



uPhongolo Local
Municipality

DRAFT ANNUAL REPORT

2023/2024

This Annual Report is
drafted in terms of the
Local Government:
Municipal Finance

Management Act, 2003
(Act 56 of 2003) and
the Local Government:
Municipal Systems Act,
2000 (Act 32 of 2000).

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GLOSSARY

DEFINITIONS	
Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to parliament and provincial legislatures as prescribed by the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). This includes plans, budgets, in-year and annual reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). Such a report must include the annual financial statements as submitted to the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor-General and approved by Council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided, it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.

Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are " <i>what we use to do the work</i> ". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Sets out municipal goals and development plans.
National Key Performance Areas	Five National Key Performance Areas are: 1. Municipal Transformation and Institutional Development 2. Basic Service Delivery and infrastructure Development 3. Good Governance and Community Participation 4. Cross Cutting Interventions 5. Social and Economic Development 6. Financial Viability and Management
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are " <i>what we wish to achieve</i> ".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as " <i>what we produce or deliver</i> ". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunisation, or a service such as processing an application) that contributes to the achievement of a key result area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).

Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this employee performance management and development system (EPMDS), performance standards are divided into indicators and the time factor.
Performance Targets	The level of performance that municipalities and its employees strive to achieve. Performance targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery and Budget Implementation Plan	Detailed plan annually approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>"(a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>(b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned."</i>

ACCRONYMS

ACRONYMS	
A/PC	Audit/Performance Committee
AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
ANC	Anti Natal Clinic
APR	Annual Performance Report
AQMP	Air Quality Management Plan
ASB	Accounting Standards Board
ACF	Anti-Corruption and Fraud
CBD	Central Business District
CCAP	Climate Change Adaption Plan
CFO	Chief Financial Officer
CIGFARO	Chartered Institute of Government Finance Audit and Risk Officers
CLLR	Councillor
CIP	Comprehensive Infrastructure Plan
RCM	Risk and Compliance Manager
DA	Democratic Alliance
DCOGTA	Department of Co-operative Governance and Traditional Affairs
DED	Department of Economic Development
DoA	Department of Agriculture
DoRA	Division of Revenue Act
DRDLR	Department of Rural Development and Land Reform
ECD	Early Childhood Development
EEA	Employment Equity Act
EFF	Economic Freedom Fighters
EIA	Environmental Impact Assessment
EPWP	Expanded Public Works Programme
FRM	Fraud Risk Management

GIS	Geographic Information System
GRAP	Generally Recognised Accounting Practice
GV	General Valuation
GVA	Gross Value Added
HIV	Human Immunodeficiency Virus
HR	Human Resources
IAS	Invasive Alien Species
IFP	Inkatha Freedom Party
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IEM	Integrated Environmental Management
IGR	Inter-Governmental Relations
INEP	Integrated National Electrification Funding
IOD	Injury on Duty
ISAMAO	Institute of South African Municipal Accounting Officers
ITP	Integrated Transport Plan
IWMP	Integrated Waste Management Plan
KFA	Key Focus Area
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LLF	Local Labour Forum
MM	Municipal Manager
MFMA	Municipal Finance Management Act
MGRO	Municipal Governance Review and Outlook
MICE	Meetings, Incentives, Conferences and Exhibitions
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
MPRA	Municipal Property Rates Act

MSA	Municipal Systems Act
mSCOA	Municipal Standard Chart of Accounts
NBR	National Building Regulations
NEMAQA	National Environmental Management Air Quality Act
NEMBA	National Environmental Management: Biodiversity Act
NERSA	National Energy Regulator of South Africa
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
NQF	National Qualification Framework
PMS	Performance Management System
PPP	Public Private Partnership
RBIG	Regional Bulk Services Infrastructure Grant
SAHRA	South African Heritage Resources Agency
SALGA	South African Local Government Association
SAPS	South African Police Service
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Agency
SEM	Staff Employee Monitoring
SMMEs	Small Medium and Micro Enterprises
SO	Strategic Objective
SOP	Standard Operating Procedure
STATSSA	Statistics South Africa
SV	Supplementary Valuation
TASK	Tuned Assessment of Skills and Knowledge
UIF	Unemployment Insurance Fund
WTW	Water Treatment Works
WWTW	Wastewater Treatment Works

PROCESSES FOLLOWED BY THE MUNICIPALITY

In terms of Section 127 of the MFMA (Act 56 of 2003), the Mayor is required to table the Annual Report in Council within 7 months after the end of financial year. In terms of Section 127 (5) of the MFMA, the Accounting Officer must immediately after the Annual Report is tabled, make public the Annual Report, invite the local community to submit the representations in connection with the Annual Report and submit the Annual Report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

In terms of Section 129(1) the Council is required to consider the Annual Report of the municipality, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an Oversight Report containing the council's comments on the Annual Report, which must include a statement whether the council has approved the Annual Report with or without reservations, or refer the annual report back for revision of issues that need to be revised or that Council reject the annual report.

MFMA Circular 63 suggest the following format for the Annual Report; namely

Reference	Details
1	Chapter 1: Mayor's Foreword and Executive Summary;
2	Chapter 2: Governance;
3	Chapter 3: Service Delivery Performance;
4	Chapter 4: Organizational Development Performance
5	Chapter 5: Financial Performance;
6	Chapter 6: Auditor General's Findings;
7	Appendices; and
8	Volume II: AFS



CHAPTER ONE

Mayor's Foreword
(Executive Summary)



CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



HON. MAYOR – CLLR J.B. THWALA

1.1 MAYOR'S FOREWORD

It is with great pleasure and a sense of responsibility that I present to you the Annual Report for the uPhongolo Municipality for the Financial Year 2023-2024. This report will outline our performance on the pre-determined objectives as set out in the Integrated Development Plan and the Service Delivery and Budget Implementation Plan (SDBIP). As we reflect on the past year, we find ourselves at crossroads of progress, challenges, and unwavering commitment to our residents. This Annual Report is a build-up of a testament to our collective journey, a reflection of the challenges we have faced, and a roadmap to the future we are building together as we approach the fourth of the five years of the Council term.

Mandate and Obligations:

In the dynamic tapestry of South Africa, Municipalities play a crucial role in the daily lives of citizens. The uPhongolo Municipality, entrusted with the responsibility of roads, electrical distribution, community services, and local economic development, is guided by a steadfast commitment to meet the diverse needs of our community. While we are not directly responsible for water services, our mandate is to ensure a holistic and sustainable quality of life for every resident

Over the five years of being Council, we committed ourselves to service delivery excellence and we shall continually be measured on the following **Outcomes**: -

- a) Our ability to meet the growing needs of the residents through rendering quality basic services,
- b) Facilitating economic development
- c) Fiscal discipline And Good Governance
- d) Ensuring that our Municipality is governed effectively and facilitating growth
- e) Empowerment of the local communities to take ownership for their own development.

It Is Council's commitment to constantly engage with all the people of the Municipality. As such the Process Plan made provision for Communities to participate throughout the various planning phases including the development of the IDP. The key Strategic Outcomes to the Public Participation sessions included the following:-

- Identification of the real needs of all communities in the UPhongolo
- Prioritization of such needs and development challenges
- Collective development of appropriate solutions to address such needs
- Empowerment of the local communities to take ownership for their own development.

The IDP roadshows were held between September and November 2023 in clustered sessions, including a cluster with traditional councils, ward committees, stakeholders and communities at large.

Over and above the physical meetings a mayoral address to the general public and stakeholders was rolled out through different Media Platform Including Local Community Radio

Overall assessment of this year's priorities based on the common issues raised by majority of community members across the clusters, shows that the following are still major concerns as raised in 2023/2024 IDP roadshows . Needs as presented below are not in order of priority, but as per frequency of requests across clusters:

- Jobs
- Houses
- Roads
- Water
- Electricity
- Skills Development
- Sports Grounds
- SMME Support
- Bursaries
- Community Halls

Our unwavering commitment to service delivery to our people continues to be underpinned by the following:

Service to the Residents:

Our primary focus remains the well-being of our residents. The services we provide are the backbone of community development, enhancing the living standards of every individual. This report reflects our dedication to fulfilling our mandate and contributing to the growth and prosperity of our community.

The Municipality in strengthening this commitment has also conducted a Customer Satisfaction Survey on its Service Delivery levels as per the 2024 Customer Satisfaction Survey Report. The Municipality is working as a collective to come up with a Plan to respond to the findings and implement accordingly the recommendations of the Survey Report.

Teamwork and Excellence:

None of our achievements would be possible without the unwavering dedication of our teams. Our municipality thrives on the synergy of our employees working cohesively to overcome challenges and improve services. I commend our staff for their tireless efforts and motivation in the face of adversity.

Raising the Bar on Performance:

Our commitment to excellence is evident in the maintenance of favorable audit outcomes and notable improvements in performance information audits, a testament to responsible financial management and unwavering commitment to ethical governance.

As a municipality, we recognize the need to continually raise the bar on our performance to meet the evolving needs of our community.

