YEAR

Assessment Key	
Good (G)	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
Satisfactory (S)	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
Poor (P)	The service has been provided below acceptable standards

Bid Number	Name of external Service Provider	Service provided in terms of the SLA	Date Contract Awarded	Completion Date	Value of project	Expenditure to Date	Comparison with previous year 2022/23		Current Financial Year 2023/24		Assessment of Service Providers Performance			User Department Comments: Time Frame/ Quality & Quantity as per specification
							Target	Actual	Target	Actual	G	S	P	
SLA	Calmesa Consulting Group PTY LTD	System support/professional services		29/02/2024	R3 003 038.00	R 12 343 251	Provide monthly support of Financial System	Partially	Provide monthly support of Financial System	Achieved		X		A new service provider has been appointed.
MN10/2021	Umhlabab	Compile and	01/09/20	30/06/20	R	R	Developm	Achiev	Developm	Achiev	X			

Bid Number	Name of external Service Provider	Service provided in terms of the SLA	Date Contract Awarded	Completion Date	Value of project	Expenditure to Date	Comparison with previous year 2022/23	Current Financial Year 2023/24	Assessment of Service Providers Performance	User Department Comments: Time Frame/ Quality & Quantity as per specification
							Target	Actual	Target	Actual
-22	Geomatics Inc.	maintenance of valuation roll	22	28	1 470 000.00	737 818,19	Target	Actual	Target	Actual
MN14/2022-23	FBL enterprise	The provision of security services as well as Transit VIP protectors for a period of 12 months.	01/11/2023	31/10/2024	R 8 550 971,28	R 3 694 208,94	Security services and provision for bodyguards and vehicle hiring for mayor & speaker.	Partially achieved	Security services and provision for bodyguards and vehicle hiring for mayor & speaker.	Achieved
MN14/2022-23	Double Action Security & training Academy	The provision of security services as well as Transit VIP protectors for a period of 12 months.	01/11/2023	31/10/2024	R 4 385 916,00	R 2 373 060,00	Car Rental & Security Services for Mayor & Speaker	Achieved	The provision of security services as well as Transit VIP protectors for a period of	Achieved

Bid Number	Name of external Service Provider	Service provided in terms of the SLA	Date Contract Awarded	Completion Date	Value of project	Expenditure to Date	Comparison with previous year 2022/23		Current Financial Year 2023/24		Assessment of Service Providers Performance	User Department Comment: Time Frame/ Quality & Quantity as per specification
							Target	Actual	Target	Actual	G S P	
MN09/2018-19 (TURNKEY)	Afrilectrica Consulting Engineers	Emadlangeni Phase 2 Electrification Project	01/07/2023	01/07/2023	R 10 057 000,00	R 6 262 973,51	Engineering services on electrification programme on turnkey contract: Emadlangeni	Achieved	Emadlangeni Phase 2 Electrification Project	Achieved	X	
MN09/2018	Igoda	Blue Mountain	01/07/2020	30/06/2020	R13 925 00	R	"Engineeri	Achiev	"Engineeri	Achiev		

Bid Number	Name of external Service Provider	Service provided in terms of the SLA	Date Contract Awarded	Completion Date	Value of project	Expenditure to Date	Comparison with previous year 2022/23	Current Financial Year 2023/24	Assessment of Service Providers Performance	User Department Comment: Time Frame/ Quality & Quantity as per specification
							Target	Actual	Target	Actual
-19 (TURNKEY)		Phase 2 Electrification Project	23	24	0,00	8 244 476,52	Target ng services on electrification programme on turnkey contract: Kaarport Kwantaba, Zimbuthu & Blue mountain, Waalhoek	Actual ed	Target ng services on electrification programme on turnkey contract: Blue Mountain Phase 2 Electrification Project	Actual ed
									X	
MN09/2018 -19 (TURKEY)	Afrilectrica consulting engineers	Dorothea Electrification Project	01/07/2023	30/06/2023	R 17 093 682,84	R 6 520 784,26	"Engineering services on electrification programme on turnkey contract:	Not Achieved	Achieved	X

Bid Number	Name of external Service Provider	Service provided in terms of the SLA	Date Contract Awarded	Completion Date	Value of project	Expenditure to Date	Comparison with previous year 2022/23		Current Financial Year 2023/24		Assessment of Service Providers Performance	User Department Comment: Time Frame/ Quality & Quantity as per specification
							Target	Actual	Target	Actual		
Regulation 32	Gutakura trading (Pty)Ltd	Construction of electrical infrastructure - Kaarport	01/07/2022	31/10/2022	R 2 645 188,80	R 2 333 406,60	Construction of electrification services: Jiyane Nhlazadolo Esitelenga phase 1 Esitelenga phase 2 Ndwakazane Electrification Kaarport Kwa	Achieved	Construction of electrical infrastructure - Kaarport	Achieved	G S P	

Bid Number	Name of external Service Provider	Service provided in terms of the SLA	Date Contract Awarded	Completion Date	Value of project	Expenditure to Date	Comparison with previous year 2022/23		Current Financial Year 2023/24		Assessment of Service Providers Performance	User Department Comment: Time Frame/ Quality & Quantity as per specification
							Target	Actual	Target	Actual	Q S P	
							Ntuba					
							Wit Umfolozi					
MN09/2018-19	NWS consulting engineering (Pty) Ltd	Electrification of Kaarport	01/07/2022	30/11/2022	R 323 099,12	R 287 480,06	Consulting engineering services; Jiyane Nhlazadolo	Achieved	Electrification of Kaarport	Achieved	X	
							Esitelenga phase 1 Kaarport Kwa Ntuba Wit Umfolozi					

Bid Number	Name of external Service Provider	Service provided in terms of the SLA	Date Contract Awarded	Completion Date	Value of project	Expenditure to Date	Comparison with previous year 2022/23		Current Financial Year 2023/24		Assessment of Service Providers Performance	User Department Comments: Time Frame/ Quality & Quantity as per specification
							Target	Actual	Target	Actual	G S P	
MN09/2018-19 (TURNKEY)	NWS consulting engineering (Pty) Ltd	Electrification of KwaNtaba	18/09/2022	20/01/2023	R 2 866 194,41	R 2 686 430,03	x	x	Electrification of KwaNtaba	Achieved	X	
MN05/2022/23	Lemalwa trading (Pty)Ltd	Upgrading of Kerk street phase 2	01/04/2023	13/07/2022	R 4 149 465,61	R 3 941 991,90	Upgrading of Kerk street phase 2	Achieved	Upgrading of Kerk street phase 2	Achieved	X	
MN02/2023-24	Lemalwa trading (Pty)Ltd	The upgrading of ward 2 sport field	01/03/2024	31/08/2024	R 7 106 846,72	R 2 805 389,56	x	x	The upgrading of ward 2 sport field	Achieved	X	
MN03/2023-24	Incuber trading enterprise (Pty) ltd	Upgrading of Scheepers street ward 2	01/12/2023	31/03/2024	R 3 956 687,24	R 1 087 142,15	Upgrading of Loop	Achieved	Upgrading of Scheepers street ward 2	Achieved	X	

Bid Number	Name of external Service Provider	Service provided in terms of the SLA	Date Contract Awarded	Completion Date	Value of project	Expenditure to Date	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance	User Department Comment: Time Frame/ Quality & Quantity as per specification
							Target	Actual	Target	Actual		
MN03/2021-22	Konica Minolta South Africa	Leasing of printers for a period of 3 years	31/05/2022	31/04/2025	R 575 690,40	R 248 910,66	Leasing of printers for a period of 3 years	Achieved	Leasing of printers for a period of 3 years	Achieved	X	
MN05-2019/2020	Mela Okuhle Trading (Cession)	Upgrading of General Street	15/03/2021	-	R 873 733,30	R 756 756,30	x	x	Upgrading of General Street	Achieved	X	
PO02768	Imvula Technologies	Supply and Installation of 50 MBPS wireless business internet for a period of 12 months	01/08/2023	31/07/2023	R 59 964,00	R 59 964,00	x	x	Supply and Installation of 50 MBPS wireless business internet for a period of 12 months	Achieved	X	
MN04/2023-24	Mbongz Civils	The upgrade of Plain Street	01/07/2023	30/05/2024	R 3 883 882,0	R 3 712 319	x	x	The upgrade	Achieved	X	

Bid Number	Name of external Service Provider	Service provided in terms of the SLA	Date Contract Awarded	Completion Date	Value of project	Expenditure to Date	Comparison with previous year 2022/23		Current Financial Year 2023/24	Assessment of Service Providers Performance			User Department Comment: Time Frame/ Quality & Quantity as per specification
							Target	Actual		G	S	P	
					6	,82							
RFQ37/2021-22	Vodacom	Supply of 30 Mbps Wireless Business Internet for 12 months	01/08/2023	31/07/2023	R 68 388,00	R 65 327,47	x	x	Not Achieved Supply of 30 Mbps Wireless Business Internet for 12 months			X	The municipality held several meetings with Vodacom raising concerns about poor performing network. The municipality will not use this service provider in the future.

CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A

EMadlangeni Local Municipality consists of 153 staff members whom are within Four departments namely; Office of the Municipal Manager; Municipal Planning and Technical Services, Corporate Services as well as Budget and Treasury. Due to lack of Human Resource policies to retain staff; the municipality experience the high rate of staff turnover and this has given a negative impact to the institution. Therefore, it can be stated that the municipality is unstable as it employs different people for one position as people move to greener pastures for better life condition.

4.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The Municipal Systems Act clarifies several issues relating to municipal powers, functions and duties. A municipality has all the functions and powers assigned to it in terms of the Constitution. It also has the right to do anything reasonably necessary for, or incidental to the effective performance of its functions and the exercise of its powers. National and provincial government assigns additional functions and powers to local government, which are best, exercised at a local level and this helps to ensure that the three spheres of government work in a coordinated way. In terms of the Municipal Structures Act as well as the Constitution (1996), specific powers and functions are assigned to District and Local municipalities respectively. EMadlangeni Local Municipality is performing the powers assigned to it in terms of legislation as deemed necessary at this stage. The following are the services that the municipality provides within its area of jurisdiction:

- EMadlangeni Local Municipality provides electricity within ward 2 which is set out to be a town of Utrecht and ward 5 Bensdorp, the Council adopted its indigent policy/register in 2023/24 financial year to ensure the provision of free service such as electricity to the deserving households.

- In terms of refuse removal, the municipality collect waste within town twice a week in 1 323 households, this forms part of the municipal revenue as the rates are paid to the municipal accounts for this service.

Housing

GOEDEHOOP HOUSING PROJECT

The project is at stage two internal reticulations and progressing accordingly. The implementing agent has started with the application of phase 3 top structure with the Department of Human Settlement.



Emadlangeni Local Municipality
Annual Financial Statements
for the year ended 30 June 2024

General Information

Nature of business and principal activities

The main business of the municipality is to structure and manage the administration, budgeting and planning process to give priority to basic needs of the community and to promote the social and economic development of the community. The main type of services rendered by the municipality includes the provision of electricity and water, collection, purifying and disposal of waste water and the construction and maintenance of roads and provision of parks, sport and recreation facilities.

Councillors

Mayor
Deputy Mayor
Councillors

Cllr ML Buthelezi
Cllr PF Chongo
Cllr PX Qwabe (Speaker)
Cllr SM Khoza (Whip of Council)
Cllr VC Ndlovu
Cllr NM Dekker (MPAC chairperson)
Cllr MJ Mthethwa
Cllr N Nkosi
Cllr NA Madida
Cllr MR Khumalo
Cllr KV Sibisi

Grading of local authority

Grade 1

Accounting Officer

G.N Mavundla

Chief Finance Officer (CFO)

PP. Sithole

Registered office

34 Voor Street
Utrecht
Kwa Zulu Natal
2980

Postal address

P.O. Box 11
Utrecht
Kwa Zulu Natal
2980

Bankers

Standard Bank
First National Bank

Auditors

Auditor General of South Africa

Attorneys

Mdledle Incorporated
Nompumelelo Hadebe Inc

Index

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

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Statement of Financial Position	6
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GRAP	Generally Recognised Accounting Practice
IPSAS	International Public Sector Accounting Standards
VAT	Value added tax
EPWP	Expanded public works programme
FMG	Finance management grant
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

Accounting Officer's Responsibilities and Approval

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

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

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

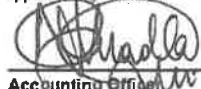
The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting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

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

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

Although the accounting officer is primarily responsible for the financial affairs of the municipality, she is supported by the municipality's external auditors.

The annual financial statements set out on page 6 to 71, which have been prepared on the going concern basis, were approved by the accounting officer 31 August 2024 and were signed on its behalf by:



Accounting Officer
Designation

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2024.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 4 meetings were held.

Name of member	Number of meetings attended
Buhtle Dlamini (Chairperson)	5
Adv Jabulani Mhlongo	5
Ms Thandeka Ndlovu	5
Mr Velaphi M Kubeka	5

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management still require some attention/improvement to ensure that they are efficient, effective and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in-year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act is considered efficient and effective.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the accounting officer of the municipality during the year under review.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Chairperson of the Audit Committee

Date: _____

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2024.

1. Review of activities

Main business and operations

2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 113 796 036 and the municipality's total liabilities does not exceed its total assets.

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.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

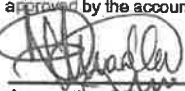
The annual financial statements have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Standards Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
G. Mavundla	South African

The annual financial statements set out on page 6 to 66 which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:



Accounting Officer
Designation

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	9&12	11 437 264	8 751 442
Receivables from non-exchange transactions	10&12	26 390 744	32 009 333
VAT receivable	11	-	1 407 038
Prepayments	8	164 943	148 654
Cash and cash equivalents	13	17 013 333	2 924 181
		55 006 284	45 240 648
Non-Current Assets			
Investment property	3	38 614 685	39 099 380
Property, plant and equipment	4	108 263 558	107 963 832
Intangible assets	5	3 440	53 978
Heritage assets	6	1 190 581	1 190 581
		148 072 264	148 307 771
Total Assets		203 078 548	193 548 419
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	26 446 837	30 588 475
Payables from non-exchange transactions	17	2 719 490	2 346 953
VAT payable	18	3 462 435	-
Consumer deposits	19	185 684	175 492
Employee benefit obligation	7	2 971 745	1 386 495
Unspent conditional grants and receipts	14	25 815 387	5 916 910
		61 601 578	40 414 325
Non-Current Liabilities			
Employee benefit obligation	7	1 636 000	2 982 000
Provisions	15	26 044 934	25 920 384
		27 680 934	28 902 384
Total Liabilities		89 282 512	69 316 709
Net Assets		113 796 036	124 231 710
Accumulated surplus		113 796 036	124 231 710

* See Note 49

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods	21	321 901	353 067
Service charges	22	17 004 414	16 055 778
Construction contracts	29	26 278 507	13 823 856
Operational revenue	23	619 542	5 637
Rental of facilities and equipment	25	1 535 291	1 406 984
Interest received - investment	24	1 454 352	556 512
Licences and permits	27	2 307 035	1 790 921
Penalties and Interest- Exchange Transactions	30	1 918 351	-
Total revenue from exchange transactions		51 439 393	33 992 755
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	31	37 400 183	25 471 125
Penalties and Interest- Non-exchange transactions	31	4 374 114	1 787 545
Transfer revenue			
Government grants and subsidies	32	63 295 523	53 875 515
Fines, Penalties and Forfeits	26	1 003 831	688 505
Total revenue from non-exchange transactions		106 073 651	81 822 690
Total revenue	20	157 513 044	115 815 445
Expenditure			
Employee related costs	33	(50 905 705)	(46 216 154)
Remuneration of councillors	34	(4 701 594)	(5 102 888)
Depreciation and amortisation	35	(13 307 211)	(18 116 630)
Finance costs	36	(307 054)	(1 978 717)
Lease rentals on operating lease	28	(171 987)	(151 856)
Debt Impairment	37	(15 248 453)	3 957 100
Bulk purchases	38	(19 281 709)	(15 896 269)
Contracted services	39	(18 288 826)	(12 912 187)
Construction expenses	41	(26 278 507)	(13 823 856)
Actuarial losses	7	(84 150)	(182 000)
Donation	43	(5 747 830)	-
General Expenses	40	(13 322 736)	(11 690 735)
Total expenditure		(167 645 762)	(122 114 192)
Deficit for the year from continuing operations		(10 132 718)	(6 298 747)
Loss on Disposals of assets	4	(302 943)	(583 480)
Deficit for the year		(10 435 661)	(6 882 227)

* See Note 49

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Restated Balance at 01 July 2022	131 113 937	131 113 937
Restated Surplus for the year	(6 882 227)	(6 882 227)
Total changes	(6 882 227)	(6 882 227)
Restated* Balance at 01 July 2023	124 231 697	124 231 697
Changes in net assets		
Surplus for the year	(10 435 661)	(10 435 661)
Total changes	(10 435 661)	(10 435 661)
Balance at 30 June 2024	113 796 036	113 796 036
Note(s)		