It is worth noting also that the comparative analysis on Organizational Performance despite improvement under certain Key Performance Areas is still a concern and a risk that needs recognition and drastic action. Performance targets not met overall directly impact on our desired outcome against both Administrative and Political mandates. To this regard a Service Delivery Improvement Plan might be the ideal option to consider and a holistic improvement to our Governance and Oversight capacity concurrently.

Current Challenges:

We acknowledge the challenges posed by electrical power cuts which the whole country is currently facing, revenue collection hurdles in a small municipality, and the strain imposed by aging infrastructure. These challenges continue to demand our undivided attention, improved strategic planning and collaborative efforts to find sustainable solutions.

In the face of challenges, we are resolute in our commitment to addressing the needs of our community. Significant strides have been made in improving road infrastructure and community centres, laying the groundwork for a more connected and vibrant Municipality. The Municipality continues to strive to implement the approved maintenance plan in the midst of limited resources. This is to ensure sustainability in our infrastructure as it is the catalyst for Economic Development in this region that has the N2 corridor.

Our dedication to tourism remains unwavering, recognizing its potential as a catalyst for economic growth and community development.

Conclusion:

In conclusion, the Annual Report for 2023-2024 reflects our journey towards progress, the challenges we face, and the collective determination to build a better future for all. As we navigate the path ahead, let us unite in our shared vision for a UPhongolo Municipality that thrives, prospers, and stands as a beacon of excellence in South Africa

By way of reflecting retrospectively, in 2021, the 5-Year Council Strategic Plan committed to the new approach in accepting the key role to facilitate cooperative governance, providing clear paradigm shift and indicators towards implementing the new approach in delivery of services as a Council mandate. Further, it gave detail of the Municipal Strategic Interventions and specific actions with five year targets for Strategic Objectives and Goals.

With the Council approaching the 4th year of the 5 years of its Mandate, the institution is seriously considering to evaluate the extent to which it has succeeded in achieving each of the strategic goals and objectives set at the beginning of the five-year period, as well as on any other evaluations conducted during the period.

To give effect to this requirement, the Municipality proactively would like to get early warning signals which will test whether the current programmes and projects indeed to date have assisted the Council to achieve its strategic objectives and goals as set on the five-year strategic agenda.

Yours sincerely,



HON. MAYOR – CLLR. J.B. THWALA

UPHONGOLO MUNICIPALITY

1.2 MUNICIPAL MANAGER'S FOREWORD



MUNICIPAL MANAGER: MR MB KHALI

The 2023/24 Annual Report, prepared in terms of section 46 of the municipal systems act, 2000 (act no. 32 of 2000), reflects on activities executed during the financial year and provide an update on key areas that were planned to bring about the development of the uPhongolo municipality, in line with the provisions of section 152 of RSA constitution (1996) and the white paper on local government (1998).

In the quest for optimal performance, we have in place fully fledged departments directed by capable directors for financial services, corporate services, community services, infrastructural services, integrated planning and economic development.

Our two primary challenges of Financial Viability and Service Delivery are interdependent and have a direct bearing on each other. It is increasingly evident that our cost – containment measures are not yet yielding the desired outcomes, and this is negatively impacting on Service Delivery.

We are unable to meet all the needs of our communities as per our aspirations of the IDP due to grant dependency. Our grant funding for infrastructure and therefore economic development is very inadequate, with our repairs and maintenance also still a challenge in terms of the existing infrastructure and backlogs. Our ageing infrastructure needs urgent attention towards ensuring building reserves that are cash-backed for assets that are moving towards being fully depreciated.

Nevertheless, we extend a hearty appreciation to those customers who continue to pay for services, albeit the economic challenges. We also set ourselves a target of 100% on capital expenditure and as at the end of the financial year there was no unspent monies. The Municipality in trying to restore its Financial stability and a muscle to deliver services, intends to set up a committee on revenue management with terms of reference for its operations.

For the past consecutive years, the municipality received the same audit outcomes (2023/24: unqualified audit opinion; 2022/23: unqualified audit; 2021/22: unqualified audit).. As this year end presents another audit, we extend appreciation to the office

of the Auditor General for inspiring confidence to our communities through annual audits.

As part of intended sustaining of this milestone, we will strengthen collaboration between our Finance Department and Internal Audit, and Risk Management to strengthen Performance and Combined assurance. The favourable audit outcomes also warrant more collaboration with our Oversight structures; namely Audit Committee as well as the Municipal Public Account Committee.

As part of our Audit Improvement Strategy, it is our intention to make considerable progress around the implementation of the UIFWE Reduction Strategy on the remaining balance of unauthorized, irregular, fruitless and wasteful expenditure. This will take a collaborative effort with internal audit and our MPAC during the financial year towards writing off.

The municipal unauthorized, irregular, fruitless and wasteful expenditure (UIFWE) reduction strategy will be updated during this financial year now that the auditor general has reviewed our UIFWE disclosed in the Annual Financial Statements as at 30 June 2024.

In line with the resolve of the previous Strategic Planning, the Municipality is still committed to an Integrated Audit Improvement Strategy which will put Governance and Assurance as the priorities and pillars, whilst ensuring a resilient and high-performing organization.

Guided by Municipal Systems act 2000, chapter 4 and 5, with embedded culture of participatory governance, UPhongolo Municipality continues to engage with different segments of the society through various platforms including mainstream media, social media, public meetings, focused groups meetings, IDP and budget roadshows and media alerts. The results were used to measure our previous performance and to develop strategies and plans to enhance current and future performance

The municipality considers the welfare of its employees as critical, hence engagements have started during the year under review towards a fully-fledged Employee Satisfaction Survey. Also as part of employee welfare the municipality based on budget also plans to embark on recognition of prior learning and other interventions to upskill our staff.

Our municipality continues to be committed to embracing open and constructive dialogue with the labour unions and to ensure functionality and effectiveness of such as the LLF, towards having a conducive working environment.

The Municipality is an active participant in the District Development Model and all other Intergovernmental Structures, whose main objective as propagated is to have a one plan and one budget for all sectors of government that perform common functions. At a district level, the municipality participates in the economic sector and infrastructure development cluster and also participate in all other clusters including technical and political hub.

On the aspect of economic development, it gives us pleasure that the municipality led by IPED is on the drive of attracting direct investment with the municipality being the key role player as the provider of services and land owner.

The Municipality continues to work hard in ensuring that ageing infrastructure and facilities are replaced to ensure sustainable supply of basic services, investor confidence and investment attraction initiatives, partnership and collaboration with stakeholders and diversify revenue streams etc. We continue to put all measures in place to ensure that the municipality is sustainable operationally and financially.

The Inter-Governmental Relations Framework where all three spheres of government provide a singular seamless response to the needs of our community, strengthens the continuous communication between all three spheres of government. The willingness of organized formations from civil society, business and labor to work together must be appreciated and responded to appropriately.

Whilst the Municipality is not a water-centric entity (neither a water service authority nor provider), it still works very closely with the District Municipality that has this mandate.

The Municipality continues to provide electricity to its communities, with certain percentage of wards falling under its jurisdiction in terms of power supply.

The Municipality tried against all odds to improve its services and for the year ended 30 June 2024, the municipality has managed to achieve 58% of the performance target for the year. This is a 7% improvement when comparing to the performance of the previous year. The indicators with good progress of above or equal to 50% of the target was 20.9% for the year. The performance targets that were not met and of which more work still has to be done were 20.9% of the targets for the year.

Below are Highlights of Institutional Performance as at 30 June 2024:

For the year ended 30 June 2024, the municipality has managed to achieve 58% of the performance targets for that year. This is a 7% improvement when comparing to the performance of the previous year. The indicators with good progress of above or equal to 50% of the target was 20.9% for the year. Performance targets that were not met and of which more work still has to be done were 20.9% of the targets for the year.

Positive Contributors

- The Basic Services KPA had a 26% improvement overall
- Good Governance KPA had at 9% improvement overall
- Local Economic Development had a 19% improvement overall
- Financial Viability had a 3% improvement overall

Negative Contributors

- Municipal Transformation KPA had a 10% decline

Overall Performance Highlights for the 2023/2024

No	Achievements
1	• The municipality was able to deliver key infrastructure project including but not limited to 1. 3km gravel road 2. 1.5km storm water system
3	• Job opportunities was also created under the EPWP program including other capital project 94.
4	• The municipality was able to engage communities through community meetings conducted by ward councillors where a total of 97 meeting were held.
5	• The municipality was able to complete 249 RDP houses
6	• An unqualified audit opinion was received the fifth time in a row.
7	• IDP credibility score of 85% resulting in the Municipality's IDP being ranked 12th in KZN
8	• Own Revenue growth by 10%
9	• MIG grant spending was at 100% by 30 June 2024

In conclusion, as the Accounting Officer, my priority is to ensure that all plans put in place are implemented and the UPhongolo Municipality grows into a formidable force in Local Government. We shall continue to gear up for effective, efficient and economical administration

Yours sincerely,



Mr MB Khali
Municipal Manager

UPHONGOLO MUNICIPALITY

1.3 MUNICIPAL OVERVIEW

1.3.1 The Municipality at a Glance

The uPhongolo Local Municipality is a Category B municipality located in the north of the Zululand District in KwaZulu-Natal. It lies adjacent to the Swaziland Border and the Mpumalanga Province Border. It is one of five local municipalities located within Zululand District Municipality (DC26) in KwaZulu Natal Province. It is strategically located along the N2, adjacent to the eSwatini Border and the Mpumalanga Province. It forms part of LEBOMBO SDI Corridor as a gateway to eSwatini and Mozambique using its Golela and Onverwacht border gates respectively.