* See Note 49

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures In Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		38 754 405	28 980 287
Grants		63 295 523	53 875 515
Interest income		1 454 352	556 512
Other receipts		4 783 769	5 344 154
Vat		15 836 699	6 745 397
Property rates		44 806 766	15 942 567
Fines		79 421	42 981
		<u>169 010 935</u>	<u>111 487 413</u>
Payments			
Employee costs		(54 378 667)	(50 307 055)
Suppliers		(82 872 906)	(52 799 777)
Finance costs		(182 504)	(337 747)
		<u>(137 434 077)</u>	<u>(103 444 579)</u>
Net cash flows from operating activities	44	<u>31 576 858</u>	<u>8 042 834</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(17 497 898)	(8 212 866)
Financial Assets	4	-	451 111
Net cash flows from investing activities		<u>(17 497 898)</u>	<u>(7 761 755)</u>
Cash flows from financing activities			
Proceeds from other financial liabilities		-	(316 102)
Consumer deposits		10 192	2 565
Net cash flows from financing activities		<u>10 192</u>	<u>(313 537)</u>
Net increase/(decrease) in cash and cash equivalents		<u>14 089 152</u>	<u>(32 458)</u>
Cash and cash equivalents at the beginning of the year		2 924 181	2 956 639
Cash and cash equivalents at the end of the year	13	<u>17 013 333</u>	<u>2 924 181</u>

* See Note 49

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer to Note 54
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other revenue	526 886	(261 717)	265 169	321 901	56 732	21%
Service charges	21 660 811	332	21 661 143	17 004 414	(4 656 729)	-21%
Construction contracts	21 293 913	5 518 261	26 812 174	26 278 507	(533 667)	-2%
Operational revenue	142 106	496 859	638 965	619 542	(19 423)	-3%
Rental of facilities and equipment	1 081 926	162 365	1 244 291	1 535 291	291 000	23%
Interest received	493 113	411 410	904 523	1 454 352	549 829	61%
Licences and permits	1 673 084	(60 000)	1 613 084	2 307 035	693 951	43%
Penalties and Interest-Exchange Transactions	-	-	-	1 918 351	1 918 351	100%
Total revenue from exchange transactions	46 871 839	6 267 510	53 139 349	51 439 393	(1 699 956)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	45 344 758	-	45 344 758	37 400 183	(7 944 575)	-18%
Property rates - penalties imposed	-	5 670 405	5 670 405	4 374 114	(1 296 291)	-23%
Transfer revenue						
Government grants & subsidies	47 469 000	-	47 469 000	63 295 523	15 826 523	33%
Fines, Penalties and Forfeits	6 274 882	(5 670 405)	604 477	1 003 631	399 354	66%
Total revenue from non-exchange transactions	99 088 640	-	99 088 640	106 073 651	6 985 011	
Total revenue	145 960 479	6 267 510	152 227 989	157 513 044	5 285 055	
Expenditure						
Employee Related Costs	(47 879 086)	(4 115 616)	(51 994 702)	(50 905 705)	1 088 997	-2%
Remuneration of councillors	(4 857 873)	384 374	(4 473 499)	(4 701 594)	(228 095)	5%
Depreciation and amortisation	(9 864 329)	-	(9 864 329)	(13 307 211)	(3 442 882)	35%
Finance costs	(300 000)	136 000	(164 000)	(307 054)	(143 054)	87%
Lease rentals on operating lease	(180 000)	-	(180 000)	(171 987)	8 013	-4%
Debt Impairment	(10 400 000)	-	(10 400 000)	(15 248 453)	(4 848 453)	47%
Bulk purchases	(20 301 277)	52 417	(20 248 860)	(19 281 709)	967 151	-5%
Contracted Services	(18 485 399)	1 436 778	(17 048 621)	(18 288 826)	(1 240 205)	7%
Construction Expenses	(21 293 913)	(5 518 261)	(26 812 174)	(26 278 507)	533 667	-2%
Donation	-	-	-	(5 747 830)	(5 747 830)	-100%
General Expenses	(17 867 980)	2 995 843	(14 872 137)	(13 322 736)	1 549 401	-10%
Total expenditure	(151 429 857)	(4 628 465)	(156 058 322)	(167 561 612)	(11 503 290)	
Loss on disposal of assets	-	-	-	(302 943)	(302 943)	100%
Actuarial gains/losses	-	-	-	(84 150)	(84 150)	100%
	-	-	-	(387 093)	(387 093)	
	-	-	-	-	-	

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer to Note 54
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(5 469 378)	1 639 045	(3 830 333)	(10 435 661)	(6 605 328)	

Reasons for all variances in excess of 10% has been provided in note 53

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer to Note 54
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Figures in Rand

Statement of Financial Position**Assets****Current Assets**

Receivables from exchange transactions	6 315 520	(1 384 782)	4 930 738	11 437 264	6 506 526	132%
Receivables from non-exchange transactions	20 230 907	-	20 230 907	26 390 744	6 159 837	30%
Vat receivable	6 529 716	7 140 622	13 670 338	-	(13 670 338)	-100%
Prepayments	-	-	-	164 943	164 943	100%
Cash and cash equivalents	8 802 173	(8 642 338)	159 835	17 013 333	16 853 498	10544%
	41 878 316	(2 886 498)	38 991 818	55 005 284	16 014 466	

Non-Current Assets

Biological assets	4 268 701	4 349 646	8 618 347	-	(8 618 347)	-100%
Investment property	34 832 328	34 581 830	69 414 158	38 614 685	(30 799 473)	-44%
Property, plant and equipment	175 483 349	191 169 282	366 652 631	108 263 558	(258 389 073)	-70%
Intangible assets	367 717	34 021	401 738	3 440	(398 298)	-99%
Heritage assets	1 190 581	1 190 581	2 381 162	1 190 581	(1 190 581)	-50%
	216 142 676	231 325 360	447 468 036	148 072 264	(299 395 772)	

Total Assets

	258 020 992	228 438 862	486 459 854	203 078 548	(283 381 306)	
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Liabilities**Current Liabilities**

Other current liabilities	116 567	-	116 567	-	(116 567)	-100%
Payables from exchange transactions	29 345 187	(1 595 066)	27 750 121	26 446 837	(1 303 284)	-5%
Payables from non-exchange transactions	2 920 364	-	2 920 364	2 719 490	(200 874)	-7%
VAT payable	1 787 192	1 418 761	3 205 953	3 462 435	256 482	8%
Consumer deposits	172 927	-	172 927	185 684	12 757	7%
Employee benefit obligation	-	-	-	2 971 745	2 971 745	100%
Unspent conditional grants and receipts	-	-	-	25 815 387	25 815 387	100%
	34 342 237	(176 305)	34 165 932	61 601 578	27 435 646	

Non-Current Liabilities

Other current liability	1 673 000	1 605 000	3 278 000	-	(3 278 000)	-100%
Employee benefit obligation	-	-	-	1 636 000	1 636 000	100%
Provisions	21 092 162	-	21 092 162	26 044 934	4 952 772	23%
	22 765 162	1 605 000	24 370 162	27 680 934	3 310 772	

Total Liabilities

	57 107 399	1 428 695	58 536 094	89 282 512	30 746 418	
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Net Assets

	200 913 593	227 010 167	427 923 760	113 796 036	(314 127 724)	
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Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer to Note 54
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	200 913 593	227 010 167	427 923 760	113 796 036	(314 127 724)	

Reasons for all sub-component area in excess of 15% has been provided in note 53

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer to Note 54
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

VAT	-	-	-	15 836 699	15 836 699	100%
Sale of goods and services	18 788 951	(145)	18 788 806	38 754 405	19 965 599	106%
Grants	90 206 000	17 302 000	107 508 000	63 295 523	(44 212 477)	-41%
Interest income	493 113	411 410	904 523	1 454 352	549 829	61%
Property rates	34 008 569	4 534 038	38 542 607	44 806 766	6 264 159	16%
Other receipts	16 677 599	1 143 197	17 820 796	4 783 769	(13 037 027)	-73%
Fines	-	-	-	79 421	79 421	100%
	160 174 232	23 390 500	183 564 732	169 010 935	(14 553 797)	

Payments

Employee costs	(52 586 959)	(4 778 202)	(57 365 161)	(54 378 667)	2 986 494	-5%
Suppliers	(56 984 658)	(2 173 098)	(59 157 756)	(82 872 906)	(23 715 150)	40%
Finance costs	(300 000)	136 000	(164 000)	(182 504)	(18 504)	11%
	(109 871 617)	(6 815 300)	(116 686 917)	(137 434 077)	(20 747 160)	

Net cash flows from operating activities **50 302 615** **16 575 200** **66 877 815** **31 576 858** **(35 300 957)**

Cash flows from investing activities

Purchase of property, plant and equipment	(44 908 192)	(24 735 055)	(69 643 247)	(17 497 898)	52 145 349	-75%
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Cash flows from financing activities

Consumer deposits	-	-	-	10 192	10 192	100%
Net increase/(decrease) in cash and cash equivalents	5 394 423	(8 159 855)	(2 765 432)	14 089 152	16 854 584	
Cash and cash equivalents at the beginning of the year	2 924 181	-	2 924 181	2 924 181	-	
Cash and cash equivalents at the end of the year	8 318 604	(8 159 855)	158 749	17 013 333	16 854 584	

Reasons for all sub-component areas in excess of 15% has been provided in note 53.

Accounting Policies

Figures in Rand	Note(s)	2024	2023
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1. Presentation of Annual Financial Statements

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

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

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

1.4 Significant judgements and sources of estimation uncertainty

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

Receivables from exchange and non-exchange transactions

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

The impairment for receivables is calculated as the difference between the assets carrying amount and the present value of estimated future cashflows discounted. Future cashflows is estimated based on the history of past collection rates which is discounted at the effective rate of interest. The discounted future cashflows is therefore influenced by factors such as poor economic conditions, significant financial difficulty of the debtor or delinquency in debtor payments as well as economic effects on the prime lending rates which is used as a factor to calculate the effective interest rate.

Refer to notes 9 and 10: Receivables from exchange and non-exchange transactions for the carrying values.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions. Provisions are measured at the 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.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

1.4 Significant judgements and sources of estimation uncertainty (continued)

Contingent liabilities

Contingent liabilities are disclosed based on managements best estimate of the potential outflow of economic benefits. The contingent liability disclosure is based on the assumptions of matters being settled within an assumed future timeframe and expected costs. Changes in both future events and economic conditions may alter the amounts as disclosed. Refer to note 45: Contingencies for associated values.

Useful lives of fixed assets

The municipality's management determines the estimated useful lives and related depreciation charges for the fixed assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. For details, carrying values and related useful lives and depreciation rates for fixed assets refer to notes 1.6: Investment Property, 1.7: Property plant and equipment and 1.8: Intangible assets read in conjunction with notes 3: Investment property, 4: PPE, 5: Intangible assets and 6: Heritage assets. .

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The mortality rates, gender and age together with a discount factor and market conditions forms part of the assumptions utilised. Refer to Note 7: Employee benefit obligations for other information and the carrying values.

Environmental rehabilitation provision

The provision is raised for the rehabilitation of waste disposal landfill site to its original state once the site has reached the end of the useful life. For key assumptions and estimates relating to the Environmental rehabilitation provision, refer to note 15: Provisions.

1.5 Biological assets

Biological assets are living resources (animal/s) that undergo biological transformation held by the municipality in the game park. These assets are held for conservation purposes.

The municipality recognises biological assets when, and only when:

the municipality controls the asset as a result of past events;

it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and,

the fair value or cost of the asset can be measured reliably.

Measurement

Biological assets are recognized at cost and where these assets are acquired through a non-exchange transaction, its cost is measured at fair value at the date of acquisition.

Subsequent Measurement

Biological assets are subsequently measured at revalued amount, which is the fair value at the revaluation date less any accumulated depreciation and accumulated impairment losses. The revaluation is performed annually on the reporting date.

Should the carrying amount of a living resource increase as a result of a revaluation, the increase shall be credited directly to a revaluation surplus. The increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same living resource previously recognised in surplus or deficit.

Should the carrying amount of a living resource decrease as a result of a revaluation, the decrease shall be recognised in surplus or deficit. The decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that living resource. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

Derecognition

Accounting Policies

1.5 Biological assets (continued)

The carrying amount of a living resource 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 a living resource is included in surplus or deficit when the item is derecognised.

Upon disposal of the living resource or a group of living resources, the compensation received and the amount recognised in the statement of financial performance.

1.6 Investment property

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

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

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

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

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

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

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

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on the straight-line method to write down the cost, less estimated residual value over the useful life of the property.

Property - land	indefinite
Property - buildings	10-30 years
Infrastructure-other	10-40 years
Infrastructure- Dam	88 years

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	10-50 Years
Plant and machinery	Straight-line	2-50 Years
Furniture and fixtures	Straight-line	2-30 Years
Motor vehicles	Straight-line	2-30 Years
IT equipment	Straight-line	2-15 Years
Infrastructure	Straight-line	2-90 Years
Community	Straight-line	2-90 Years

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

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

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

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

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

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

Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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

1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.8 Intangible assets (continued)

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3-6 Years

1.9 Heritage assets

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Transfers

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

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

Derecognition

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

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

1.10 Financial instruments

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

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

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

Accounting Policies

1.10 Financial instruments (continued)

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

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

Accounting Policies

1.10 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

1.11 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;

Accounting Policies

1.11 Statutory receivables (continued)

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

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

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

Accounting Policies

1.11 Statutory receivables (continued)

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

Derecognition

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

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

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

1.12 Leases

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

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

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

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

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

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

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Accounting Policies

1.12 Leases (continued)

Operating leases - lessee

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

1.13 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.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work. The municipality is a participant in the Integrated National Electrification Programme (INEP). Funds are received from Eskom or the Department of Mineral resources and Energy (DMRE) to construct electrification infrastructure on behalf of Eskom in Eskom designated licensing areas.

The municipality is considered to be a contractor in terms of GRAP 11.

Funds are received in advance and recognised as a liability. Qualifying INEP expenditure is recognised as construction expenses when the expenditure is incurred. Construction revenue is recognised to the extent of the expenditure incurred which is reduced by the advance funds received.

Construction revenue comprises: The initial amount agreed in the Contract, and any variations to the agreement

Construction revenue is recognised when it is probable that they will result in revenue and they are capable of being measured reliably

Construction costs comprise costs that relate directly to the specific contract and costs that are attributable to the contract activity.

Any unused funds advanced to the municipality remain as a Construction liability.

Presentation

Construction revenue: disclosed as construction revenue as a separate line on the face of the statement of financial performance under revenue from exchange transactions.

Contract Costs: disclosed as construction costs as a separate line on the face of the statement of the statement of financial performance.

Contract creditor: Disclosed as a payable under payables from exchange transactions in the statement of financial position.

1.14 Impairment of cash-generating assets

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

Accounting Policies

1.14 Impairment of cash-generating assets (continued)

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

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

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

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

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

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

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

Useful life is either:

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

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of municipality sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined through actuarial valuations using the Projected Unit Credit discounted cashflow method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period.

Past service costs are recognised immediately to the extent that the benefits are already vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

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

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

Accounting Policies

1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46.

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

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

Accounting Policies

1.16 Provisions and contingencies (continued)

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

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

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

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

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

1.17 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.18 Revenue from exchange transactions

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

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

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

Sale of goods

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

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

Accounting Policies

1.18 Revenue from exchange transactions (continued)

Rendering of services

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

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

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

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

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

Interest, royalties and dividends

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

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

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

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

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

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

1.19 Revenue from non-exchange transactions

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

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

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

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

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

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

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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

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

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

Fines

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

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

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

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets.

Expenses are recognised when:

It is probable that the economic benefits or service potential associated with the transaction will flow out of the municipality, and

The amount of the expense can be measured reliably

Expenditure arising from Bulk purchases, contracted services and general expenses are measured at the cost of the outflow of resources from the municipality

1.20 Unauthorised expenditure

Unauthorised expenditure means:

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

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.

1.21 Fruitless and wasteful expenditure

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

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.

1.22 Irregular expenditure

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

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

1.23 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.

Accounting Policies

1.23 Segment Information (continued)

Measurement

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

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

1.24 Budget Information

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

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

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

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

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

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

1.25 Related parties

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

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

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

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

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

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

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

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

Accounting Policies

1.25 Related parties (continued)

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

1.26 Events after reporting date

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

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

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

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

1.27 Accounting by principals and agents

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.

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 GRAP 109.

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 GRAP 109.

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

KZN Department of Transport: The municipality acts as an agent in terms of the agreement it has with the department.

The Department is responsible for registration, licensing and testing functions in terms of applicable national and provincial road traffic legislation. The Department, to provide greater access to clients throughout the Province, transfers specified registration, licensing and testing functions to appropriately identified agents, which act as agents for the Department to process these functions.

The Department and the Municipality entered into an agreement for the transfer of registration and licensing of motor vehicle and learners license testing functions.

The municipality recognises agency fees from the department for the services it renders. Any amounts owing from the department at year end is reflected as a receivable

Under this agreement, any physical hardware to deliver on the agreement remains the asset of the department.

Spar and Dix take aways: The municipality acts as a principal in terms of the agreement it has with these parties.

Accounting Policies

1.27 Accounting by principals and agents (continued)

The municipality appointed Spar and Dix take-aways for the purposes of dispensing and selling electricity coupons to consumers.

The municipality recognises commission expenses for the amounts payable to the parties for the services they render on behalf of the municipality. Any amounts due to the parties at year end is reflected as a payable.

Under both these agreements, any physical hardware to deliver on the agreements, remains the assets of the municipality.

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2. New standards and Interpretations

2.1 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:
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Impact is not considered material
• IGRAP 21 (as revised): The effect of past decisions on materiality	01 April 2023	Impact is not considered material
• IGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Impact is not considered material
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Impact is not considered material
• Guideline on accounting for landfill sites	01 April 2023	Impact is not considered material
• GRAP 1 (amended): Presentation of financial statements.	01 April 2023	Impact is not considered material

2.2 Standards and Interpretations issued, but not yet effective

The municipality has not applied the following standard, which is approved but not yet effective. It is unlikely there will be a material impact to the AFS resulting from its application.