The municipality provides regional access to a wide range of tourist activities outside its own boundaries. Main rivers in the municipality are the Mkuze River in the south and the Pongola River in the north, the latter feeding the Pongolapoort Dam located on the eastern boundary of the municipality.

Together with the fragmented and sometimes dramatic topography of the area, the municipality contains, in overall terms, very low settlement densities, while on the other hand containing substantial recreational and tourism opportunities.

The overall aim in terms of integrated development planning and land use management is to provide a secure environment for investment within the uPhongolo Municipality. The focus is on the investment in social and economic infrastructure and services, which will enable all the people of uPhongolo to make a contribution to the future sustainable development of the area.

Map: uPhongolo Municipality Locality



Source: uPhongolo Municipality

The municipality has a relatively diverse economy, with a particularly strong primary and secondary sector, in the form of Agriculture and retail and game farming, which together contribute over 30% of the Municipality's GVA. General Government has a comparatively small economic role in the municipality as compared to the rest of the region, although it remains the biggest sectorial contributor (18%).

Surrounded by a unique natural scenic beauty, with endless water resources uPhongolo Municipality is the only place in South Africa where you can do tiger fishing in a competitive environment when we host the tiger fishing tournament. UPhongolo boasts of vast tracts of untapped natural resources coupled with original natural creations of magnificent landscape and green scenery which manifests itself as a paradise and a jewel that creates more opportunities with a huge potential to elevate tourism in our area to higher level.

Amongst other key offerings the area of uPhongolo has the following key attributes:

- Gold mining at Klipwaal;
- Sugar cane farming;
- Untapped Rural tribal land;
- Two significant dams – Pongolapoort dam and Mbivane Dam;
- Sugarcane processing factory (TSB) which is due for expansion to include biofuel from the cane residue;
- Ithala Game reserve and many other tourist attractions like game farms including the big five experience;
- Gateway to eSwatini and Maputo through the Golela border post;
- Proximity to King Shaka airport and the Dube Trade Port;
- Unrestricted height freight route for abnormal trucking from Durban to Johannesburg on the N2 passes through uPhongolo; and
- Rich Zulu Kingdom heritage.

Spatial Location Within Kwazulu-Natal:

uPhongolo Municipality is situated within the northern area of Zululand, in northern KwaZulu-Natal. As such, it is highly influenced by provincial and district development trends and development within the Zululand Municipality has significant implications for both the province and the district. As such, spatial planning for the future development of uPhongola Municipality considers development trends and patterns that are taking place at both provincial and district level.

Regional Context:

The N2 national road corridor passes through the uPhongolo area as a national link between Gauteng, Richards Bay and Durban in the south. It also connects with Swaziland just to the north of the uPhongolo area as N2 is the primary development corridor..

1.3.1.1 Municipal Vision Statement

“uPhongolo Municipality will ensure sustainable development through trusted leadership in providing quality services by 2030”..

1.3.1.2 Mission Statement

- To develop our Municipal institution and facilitate its transformation with integrity.
- To ensure sound leadership and inclusivity through partnering with traditional leadership.
- To provide infrastructure and other services to all, with emphasis on rural communities, in a sustainable manner through trustworthy leadership.
- To improve economic activities through self-help and self-reliance programs.
- To promote sound and transparent financial management.
- To ensure that we build the next generation.

1.3.1.3 Core Values

The following are the values upon which the municipality operates:

No	Value	Descriptive Statement
1	Transparency	A Municipality that openly communicates decisions and actions to the public. .
2	Innovation	A Municipality that finds new ways to improve service delivery and quality of life
3	Co-operation	A Municipality working together with different levels of government providing services to citizens through cooperative governance.
4	Accountability	A Municipality that is answerable to the community it serves
5	Commitment	A municipality that is intentional in addressing service delivery and governance matters
6	Integrity Respect	A Municipality that strives to continually build and improved public confidence, acting ethically putting public interest first
7	Trust and Honesty	A Municipality that the public's belief that as government it will act in their best interests.

1.3.2 Municipal Powers and Functions

The Constitution of the Republic of South Africa Act 108 of 1996, Schedule 4, Part B, read together with Section 152 thereof, and containing the objects of local government vests the powers and functions in a local municipality.

Municipal transformation and institutional development relate to a fundamental and significant change pertaining to the way that municipalities perform their functions, allocation of resources and institutional strategies which are implemented to ensure optimum results in service delivery to the communities.

It is envisaged that transformation and institutional development shall be seen to take place when the following is addressed as part of the Municipality's strategic planning and direction.

The Municipality has the functions and powers assigned to it in terms of Sections 156 and 229 of the Constitution (Act 108 of 1996). Chapter 5 of the Local Government Municipal Structures Act, Act 117 of 1998 clearly defines these functions and powers vested in a local community;

In terms of the Municipal Structures Act No. 117 of 1998, the Municipality has the following powers and functions through which the performance of the municipality can be assessed in terms of the impact it has to its constituencies and service delivery;

- To provide democratic and accountable government for local communities;
- To ensure provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government.

Table 1: uPhongolo Municipality's Functions in Relation to those of the Zululand District Municipality

Zululand District Municipality and Local Municipalities		
District Municipal Functions	Shared Functions District and Local	Local Municipal Functions
Potable Water Supply	Fire Fighting services	Air Pollution
Sanitation Services	Local Tourism	Building regulations (National Building Regulations)
Electricity Reticulation	Municipal Airports	Child Care Facilities
Municipal Health Services	Municipal Planning	Pontoons, Ferries, Jetties, Piers and Harbours
Regional Airport	Municipal Public Transport	Storm Water Management System in Built up areas

	Cemeteries, Funeral Parlours and Crematoria	Trading regulations
	Markets	Beaches and Amusement Facilities
	Municipal Abattoirs	Billboards and the Display of advertisement in Public places
	Municipal Roads	Cleansing
	Refuse Removal, Refuse Dumps and Solid Waste	Control of Public Nuisances
	Cemeteries, Funeral Parlours and Crematoria	Facilities for the Accommodation, Care and Burial of Animals
		Fencing and Fences
		Licensing of Dogs
		Local amenities
		Local Sport Facilities
		Municipal Parks and Recreation
		Noise Pollution
		Pounds
		Public Places
		Street Trading
		Street Lighting
		Traffic and Parking

The Municipality's core object is to deliver the basic services in line with the legislation to improve the lives of the uPhongolo Community and its visitors. The community needs are identified through the public participation process of the Integrated Development Plan (IDP) which are then budgeted for and implemented. The focus for the year was on the Electrification of areas without electricity, Construction and maintenance of roads, Provision of RDP Housing for the needy, solid waste removal, Job creation (local economic development) and Construction Community Hall, Sport fields and Crèches. See Annual Performance Report (APR) for details of level of services provided for 2023/2024.

1.3.3 Economic Profile of the Municipality

uPhongolo has 50 km² of sugarcane and subtropical fruit plantations surrounding it using drastic irrigation systems. The town of Pongola has thrived as a result of the canal system and a sugar mill that was built which together with the sugarcane plantations and government employment sustains the livelihood of the people of uPhongolo. The N2 national road corridor passes through the uPhongolo area as a national link between Gauteng and Richards Bay then Durban in the south. It also connects with eSwatini just to the north of the uPhongolo Municipal area. This is the primary development corridor in uPhongolo.

The Pongola area also has many tourist attractions including Game Farms and Lodges, the Pongolapoort Dam, famed for its Tiger Fishing and surrounding wildlife, cultural history and much more. The town of Pongola is wedged between the eSwatini border and the Pongola River and has all the modern facilities, Supermarkets, Hospital, Small Airport, 9 (hole) Golf Course, Tennis and Bowls. Pongola has an unparalleled selection of excellent game camps and lodges in which to spend the night. Around Pongolapoort Dam there are 10 lodges in the Pongola Game Reserve.

The two main rivers in the municipality are the Mkuze River in the south and the (Pongola) River in the north, the latter feeding the Pongolapoort Dam, located on the eastern boundary of the municipality. Agriculture and tourism form the basis for the municipality's economy. Major development components consist of game and nature reserves, agricultural activities, traditional settlement areas and some urban nodes.

The public sector is the dominant provider of employment opportunities; however, the informal sector is expanding, primarily based on the taxi industry, informal financial services and taverns. From the data provided by Quantec, 13% of households receive no income, 99.8% of the population earn between R 801 and R 1600 per month, while 8% of the population earn between R6400 and R12 000 per month. There are couple of households in the Municipality that earn R 25 000 monthly.

The percentage of economically active people in uPhongolo Municipality indicated. It shows that 17% of the population is unemployed, that 30% of the population is employed, 53% of the population is not economically active.

Education is an indication of human resources and the skills available within the municipality. Data provided from Quantec indicates 15% of the population over the age of 15 have no schooling qualification of any grade.

This is concerning given the importance of education in obtaining employment and contributing to the economy. 39.7% of the population have completed matric and only 0.7% has tertiary qualifications.

The municipality has also embarked on several activities to speed up the growth of uPhongolo. This includes the investment in a flea market complex which was completed in 15/16 and well as the Imbube Cultural Village which is still under construction. This market is expected to benefit from the free flow of tourists visiting the many game reserves in the area, as well as encourage locals to be productive as there is a selling place for their products. There has also been a newly developed mall at uPhongolo which has since seen the attraction of other major retail chains into this growing town. These opportunities have not only increased job opportunities but also have increased the quality of lifestyle for the local citizens as they can now shop at the best shops in South Africa.

uPhongolo will see major structural developments in the near future as more and more retailers are establishing their mark on our map. As a municipality we aim to ease and facilitate this development by providing state of the art infrastructure. The municipality hopes to speed this up through training of small informal sector business to provide building blocks services, so they can take advantage of the current boom in the building section that is buffered nationally by the current low interest rates.

The Municipality's economic drivers include the following:-

No	Sector
1	Tourism
2	Industries
3	Trade
4	Transport
5	Agriculture
6	Game Farming
7	Manufacturing.

1.3.4 The Municipal Strategic Direction

Integrated development planning and its guidelines.

UPhongolo Local Municipality having approved its 2024/25 IDP is currently in the process of a draft for the 2025/26 Financial period towards the end of the Council 5-year term end in accordance with section 34 of the Local Government Municipal Systems Act 32 of 2000.

The Municipality has developed a set of long-term goals and five-year objectives which are reviewed annually and form the basis of the annual business planning and budgeting carried out on an ongoing basis.

Driven by the Council the aim of the next IDP for UPhongolo is to present a coherent plan to improve the quality of life for people living in the area. The intention of this IDP is to link, integrate and co-ordinate development plans for the municipality which is aligned with national, provincial and district development plans and planning requirements binding on the municipality in terms of legislation.

The 2023/2024 IDP also contained a Council approved organogram, indicating the vacancy rate, structure, powers and functions of the Municipality. The Organogram aligns to the long-term development plans of the Municipality as envisaged by the IDP and it is presented immediately herein-below.

UPhongolo LM's Political Priorities

The Local Government elections of 2021 ushered a new political dispensation with a mandate that set the tone for the development of a five-year IDP (2022 -2027). Current priorities carried over from the 2021 Political Mandate have not changed as at the time of this Annual Report include the following:-

- 1) Provision of water and sanitation, sewerage, and roads.
- 2) Provision of electricity.
- 3) Provision of land and housing.
- 4) Choose the best people to run municipalities.
- 5) Food security.
- 6) Fight corruption and end wastage.
- 7) Make municipalities financially viable.
- 8) Jobs, education, training, and opportunities for young people.
- 9) Fight against gender-based violence and safer communities.
- 10) A non-sexist society and commitment to gender equality.

Organizational Strategic Review And Milestones

During 2021/22 the Municipality inducted a new Council which endorsed a new 5-year Strategic Plan (IDP) finding its base on cooperative governance in implementing the five (5) key pillars, namely, putting people first; delivering basic services; good governance; sound financial management and building capacity.

The 5-Year Council Strategic Plan committed to the new approach in accepting the key role to facilitate cooperative governance, providing clear paradigm shift and indicators towards implementing the new approach in delivery of services as a Council mandate. Further, it gave detail of the Municipal Strategic Interventions and specific actions with five year targets for Strategic Objectives and Goals.

The institution seeks to evaluate the extent to which it has succeeded in achieving each of the strategic goals and objectives set at the beginning of the five-year period, as well as on any other evaluations conducted during the period.

To give effect to this requirement, the Municipality proactively would like to get early warning signals which will test whether the current programmes and projects will indeed to date have assisted the Council to achieve its strategic objectives and goals as set on the five-year strategic agenda. In addition to the evaluation to be conducted, a comprehensive assessment should be undertaken which at the end should be able to assist the Municipality to arrive at an informed possible development of a Turnaround Strategy. The eventual turn-around strategy should be able to inform the development of the revised approach for the remaining years of the Council Term.

Following the similar process, at the end of the implementation period of the current 5-year Strategic Plan(IDP) the Council again should be able to conduct a follow up over-arching evaluation study which will be an End-Term Review to assess the impact the Municipality sought to achieve and the extent to which it has succeeded..

This evaluation therefore seeks to provide a “Half-way/Mid-term” assessment of progress against agreed goals, objectives and targets set by Council, but at the same time to provided an opportunity to “take stock” and consider whether the current approach is what is required. The aim is therefore to check on progress, but in doing so, also to ask the question as to whether the Municipality has been doing the right things and doing them right, and if not what options are available within the remaining two years of the 5-year Council term to adjust direction and pave the way to success in the future.

The next Municipal Strategic Planning Process, as it would lean strongly to this Annual Report, will be characterised by a shift with our baseline as the Municipality departing from the progress made by the Council on key Council decision taken in the previous Strategic Planning.

1.3.5 Measuring our Milestones against 2024 Key Council Strategic Resolutions:

No	Resolution/Activity To Perform	Status Quo/Comments
1	Resource Mobilization for funding Service Delivery Projects	To be considered during 2025
2	Conducting a Community Satisfaction Survey ahead of the Elections	Achieved – Survey conducted in 2024
3	Review and Adoption of Municipal Policies.	Achieved – Policy Review and adoption done on 1 June 2024
4	Investigation of the Backlog of the UIFWE	In progress and the UIFWE Reduction Strategy developed , will be update accordingly
6	Improve Monitoring of the Implementation of Council Resolutions	Council Resolutions being implemented
7	Improve institutional Transformation through Capacity Development and Employee Engagement	A number of Capacity Building interventions have been conducted. Employee Survey to be conducted during 2025
8	Strengthen the Municipal Attraction and Retention Strategy	HRD Strategy is due for review and the Talent Management Policy will be updated to strengthen the Retention to curb the Turnover Rate
9	Develop a Municipal Turnaround Plan	The 2023/24 Annual Report to be used as baseline for Municipal Turnaround in the next Strategy review
10	Strengthen the Audit Outcomes through the Integrated Audit Improvement Strategy	Audit Action Plan implementation monitored. Audit Improvement Strategy to be developed in 2025
11	Improvement of Institutionalization Risk Management including Assurance	The annual risk assessment was successfully completed in June 2023 for implementation in 2023/202 To improve the risk management governance by getting an independent Risk Committee Chairperson
12	Radical Political Oversight including Capacity building to MPAC	MPAC trained by SALGA

1.4 POPULATION AND DEMOGRAPHIC PROFILE

Table 2: Key Demographic Statistics.

Indicator	uPhongolo Municipality
Area	3 239 km ²
Population	141 247
Households	34 228
Number of settlements	104
Urban areas	1 town and 4 small urban settlements
Gender breakdown	Males 46,9 %
	Females 53,1 %
Age breakdown	0 – 14 51.78% /15 – 64 43.93% /65 + 4.29%
Life expectancy	1998 65 years
	2011 48 years

Source: Stats SA – Census 2011 and Community Survey, 2016

The population growth rate of the uPhongolo Municipality (including Golela) increased from 2003 to 2013. The population growth rate can be used as an indicator for measuring demand for fuel within the area. The population of uPhongolo has increased from 122 653 in 2004 to 147 679 in 2014; this represents an average annual increase of 1.9% over the period ranging from 2003- 2013. The number of households grew from 27 280 in 2004 to 27 958 in 2014.

Table 3: Life Statistics

Indicator	Description	Value
Gender breakdown	Males	48%
	Females	52.0%
Age breakdown	0 -14	51.78%
	15 -64	43.93%
	65+	4.29%
Life expectancy	In 1998	65 years
	In 2011	48 years

Age breakdown analysis shows a decrease of 12.47% in the 15 to 64 age group meaning that uPhongolo has become a breeding and training ground of the South African labour force were upon attaining qualifications and experience the working age group departs for greener pastures.