- IGRAP 32 The limit on a defined benefit asset, minimum funding requirements and their interaction - no effective date
- GRAP 1 on *Presentation of Financial Statements* (amended 2022) (no effective date determined)
- GRAP 103 on *Heritage assets* (amended) (no effective date determined)
- GRAP 105 on *Transfer of Functions Between Entities Under Common Control* (amended) (no effective date determined)
- GRAP 106 on *Transfer of Functions Between Entities Not Under Common Control* (amended) (no effective date determined)
- GRAP 107 on *Mergers* (amended) (no effective date determined)
- Improvements to Standards of GRAP (2023) (no effective date determined)
- GRAP 104 on *Financial instruments* (amended) (Effective April 2025)
- IGRAP 22 on Foreign Currency Transactions and Advance Consideration (Effective April 2025)

Notes to the Annual Financial Statements

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3. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	44 656 464	(6 041 779)	38 614 685	44 740 543	(5 641 163)	39 099 380

Reconciliation of Investment property - 2024

	Opening balance	Transfers	Depreciation	Total
Investment property	39 099 380	(84 080)	(400 615)	38 614 685

Reconciliation of Investment property - 2023

	Opening balance	Depreciation	Total
Investment property	39 349 878	(250 498)	39 099 380

Restrictions and Contractual obligations

No restrictions or contractual obligations exist on Investment Property. The addition of the Investment Property for the current period relates to a truck-shop that has been donated to the municipality.

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

Notes to the Annual Financial Statements

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3. Investment property (continued)		
Maintenance of Investment property		
The following maintenance costs were incurred for repairs and maintenance		
Repairs and Maintenance: Investment property	10 982	41 220
Amounts recognised in surplus or deficit		
Rental revenue from Investment property	1 282 885	1 083 383

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4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 812 330	-	2 812 330	2 796 477	-	2 796 477
Buildings	15 218 676	(11 104 037)	4 114 639	15 218 676	(10 204 171)	5 014 505
Plant and machinery	6 613 714	(2 106 580)	4 507 134	3 985 692	(1 835 540)	2 150 152
Furniture and fixtures	3 871 662	(2 491 167)	1 380 495	3 441 412	(2 219 567)	1 221 845
Motor vehicles	5 280 085	(4 098 648)	1 181 437	5 280 085	(3 716 722)	1 563 363
IT equipment	2 143 554	(1 299 285)	844 269	1 960 302	(975 565)	984 737
Infrastructure	164 865 567	(89 688 853)	75 176 714	155 895 845	(79 629 983)	76 265 862
Community	37 404 526	(19 157 986)	18 246 540	30 992 451	(13 025 560)	17 966 891
Total	238 210 114	(129 946 556)	108 263 558	219 570 940	(111 607 108)	107 963 832

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	2 796 477	-	-	15 853	-	-	2 812 330
Buildings	5 014 505	-	-	-	(419 659)	(480 207)	4 114 639
Plant and machinery	2 150 152	2 628 022	-	-	(271 040)	-	4 507 134
Furniture and fixtures	1 221 845	430 250	-	-	(271 600)	-	1 380 495
Motor vehicles	1 563 363	-	-	-	(381 926)	-	1 181 437
IT equipment	984 737	183 252	-	-	(323 720)	-	844 269
Infrastructure	76 265 862	15 890 770	-	(6 921 045)	(10 058 873)	-	75 176 714
Community	17 966 891	-	(6 050 774)	6 989 274	(658 851)	-	18 246 540
	107 963 832	19 132 294	(6 050 774)	84 082	(12 385 669)	(480 207)	108 263 558

GRAP 17: Property, Plant and Equipment requires that the eMadlangeni Local Municipality shall at each reporting date assess whether there has been an indication that the Municipality's expectation about the remaining useful lives of assets have changed. Such review has been completed and the following results were achieved.

The indicator, "The asset is approaching the end of its previously expected useful life", was identified in respect of 594 immovable assets and 263 movable assets. Management determined that these assets will still be in use for at least the next two financial periods and the remaining useful lives of these assets were extended accordingly.

The impact of the adjustment is that depreciation charges on Property, Plant and Equipment for the 2024 financial period has decreased by R 537 379.62 made up of R 366 706 Infrastructure assets and R 170 673 Movable assets. This change in depreciation is expected to remain the same over the next 24 months.

The municipality had not accounted for structures erected on leased property owned by the council. A prior period adjustment to Property, plant and Equipment was made in the current financial period. In accordance with GRAP 17, Property, Plant, and Equipment, the entity has made extensive efforts to determine the opening balances for the current financial period. However, it has been deemed impracticable to do so due to the following reasons:

Lack of access to adequate historical records or documentation to accurately determine the opening balances due to the passage of time resulting in the challenge and impracticability to reconstruct the necessary data.

Lack of market information dating back to the period when the assets ought to have been recorded.

There's insufficient publicly available information to determine the depreciated replacement cost specific to areas around Utrecht and surrounding towns.

The cost associated with getting an expert to perform the recalculations in managements opinion is not considered practical.

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4. Property, plant and equipment (continued)

Significant challenges in valuing these leasehold improvements due to the absence or lack of market data or comparable transactions for the period in question.

The municipality used the services of the property valuator already contracted perform the municipal valuation roll to assist in sub-dividing the properties and determining the market value for the leasehold improvements.

As a result, the municipality has taken due consideration in applying relevant standards to determine the deemed cost for these assets. Thus, the applied accounting policies will be applied prospectively from the beginning of the current financial period.

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Landfill re- measurement	Disposals	Depreciation	Impairment loss	Total
Land	2 796 477	-	-	-	-	-	2 796 477
Buildings	5 501 688	-	-	(15 276)	(425 663)	(46 244)	5 014 505
Plant and machinery	1 168 662	1 348 253	-	(67 350)	(306 316)	6 903	2 150 152
Furniture and fixtures	1 240 947	296 243	-	(45 615)	(273 635)	3 905	1 221 845
Motor vehicles	2 000 085	-	-	(49 719)	(387 003)	-	1 563 363
IT Equipment	1 225 130	167 052	-	(305 425)	(105 471)	3 451	984 737
Infrastructure	77 941 872	5 923 325	3 187 251	(103 796)	(8 856 070)	(1 826 720)	76 265 862
Community	23 156 851	477 993	-	(174 821)	(863 295)	(4 629 837)	17 966 891
	115 031 712	8 212 866	3 187 251	(762 002)	(11 217 453)	(6 488 542)	107 963 832

Restrictions and contractual obligations

No restrictions or contractual obligations exist.

There are no amounts of compensation from or to third parties for items of property, plant and equipment that were impaired, lost or given up that is included in surplus or deficit

Emadlangeni Local Municipality

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4. Property, plant and equipment (continued)

Reconciliation of Work-In-Progress 2024

	Included within Infrastructure	Total
Opening balance	4 065 543	4 065 543
Additions/capital expenditure	15 890 770	15 890 770
Transferred to completed items	(19 121 829)	(19 121 829)
	834 484	834 484

Reconciliation of Work-In-Progress 2023

	Included within Infrastructure	Total
Opening balance	10 980 771	10 980 771
Additions/capital expenditure	6 013 125	6 013 125
Correction of prior period error	(4 804 914)	(4 804 914)
Transferred to completed items	(8 123 439)	(8 123 439)
	4 065 543	4 065 543

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Buildings	438 285	655 641
Motor Vehicles	534 237	735 129
Machinery	5 939	36 805
	978 461	1 427 575

The average period to complete WIP projects is estimated to be 24 months based on past experience. All the projects included within the carrying amount of WIP for the current and prior period is less than 6 months old. There are no projects that were halted during the current or prior period.

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

Notes to the Annual Financial Statements

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5. Intangible assets

2024			2023		
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
1 560 201	(1 556 761)	3 440	1 560 201	(1 506 223)	53 978

Computer software, other

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	53 978	(50 538)	3 440

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	214 717	(160 739)	53 978

Restrictions and Contractual obligations

No restrictions or contractual obligations exist.

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6. Heritage assets

2024			2023		
Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
1 490 000	(299 419)	1 190 581	1 490 000	(299 419)	1 190 581

Heritage Assets (Land and Buildings- refer to reconciliation below)

Reconciliation of heritage assets 2024

	Opening balance	Total
Buildings	942 247	942 247
Land	248 334	248 334
	1 190 581	1 190 581

Reconciliation of heritage assets 2023

	Opening balance	Total
Buildings	942 247	942 247
Land	248 334	248 334
	1 190 581	1 190 581

No repairs and maintenance was incurred on Heritage Assets.

Restrictions and contractual obligations

No restrictions or contractual obligations exist.

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7. Employee benefit obligations

Defined benefit plan

The employee benefit obligation includes the plan for the post employment medical benefit plan and Long service award and the provision for the 13th cheque.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Opening balance	(4 368 495)	(2 825 000)
Current service cost	(192 000)	(153 000)
Interest cost	(330 000)	(299 000)
Benefits paid	382 000	321 000
Actuarial gain/(loss)	(77 000)	(182 000)
Provision for 13th cheque	(22 250)	(1 230 495)
	(4 607 745)	(4 368 495)
 Non-current liabilities	 (1 636 000)	 (2 982 000)
Current liabilities	(2 971 745)	(1 386 495)
	(4 607 745)	(4 368 495)

Emadlangeni Local Municipality

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7. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date: 30 June 2024 & 2023 respectively

Actual return on plan assets	1,00 %	1,00 %
Discount rates used	10,70 %	11,03 %
Expected rate of return on assets	5,52 %	6,04 %
Expected rate of return on reimbursement rights	7,02 %	7,54 %
Actual return on reimbursement rights	3,44 %	3,25 %
Expected increase in salaries	1,00 %	1,00 %
Expected pension increases	11,23 %	11,47 %
Proportion of employees opting for early retirement	5,81 %	6,33 %
Expected increase in healthcare costs	6,81 %	7,33 %
Future changes in maximum state healthcare benefits	4,14 %	3,86 %

1.POST EMPLOYMENT MEDICAL SUBSIDY

The employer's post-employment health care liability consists of a commitment to pay a portion of the pensioners' post-employment medical scheme contributions. This liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member.

Emadlangeni Municipality does not have a formal medical subsidy policy for retired employees.

Emadlangeni Municipality is aware of five (5) continuation pensioners that are currently subsidised for medical contributions with the following subsidy requirements:

- subsidy percentages of 60% to current pensioners and their dependants; and
- subsidy percentages of 60% to deceased pensioners' spouses and their dependants.

ELIGIBLE EMPLOYEES

We summarise the participants eligible for post employment medical aid subsidy as at the current valuation date, 30 June 2024, as provided by Emadlangeni.

The employees' contributions are those payable to the employees and their spouses in retirement, at the current rates. The contributions include risk and the medical savings account.

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7. Employee benefit obligations (continued)**VALUATION METHOD**

In accordance with the requirements of GRAP25, the Projected Unit Credit method has been applied. The assumption underlying the funding method is that the employer's post-employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference to Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

VALUATION ASSUMPTIONS**NET DISCOUNT RATE**

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised above:

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2023 the duration of liabilities was 11.03% per annum. At this duration the discount rate as at 30 June 2024 is 11.70% per annum.

A healthcare cost inflation rate of 7.02%% (2023:7.54%) was assumed.

It is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.44% (2023:3.25%) per annum. This year's valuation basis is consistent with the previous year's basis from a discount rate perspective. Basis used to determine the overall expected rate of return on assets is as follows:

DEMOGRAPHIC AND DECUREMENT ASSUMPTIONS

The demographic and decrement assumptions were consistent in the previous and current valuation period.

CONTINUATION PERCENTAGES

We have assumed continuation of the post-employment health care subsidy would be at 100% of active employees, or their surviving dependants.

2. LONG SERVICE AWARDS

Emadlangeni offers bonuses for every 5 years of completed service from the 10th year in service to 45 years. Below we outline the benefits awarded to qualifying employees. Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed.

VALUATION METHOD

In accordance with the requirements of GRAP25, the Projected Unit Credit method has been applied. Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date. In determining these liabilities, due allowance has been made for future award increases.

The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

VALUATION ASSUMPTIONS**NET DISCOUNT RATE**

The key assumptions used in the valuation are consistent with the prior years' assumptions shown for comparison, are summarised above:

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

At this duration the discount rate determined as at 30 June 2024 was 11.23% (2023:11.47%) per annum.

We have assumed that salary inflation would exceed general inflation by 1.00% per annum, 6.81% (2023:7.33%) per annum.

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7. Employee benefit obligations (continued)

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 4.14% (2023: 3.86%) per annum.

DEMOGRAPHIC AND DECUREMENT ASSUMPTION

The demographic and decement assumptions were consistent in the previous and current valuation period.

The following sensitivity analysis is relevant: Long Service

Assumption	Variation	Change in accrued liability	Change in annual expense
Salary inflation	+1%	+7.3%	+8.4%
Salary inflation	-1%	-6.6%	-7.5%
Withdrawal rates	-20%	+7.4%	+9.9%
Withdrawal rates	+20%	-5.0%	-5.9%
Discount rate	+1%	-6.2%	-2.8%
Discount rate	-1%	+7%	+3.1%

The following sensitivity analysis is relevant: Post Employee Benefit

Assumption	Variation	Change in accrued liability	Change in annual expense
Mortality	PA(90) -1	+4.8%	+5.2%
Mortality	PA(90) -2	+9.7%	+10.5%
Healthcare cost inflation	+1%	+5.7%	+6.2%
Healthcare cost inflation	-1%	-5.3%	-5.7%
Discount	+1%	-5.0%	+3.4%
Discount	-1%	+5.6%	-3.9%

8. Prepayments

Eskom	148 654	148 654
Eskom: addition	16 289	-
	164 943	148 654

9. Receivables from exchange transactions

Consumer debtors - Electricity	7 149 272	6 762 744
Consumer debtors - Refuse	3 148 060	2 309 387
Consumer debtors - Other	985 595	(320 689)
Accrued Interest Income	154 337	-
	11 437 264	8 751 442

No debtors has been pledged as security.

Refer to note 12 for further details on gross and impairment balances.

Interest or other charges levied/charged

Consumers are charged interest at 1.5% on all outstanding balances over 30 days.

Provision for impairment

Emadlangeni Local Municipality

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9. Receivables from exchange transactions (continued)

Receivables from exchange transactions: the municipality first assesses whether objective evidence of impairment exists individually for debtors that are individually significant. If the municipality determines that no objective evidence of impairment exists for an individually assessed debtor, it includes the asset in a group of debtors with similar credit risk characteristics and collectively assesses them for impairment.

Debtor balances outstanding for more than 30 days serves as an indication of possible impairment. Organs of state is seen as a financial asset falling within a different credit profile to the usual community consumers. For all intents and purposes, all inter-governmental debt should be fully collectible. Government debt is therefore not provided for.

The impairment loss is calculated as the difference between the assets carrying amount and the present value of estimated future cashflows discounted. A discount rate applied to the estimated future cash flows of 12% (2023:10%) was used which was calculated as the effective interest rate.

The past payment history of consumer debtors is used as the basis to estimate the future cashflows. Once the estimated cashflow is established, it is discounted. Government debt also forms part of the estimated future cashflows.

Trade and other receivables past due but not impaired

The amount past due but not impaired relates to all government debt that is past the due date of 30 days. Government debt is considered recoverable and has not been provided for. At 30 June 2024, the amount past due and not impaired amounts to R23 082 559.

The ageing of amounts past due but not impaired is as follows:

Category of service	31-60 days	61-90 days	91-120 days	> 121 days	Total
Property rates	-	392 182	379 027	11 344 424	12 115 633
Electricity	-	286 076	251 692	4 184 477	4 722 246
Refuse	-	200	2 861	140 907	143 968
Rental	-	4 600	4 600	25 821	35 021
Other	-	-	-	626	627
Interest	-	311 606	43 621	5 709 836	6 065 064
	-	994 664	681 801	21 406 091	23 082 559

10. Receivables from non-exchange transactions: Statutory receivables

Fines	48 266	714 976
Consumer debtors - Rates	26 342 478	31 294 357
	26 390 744	32 009 333

No debtors has been pledged as security.

Refer to note 12 for further details on gross and impairment balances.

The provision for impairment for traffic fines is R3 124 546 (2022: R1 533 427). Refer to provision for impairment reconciliation below.

Emadlangeni Local Municipality

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10. Receivables from non-exchange transactions: Statutory receivables (continued)

Statutory receivables general information

Transaction(s) arising from statute

Traffic fines-section 56 and 139 of the traffic management act determines the type of fines that maybe levied by the municipality to motorists that contraves these acts.

Property rates-property rates are levied in accordance with the MPRA that requires different percentage to be levied on different properties depending on the use and the extent of those properties.

Determination of transaction amount

Traffic fines: The transaction amount is determined by reference to the traffic fines issues per the traffic fine books used by the traffic fines department which is in accordance with section 56 and 139 in relation to traffic fines.

Property rates: The transaction amount is levied in accordance with the MPRA that requires different percentage to be levied on different properties depending on the use and the extent of those properties.

Interest or other charges levied/charged

The municipality does not levy interest on late payments on traffic fines. Interest on late payments of property rates is levied at 1.5% on accounts overdue for more than 30 days.

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

Traffic fines: The municipality is using the collection rate as a basis to perform the assessment for the estimate of the provision for impairment of traffic fines.