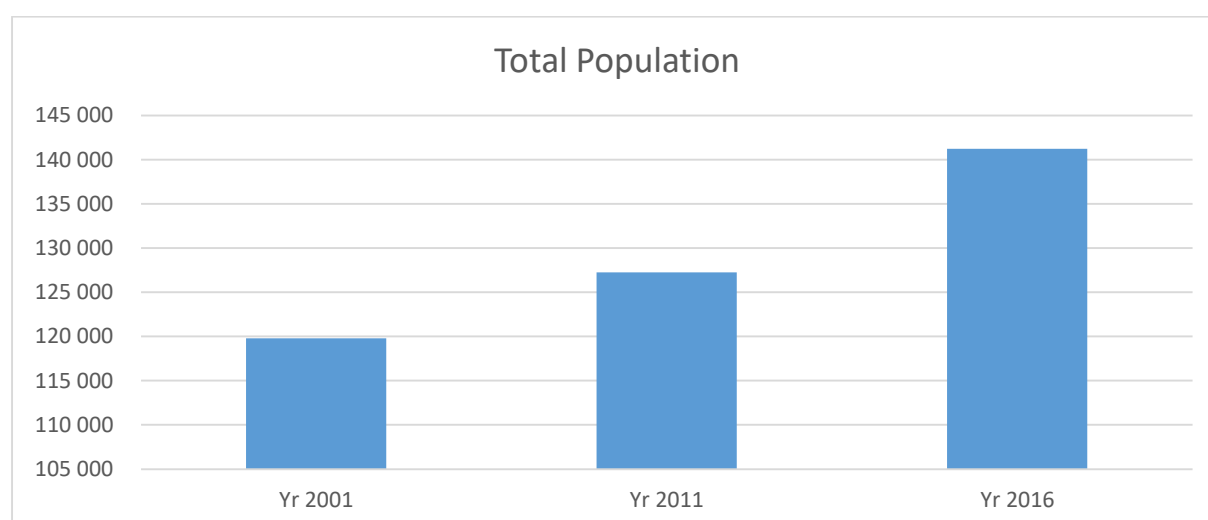
As such, major interventions through the provision of access roads, electricity and proper sanitation are required as our priority areas in the IDP. This kind of investment will bring development that can lure our citizens to stay and develop with us instead of migrating

Table 4: Population by Age and Gender for 2001, 2011 and 2016

	2001			2011			2016		
Age	Male	Female	Total	Male	Female	Total	Male	Female	Total
0-4	7 663	8 038	15 701	8 838	8 962	17 800	9 887	9 706	19 593
10-14	8 266	8 097	16 364	8 042	8 120	16 162	9 787	9 458	19 245
15-19	8 398	8 492	16 890	8 155	7 910	16 065	9 202	9 245	18 447
20-24	7 704	8 169	15 873	7 961	7 897	15 858	9 526	9 008	18 534
25-29	5 249	5 941	11 190	6 380	7 087	13 467	7 728	8 200	15 928
30-34	3 968	4 639	8 607	4 997	5 766	10 762	6 146	6 946	13 092
35-39	2 959	3 792	6 751	3 354	3 894	7 247	4 329	4 848	9 177
40-44	2 476	3 335	5 811	2 615	3 192	5 806	2 558	2 822	5 380
45-49	2 343	3 018	5 361	2 021	2 793	4 814	1 866	2 658	4 524
50-54	1 881	2 373	4 254	1 635	2 554	4 188	1 388	2 178	3 566
55-59	1 476	1 689	3 165	1 665	2 318	3 983	1 122	1 799	2 921
60-64	1 072	1 270	2 342	1 315	1 873	3 188	1 288	1 867	3 155
65-69	990	1 471	2 462	970	1 467	2 438	741	1 626	2 367
70-74	600	1 085	1 685	613	992	1 605	666	1 223	1 889
75-79	479	1 082	1 561	538	1 022	1 560	488	957	1 445
80-84	324	480	805	263	685	948	224	643	867
85+	236	426	662	184	573	757	144	323	467
85+	94	205	298	182	406	588	109	541	650
Total	56 178	63 602	119 781	59 728	67 510	127 238	67 198	74 049	141 247

Source: Stats SA , 2001, 2011 And Community Survey 2016

Figure 1: Population Growth Rate: 2001, 2011 and 2016



Source: Stats SA, 2001, 2011 and Community Survey 2016

AVERAGE HOUSEHOLD SIZE: According to the ZDM's Household analysis the Municipality has an average household size of 6.76. This figure indicates the actual situation in the municipal area and is much more correct than the STATSSA figures. The average household size of the uPhongolo Municipality according to STATSSA was calculated by subdivision of the population figures with the number of households recorded. The average household size is therefore 4 persons per household. This has also a huge influence on service delivery due to the impact on infrastructure services design parameters and actual provision.

Table 5 : Household Size

Municipality	Total household population			Number of households			Average household size		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
UPhongolo	1996	2001	2011	1996	2001	2011	1996	2001	2011
Total	97 372	115 384	125 197	15 967	24 814	28 772	6.1	4.6	4.4

Source: Stats SA – Census 2011

HOUSEHOLD DWELLING TYPE

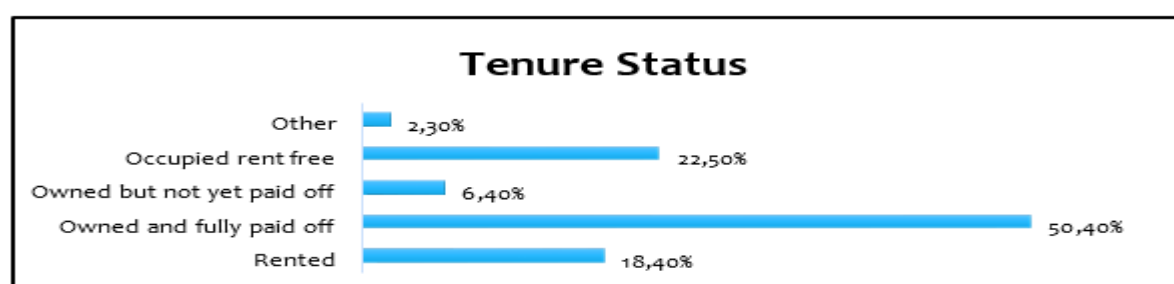
Table 6: Household Dwelling Type

Municipality	Formal Dwelling			Informal Dwelling			Traditional Dwelling		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
UPhongolo	1996	2001	2011	1996	2001	2011	1996	2001	2011
Total	8 371	16 331	24 013	313	398	342	7 121	8 011	4 115

Source: Stats SA – Census 2011

1.7 TENURE STATUS

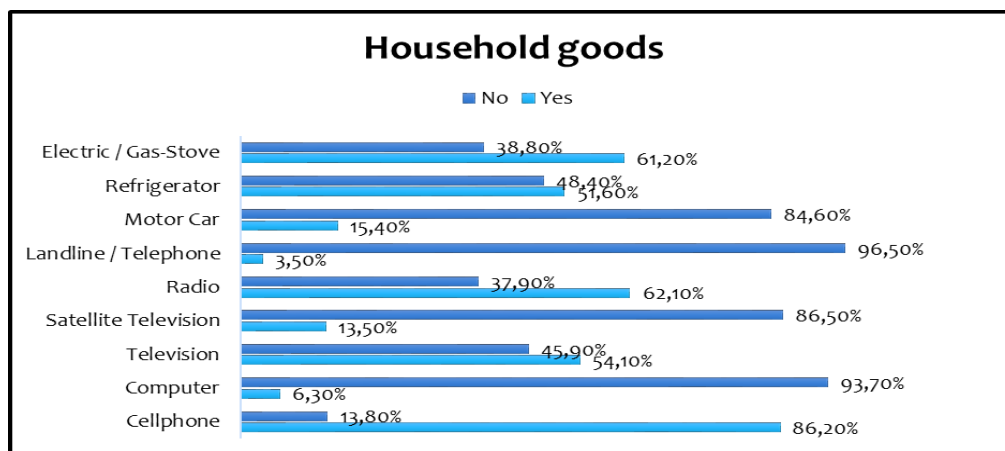
Figure 2: Tenure Status



Source: Stats SA – Census 2011

HOUSEHOLD GOODS

Figure 3: Household Goods



Source: Stats SA – Census 2011

HOUSEHOLD HEADED BY FEMALES

Table 7: Female Headed Households Figures

Municipality	No. Of Household Headed by A Woman			Number of Households			% of Female Headed Households		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
UPhongolo									
Total	7 114	12 151	13 993	15	24	28	44.6	49.0	48.6
				967	814	772			

Source: Stats SA – Census 2011

HOUSEHOLD HEADED BY CHILDREN

Table 8: Child Headed Households

Municipality	No. of Households Headed By Children			Number of Households			% of Households Headed by Children		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
UPhongolo									
Total	172	429	475	15	24	28	1.1	1.7	1.7
				967	814	772			

Source: Stats SA – Census 2011

Currently, the total population of the uPhongolo Municipality is estimated at 141 247 people represented into 34 228 households. Ethnically, the population is grouped as follows: Africans 98.5%, Coloureds 0.1%, Asians 0.01%, and whites 1.5% as presented in the table below.

Table 2: Population and Ethnic Groups

Trends	No.	Percentage
Black African – Total	132 270	98,1
Coloured – Total	6	0,1
Indian or Asian – Total	18	0,1
White – Total	1 937	1,5
Total	134 231	100



Source : Stats SA, 2011

Education is an indication of human resources and the skills available within the municipality. Figure 7 above presents the levels of education obtained by people within uPhongolo Municipality in 2013. 15% of the population over the age of 15 have no schooling qualification of any grade. This is concerning given the importance of education in obtaining employment and contributing to the economy. 37.9% of the population have completed matric and only 0.7% has tertiary qualifications as presented above.

1.4.1 ECONOMIC GROWTH: uPhongolo has 50 km² of sugarcane and subtropical fruit plantations surrounding it using drastic irrigation systems. The town of Pongola has thrived as a result of the canal system and a sugar mill that was built which together with the sugarcane plantations and government employment sustains the livelihood of the people of uPhongolo. The N2 national road corridor passes through the uPhongolo area as a national link between Gauteng and Richards Bay then Durban in the south. It also connects with eSwatini just to the north of the uPhongolo Municipal area. This is the primary development corridor in uPhongolo.

The Pongola area also has many tourist attractions including Game Farms and Lodges, the Pongolapoort Dam, famed for its Tiger Fishing and surrounding wildlife, cultural history and much more. The town of Pongola is wedged between the eSwatini border and the Pongola River and has all the modern facilities, Supermarkets, Hospital, Small Airport, 9 (hole) Golf Course, Tennis and Bowls.

Pongola has an unparalleled selection of excellent game camps and lodges in which to spend the night. Around Pongolapoort Dam there are 10 lodges in the Pongola Game Reserve.

The two main rivers in the municipality are the Mkuze River in the south and the (Pongola) River in the north, the latter feeding the Pongolapoort Dam, located on the eastern boundary of the municipality. Agriculture and tourism form the basis for the municipality's economy. Major development components consist of game and nature reserves, agricultural activities, traditional settlement areas and some urban nodes.

The public sector is the dominant provider of employment opportunities; however, the informal sector is expanding, primarily based on the taxi industry, informal financial services and taverns. From the data provided by Quantec, 13% of households receive no income, 99.8% of the population earn between R 801 and R 1600 per month, while 8% of the population earn between R6400 and R12 000 per month. There are couple of households in the Municipality that earn R 25 000 monthly.

The percentage of economically active people in uPhongolo Municipality indicated. It shows that 17% of the population is unemployed, that 30% of the population is employed, 53% of the population is not economically active.

Education is an indication of human resources and the skills available within the municipality. Data provided from Quantec indicates 15% of the population over the age of 15 have no schooling qualification of any grade. This is concerning given the importance of education in obtaining employment and contributing to the economy. 39.7% of the population have completed matric and only 0.7% has tertiary qualifications.

The municipality has also embarked on several activities to speed up the growth of uPhongolo. This includes the investment in a flea market complex which was completed in 15/16 and well as the Imbube Cultural Village which is still under construction. This market is expected to benefit from the free flow of tourists visiting the many game reserves in the area, as well as encourage locals to be productive as there is a selling place for their products. There has also been a newly developed mall at uPhongolo which has since seen the attraction of other major retail chains into this growing town. These opportunities have not only increased job opportunities but also have increased the quality of lifestyle for the local citizens as they can now shop at the best shops in South Africa.

uPhongolo will see major structural developments in the near future as more and more retailers are establishing their mark on our map. As a municipality we aim to ease and facilitate this development by providing state of the art infrastructure. The municipality hopes to speed this up through training of small informal sector business to provide building blocks services, so they can take advantage of the current boom in the building section that is buffered nationally by the current low interest rates.

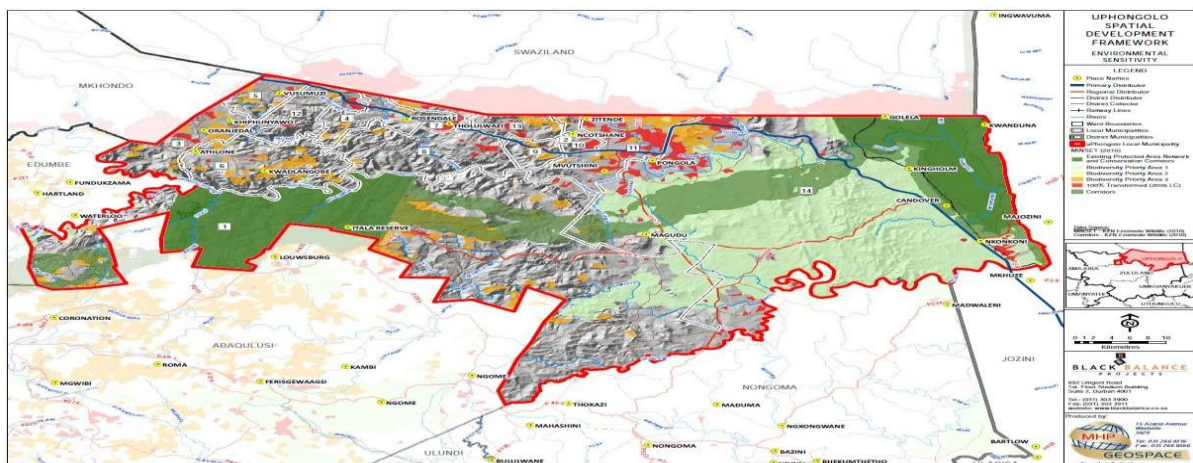
1.4.2 ENVIRONMENTAL OVERVIEW

uPhongolo Municipality has a number of environmental sensitive areas, of which two are formally protected. Ithala Game Reserve is located on the south western boundary of the municipality directly South of the Phongolo River. Pongola poort dam is situated on the eastern boundary of the Municipality. The environmental Conservation corridor as identified by the KwaZulu-Natal Spatial Development Framework is clearly visible and traversing the municipality in an east west direction. The main areas where sugar cane production takes place is classified as 100% transformed or classified as areas with no sensitivity (Priority Area 3).

Biodiversity Priority 1 Areas are mainly concentrated in the eastern side of the municipality, between the R66 and the Pongola Poort Dam. A very limited number of small Priority 1 Biodiversity Area pockets are situated adjacent the Ithala Game Reserve and the eDumbe LM Boundary.

Biodiversity Priority Area 3 is scattered throughout the municipality area and is situated mainly on the western boundary the Ithala Reserve and surrounding the areas of Kwadlangobe, and Oranjeldal. Areas to the northwest of Pongola, where sugarcane farming is taking place, has also a large concentration of Priority Biodiversity 3 areas. No Biodiversity Priority 2 areas are observed.

Map: 1 uPhongolo Environmental Sensitivity

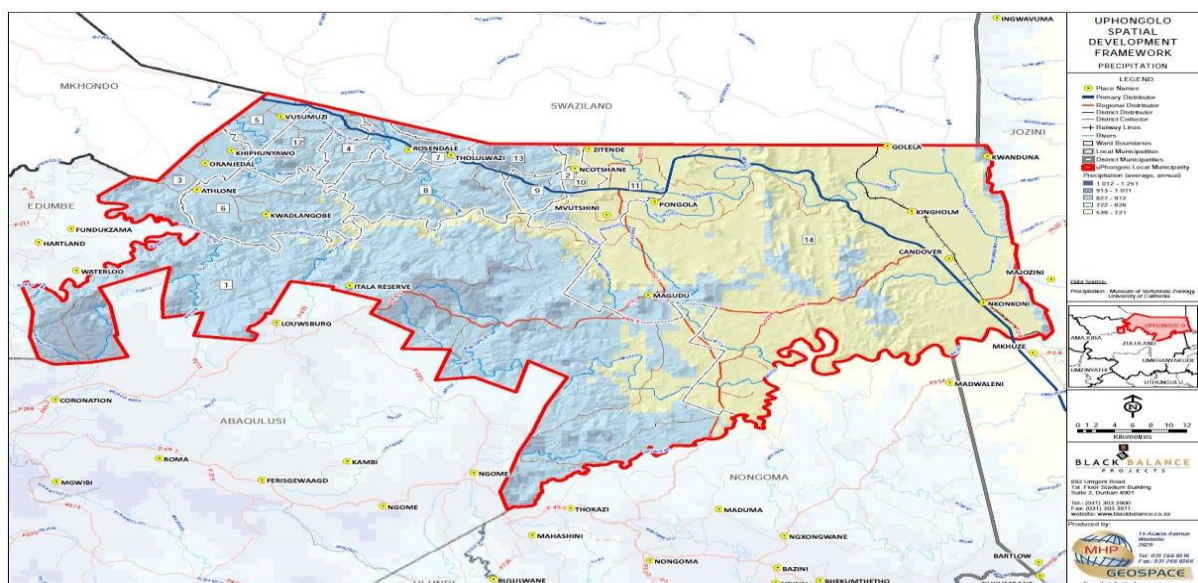


Hydrology: uPhongolo Municipality has a mixture of two “precipitation sectors” which is linked to the varying topography within the municipal area. On average the two sectors average between 722 to 826mm per annum and 538 to 721mm per annum. Selected pockets have a higher average precipitation of 913 to 1011mm per annum. It is evident from the map that the mountainous areas situated to the west of the municipality have higher precipitation levels, thus play an important role in feeding uPhongolo and Mkuze Rivers. Catchments are the areas of land where rainwater drains downhill into a body of water, such as a river, lake or dam.