Property rates: the municipality first assesses whether objective evidence of impairment exists individually for debtors that are individually significant. If the municipality determines that no objective evidence of impairment exists for an individually assessed debtor, it includes the asset in a group of debtors with similar credit risk characteristics and collectively assesses them for impairment.

Debtor balances outstanding for more than 30 days serves as an indication of possible impairment. Organs of state is seen as a financial asset falling within a different credit profile to the usual community consumers. Its is anticipated that all balances from organs of state will be received and is therefore not considered for impairment.

The impairment loss is calculated as the difference between the assets carrying amount and the present value of estimated future cashflows discounted.

The past payment history of consumer debtors is used as the basis to estimate the future cashflows. Once the estimated cashflow is established, it is discounted A discount rate applied to the estimated future cash flows of 12% (2023:10%) was used which was calculated as the effective interest rate.

The difference between the carrying value and the discounted cashflows is results in the provision amount.

Notes to the Annual Financial Statements

Figures in Rand

2024 2023

10. Receivables from non-exchange transactions: Statutory receivables (continued)

Reconciliation: Traffic fines

Gross balance	3 172 812	2 248 402
Allowance for impairment	(3 124 546)	(1 533 426)
	48 266	714 976
Reconciliation of provision for impairment: Traffic fines	-	-
Opening balance	1 533 426	1 490 676
Increase in provision for impairment	1 655 270	42 750
Amounts written off as uncollectible	(64 150)	-
	3 124 546	1 533 426

Refer to note 12 for the reconciliation on rates.

11. VAT receivable

VAT	-	1 407 038
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VAT is accounted for using the accrual basis of accounting however the cash basis is applied when submitting the VAT 201.

12. Consumer debtors disclosure

Gross balances		
Consumer debtors - Rates	53 874 653	56 907 122
Consumer debtors - Electricity	14 621 424	9 916 769
Consumer debtors - Refuse	6 438 295	4 730 764
Consumer debtors - Other	2 015 701	1 447 353
	76 950 073	73 002 008

Less: Allowance for impairment		
Consumer debtors - Rates	(27 532 176)	(25 703 207)
Consumer debtors - Electricity	(7 472 152)	(4 173 066)
Consumer debtors - Refuse	(3 290 235)	(2 135 668)
Consumer debtors - Other	(1 030 106)	(944 269)
	(39 324 669)	(32 956 210)

Net balance		
Consumer debtors - Rates	26 342 477	31 294 357
Consumer debtors - Electricity	7 149 272	6 762 744
Consumer debtors - Refuse	3 148 060	2 309 387
Consumer debtors - Other	985 595	(320 689)
	37 625 404	40 045 799

Rates		
Current (0 -30 days)	3 113 623	3 497 335
31 - 60 days	1 222	12 037
61 - 90 days	1 789 795	1 991 992
91 - 120 days	1 347 905	1 679 620
> 365 days	47 622 108	49 726 138
	53 874 653	56 907 122

Emadlangeni Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
12. Consumer debtors disclosure (continued)		
Electricity		
Current (0 -30 days)	2 096 354	1 543 799
31 - 60 days	-	1 010
61 - 90 days	147 471	390 222
91 - 120 days	408 390	368 747
> 365 days	11 969 209	6 940 067
	14 621 424	9 243 845
Refuse		
Current (0 -30 days)	310 153	270 801
31 - 60 days	1 015	4 055
61 - 90 days	(68 965)	108 739
91 - 120 days	128 170	138 035
> 365 days	6 067 922	4 209 134
	6 438 295	4 730 764
Other		
Current (0 -30 days)	143 214	130 773
31 - 60 days	-	648
61 - 90 days	(248 418)	45 770
91 - 120 days	42 148	41 875
> 365 days	2 078 757	1 228 287
	2 015 701	1 447 353
Other debtors relates to rental of houses and municipal sites.		
Accrued Income		
Accrued Income- Interest income	154 337	-

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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12. Consumer debtors disclosure (continued)**Reconciliation of provision for Impairment: Summary**

Balance at beginning of the year	32 956 210	38 967 528
Contributions to allowance including Debt impairment written off against allowance	6 368 460	(6 011 318)
	39 324 670	32 956 210

Reconciliation of provision for Impairment: Rates

Balance at beginning of the year	25 703 207	29 633 305
Contributions to allowance	7 155 033	(1 918 629)
Debt impairment written off against allowance	(5 326 065)	(2 011 469)
	27 532 176	25 703 207

Reconciliation of provision for impairment: Electricity

Balance at beginning of the year	4 173 065	5 185 178
Contributions to allowance	3 299 087	(1 012 113)
	7 472 152	4 173 065

Reconciliation of provision for Impairment: Refuse

Balance at beginning of the year	2 135 668	3 016 650
Contributions to allowance	1 154 567	(880 982)
	3 290 235	2 135 668

Reconciliation of provision for Impairment: Other

Balance at beginning of the year	944 269	1 132 395
Contributions to allowance	85 837	(188 126)
	1 030 106	944 269

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 083	1 083
Bank balances	77 611	603 031
Short-term deposits	16 934 639	2 320 067
	17 013 333	2 924 181

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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13. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
First Primary National Bank Account 62864159366	-	603 038	742 827	-	603 038	742 827
INEP 06 850 0947 - 102	24 310	824	824	24 310	824	824
Nguni Cattle - 42 850 052 1 - 003	6 085	6 085	6 085	6 085	6 085	6 085
KZN Wildlife - 06 850 094 7 - 070	10 313	10 313	10 313	10 313	10 313	10 313
VAT refund account - 42 880 052 1 - 002	29 866	27 890	125 088	29 866	27 890	125 088
Repairs 376 houses - 06 850 418 7 - 001	2 312 835	2 159 027	2 034 695	2 312 835	2 159 027	2 034 695
General Investments - 06 850 094 7 - 030	9 147 495	67 095	2 977	9 147 495	67 095	2 977
Proceeds from auction - 06 850 094 7 - 050	5 038	4 820	4 662	5 038	4 820	4 662
MIG 20192020 06 850 0947 - 096	5 165 454	9 881	3 696	5 165 454	9 881	3 696
Consumer deposits - 06 850 094 7 - 084	10 035	9 563	9 248	10 035	9 563	9 248
Housing rentals - 06 850 094 7 - 094	5 830	5 830	5 830	5 830	5 830	5 830
INEP Retention - 06 850 094 7 - 087	1 475	1 411	1 365	1 475	1 411	1 365
Spatial planning - 06 850 094 7 - 090	1 283	1 283	1 283	1 283	1 283	1 283
EPWP 06 850 0947 - 097	4 015	4 015	4 015	4 015	4 015	4 015
FMG 06 850 0947 - 099	40 716	2 648	2 646	40 716	2 648	2 646
Balele 06 850 0947 - 105	9 376	9 375	-	9 376	9 375	-
FNB Call Account Investment 63061842928	160 513	-	-	160 513	-	-
Total	16 934 639	2 923 098	2 955 554	16 934 639	2 923 098	2 955 554

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Repair of 376 Houses	813 725	813 725
Balele	6 938 320	5 103 185
Disaster	17 563 342	-
Local economic development	500 000	-
	25 815 387	5 916 910

Movement during the year

Balance at the beginning of the year	5 916 910	1 278 425
Additions during the year	45 125 000	22 438 000
Income recognition during the year	(25 226 523)	(17 799 515)
	25 815 387	5 916 910

See note 32 for reconciliation of grants from National/Provincial Government.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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15. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Re- measurement	Total
Environmental rehabilitation	25 920 384	124 550	26 044 934

Reconciliation of provisions - 2023

	Opening Balance	Additions	Total
Environmental rehabilitation	21 092 162	4 828 222	25 920 384

Environmental rehabilitation provision

The provision is raised for the rehabilitation of waste disposal landfill site to its original state once the site has reached the end of the useful life.

Key Assumptions

1. Inflation rate:

An inflation rate of 5.2% has been assumed to estimate future costs. This rate is based on historical inflation trends and future economic forecasts.

2. Cost Estimates:

The cost estimates for environmental rehabilitation are based on current market prices for similar restoration activities. This is based on the conceptual closure design used to compile the rehabilitation and closure cost. These estimates are reviewed annually and adjusted for any significant changes in market conditions.

3. Timing of the commencement of the rehabilitation:

The waste management licence expired in December 2023. A letter indicating that the rehabilitation process will commence in stages as a result of financial constraints was sent to EDTEA in December 2023. The decommissioning has since commenced and the full technical requirements to have the site rehabilitated is underway and will be completed in stages.

4. Legal and Regulatory Requirements:

Current legal requirements as stipulated in the licence has been taken into consideration.

5. Technological

The site rehabilitation would require a 100mm soil levelling layer to be imported as no clay is available in close proximity to the site. Allowance was made for the gas extraction system, leachate cut off drain, Septic tank and new monitoring boreholes. These assumptions are based on current technological trends and expert opinions.

16. Payables from exchange transactions

Trade payables	7 830 261	11 335 925
Retention Liability	9 451 344	7 855 221
Leave Pay Accrued	3 827 656	3 663 739
Direct deposits, third parties and other	926 650	6 622 310
Deposits received	22 212	45 108
Credit balances: receivable from exchange transactions	3 083 200	374 375
Other Payable: INEP	1 305 514	691 797
	26 446 837	30 588 475

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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16. Payables from exchange transactions (continued)

The debtors with credit balances amounting to R5 802 690 (2023: R2 721 328) is split between R3 083 200 (2023: R374 375) relating to receivables from exchange transactions and 2 719 490 (2023:R2 346 953) which relates to receivables from non exchange transactions.

The other payables: INEP relates to the unspent portion of the funds in terms of the agreement the municipality has in place with Eskom/Department of mineral resources and energy. The municipality has an agreement in place to construct electrical infrastructure in Eskom licenced areas. The construction contract expenses consist mainly of contracted services where-in the Municipality procures the services of contractors for the construction related expenditure. Revenue is recognised excluding Vat when the expenditure is incurred.

17. Payable from non-exchange transactions

Credit non exchange debtors	2 719 490	2 346 953
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The debtors with credit balances amounting to R5 802 690 (2023: R2 721 328) is split between R3 083 200 (2023: R374 375) relating to receivables from exchange transactions and 2 719 490 (2023:R2 346 953) which relates to receivables from non exchange transactions.

18. VAT payable

Vat	3 462 435	-
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VAT is accounted for using the accrual basis of accounting however the cash basis is applied when submitting the VAT 201.

19. Consumer deposits

Electricity	185 684	175 492
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The consumer deposits represents the amounts paid by consumers in obtaining the connections for services. These amounts are refundable to consumers when the consumer accounts are transferred or closed.

20. Revenue

Sale of goods	321 901	353 067
Service charges	17 004 414	16 055 778
Construction contracts	26 278 507	13 823 856
Operational Revenue	619 542	5 637
Rental of facilities and equipment	1 535 291	1 406 984
Interest received -investment	1 454 352	556 512
Licences and permits	2 307 035	1 790 921
Penalties and Interest- Exchange Transactions	1 918 351	-
Property rates	37 400 183	25 471 125
Property rates - penalties imposed	4 374 114	1 787 545
Government grants and subsidies	63 295 523	53 875 515
Fines, Penalties and Forfeits	1 003 831	688 505
	157 513 044	115 815 445

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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20. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods	321 901	353 067
Service charges	17 004 414	16 055 778
Construction contracts	26 278 507	13 823 856
Operational revenue	619 542	5 637
Rental of facilities and equipment	1 535 291	1 406 984
Interest received -investment	1 454 352	556 512
Licences and permits	2 307 035	1 790 921
Penalties and Interest- Exchange Transactions	1 918 351	-
	51 439 393	33 992 755

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	37 400 183	25 471 125
Property rates - penalties imposed	4 374 114	1 787 545
Transfer revenue		
Government grants & subsidies	63 295 523	53 875 515
Fines, Penalties and Forfeits	1 003 831	688 505
	106 073 651	81 822 690

21. Sale of goods and rendering of services

Consumables	24 060	72 596
Sub-division and consolidation fees	8 923	3 191
Tender documents	91 827	107 762
Building plans	30 974	31 288
Camping fees	57 870	55 369
Cemetery and burial	33 346	37 590
Clearance certificates	16 796	17 973
Entrance fees	47 860	21 686
Photocopies and faxes	10 245	6 252
	321 901	353 707

22. Service charges

Sale of electricity	14 999 753	14 138 909
Refuse removal	2 004 661	1 916 869
	17 004 414	16 055 778

The service charges represents revenues earned by the municipality from the provision of electricity and refuse removal services.

23. Operational revenue.

Administrative and handling fees	618 239	11 110
Breakages and losses recovered	1 303	1 342
Agency fees	-	(6 815)
	619 542	5 637

24. Interest on investment

Short term deposits	1 454 352	556 512
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Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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25. Rental of facilities and equipment

Rental of Investment properties	1 117 211	1 083 383
Other ad-hoc rentals	418 080	323 601
	<u>1 535 291</u>	<u>1 406 984</u>

26. Fines, Penalties and Forfeits

Fines, Penalties and Forfeits	<u>1 003 831</u>	<u>688 505</u>
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27. Licences and permits

Game	246 130	173 009
Trading	12 951	14 294
Drivers licence certificate	1 179 360	927 296
Learner licence application	413 440	322 113
Agency revenue- commission	250 052	216 136
Operators and public drivers permit	205 102	138 073
	<u>2 307 035</u>	<u>1 790 921</u>

28. Lease rentals on operating lease

Leased Machinery	<u>171 987</u>	<u>151 856</u>
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Operating leases represents the amounts paid to service providers in leasing out the photocopying machines that are used the municipal buildings.

29. Construction revenue

INEP Construction revenue	<u>26 278 507</u>	<u>13 823 856</u>
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The construction revenue relates to the revenue recognised in terms of the agreement the municipality has in place with Eskom/Department of mineral resources and energy. The municipality has an agreement in place to construct electrical infrastructure in Eskom licenced areas. The construction contract expenses consist mainly of contracted services where-in the Municipality procures the services of contractors for the construction related expenditure. Revenue is recognised excluding Vat when the expenditure is incurred.

30. Penalties and Interest- Exchange transactions

Penalties & Interest	<u>1 918 351</u>	<u>-</u>
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Penalties/ interest is levied on outstanding debtor balances owing for exchange transactions being electricity, rates and refuse.

Emadlangeni Local Municipality

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Figures in Rand	2024	2023
31. Property rates		
Property rates	37 400 183	25 471 125
	37 400 183	25 471 125
Property rates - Penalty on late payments	4 374 114	1 787 545
	41 774 297	27 258 670

Penalties/ interest is levied on outstanding debtor balances owing for non- exchange transactions being rates.

Valuations

Residential	486 785 000	365 490 000
Commercial	108 491 000	74 450 000
State	511 981 000	433 936 000
Municipal	96 990 000	72 265 000
Small holdings and farms	3 608 833 000	2 865 677 000
Other (PBO, Public worship, Vacant etc)	59 693 000	38 481 000
	4 872 773 000	3 850 299 000

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2023. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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32. Government grants and subsidies**Operating grants**

Equitable share	38 069 000	36 076 000
Finance Management Grant	3 000 000	3 000 000
Expanded Public Works Programme	1 124 000	978 000
Library	1 950 000	2 414 700
Balele Tourism grant	1 164 865	1 396 815
Disaster	959 658	-
	46 267 523	43 865 515

Capital grants

Municipal Infrastructure Grant (MIG)	17 028 000	10 010 000
	63 295 523	53 875 515

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Repair of 376 Houses

Balance unspent at beginning of year	813 725	813 725
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Conditions still to be met - remain liabilities (see note 14).

The purpose of this grant is to fund the repair of houses.
Withheld/delayed grant: None.

Finance Management Grant

Current-year receipts	3 000 000	3 000 000
Conditions met - transferred to revenue	(3 000 000)	(3 000 000)
	-	-

The purpose of this grant is to promote sound financial management
Grant withheld/delayed: None.

Expanded Public Works Programme

Current-year receipts	1 124 000	978 000
Conditions met - transferred to revenue	(1 124 000)	(978 000)
	-	-

The purpose of this grant is to reduce poverty and unemployment through the provision of temporary work.
Grant withheld/delayed: None.

Municipal Infrastructure Grant (MIG)

Current-year receipts	17 028 000	10 010 000
Conditions met - transferred to revenue	(17 028 000)	(10 010 000)
	-	-

The purpose of this grant is for the infrastructure development.
Grant withheld/delayed: None

Notes to the Annual Financial Statements

Figures in Rand

2024 2023

32. Government grants and subsidies (continued)

Disaster

Current-year receipts	18 523 000	-
Conditions met - transferred to revenue	(959 658)	-
	17 563 342	-

Conditions still to be met - remain liabilities (see note 14).

The purpose of this grant is to alleviate the consequences arising from disasters..

Withheld/delayed grant: None.

The grant was received on 28th February 2024. The municipality was therefore unable to spend a considerable amount of the grant in the 4 months leading up to 30 June 2024.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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32. Government grants and subsidies (continued)

Library Grant

Balance unspent at beginning of year	-	464 700
Current-year receipts	1 950 000	1 950 000
Conditions met - transferred to revenue	(1 950 000)	(2 414 700)
	-	-

The purpose of this grant is to fund salaries of the librarians and library related expenditure.
Withheld/delayed grant: None.

Balele Grant

Balance unspent at beginning of year	5 103 185	-
Current-year receipts	3 000 000	6 500 000
Conditions met - transferred to revenue	(1 164 865)	(1 396 815)
	6 938 320	5 103 185

Conditions still to be met - remain liabilities (see note 14).

The purpose of this grant is to fund the re-furbishment of the Balele game park.
Withheld/delayed grant: None.