The drainage basin includes both the streams and rivers that convey the water as well as the land surfaces from which water drains into those channels and is separated from adjacent basins by a catchment divide. Ecological aspects need to be considered when considering Catchment Areas/Drainage Basins. Water that is accumulated within the catchment areas, flows to water bodies namely rivers and dams which is ultimately utilised to provide potable water for household purposes.

Subsequently it is necessary to consider the possible impacts from specific land uses (settlements and agriculture) on the quality of water. This will further provide a clue as to where sanitation services are more desperately required to prevent contamination of water sources by cholera for example. In cases where large scale agricultural activity can have a negative impact on the quality of water it is necessary to limit the use of pesticides. The table below comprises of the rivers and dams that exist within the uPhongolo Municipality.

Map: 2 uPhongolo Precipitation



Strategic Environmental Assessment: It is critical for the development of a sustainable Spatial Development Framework to identify environmentally sensitive areas in order to direct and manage intensive development away from such areas. uPhongolo Spatial Development Framework considers both formally registered conservation areas as well as additional potential/future conservation worthy areas, classified as Critical Biodiversity 1 Areas. Phongolo and Mkuze River including tributaries, have a conceptual buffer of 40m from centreline, which allows for an estimated 15m width of a river and then includes the 30m buffer area.

Areas Prone To Soil Erosion: Wetlands & Dams in excess of 1 Ha with a 30m buffer around the boundary. Areas identified as Biodiversity Priority 1 Areas. MinSet Data as Overlain on the Conservation Criteria Map, Depicting Mandatory Reserve Areas.

The above environmental features have been protected within formal reserves, Riverine Areas, as well as the proposed “Eco Tourism” area, which is aimed at balancing the need for agricultural and conservation activities in a specific region.

1.4.3 SPATIAL ISSUES: The uPhongolo integrated development plan depicts a number of challenges related to a number of aspects that has spatial manifestations. Protecting the natural environment and resources, the natural environment forms one of the most important resources of the municipality, providing the basis for agriculture and tourism development as well as a functioning and attractive landscape;

Maximising and coordinating the tourism and recreation potential, while the municipality accommodates an existing series of tourism attractions, there is scope for a better utilisation of opportunities, whereby it needs to be ensured that such development is not detrimental to the natural environment, is in accordance with the image of the tourism features of the municipality, and that the various initiatives are coordinated with each other.

Linking access and development, different levels of development should be related to the different levels of accessibility, e.g. development requiring high levels of accessibility and visibility should be located in proximity of primary access corridors etc., the access hierarchy therefore provides one element in the structuring of development in the municipality.

Utilising linkages to surrounding opportunities, the municipality is located in proximity of a wide range of existing and potential developments outside its boundaries, potentials emanating from this location needs to be utilized.

There is a need to better integrate the traditional settlement areas into the functioning of the municipality in terms of social, economic and institutional development ensuring that the communities benefit from improved development without losing their particular unique background.

Facilitating economic development, ensuring that all sectors and communities of the municipality form part of and contribute their particular abilities to the economic development of the area; and facilitating social development, ensuring the provision of adequate social amenities and facilitating social integration.

1.4.4 AGRICULTURE: The agricultural sector employs more people than any other sector in uPhongolo Municipality. It impacts significantly on employment, income generation, economic linkages, land tenure and land reform and environmental considerations in the area. The most predominant activities are sugarcane farming and gaming.

The current agricultural products being exported are sugar cane, vegetables, citrus fruit and game. Value adding for sugar cane is undertaken locally as there a sugar mill in existence. A local maize mill by the local farmers and an agri-park proposed by Rural Development Department will also form a good value chain to benefit SMMEs and Co-ops. Municipality's LED is directly involved in assisting Co-ops and SMMEs to take advantage of these opportunities. There is also potential for production of biofuel in the area.

Land rated above moderate in terms of agricultural potential is very limited for the whole municipal area. Agricultural potential for Pongola Valley is high due to the availability of water for irrigation purposes. This is evidently seen by existence of commercial farms producing sugar and vegetables in these areas. Agricultural production outside of these areas are limited to stock and game farming.

The land in the north western part of the municipality falls under Ingonyama Trust and is densely populated by traditional communities that are practicing subsistence farming. A small-scale sugar production project was established in 1999 after the construction of Bivane Dam.

1.4.5 EXISTING LAND USE PATTERNS

Table 3: Land Cover and Broad Land Uses

Commercial Crops Dry land	Degraded Grassland	Rural Dwellings
Commercial Crops Irrigated	Dense Bush	Sugarcane – Commercial
Bushland	Grassland	Sugarcane – Emerging Farmer
Degraded Bushland	Grassland/ Bush Clumps Mix	Subsistence – Rural
Degraded Forest	Permanent Orchards Irrigated	Urban
Degraded Grassland	Permanent Orchards Dryland	Water (Natural)
Old Cultivated fields (Bushland)	Plantation	Wetlands
Old Cultivated fields (Grassland)	Plantation Clear-felled	Woodland

From the above land cover, six main elements are visible within the Municipal area, namely urban areas, rural settlements and subsistence farming, woodlands, grasslands and commercial sugarcane. The urban areas are situated around Pongola Town and stretches northwards along the N2. Smaller pockets of densely populated “urban areas” are situated along major transport routes, but they are also scattered throughout the municipality at localities such as Ncotshane, Vusumuzi and Khiphunyawo. The remainder of the settlements are characterised by rural dwellings.

These settlements include areas such as Athlone and Kwadlangobe in the western areas, Magudu and Candover south and south-east of Pongola Town, and KwaNduna and Golela on the north eastern boundary of the municipality. Large areas of woodlands are situated on the evenly sloped areas on the north-eastern boundary of uPhongolo. This area stretches from the Majozi surroundings (east) to Magudu (South of N2).

Subsistence farming is scattered throughout the municipal area, but more densely situated in close proximity to the rural settlement areas. The highest concentrations of subsistence farming are found near the settlements of Tholulwazi, Oranjedal and Athlone, with scattered subsistence farming activities around Rosendale.

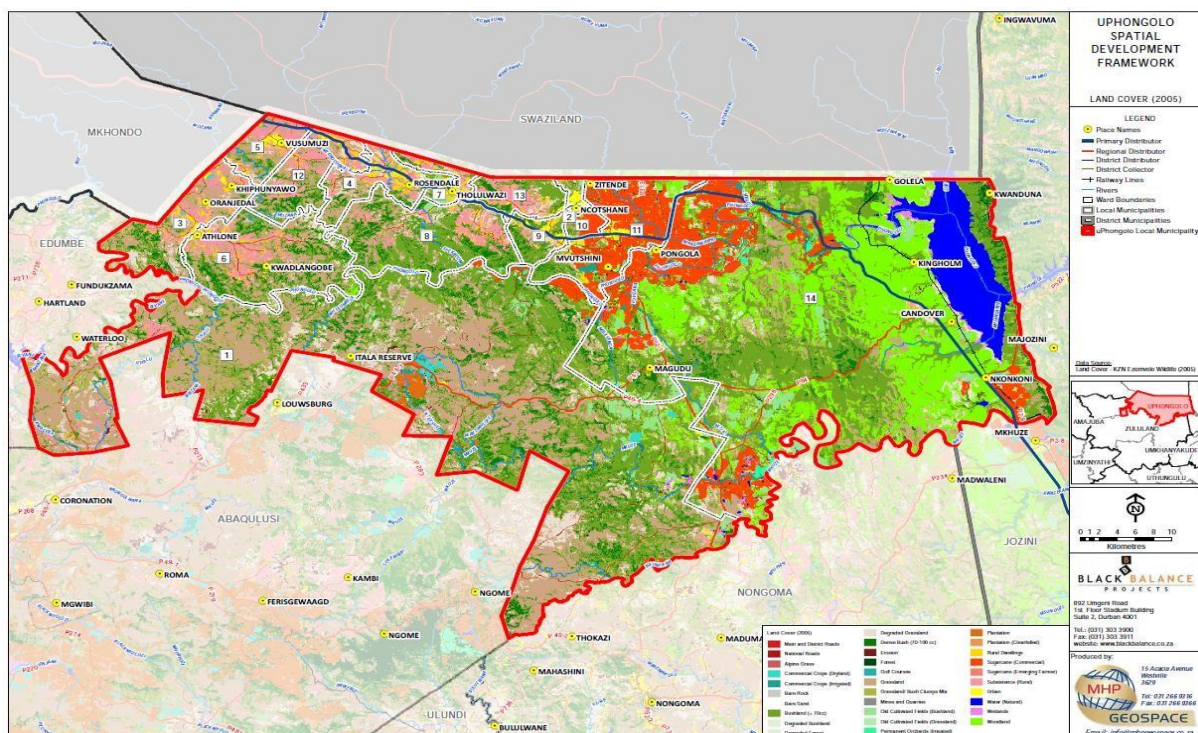
Grasslands are scattered throughout the municipal area, although the lack of other activities and vegetation types makes this the main land cover category in the south-western areas around Ithala Reserve and Waterloo. Plantations are located in the south-western parts of the municipality, and mainly grouped south of Ithala Reserve.