Local economic development

Current-year receipts	500 000	-
	500 000	-

Conditions still to be met - remain liabilities (see note 14).

The purpose of this grant is to encourage local people to work together to achieve sustainable economic growth and development thereby bringing economic benefits and improved quality of life for all residents in a local municipal area.

33. Employee related costs

Basic	37 141 989	33 670 933
Bonus	2 669 419	2 177 161
Medical aid - company contributions	1 152 670	864 787
UIF	287 238	252 998
Bargaining Council	19 507	16 784
Leave pay provision charge	400 524	1 011 987
Travel, motor car, accommodation, subsistence and other allowances	1 070 171	657 800
Overtime payments	604 770	586 462
13th Cheques	22 250	247 810
Acting allowances	-	77 631
Housing benefits and allowances	235 679	220 563
Pension contributions	4 891 965	4 198 511
Stand By	2 079 523	1 933 727
Current interest costs	330 000	299 000
	50 905 705	46 216 154

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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33. Employee related costs (continued)

Remuneration of the Municipal Manager Mrs GN Mavundla

Annual Remuneration	1 037 823	1 000 150
Backpay	45 482	3 723
Subsistence and travel	29 794	-
	1 113 099	1 003 873

Remuneration of Chief Finance Officer Ms SC Mhlophe

Annual Remuneration	-	194 361
Cellphone Allowance	-	2 400
	-	196 761

Miss Mhlophe was suspended in the 2022 financial year and the final amount payment was made in the 2023 financial year.

Remuneration of Acting Chief Financial Officer WS Mpanza

Annual Remuneration	-	681 295
Cellphone Allowance	-	8 000
Leave payout	-	73 592
	-	762 887

Mr WS Mpanza's contract ended 30 April 2023.

Remuneration of Chief Financial Officer: PP Sithole

Annual Remuneration	852 108	137 882
Cellphone Allowance	9 600	1 600
Backpay	7 526	-
Subsistence and travel	94 386	-
	963 621	139 482

Remuneration of Director Infrastructure, Planning and Development Mr N Kheswa

Annual Remuneration	-	476 472
Cellphone Allowance	-	5 600
Backpay	-	18 339
Leave payout	-	157 121
	-	657 532

Mr Kheswa's contract ended on 31 January 2023.

Remuneration of Acting Infrastructure Director - PPS Zamisa

Annual Remuneration	-	681 295
Cellphone allowance	-	8 000
Backpay	-	70 801
	-	760 096

Mr Zamisa's contract ended 30 April 2023.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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Figures in Rand	2024	2023
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33. Employee related costs (continued)**Remuneration of Infrastructure Director - SM Nkwanyana**

Annual Remuneration	852 108	137 882
Cellphone Allowance	9 600	1 600
Backpay	7 526	-
Subsistence and travel	76 292	-
	945 526	139 482

Remuneration Director Corporate Services - Mrs Zungu

Annual Remuneration	676 699	-
Acting Allowance	81 800	-
Cellphone Allowance	5 600	-
	765 099	-

Mrs Zungu is a Manager in the Disaster Management unit and she then acted in the position of Director Corporate Services from 01 March to 30 June 2024.

Director Corporate Services - GNZ Maphisa

Annual Remuneration	413 221	785 987
Cellphone Allowance	4 800	9 600
Backpay	105 685	5 585
Subsistence and travel	39 723	-
	563 431	801 172

Mrs GNZ Maphisa resigned on 22 January 2024

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

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34. Remuneration of councillors		
Annual remuneration	4 198 382	4 478 898
Cellphone allowance	448 800	448 800
Subsistence and Travel	54 412	175 190
	4 701 594	5 102 888
Mayor- ML Buthezi		
Annual Remuneration	827 829	961 571
Cellphone Allowance	40 800	40 800
Subsistence and travel	4 095	-
	872 724	1 002 371
Deputy Mayor- Mr PF Chongo		
Annual Remuneration	369 456	374 313
Cellphone Allowance	40 800	40 800
Subsistence and travel	2 484	-
	412 740	415 113
Speaker - MJ Mthethwa		
Annual Remuneration	-	454 435
Cellphone Allowance	-	27 200
	-	481 635
Speaker- MJ Mthethwa resigned as the Speaker on 28/02/2023.		
Speaker - PX Qwabe		
Annual Remuneration	662 264	218 760
Cellphone Allowance	40 800	13 600
Subsistence and travel	2 000	-
	705 064	232 360
Speaker-PX Qwabe was appointed as the Speaker on 01/03/2023.		
Exco Member- Mr VC Ndlovu		
Annual Remuneration	346 367	354 817
Cellphone Allowance	40 800	40 800
Subsistence and travel	1 477	-
	388 644	395 617
MPAC Chairperson - NM Dekker		
Annual Remuneration	336 206	341 115
Cellphone Allowance	40 800	40 800
Subsistence and travel	703	-
	377 709	381 915
Chief Whip - MR Khumalo		
Annual Remuneration	-	232 690
Cellphone Allowance	-	27 200
	-	259 890
Mr Khumalo resigned as the Chief Whip 28/02/2023.		

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
34. Remuneration of councillors (continued)		
Chief Whip - SM Khoza		
Annual Remuneration	346 367	114 412
Cellphone Allowance	40 800	13 600
Subsistence and travel	35 326	-
	422 493	128 012
 Mr SM Khoza was appointed as the Chief Whip 01/03/2023		
Councillor - Qwabe PX		
Annual Remuneration	-	178 538
Cellphone Allowance	-	27 200
	-	205 738
 Councillor - Khoza SM		
Annual Remuneration	-	178 539
Cellphone Allowance	-	27 200
	-	205 739
 Ward Councillor - N Nkosi		
Annual Remuneration	261 978	265 865
Cellphone Allowance	40 800	40 800
Subsistence and travel	1 482	-
	304 260	306 665
 PR Councillor - NA Madida		
Annual Remuneration	261 978	268 292
Cellphone Allowance	40 800	40 800
Subsistence and travel	4 782	-
	307 560	309 092
 PR Councillor - MR Khumalo		
Annual Remuneration	261 978	87 326
Cellphone Allowance	40 800	13 600
Subsistence and travel	703	-
	303 481	100 926
 PR Councillor - KV Sibisi		
Annual Remuneration	261 978	265 865
Cellphone Allowance	40 800	40 800
Subsistence and travel	703	-
	303 481	306 665
 Ward Councillor - MJ Mthethwa		
Annual Remuneration	261 978	182 363
Cellphone Allowance	40 800	13 600
Subsistence and travel	655	-
	303 433	195 963

Mr MJ Mthethwa was appointed as an ordinary Councillor on 01/03/2023.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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34. Remuneration of councillors (continued)

In-kind benefits

The Mayor and Speaker are employed full-time and are provided with an office and secretarial support at the cost of the Council and own vehicle for official duties and two bodyguards.
The allowances and benefits of councillors of Emadlangeni Local Municipality for the year under review were paid in terms of Government ~~Gazette 46470~~ upper limits of remuneration of public office bearers).

35. Depreciation and amortisation

Property, plant and equipment	12 375 850	11 216 851
Property, plant and equipment- Impairment	480 207	6 488 542
Investment Property	400 616	250 498
Intangible assets	50 538	160 739
	13 307 211	18 116 630

36. Finance costs

Trade and other payables	182 504	326 232
Loans	-	11 515
Landfill sites	124 550	1 640 970
	307 054	1 978 717

37. Debt impairment

Debt impairment	15 248 453	(3 957 100)
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The debt impairment represents the movement in the provisions for consumer debtors and traffic fines as well as the debt written off. In addition, refer to debtors provision reconciliation within note 12.

Movement in consumer debtors provision	11 694 525	(3 999 850)
Movement in traffic fine provision	1 655 270	42 750
Debt write-off	1 898 658	-
	15 248 453	(3 957 100)

38. Bulk purchases

Electricity - Eskom	19 281 709	15 896 269
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Bulk purchases represents the total costs of electricity purchased from Eskom.

Emadlangeni Local Municipality

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38. Bulk purchases (continued)		
Electricity losses		
Electricity units (kWh) purchased	10 498 643	10 043 675
Electricity units (kWh) sold	(6 002 430)	(6 174 931)
Total loss	4 496 213	3 868 744
Comprising of:		
Technical losses	3 375 231	3 566 036
Non-technical losses	1 120 981	302 708
Total	4 496 212	3 868 744
Percentage Loss:		
Technical losses	75 %	92 %
Non-technical losses	25 %	8 %
Total	100 %	100 %
Total Electricity losses as a percentage of Purchases	2024	2023
	43%	39%

Electricity losses are attributable to aging electricity network infrastructure and illegal connections.

39. Contracted services

Outsourced Services		
Burial Services	26 133	4 117
Professional Staff	178 845	102 310
Valuer and Assessor	173 509	768 413
Consultants and Professional Services		
Accounting And Auditing	252 582	364 456
Infrastructure and Planning	548 126	-
Audit Committee	176 000	164 773
Legal advise and Litigations	1 835 980	1 515 163
Contractors		
Catering Services	236 156	124 080
Distribution of Electricity by Others	-	11 958
Electrical	405 004	224 688
Internet charge	96 497	72 620
Maintenance of Buildings and Facilities	451 266	714 141
Maintenance of Equipment	51 441	24 846
Maintenance of other Assets	3 339 431	3 050 528
Electricity	36 640	-
Pest Control and Fumigation	19 700	-
Transportation	152 400	138 011
Safeguard and Security	10 309 116	5 632 083
	18 288 826	12 912 187

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
40. General expenses		
Accommodation	725 704	386 178
Advertising	221 375	-
Auditors remuneration	3 487 724	3 264 364
Bank charges	326 566	242 918
Consumables	1 639 766	2 584 477
Daily allowance	42 038	157 311
Food and beverage	49 362	44 893
Agency fees- commission expense	55 278	90 009
Entertainment	8 000	6 087
Insurance	100 929	11 805
Levies	50 729	-
Motor vehicle licence and registrations	50 366	58 410
Fuel and oil	1 672 221	1 704 339
Placement fees	193 739	210 912
Postage and courier	945	-
Printing and stationery	7 421	78 654
Gifts and promotional items	45 851	14 654
Research and development costs	1 018 662	-
Subscriptions and membership fees	517 707	508 976
Telephone and fax	510 879	345 899
Own transport	695 538	277 005
Training	431 880	173 826
Travel - local	24 261	12 598
Telephone installation	-	1 383
Uniforms	798 572	278 674
Seating Allowance for Traditional Leaders	6 000	51 000
Skills Development Levy	442 403	409 531
Remuneration to ward committees	141 300	772 800
Bursaries-Community	41 700	-
Licences	265	-
Toll gate	15 455	4 032
	13 322 736	11 690 735

41. Construction Expenses

Sale of goods		
Construction expenses: INEP	26 278 507	13 823 856

The construction expenses relates to the expenses recognised in terms of the agreement the municipality has in place with Eskom/Department of mineral resources and energy. The municipality has an agreement in place to construct electrical infrastructure in Eskom licenced areas. The construction contract expenses consist mainly of contracted services where-in the Municipality procures the services of contractors for the construction related expenditure. Revenue is recognised excluding Vat when the expenditure is incurred.

The amount payable for work still to be done is recognised as a liability and disclosed under payables.

42. Auditors' remuneration

Fees	3 487 724	3 264 364
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43. Donation

Donation for the year relates to assets donated to community members:

Donation	5 747 830	-
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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
44. Cash generated from operations		
Deficit	(10 435 661)	(6 882 227)
Adjustments for:		
Depreciation and amortisation	13 307 211	18 116 630
Actuarial gain/ (loss)	84 150	182 000
Interest income	(154 337)	(556 512)
Finance costs	124 550	1 640 970
Debt impairment	15 248 453	(3 957 100)
Leave pay provision movement	637 132	1 011 987
Interest on penalties	(6 292 465)	-
Loss on disposal of assets	302 943	583 480
Donation	5 747 830	-
Changes in working capital:		
Receivables from exchange and non-exchange transactions	(6 552 646)	(13 084 898)
Prepayments	(16 289)	258 212
Payables from exchange transactions	(5 555 763)	10 979
VAT	4 869 473	-
Provisions	124 550	4 828 222
Unspent conditional grants and receipts	19 898 477	5 330 281
Post Employee benefits	239 250	560 810
	31 576 858	8 042 834
45. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	11 016 000	1 758 405
Total capital commitments	11 016 000	1 758 405
Authorised operational expenditure		
Already contracted for but not provided for		
• Operational Expenditure	7 739 204	2 608 852
Total operational commitments	7 739 204	2 608 852
Total commitments		
Total commitments		
Authorised capital expenditure	11 016 000	1 758 405
Authorised operational expenditure	7 739 204	2 608 852
	18 755 204	4 367 257

This committed expenditure relates to capital and operational projects and will be financed by available, retained surpluses, existing cash resources and funds internally generated.

The municipality has current contracts with 2 service providers that is a rates based contract. The duration is for a period of 12 months which commenced on 01 March 2024 and will terminate on 28 February 2025. The nature of the contracts is for financial system support. The municipality uses these service providers as and when required. The amount payable to these service providers is dependent on the hours spent and is payable in terms of the SAICA approved rates.

Emadlangeni Local Municipality

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46. Contingencies

The municipality is defending various litigation and claim cases against the Municipality. The municipality's Attorney and management strongly believe that the municipality has a strong defence.

Name of Claimant	Municipal Attorneys	Description of case	Contingent Liability
Ocean Dawn	Mdledle Attorneys Inc	<p>The company went to court alleging the unfair or irregular appointment of another security company instead of them.</p> <p>They claim they are the ones that were supposed to have been appointed and their claim is to get an appointment letter and proceed with work as per their submitted bid.</p> <p>To cut down increasing legal costs and irregular expenditure incurred, the Council has directed that negotiations of possible out of court settlements be investigated as the matter has been ongoing for a long time. The parties have engaged in settlement negotiations. The Municipality appointed Mdledle Incorporated to act on behalf of the Municipality on the 1st November 2023.</p> <p>The claim amount was obtained from the Bid document submitted by Ocean Dawn.</p>	R 7 936 143 (in addition to estimated legal costs of R150 000)

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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46. Contingencies (continued)

Mr. ZJ Mkhize	Mdelele Attorneys	Unfair dismissal claim by the Director Corporate Service whose contract was terminated as at 31 March 2022. The Director was successful at the Bargaining Council and the Municipality was ordered to compensate him for 10 months of his contract. The Municipality approached the Labour Court for a Review. The matter is currently pending in the Labour Court.	R679 219 (in addition to estimated legal costs of R200 000)
		The claim amount is the amount that the Bargaining Council found the Municipality liable for.	

Emadlangeni Local Municipality

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46. Contingencies (continued)

Lateral Unison	Mdledle Attorneys Inc	<p>During the 2022 year ELM advertised a tender for the procurement of short term insurance. Lateral Unison Insurance submitted a bid and was subsequently appointed as the successful bidder on 1 June 2022. During the 2022/23 audit the Auditor General found the appointment of Lateral Unison Insurance to be irregular. The Municipality then took a decision not to continue with the service provider. According to the tender document of Lateral Unison, the insurance would lapse if premiums were not paid. The Municipality took a decision to allow the insurance to lapse and issue the tender be re-advertised in order to regularize the appointment. After failing to receive payment from the ELM, the insurance did not lapse but instead the service provider decided to bring a claim against ELM through the PMB High Court and has alleged that the Municipality has breached the contract. The Municipality is defending this matter as upon consultation it was evident that there are high prospects of success.</p> <p>The claim amount is the amount claimed in the summons.</p>	<p>R1 417 191 (in addition to interest of R222 027 and estimated legal costs of R350 000)</p>
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Utrecht Townlands Community: This is an application by Utrecht townlands community made to the land claims court for the restitution of the land that once belonged to them and is situated within the jurisdiction of eMadlangeni municipality. The case is not necessarily a claim against eMadlangeni municipality, as the municipality is amongst the respondents in the matter. Mazibuko & Associates is representing the municipality. The financial impact if any is unknown.

Evictions matters- there are number of eviction matters, where the municipality is cited as one of the respondents, in addition to those being evicted. Nompumelo Hadebe Inc. Incorporated is representing the municipality in those matters. In the prior financial year, Phumlani Ngubani Incorporated represented the municipality. The financial impact if any is unknown. However legal costs to be incurred is estimated to be in the region of R190 000.

47. Related parties

The Municipality does not have any related party transactions other than those disclosed in note 33 and 34 of the financial statements

Notes to the Annual Financial Statements

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48. Living resources not recognised

The entity did not recognise the following living resources, due to the definition and/or recognition criteria not being met:

Biological assets

Entity as the custodian

The nature of the entity's custodial responsibility, including the legislation or similar means that establishes the custodial responsibility over the resources, are as follows:

The National Environmental Management: Protected Areas Act, 2003 (Act No 57 of 2003) is the overarching legislation that facilitates the existence and management of protected areas. The Act aim is to "Provide for the protection and conservation of ecologically viable areas representative of South Africa's biological diversity and natural landscape and seascapes; for the establishment of a national register of all national, provincial and local protected areas; for the management of those areas in accordance with the national norms and standards; for intergovernmental co-operation and public consultation in matters concerning protected areas; and for matters in connection therewith"

The Balele Game Park was proclaimed then gazetted on 17 October 2002, under the KwaZulu Natal Nature Conservation Management Act, 1997 (Act no 9 of 1997). Gazette No 394, 2002.

The custodial nature of living and non-living things (Collectively known as biodiversity) in the Balele Game Park, is derived from Chapter 3 of the Protected Areas Act Section 17 (a) – (l) which deals (Declaration of protected areas).

Key judgements made and assumptions applied (including determination of control):

Animals in Balele Game Park are left to roam freely and are left in their natural environment or habitat. The game park only restricts the movement of wild animals by fencing off the park generally for access control and accommodation areas for security purposes thus to limit exposure to our guests and exposure of neighbouring landowners and communities to the risks associated with keeping wild animals in a reserve. These fences have not been maintained well in the past couple of years and has let to animals roaming beyond the borders of the game park. Therefore animals are able to move in and out through unfenced areas. Furthermore though the game park have fences, animal migration occurs frequently and animals do from time to time jump over, or burrow under fences.

Access control is therefore restrictive and as such Emadlangeni Municipality has concluded does not have control, which is a key requirement for asset recognition, of the individual animals within the park.

The game park performs regular aerial game count to take census in order to maintain the numbers held in the park with view of sustaining the eco system, tourism attractiveness of the town and generate revenues for the municipality.

There's no restrictions on the sale of these assets except for permits regulations for hunters allowed for cull hunting.

The last aerial count was performed on the 28th of June 2024. The following species were found and counted within the park's borders: animal groups:

Blesbok	44	36
Blue Wildebeest	260	277
Plains Zebra	63	70
Red Hartebeest	6	8
Warthog	28	17
Waterbuck	20	36
Bushpig	5	5
Eland	10	15
Impala	131	106
Nyala	10	6
Giraffe	35	37
Kudu	31	22
Grey Duiker	5	5
	648	640

Revenue generated from game park activities is contained within note 27: Licences and permits.

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49. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance affected by prior-year adjustments:

Statement of financial position

Accumulated Surplus

Previously reported	113 424 255
Correction of error: Moveable assets incorrectly recognised	(28 389)
Correction of error: Assets incorrectly recognised	(73 044)
Correction of error: effects of the adjustment in the recalculation of the 2022 provision for doubtful debts	11 787 266
Correction: Assets previously not recognised	10 272 550
Correction of error: biological assets incorrectly recognised	(4 268 701)
	131 113 937

Vat

Previously reported	1 825 920
Vat on retentions not cleared from the retentions account on payment of the supplier	(234 031)
Correction of error: Vat on Insurance expense incorrectly raised in the prior year	(184 851)
	1 407 038

Investment Property

Previously reported	34 581 830
Correction of error: Assets previously not recognised	4 517 550
	39 099 380

Biological Assets

Previously reported	4 349 646
Correction of error: biological assets incorrectly recognised	(4 349 646)
	-

Plant and Machinery

Previously reported	2 155 736
Correction of error: Moveable assets incorrectly recognised	(8 753)
Correction of error: Depreciation not previously accounted for	(5 214)
Correction of error: Clearance of Impairment on Disposed Assets	6 903
Correction of error: Reclassification: Change of class to Infrastructure - Cost	135 000
Reclassification: Change of class to Infrastructure - Accumulated Depreciation	(3 594)
Correction of Error: Cost incorrectly classified as Plant and Machinery instead of IT Equipment	(129 925)
	2 150 153

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
49. Prior-year adjustments (continued)		
Furniture & Fittings		
Previously reported	1 381 140	
Correction of error: Moveable assets incorrectly recognised	(19 637)	
Correction of error: Depreciation for the year	(51 258)	
Correction of error: Clearance of Impairment on Disposed Assets	3 905	
Correction of error: Incorrect Classification of Expenditure - Expense	(92 307)	
	1 221 843	
Computer Equipment		
Previously reported	800 029	
Correction of error: Depreciation for the year	51 331	
Correction of error: Clearance of Impairment on Disposed Assets	3 451	
Correction of error: cost incorrectly classified as plant and machinery instead of IT equipment	129 925	
	984 736	
Buildings		
Previously reported	5 003 670	
Correction of error: Disposed Assets cost clearance Misclassified	4 290	
Correction of error: Clearance of Impairment on Disposed Assets	6 545	
	5 014 505	
Infrastructure		
Previously reported	76 296 848	
Correction of error: cost incorrectly classified as infrastructure instead of buildings	(4 290)	
Reclassification: Change of class to Plant and Machinery - Cost	(135 000)	
Correction of error: Impairment not cleared on Disposed Assets	8 189	
Correction of error: Moveable assets not previously capitalised	7 542	
Correction of Error: Prior Period WIP capitalization	92 572	
	76 265 861	
Community		
Previously reported	12 193 494	
Correction of error: Depreciation not previously accounted for	(5 451)	
Correction of error: Assets previously not recognised	23 848	
Correction of Error: Assets not previously recognized	5 755 000	
	17 966 891	
Payables from exchange transactions: Trade payables		
Previously reported	12 438 188	
Correction of error: Commission expense payable to vendor for prepaid electricity not previously recognised	5 022	
Retentions incorrectly duplicated	309 906	
Correction of error: Insurance expense incorrectly raised in the prior year	(1 417 191)	
	11 335 925	
Payables from Exchange Transactions: Retentions		
Previously reported	8 399 158	
Vat on retentions not cleared from the retentions account on payment of the supplier	(234 031)	
Retentions incorrectly duplicated	(309 906)	
	7 855 221	

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49. Prior-year adjustments (continued)		
Receivables from exchange transactions		
Previously reported	2 410 410	
Correction of error: effects of the adjustment in the recalculation of the 2022 provision for doubtful debts	2 824 523	
Correction of error: effects of the adjustment in the recalculation of the 2023 provision for doubtful debts	3 516 508	
	8 751 441	
Receivables from non-exchange transactions		
Previously reported	10 180 935	
Correction of error: effects of the adjustment in the recalculation of the 2022 provision for doubtful debts	8 962 743	
Correction of error: effects of the adjustment in the recalculation of the 2023 provision for doubtful debts	12 865 655	
	32 009 333	
Statement of financial performance		
General expenses: Electricity/ Agency fees- commission expense		
Previously reported	84 987	
Correction of error: Commission expense payable to vendor for prepaid electricity not previously recognised	5 022	
	90 009	
General expenses: Insurance		
Previously reported	1 244 145	
Correction of error: Insurance expense incorrectly raised in the prior year	(1 232 340)	
	11 805	
General expenses: Consumables		
Previously reported	2 487 977	
Correction of error: Commission expense payable to vendor for prepaid electricity not previously recognised	96 500	
	2 584 477	
Depreciation		
Previously reported	18 332 638	
Depreciation correction	64 968	
Impairment on disposed assets	(52 195)	
Reversal of impairment loss	(228 781)	
	18 116 630	
General expenses: Own Transport		
Previously reported	348 886	
Correction of error: Re-classification of councillors S&T to councillors remuneration	(71 881)	
	277 005	

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
49. Prior-year adjustments (continued)		
General Expenses: Travel		47 302
Previously reported		(34 704)
Correction of error: Re-classification of councillors S&T to councillors remuneration		12 598

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49. Prior-year adjustments (continued)**General Expenses: Daily Allowance**

Previously reported	225 916
Correction of error: Re-classification of councillors S&T to councillors remuneration	(68 605)
	157 311

Councillors remuneration

Previously reported	4 596 854
Correction of error: Re-classification of councillors S&T to councillors remuneration from general expenses	71 881
Correction of error: Re-classification of councillors S&T to councillors remuneration from general expenses	34 704
Correction of error: Re-classification of councillors S&T to councillors remuneration from general expenses	68 605
Correction of error: Councillors back-pay incorrectly included in employee related costs from general expenses	330 845
	5 102 889

Fair Value Gain on Biological assets

Previously reported	1 109 492
Correction of error: Gain on biological assets incorrectly recognised	(1 109 492)
	-

Profit/ Loss

Previously reported	(24 530 272)
Correction of error: Depreciation	216 008
Correction of error: Commission expense payable to vendor for prepaid electricity not previously recognised	(5 022)
Correction of error: Insurance expense incorrectly raised in the prior year	1 232 340
Correction of error: Inventory consumables incorrectly classified as furniture	(96 500)
Correction of error: effects of the adjustment in the recalculation of the 2023 provision for doubtful debts	16 382 164
Correction of error: Loss on disposal of biological assets incorrectly recognised.	1 028 547
Correction of error: Gain on biological assets incorrectly recognised	(1 109 492)
	(6 882 227)

Employee related costs: Basic

Previously reported	46 546 998
Correction of error: Councillors back-pay incorrectly included in employee related costs	(330 844)
	46 216 154

Commitments

Previously reported	4 302 165
Correction of error: Incorrect amount recognised for expenditure on Gutakura- Kaarpoort	65 092
	4 367 257

Irregular Expenditure

Previously reported	140 447 214
Correction of error: Irregular expenditure written off by council on 29 June 2023 not previously disclosed.	(1 954 501)
	-

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49. Prior-year adjustments (continued)

138 492 713

50. Risk management

Financial risk management

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out by a upper management and leadership. The accounting officer provide guidance for overall risk management.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end is contained within notes 9 and 10: Receivables from exchange and non-exchange transactions and note 13: Cash and cash equivalents.

51. Unauthorised expenditure

Opening balance as previously reported

67 218 886 38 637 612

Opening balance as restated

67 218 886 38 637 612

Add: Expenditure identified - current

16 037 612 28 581 274

Write off

(112 110) -

Closing balance

83 144 388 67 218 886

The expenditure in the prior year was due to over-spending on the budget line items but the overall expenditure was within the approved budget however majority of these line items are non cash items which have no monetary impact.

The unauthorised expenditure incurred in the current year was due to actual expenditure line items exceeding the budgeted expenditure figures on the following line items.

Unauthorised Expenditure	Final Budget	Actual	Unauthorised Expenditure
Remuneration of councillors	4 473 499	4 701 594	(228 095)
Debt Impairment	10 400 000	15 248 453	(4 848 453)
Depreciation and Amortisation	9 864 329	13 307 211	(3 442 882)
Finance Costs	164 000	307 054	(143 054)
Contracted services	17 048 621	18 288 826	(1 240 205)
Donation	-	5 747 830	(5 747 830)
Actuarial Losses	-	84 150	(84 150)
Loss on disposal of assets	-	302 943	(302 943)
	41 950 449	57 988 061	(16 037 612)

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52. Fruitless and wasteful expenditure		
Opening balance as previously reported	1 483 279	1 114 453
Opening balance as restated	1 483 279	1 114 453
Add: Expenditure identified - current	181 749	368 826
Write off completed in current year	(16 879)	-
Closing balance	1 648 149	1 483 279

Fruitless and wasteful expenditure is caused by interest incurred on late payments.

53. Irregular expenditure

Opening balance as previously reported	138 492 713	115 029 481
Opening balance as restated	138 492 713	115 029 481
Add: Irregular Expenditure - current	47 293 563	25 417 733
Correction of error: Write off not previously accounted for	(19 090 877)	(1 954 501)
Closing balance	166 695 399	138 492 713

The current year irregular expenditure relates to SCM processes not being followed as well as expired contracts exceeding the 15% threshold stipulated in MFMA Circular 62.

Emadlangeni Local Municipality

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53. Irregular expenditure (continued)

Deviations from supply chain management regulations

	Disciplinary steps taken/criminal proceedings		
Three written quotations not invited	-	1 786 558	
Request for quotations not invited as per SCM policy	-	70 950	
Deviation from procurement processes arising from an emergency	6 986 872	-	
Deviation from procurement processes arising from sole provider	81 960	-	
Deviation from procurement processes arising from exceptional cases where it was impractical to follow procurement processes	3 949 174	-	
	11 018 006	1 857 508	

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

Goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

54. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	500 000	500 000
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Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
54. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Opening balance	21 563	796 752
Current year fee	4 010 883	3 796 100
	-	(82 466)
Amount paid	(4 032 446)	(4 488 823)
	-	21 563
PAYE and UIF		
Opening balance	375 616	534 221
Current year subscription / fee	7 525 747	7 332 850
Amount paid - current year	(7 489 070)	(7 491 455)
	412 293	375 616
Pension and Medical Aid Deductions		
Opening balance	11 461	9 319
Current year subscription / fee	10 171 405	9 067 903
Amount paid - current year	(10 171 405)	(9 065 761)
	11 461	11 461
VAT		
VAT receivable	-	1 407 038
VAT payable	3 462 435	-
	3 462 435	1 407 038

Councillors' arrear consumer accounts

No councillors had arrear accounts.

55. Segment Information

General information

Identification of segments

The municipality is organised and reports to management on the basis of major functional areas. 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.

A segment is an activity of an entity:

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

The identified reportable segments are: Community and Social Services, Governance and Administration, Planning and Development, Trading services

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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55. Segment information (continued)

Aggregated segments

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

Types of goods and/or services by segment

The type of goods and services in these services are those consistent with the provision of basic services to municipal customers and community. The nature of the services generate economic benefits for the municipality as well improve the service potential of the municipality.

Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)**Segment surplus or deficit, assets and liabilities****2024**

	Community and Social Services	Governance and Administration	Planning and Development	Trading Services	Total
Revenue					
Revenue from exchange transactions	1 863 567	1 679 742	940 382	45 501 350	49 985 041
Revenue from non-exchange transactions	3 402 475	82 394 653	20 276 523	-	106 073 651
Interest Revenue	-	1 454 352	-	-	1 454 352
Total segment revenue	5 266 042	85 528 747	21 216 905	45 501 350	157 513 044
Entity's revenue					157 513 044
Expenditure					
Employee related costs	14 872 663	18 212 247	13 093 489	4 727 306	50 905 705
Councillors remuneration	-	4 701 594	-	-	4 701 594
Depreciation and amortisation	579 496	3 541 501	7 551 973	1 634 241	13 307 211
Finance costs	-	307 054	-	-	307 054
Lease on operating	-	171 987	-	-	171 987
Debt Impairment	-	15 248 453	-	-	15 248 453
Bulk Purchases	-	-	-	19 281 709	19 281 709
Contracted services	1 221 916	15 730 203	912 444	424 263	18 288 826
Construction expenses	-	-	-	26 278 507	26 278 507
Actuarial	-	84 150	-	-	84 150
General expenses	-	13 322 736	-	-	13 322 736
Loss on disposal	-	302 943	-	-	302 943
Donation	-	5 747 830	-	-	5 747 830
Total segment expenditure	16 674 075	77 370 698	21 557 906	52 346 026	167 948 705
Total segmental surplus/(deficit)					(10 435 661)

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Emadlangeni Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

	Community and Social Services	Governance and Administration	Planning and Development	Trading Services	Total
55. Segment information (continued)					
Assets					
Current Assets	-	60 127 773	(5 121 489)	-	55 006 284
Non-current assets	(4 919 776)	185 428 644	(13 034 184)	(18 504 428)	148 970 256
Total segment assets	(4 919 776)	245 556 417	(18 155 673)	(18 504 428)	203 976 540
Total assets as per Statement of financial Position					203 976 540
Liabilities					
Current Liabilities	-	53 458 890	(520 902)	8 663 590	61 601 578
Non-current liabilities	-	27 680 934	-	-	27 680 934
Total segment liabilities	-	81 139 824	(520 902)	8 663 590	89 282 512
Total liabilities as per Statement of financial Position					89 282 512

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

2023

	Community and Social Services	Governance and Administration	Planning and Development	Trading Services	Total
Revenue					
Revenue from exchange transactions	1 654 364	1 108 090	794 153	29 879 634	33 436 241
Revenue from non-exchange transactions	3 103 205	49 641 668	29 077 819	-	81 822 692
Interest revenue	-	556 512	-	-	556 512
Total segment revenue	4 757 569	51 306 270	29 871 972	29 879 634	115 815 445
Entity's revenue					115 815 445

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Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

Expenditure					
Bulk Purchases	-	-	-	15 896 269	- 15 896 269
Contracted Services	360 115	10 994 010	1 218 062	340 000	- 12 912 187
Actuarial gain/ loss	-	182 000	-	-	- 182 000
Construction expenses	-	-	-	13 823 856	- 13 823 856
Employee related costs	11 882 907	16 763 336	12 823 187	4 746 724	- 46 216 154
Councillors remuneration	-	5 102 888	-	-	- 5 102 888
Depreciation and amortisation	857 844	7 782 135	5 431 828	4 044 823	- 18 116 630
Finance costs	-	1 978 717	-	-	- 1 978 717
Lease on operating	-	151 856	-	-	- 151 856
Debt Impairment	-	(3 957 100)	-	-	- (3 957 100)
General Expenses	-	11 690 735	-	-	- 11 690 735
Loss on disposal	-	583 480	-	-	- 583 480
Total segment expenditure	13 100 866	51 272 057	19 473 077	38 851 672	- 122 697 672
Total segmental surplus/(deficit)					(6 882 227)
Assets					
Current assets	-	45 240 648	-	-	- 45 240 648
Non-current assets	-	77 673 493	22 095 345	48 538 933	- 148 307 771
Total segment assets	-	122 914 141	22 095 345	48 538 933	- 193 548 419
Total assets as per Statement of financial Position					193 548 419
Liabilities					
Current liabilities	-	37 743 310	-	-	2 671 015 40 414 325
Non-current liabilities	-	28 902 384	-	-	- 28 902 384
Total segment liabilities	-	66 645 694	-	-	2 671 015 69 316 709
Total liabilities as per Statement of financial Position					69 316 709

56. Budget differences

Material differences between budget and actual amounts

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

56. Budget differences (continued)

STATEMENT OF FINANCIAL PERFORMANCE:

Other Revenue: More revenue was raised from sale of tender documents and sale of goods from game park.

Service charges: Over-budgeting on service charges.

Operational Revenue: More revenue was billed arising from assets auctioned.

Construction revenue: Construction revenue represents revenue recognised in line with GRAP 11 on construction contracts. Construction expenses was budgeted for under capital projects (PPE) in the statement of financial position. In line with GRAP 11 on construction contracts, the budget was moved to construction expense.

Rental of facilities: Under-budgeted and more rental was received from game park.

Interest earned: Balele and Disaster grant funds received and unspent lead to an increase in interest revenue.

Licences and Permits: Greater number of customers applied for Licences and Permits

Gain on biological assets: Not budgeted for.

Property Rates: Municipality anticipated that the community would build more housing because of the sites which were sold in prior years which did not materialise as well as a component of over-budgeting on property rates.

Property rates-penalties imposed: Penalties were raised across all categories of services and not just rates as was previously done

Government Grants & Subsidies: Grants are base on DORA allocation. Municipality has not anticipated the Increase in MIG and equitable share allocations.

Fines, penalties and forfeits: More fine were raised due to more traffic officers employed.

Debt Impairment: Under-budgeted.

Depreciation and amortisation: Under- budgeted. In addition impairment was not budgeted for.

Finance Charges: Municipality is struggling financially and we were not able to pay suppliers in time. The non-cash element of finance costs relating to the provision for the landfill site is also included in the actual figure and was not budgeted for.

Contracted services: Municipality did not have sufficient funds to spend on contracted services.

General expenses: Less spending due to cost cutting measures being implemented.

Actuarial loss: Actuarial loss not budgeted for. Relates to the loss on the post employee benefit valuation.

Construction expenses: Construction expenses was budgeted for under capital projects (PPE) in the statement of financial position. In line with GRAP 11 on construction contracts, the budget was moved to construction expense.

Loss on disposal of assets: Not budgeted for

Penalties and Interest- Non exchange transactions: Penalties were raised across all categories of services and not just rates as was previously done. Penalties and interest was also all budgeted for under revenue from non-exchange transactions.

STATEMENT OF FINANCIAL POSITION

Current Assets: The provision for impairment was greater than budget. In addition, the amount budgeted for VAT receivable was lower than budget.

Non-current assets: PPE additions was over-budgeted for.

Current liabilities: Unspent grant liabilities not budgeted for at year end was the main contributing factor in the under-budgeting of current liabilities. Disaster grant was received only 4 months before the end of the financial year.

CASHFLOW STATEMENT

Cashflows from operating activities: The municipality had budgeted to spend more of the grant funding money and to spend less on payments to suppliers than was actually spent.

Cashflows from Investing activities: The municipality had budgeted to spend more on the acquisition of PPE.

Cashflow from financing activities: Consumer deposits was not budgeted for.

Changes from the approved budget to the final budget

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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56. Budget differences (continued)

The changes between the approved and final budget is a consequence of upward and downward adjustments based on actual results during the mid-term review as well as reallocations within the approved budget parameters. For details on these changes please refer to the annual report.

57. 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 municipality's current liabilities exceed its current assets by R6 595 294. (2023: R4 826 323). The municipality has a net deficit of R10 435 661,(2023: R6 882 227). The municipality's cash and cash equivalents were R17 013 333 (2023: R2 924181) which is not sufficient to cover the current liabilities of the municipality. Unspent grants is not cashed backed.

The collection rate has improved slightly however there is still a risk that all the outstanding debtors will not be collected. Over the next 12 months the municipality is still committed to ensure that the expenditure is kept within the funded and approved budget funding plan approved by council. 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 bill for rates and other services. In addition Provincial and National Government has neither the intention nor the need to liquidate the municipality or curtail the scale of the municipal funding and operations.

58. Accounting by principals and agents

The entity is a party to principal-agent arrangement(s).

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

58. Accounting by principals and agents (continued)

Details of the arrangement(s) are as follows:

KZN Department of Transport: The Department and the Municipality entered into an agreement for the transfer of registration and licensing of motor vehicle and learners license testing functions. The municipality acts as an agent in terms of the agreement it has with the department in so far as the registration and licensing of motor vehicles is concerned.

Renewal of drivers licences: The Municipality charges R250 per License. Off the R250, R79 is payable to the Department and the remaining R171 is the revenue of the municipality. The R79 per license becomes a payable to the Department. The department does not have the ability to use all or substantially all of the resources that result from this transaction for its own benefit. This component of the agreement therefore does not form part of the principal-agent relationship.

Under this agreement, any physical hardware to deliver on the agreement remains the asset of the department.

Spar and Dix take aways: The municipality appointed Spar and Dix take-aways for the purposes of dispensing and selling electricity coupons to consumers. The municipality acts as a principal in terms of the agreement it has with these parties. A commission of 2 cents per unit sold which is the equivalent of 2% is payable to the agent.

Under both these agreements, any physical hardware to deliver on the agreements, remains the assets of the municipality.

In considering whether a principal- agent relationship exists, management uses the provisions contained within GRAP 109 to assess if a binding arrangement in which one entity (the agent) undertakes transactions with third parties on behalf and for the benefit of another entity (the principal).

Key considerations were if a binding arrangement exists, if one party was required to undertake transactions with another party on behalf of and for the benefit of the other party, who has the power to determine the significant terms and conditions of the transaction, who has the ability to use or substantially use all of the resources that result from the transaction for its own benefit and who is exposed to the variability in the results of the transaction.

The assessment of the agreement with the Department of Transport, it has been assessed that the municipality is agent as it has been directed by another entity (the department), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

The assessment of the agreement with Spar and Dix, it has been assessed that the municipality is a principal as the municipality directs another entity (Spar and Dix), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

Notes to the Annual Financial Statements

Figures in Rand

2024 2023

58. Accounting by principals and agents (continued)

Entity as agent

Revenue recognised

Motor vehicle registration and licences: Commission revenue is earned at 10% (inclusive of Vat) on sale of every motor vehicle transaction undertaken by the municipality on behalf of the Department. The full transactional value is transferred to the Department. The department then transfers the 10% (inclusive of Vat) commission over to the municipality. The aggregate amount of commission revenue for the sale of licences and permits that the entity recognised as compensation for the transactions carried out on behalf of the principal is R250 052 (2023: R216 136). Refer to note 27: Licence and permits.

There are no expenses accrued on rendering these services that is claimable from the Department.

Rights of reimbursement recognised as an asset

Amounts receivable from the Principal at year end of R30 123 (2023: R12 615) have been recognised as receivables and is included in note 9: receivables from exchange.

Reconciliation of receivable

Opening balance	12 615	-
Commission revenue earned	250 052	216 136
Revenue received	(232 544)	(203 521)
	30 123	12 615

Entity as principal

Amounts payable to agents recognised as a liability

Amounts owing to the Agents at year end of R14 053 (2023: R9 183) have been recognised as liabilities and is included in note 16: Payables.

Reconciliation of payable

Opening balance	9 183	-
Commission expense incurred	55 278	90 009
Expense paid	(50 408)	(80 826)
	14 053	9 183

Fee paid

Fee paid as compensation to the agent

55 278 90 009

Refer to note 40. A commission of 2 cents per unit sold which is the equivalent of 2% is payable to the agent. IT equipment in the form of computers and a printer was provided to the agents with the following carrying values:
Dix: R3 432 (2023: R5 155)
Spar: R1 965 (2023: R2 951)

From a contractual perspective either party is allowed to cancel the contract within 30 days' notice, therefore no further cost implications attached to the termination of the agreement. On termination of the agreement between Spar and Dix, the equipment provided to these entities in terms of the agreement will be re-possessed as they are the assets of the municipality. From a financial perspective, commission expense will no longer be incurred and paid to Spar and Dix. Sale of electricity by Spar and Dix will also not be earned by the municipality.



AUDITOR-GENERAL
SOUTH AFRICA

AUDIT REPORT

Emadlangeni Local Municipality

2023-24

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the Council on Emadlangeni Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the annual financial statements of the Emadlangeni Local Municipality set out on pages xx to xx, which comprise the statement of financial position for the year ended 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Emadlangeni Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified with respect to these matters.

Material impairment – Consumer debtors disclosure

7. As disclosed in note 12 to the financial statements, the municipality recognised an impairment allowance of R39,32 million (2022-23: R32,96 million) on consumer debtors, as the recoverability of these amounts was considered doubtful.

Underspending of conditional grants and receipts

8. As disclosed in note 14 to the financial statements, the municipality underspent on several of its conditional grants by R25,82 million (2022-23: R5,92 million). The majority of this amount is related to the underspending on the Disaster grant of R17,56 million.

Material losses – electricity

9. As disclosed in note 38 to the financial statements, the municipality incurred material technical electricity losses of R3,38 million (2022-23: R3,57 million) and non-technical electricity losses of R1,12 million (2022-23: R0,30 million) which represented 43% (2022-23: 39%) of total electricity purchases. The losses were mainly due to ageing electricity network infrastructure and illegal connections.

Restatement of corresponding figures

10. As disclosed in note 49 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Going concern

11. I draw attention to note 57 to the financial statements, which indicates that the municipality incurred a net deficit of R10,44 million for the year ended 30 June 2024 and as of that date the municipality's current liabilities exceed its assets by R6,60 million (2022-23: R4,83 million), and although cash and cash equivalents improved to R17,01 million (2022-23: R2,92 million), these funds were not sufficient to cover the municipality's unspent conditional grants and other current liabilities. These events or conditions, along with the other matters as outlined in the aforementioned note, indicate that uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Other matter

12. I draw attention to the matter below. My opinion is not modified with respect to this matter.

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

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

15. 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

16. 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.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx to xx, forms part of our auditor's report.

Report on the annual performance report

18. 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
19. I selected the following material performance indicators related to basic service delivery and infrastructure development key performance area (KPA) presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

KPA 1 – Basic service delivery and infrastructure development

- 1.1.1.1. Number of households connected through rural electrification at eMadlangeni Phase 2, Ward 5 for the year ending 30 June 2024
- 1.1.1.2. Number of households connected through rural electrification at Blue Mountain Phase 2, Ward 4 for the year ending 30 June 2024
- 1.1.1.3. Number of households connected through rural electrification at Dorothea, Ward 1 for the year ending 30 June 2024
- 1.1.1.4. Number of households connected through rural electrification at KwaNtaba Phase 3, Ward 4 for the year ending 30 June 2024
- 1.1.1.5. Number of households connected through rural electrification at Kaarpoort Phase 3, Ward 4

- 1.2.1.1. 0,4 Kms of paved municipal road which has been resurfaced to the surfaced road, Scheepers Street Phase 2, Ward 2 for the year ending 30 June 2024
- 1.2.1.2. 0,8 Kms of paved municipal road which has been resurfaced to the surfaced road, Plein Street Ward 2 for the year ending 30 June 2024
- 1.2.1.3 Upgrade of Sports field in Ward 2 for the year ending 30 June 2024
- 1.2.1.4 Maintenance of 60 kms of gravel roads in all 6 Wards for the year ending 30 June 2024
- 1.2.1.6 Re-gravelling of 4,6 Kms of Dorothea access road in Ward 1 for the year ending 30 June 2024
- 1.2.1.7 Rehabilitation of 0,6 Kms of Keerom Street in Ward 2 for the year ending 30 June 2024
- 1.2.1.8 Re-gravelling of 2,4 Kms of Vaalbank access road in Ward 4 for the year ending 30 June 2024
- 1.2.1.9 Re-graveling of 4,6 kms of reserved access road in Ward 4 for the year ending 30 June 2024
- 1.2.1.10 Re-gravelling of 2,9 Kms of Lenz access road in Ward 5 for the year ending 30 June 2024
- 1.2.1.11 Re-gravelling of 4,6 Kms of Mlwane access road in Ward 6 for the year ending 30 June 2024
- 1.4.1.2 Number of Job opportunities created under EPWP.
- 1.4.1.3 Number of capacity-building interventions for local entrepreneurs and SMMEs provided
- 1.5.1.2 Number of lightning conductors installed
- 1.5.1.4 Number of Disaster Management training & awareness campaigns conducted
- 1.6.1.1 Number of new households provided with new electricity connections (municipal supply) within the 2023-24 financial year.
- 1.7.1.2 Number of formal households, businesses, and government areas with access to refuse removal within the 2023-24 financial year.

20. I evaluated the reported performance information for the selected material performance indicators 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 of its mandate and objectives.

21. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included

- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time-bound and measurable to ensure that it is easy to understand what should be delivered and by when the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for measures taken to improve performance.

22. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

23. The material findings on the reported performance information for the selected material indicators is as follows:

Target not directly related to indicator

Number of new households provided with new electricity connections (municipal supply) within the 2023-24 financial year

24. The target of one certificate of competence does not relate directly to the indicator, which measures the “number of new households provided with new electricity connections (municipal supply) within the 2023-24 financial year”. This makes it difficult to plan for the achievement of the indicator. Consequently, the reported achievement does not provide useful information on the indicator’s achievement.

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. 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.
27. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages [xx to xx].

Basic service delivery and infrastructure development

<i>Targets achieved: 74%</i> <i>Budget spent: 103%</i>		
Key basic service delivery and infrastructure development indicators not achieved	Planned target	Reported achievement
1.1.1.3 Number of households connected through rural electrification at Dorothea, Ward 1 for the year ending 30 June 2024	151	0
1.2.1.5 0,7Kms of paved municipal road which has been resurfaced to surfaced road: Kerk Street, Phase 3 Ward 2	0,7 kms	0.5 kms
1.2.1.6 Re-gravelling of 4,6 Kms of Dorothea access road in Ward 1 for the year ending 30 June 2024	4,6 kms	0
1.2.1.7 Rehabilitation of 0,6 Kms of Keerom Street in Ward 2 for the year ending 30 June 2024	0,6 kms	0
1.2.1.8 Re-gravelling of 2,4 Kms of Vaalbank access road in Ward 4 for the year ending 30 June 2024	2,4 kms	0
1.2.1.9 Re-graveling of 4,6 kms of reserved access road in Ward 4 for the year ending 30 June 2024	4,6 kms	0
1.2.1.10 Re-gravelling of 2,9 Kms of Lenz access road in Ward 5 for the year ending 30 June 2024	2,9 kms	0
1.2.1.11 Re-gravelling of 4,6 Kms of Mlwane access road in Ward 6	4,6 kms	0

Material misstatements

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

Report on compliance with legislation

29. 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.
30. 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.

31. 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.
32. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

33. The annual financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, current liabilities, revenue and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

34. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000 and its regulations.

Expenditure management

35. Reasonable steps were not taken to prevent irregular expenditure amounting to R47,29 million, as disclosed in note 53 to the annual financial statements, as required by section 62(1)(d). The majority of the irregular expenditure were caused by non-compliance with procurement processes and payments made relating to expired contracts.
36. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R16,04 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 unauthorised expenditure was caused by overspending on budgeted expenditure and various non-cash items.
37. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments to Eskom.
38. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Other information in the annual report

39. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in basic service delivery and infrastructure development KPA presented in the annual performance report that has been specifically reported on in this auditor's report.
40. 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.
41. 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 material indicators in the scoped-in basic service delivery and infrastructure development KPA presented in the annual performance report or my knowledge obtained in the audit or otherwise appears to be materially misstated.
42. I did not receive the other information prior to the date of this 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 this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

43. 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.
44. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.
45. The accounting officer and management did not exercise adequate oversight and review controls over financial and performance reporting to ensure the fair presentation of the financial statements and the annual performance report.
46. Daily and monthly processes coupled with effective records management were not implemented to ensure the preparation of quality financial and performance reporting.

47. Management did not ensure that the action plan of the prior year was timeously implemented to prevent repeat findings as well as to prevent non-compliance with legislation.

Pietermaritzburg

13 December 2024



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 the selected material performance indicators 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 the 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	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, Sections: 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), Sections: 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), 32(7), Sections: 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), Sections: 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), Sections: 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), Sections: 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), Sections: 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), Sections: 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), Regulations: 71(2)(d), 72(a), 72(b), 72(c)
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), 16(a), Regulations: 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), Regulations: 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), Regulations: 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations: 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), Regulations: 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)"
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), Sections: 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, Sections: 43(2), 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), Sections: 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), Regulations: 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 31
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), Regulations: 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), Regulations: 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

EMADLANGENI LOCAL MUNICIPALITY

Type of Opinion : Unqualified with Matters.
 Type of Opinion Previous Year : Unqualified with Matters
 Adequacy of Response :

Nature Of Audit Query	Audit Query	Audit Response	Responsible Official	Due Date
Emphasis of Matter				
Material Impairment - Consumers Debtors Disclosure	1. As disclosed in note 12 to the financial statements, the municipality recognised an impairment allowance of R39,32 million (2022-23: R32,96 million) on consumer debtors, as the recoverability of these amounts was considered doubtful.	1. To conduct the Data cleansing exercise to ensure all customer details are accurately updated. Findings of the exercise will be taken to Council for all irrecoverable debts to be written off. To enhance the existing billing communication and debt collection methods; 2. Offer customer incentives to encourage payments of outstanding amounts. 3. Review of the Debt collection policy (review of reconnection fee, responsibility of the customer to buy electricity meter in case of bridging, averaging of bill from the date of meter tempering. 4. Address illegal electricity connections as a means of improving collections through monitoring of the Monthly electricity report with non- purchasing customers. 5. Resuscitate the weekly debt recovery war rooms to pursue government, business and farmers debts. Review the performance of the indicators in the war room schedule.	CFO Finance Manager Revenue Accountant	1. On-going/ Weekly Monitoring 2. 31 May 2025 3. 28 February 2025 4. Monthly 5. Weekly

Nature Of Audit Query	Audit Query	Audit Response	Responsible Official	Due Date
Underspending of Conditional Grants and Receipts	<p>1. As disclosed in note 14 to the financial statements, the municipality underspent on several of its conditional grants by R25,82 million (2022-23: R5,92 million). The majority of this amount is related to the underspending on the Disaster grant of R17,56 million.</p>	<p>1. Consideration of the DORA post-midyear allocation by National Treasury as soon as gazetted to ensure effective planning.</p> <p>2. Quarterly monitoring processes of the organisational scorecard will be incorporated into the Management Committee meetings.</p> <p>3. At the commencement of each quarter, the quarterly targets of each department will be reviewed during MANCO meetings to establish the (i) progress as per previous quarter achievements, (ii) planned processes for the quarter ahead and anticipated challenges that could cause deviations and (iii) contingency plans, if necessary. Enhanced monitoring processes will improve the achievement of targets, and ultimately the expenditure of service delivery grants.</p> <p>4. Grant registers would be reviewed in terms of transfers, expenditure and unspent available grants. Monthly reconciliation between the user department and expenditure Unit.</p> <p>- This would also be reported to the oversight bodies of Council.</p>	Director Infrastructure and planning development	<p>1. 31 March 2025</p> <p>2. Monthly</p> <p>3. Quarterly</p> <p>4. Monthly/Quarterly</p>
Material losses - Electricity	<p>1. As disclosed in note 38 to the financial statements, the municipality incurred material technical electricity losses of R3,38 million (2022-23: R3,57 million) and non-technical electricity losses of R1,12 million (2022-23: R0,30</p>	<p>1. To conduct electricity meter audits to assess whether they have not been tempered with and where illegal connections are identified, the customers' services will be cut-off.</p> <p>2. To enforce the Electricity By-Laws by issuing of fines on illegal electricity connections.</p>	Director Infrastructure and Planning Development.	<p>1. Monthly</p> <p>2. Monthly</p> <p>3. 28 February 2025</p>

Nature Of Audit Query	Audit Query	Audit Response	Responsible Official	Due Date
	million) which represented 43% (2022-23: 39%) of total electricity purchases. The losses were mainly due to ageing electricity network infrastructure and illegal connections.	3. Advertise for potential service providers to source funding on behalf of the Municipality to address the ageing electricity network.		
Going Concern	<p>1. I draw attention to note 57 to the financial statements, which indicates that the municipality incurred a net deficit of R10,44 million for the year ended 30 June 2024 and as of that date the municipality's current liabilities exceed its assets by R6,60 million (2022-23: R4,83 million), and although cash and cash equivalents improved to R17,01 million (2022-23: R2,92 million), these funds were not sufficient to cover the municipality's unspent conditional grants and other current liabilities. These events or conditions, along with the other matters as outlined in the aforementioned note, indicate that uncertainty exists that may cast significant doubt on</p>	<p>1. Monitoring and Evaluation of the budget funding plan.</p> <p>2. Ensuring that the unspent grants are cash backed at year end.</p> <p>3. Reduction of non-core expenditures.</p>	CFO	<p>1. Monthly</p> <p>2. 30 June 2025</p> <p>3. On-going</p>

Nature Of Audit Query	Audit Query	Audit Response	Responsible Official	Due Date
	the municipality's ability to continue as a going concern.			
Audit of Annual Performance Report				
Target not directly related to indicator - Number of new households provided with new electricity connections (municipal supply) within the 2023-24 financial year	<p>1. The target of one certificate of competence does not relate directly to the indicator, which measures the "number of new households provided with new electricity connections (municipal supply) within the 2023-24 financial year". This makes it difficult to plan for the achievement of the indicator. Consequently, the reported achievement does not provide useful information on the indicator's achievement.</p>	<p>1. Management will implement a review process during the planning phase to verify that all targets are appropriate and measurable according to the performance indicator's objective.</p> <p>2. Strengthen its performance planning controls to ensure that performance indicators are properly aligned with their corresponding targets – This will be done during the Mid-Year review.</p>	<p>PMS Manager & Director Infrastructure.</p>	<p>1. 28 February 2025</p> <p>2. 28 February 2025</p>
Audit of Compliance with Legislation				
Annual Financial Statements	<p>1. The annual financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, current liabilities, revenue and</p>	<p>1. Training of Internal Officials to prepare the Annual Financial Statements to build internal Capacity.</p> <p>2. Review of Monthly reconciliations.</p> <p>3. Preparation of Interim financial statements</p>	<p>CFO Finance Manager Budget Accountant</p>	<p>1. 31 January 2025</p> <p>2. Monthly</p> <p>3. 28 February 2025</p>

Nature Of Audit Query	Audit Query	Audit Response	Responsible Official	Due Date
	disclosure items identified by the auditors in the submitted financial statement were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.			
Procurement and Contract Management	<p>1. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000 and its regulations.</p>	<p>1. Management will ensure that the SCM related laws and regulations are implemented</p> <ul style="list-style-type: none"> - finalise the appointment of new Security service provider within the Panel. - Advertise on the panel to address the issue of specific goals 	<p>CFO SCM Manager</p>	<p>1. 31 March 2025/ On-going</p>
Expenditure management	<p>1. Reasonable steps were not taken to prevent irregular expenditure amounting to R47,29 million, as disclosed in note 53 to the annual financial statements, as required by section 62(1)(d). The majority of the irregular expenditure were caused by non-compliance with procurement processes and payments made relating to expired contracts.</p> <p>2. Reasonable steps were not taken to prevent unauthorised expenditure</p>	<p>1. Quarterly analysis of the creditors age analysis and disputed invoices investigated and resolved.</p> <p>2. Management will ensure the strict implementation of controls put in place to prevent unauthorised, irregular or fruitless and wasteful expenditure. The controls include, amongst others, the following:</p> <ul style="list-style-type: none"> - Strict implementation of the approved UIFW reduction strategy. - Termination of all irregular contracts and initiating SCM processes to appoint new services providers. 	<p>CFO ALL Heads of Departments.</p>	<p>1. Quarterly 2. On-going 3. Quarterly</p>

Nature Of Audit Query	Audit Query	Audit Response	Responsible Official	Due Date
	<p>amounting to R16,04 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 unauthorised expenditure was caused by overspending on budgeted expenditure and various non-cash items.</p> <p>3. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments to Eskom.</p> <p>4. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.</p>	<p>- Conducting regular UIFWE Investigations and implementing Consequence Management.</p> <p>3. Regular reporting to MPAC and Council on UIFW and addressing in year UIFW on a quarterly basis.</p>		
Internal Control Deficiencies				
Internal Control Deficiencies	1. The accounting officer and management did not exercise adequate oversight and review	1. Timeous preparation of the Annual Financial statements and Annual Performance Report to ensure adequate processing and review.	1. CFO 2. PMS Manager	1. 31 August 2025 2. Monthly

Nature Of Audit Query	Audit Query	Audit Response	Responsible Official	Due Date
	<p>controls over financial and performance reporting to ensure the fair presentation of the financial statements and the annual performance report.</p> <ol style="list-style-type: none"> 2. Daily and monthly processes coupled with effective records management were not implemented to ensure the preparation of quality financial and performance reporting. 3. Management did not ensure that the action plan of the prior year was timeously implemented to prevent repeat findings as well as to prevent non-compliance with legislation. 	<ol style="list-style-type: none"> 2. Management to ensure daily and monthly supervisory reviews are performed on all financial transactions and records, this will ensure that financial statements are supported by accurate and complete records. 3. Management to Monitor the Implementation of the Action plan through Monthly Manco meetings and any challenges noted will be reported and corrective actions be implemented. The progress will also be monitored during the Audit Committee Meetings. 		3. Monthly/ Quarterly

APPENDICES DESCRIPTION

Appendix A: Councillors; Committee Allocation

No.	Council Member	Ward and party represented	Status quo in 2023/24	Replacement
1.	Cllr SM Khoza	Ward 5 IFP	Active	
2.	Cllr N Nkosi	Ward 4 ANC	Active	
3.	Cllr NM Dekker	Ward 2 DA	Active	
4.	Cllr PX Qwabe	Ward 3 IFP	Active	
5.	Cllr MJ Mthethwa	Ward 6 IFP	Active	
6.	Cllr KV Sibisi	Ward 1 ANC	Active	
7.	Cllr M.R Khumalo	PR EFF	Active	
8.	Cllr VC Ndlovu	PR ANC	Active	
9.	Cllr ML Buthelezi	PR IFP	Active	
10.	Cllr N Madida	PR ANC	Active	
11.	Cllr PF Chongo	PR NFP	Active	

Appendix B: Committee and Committee Purpose

Portfolio Committees

BUDGET, TREASURY & CORPORATE SERVICES PORTFOLIO COMMITTEE		
COUNCILLORS NAME	DESIGNATION	PURPOSE OF THE COMMITTEE
1. Cllr ML Buthelezi	Chairperson	<ul style="list-style-type: none"> • Administering the capital and operational budgets of the Municipal Council; • Encouraging the involvement of the community of the municipality and its community organisations and institutions in the matters of the municipality; • Ensuring that the governmental discretions exercised by the municipality are democratic, consistent and accountable; and Administering Council's assets • The leasing, letting, hiring and alienation of the goods and intellectual property of the municipality in accordance with a system which is fair, equitable, transparent,

2. Cllr PF Chongo	Member	<ul style="list-style-type: none"> • Administration of ward committee with the municipality; • Overseeing certain municipal library services • To pay attention to Operation Sukuma Sakhe to the entire municipality •
3. Cllr N Dekker	Member	
4. Cllr VC Ndlovu	Member	
5. Cllr NA Madida	Member	
6. Cllr MJ Mthethwa	Member	
7. Cllr MR Khumalo	Member	
8. Inkosi ZG Mabaso	Member	
9. Inkosi MM Nzima	Member	

INFRASTRUCTURE AND PLANNING DEVELOPMENT PORTFOLIO COMMITTEE		
COUNCILLORS NAME	DESIGNATION	PURPOSE OF THE COMMITTEE
1. Cllr FP Chongo	Chairperson	<p>Advising on legislation and service delivery mechanisms, which are within the financial</p> <p>Overseeing the delivery of certain municipal services and facilities; and projects</p> <p>Ensuring, subject to any policy that the Municipal Council may determine in</p>

2. Cllr N Dekker	Member	The provision of Human Settlement and Infrastructure to the community of the municipality in a sustainable manner by overseeing Human Settlements and Infrastructure development and Human settlements and Infrastructure
3. Cllr MR Khumalo	Member	
4. Cllr SM Khoza	Member	
5. Cllr N Nkosi	Member	
6. Cllr KV Sibisi	Member	
7. Inkosi ZG Mabaso	Member	
8. Inkosi MM Nzima	Member	

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE			
1. Cllr N.M Dekker	Chairperson	PURPOSE OF THE COMMITTEE	
2. Cllr M.J Mthethwa	Member	To monitor good governance where there is optimal utilisation of municipal resources to enhance and sustain service delivery and financial management	

3. Cllr M.R Khumalo	Member
4. Cllr N.A Madida	Member
5. Cllr N. Nkosi	Member

LOCAL LABOUR FORUM		
COUNCILLORS NAME	DESIGNATION	PURPOSE OF THE COMMITTEE
1. Cllr. N.M Dekker	Chairperson	<ul style="list-style-type: none"> • promote the interests of all workers • enhance workplace efficiency; • consult with the employer; and • take part in decision-making
2. Cllr. N.R Khumalo	Member	

APPENDIX C: Third Tier Administrative Structure

NAME	DESIGNATION
MRS G.N Mavundla	Municipal Manager
MRS P.P Sithole	Chief Finance Officer
MRS N.N Madinana	Deputy Director Corporate Services
Mr. S.M Nkwanyana	Director Municipal Planning and Technical Services

Vacant Posts

	Status
Director Community Services and Public Safety	Vacant (Acting Director – Ms N. Zungu)

Appendix D: Powers and Functions

FUNCTION	EMADLANGENI LM	AMAJUBA DM
SCHEDULE 4		
Air pollution	Yes	No
Building regulations	Yes	No
Child care facilities	Yes	No
Electricity reticulation	Yes	No
Fire Fighting	Yes	Yes
Local tourism	Yes	No
Municipal airport	No	Yes
Municipal Planning	Yes	No
Municipal Health Services	No	Yes
Municipal public transport	Yes	No

Pontoons and ferries	Yes	No
Storm water	Yes	No
Trading regulations	Yes	No
Water (Potable)	No	Yes
Sanitation	No	Yes

SCHEDULE 5

Amusement facilities /Beaches	Yes	No
Billboards and the display of advertisements in public places	Yes	Yes
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	Yes	No
Control of public nuisance	Yes	No

Control of undertakings that sell liquor to the public	Yes	No
Facilities for the accommodation, care and burial of animals	Yes	No
Fencing and fences	Yes	No
Licensing of dogs	Yes	No
Licensing and control of undertakings that sell food to the public	Yes	No
Local amenities	Yes	Yes
Local sport facilities	Yes	Yes
Markets	Yes	No
Municipal abattoirs	Yes	No
Municipal parks and recreation	Yes	No

Municipal roads	Yes	No
Noise pollution	Yes	No
Pounds	Yes	No
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No
Municipal public works	Yes	Yes

Appendix E: Ward Reporting

Ward	Priority	Turnaround Strategy
1	<ul style="list-style-type: none"> • Water & Sanitation • Electricity • Roads 	<ul style="list-style-type: none"> • Amajuba District is the water supplier. • 151 connectins in progress at Dorothea. • Regravelling of 4.6 KMs of Dorothea Access Road • Roads are being maintained by the Municipal grader as and when required.
2	<ul style="list-style-type: none"> • Roads • Job opportunities • Housing 	<ul style="list-style-type: none"> • Scheepers Street, Phase 2, (0.4 KM) resurfaced and completed by (MIG) • Plein Street, (0.9 KM) resurfaced and completed by (MIG) • Upgrade and completion of Sportfield • Kerk street, Phase 3 (0.7 KM) resurfaced and completed by (MIG) • Rehabilitation of 0.6 KMs of Keerom Street • 121 Young people were employed through EPWP Programme for 6 Months. • Goedehoop housing project in progress
3	<ul style="list-style-type: none"> • Water & Sanitation • Electricity • Roads 	<ul style="list-style-type: none"> • Amajuba District is the water supplier. • 08 connections at Stilenga in • Jiyane 10 households has been energized. • 14 connections at Ndwakazane

		<ul style="list-style-type: none"> • Regravelling of 2.4 KMs of vaalbank access road in progress • Roads are being maintained by the Municipal grader as and when required.
4	<ul style="list-style-type: none"> • Water & Sanitation • Electricity • Roads 	<ul style="list-style-type: none"> • Amajuba District is the water supplier. • 58 connections were energized at Blue Mountain. • 25 connections energized in Kwantaba • 19 connections energized in Kaarpoort • Regravelling of 4.6 KMs at Reserve access road in progress • Roads are being maintained by the Municipal grader as and when required.
5	<ul style="list-style-type: none"> • Water & Sanitation • Electricity • Roads 	<ul style="list-style-type: none"> • Amajuba District is the water supplier. • 51 households has been energized at Emadlangeni • Regravelling of 4.6 KMs at Reserve access road in progress • Regravelling of 2.9 KMs at Lens access road in progress • Roads are being maintained by the Municipal grader as and when required.

6	<ul style="list-style-type: none"> • Electricity • Roads 	<ul style="list-style-type: none"> • New connections planned for 2024/25 financial year. • Regravelling of 4.6 KMs of Mlwane access road in progress <ul style="list-style-type: none"> • Roads are being maintained by the Municipal grader as and when required.
Crèches	<ul style="list-style-type: none"> • Shortage of crèches 	<ul style="list-style-type: none"> • To build sustainable crèche
Schools	<ul style="list-style-type: none"> • Shortage of scholar transport • Increase number in teenage pregnancy • Shortage of classrooms and educators 	<ul style="list-style-type: none"> • To liaise with Department of Transport in partnership with DOE • Conduct awareness campaigns in schools on family planning and unprotected sex.
Sanitation	<ul style="list-style-type: none"> • Lack of sanitation services 	<ul style="list-style-type: none"> • The project of installing VIP Toilets has been completed in Ward 1 (KwaLembe) and in Ward 5 (Vaalbank).
Clinics	<ul style="list-style-type: none"> • Shortage of clinics • Shortage of community care givers 	<ul style="list-style-type: none"> • Clinics cannot be built in an area with a population of less than 10 000 people, therefore health services will be provided through mobile clinics and the school health team visits schools for screening and other health related campaigns.
Disaster	<ul style="list-style-type: none"> • Shortage of lightning conductors 	<ul style="list-style-type: none"> • 40 Lightning conductors have been installed in 3 wards that have been affected by lightning. lightning conductors were installed by PMDC and Amajuba District due to budget

		constrains in the Municipality.
Libraries	<ul style="list-style-type: none"> • Shortage of libraries 	<ul style="list-style-type: none"> • Departement of Art and Culture constructed a Library in Ward 05 Izimbuthu. • Transnet denoted with 4 mobile libraries (cupboards) to 4 schools within the ELM.

• CONCLUSION

Out of the 97 Key Performance Indicators (KPIs) listed on the annual SDBIP 2023/24 Financial year, 21 were not met, and 76 were met. The average achievement for 2023/24 Financial year is at 78%. The municipality performance declined by 10% since the previous financial year.

KPI Not Met	21
KPI met	76
Total	97