The area in the east of Magudu is characterised by bushlands, whilst the northern parts of the municipal area have a high concentration of commercial sugarcane groupings situated north from Zithende surroundings (north) to all around the Pongola Town. Agriculture: largely located in flat topographic conditions in river valleys, in particular east of Pongola, much of activities consist of commercial sugar cane and vegetable farming. A level of subsistence farming forms an integral part of the traditional settlement areas.

1.4.6 TOURISM AND NATURE RESERVES: one of the main economic activities in the municipality extending over much of the municipality. There exist a series of additional opportunities, such development must however be based on an appropriate protection, management and utilization of the substantial natural resources of the municipality and an appropriate co-ordination of the tourism/recreation activities.

UPHONGOLO LAND COVER

Map: 3 uPhongolo Land Cover



Grazing Land: Grazing land occurs in the form of large tracks of vacant land located between different settlements.

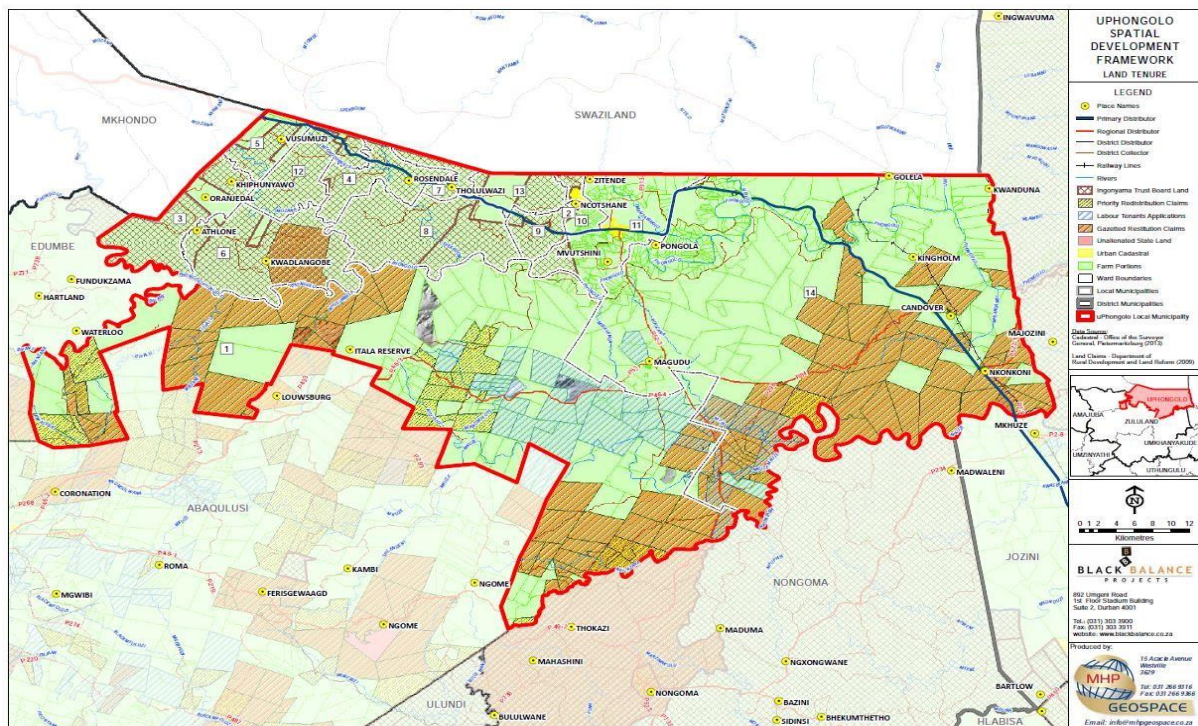
Conservation And Tourism: The N2 National Road corridor passes through uPhongolo municipal area as a national link between Gauteng, Richards Bay and Durban. It also connects with Swaziland just to the north of the municipal area.

Natural beauty, existence of tourism related development, and future tourism development potential within the municipal area are the main attributes. These attributes are putting the municipal area at an excellent position to reap the benefits of an intensive tourism programme.

Land Ownership: The larger north-western part of uPhongolo Municipality is managed by Tribal Authorities, whilst the eastern part of the Municipality consists of privately owned farms. Only a few areas have official cadastral boundaries and include Pongola Town and Ncotshane. The settlements not situated within the area of a Tribal Council include Magudu, Candover, Nkonkoni, Kingholm and Ithala Reserve.

1.4.8 UPHONGOLO LAND TENURE

Map: 4 uPhongolo Land Tenure



LAND REFORM: Much of the land in the municipality is in the ownership of three categories of land-owners, i.e. state, private individuals and Ingonyama Trust.

State-owned land consists of land in the ownership of the local municipality and various provincial and national departments. The extent and location of formal nature conservation areas are in this context of significance. Much of the traditional settlement areas are in the ownership of the Ingonyama Trust and this has, in particular in the past, limited external investment in the areas.

The majority of the land is held by private companies and individuals being used for agricultural purposes and nature and game experiences. Various trusts and traditional authorities have benefited from the land restitution process and green fund by both Department of Rural Development & Land Reform and Dept. Agriculture & environmental affairs especially in ward 1, ward 14 and part of ward 10 e.g. Inkunzana Trust, Somkhanda game reserve, Ntshangase Traditional authorities to name but few.

LAND CAPABILITY: Large areas of the municipality have land which falls in the high to moderate potential class. The soil quality and climate lend itself to intensive agricultural practices in most of these areas. The overall soil pattern in the study area has been strongly influenced by two dominant soil forming factors namely climate and parent material.

In the higher rainfall areas above 800 mm per annum like the Elandsberg scarp and the Makateeskop plateau the soils tend to be deep, well-drained, fine-textured and leached with somewhat sandier textures were derived from sandstone or granite but more clayey where formed from dolerite. In terms of the South African Soil Classification system the most common soils are those of the Clovelly and Hutton forms in gently sloping upland areas with Glenrosa soils on steeper slopes and Katspruit or Cartref soils in wetlands and depressions.

Most upland soils on the Makateeskop plateau and the upper Pongola and bivane valleys are high potential arable soils being generally deep and well-drained with good physical properties. Chemically, however, these soils tend to be leached, due to the high rainfall, and therefore acid and low in plant nutrients. They may consequently need to be limed and to have their nutrient status built up by appropriate fertilizer treatments. When this is done, they are highly productive cropping soils. In the drier areas, where mean annual rainfall is below 800 mm, the soils are generally shallower and less leached, often with strongly structured subsoils of poor permeability.

1.6 SERVICE DELIVERY OVERVIEW

1.5.1 BASIC SERVICES

One of the objects of local government is to ensure the provision of services to communities in a sustainable manner. Basic services rendered to the communities of uPhongolo Municipality is electricity, waste management, roads and stormwater. Water and sanitation services are provided by the Zululand District Municipality. Other services are development and spatial planning, local economic development, environmental, housing, library, cemeteries, community, sports and recreation, traffic as well as fire and disaster services. These services are discussed in detail in Chapter 3 of the Annual Report.

The Municipality has two basic services that it provides to the Pongola community, namely, refuse removal and electricity. Due to low urban settlement area when compared to the Farmland and Tribal settlement area, the refuse removal services are only provided to the urban settlement area.

1.5.2 SERVICE DELIVERY PERFORMANCE HIGHLIGHTS FOR 2023/2024

The Council of uPhongolo Municipality adopted an Organisational Scorecard and Service Delivery and departmental Basic Implementation Plans (SDBIP's) for implementation in 2023/2024 financial year. The Municipality resolved to focus on key tangible deliverables that yield outstanding results. Therefore, it meant that the number of indicators and targets had to be reduced drastically in each KPA so that the Organisational Scorecard reports become more focused and strategic.

For the year ended 30 June 2024, the municipality has managed to achieve 58% of the performance target for the year. This is a 7% improvement when comparing to the performance of the previous year. The indicators with good progress of above or equal to 50% of the target was 20.9% for the year. The performance targets that were not met and of which more work still has to be done were 20.9% of the targets for the year.

The municipal performance management system is a tool legislated to assist in implementing the IDP of the Municipality and the annual budget (operational and Capital). It is essentially a summary of all the needs of the community and organisation as well as other compliance requirements for the year under review which have been prioritised.

The Municipal Finance Management Act defines the Services Delivery and Budget Implementation plan (SDBIP) as the including the following components.

- 1) Projections for each month of: -
 - (a) revenue to be collected, by source; and
 - (b) operational and capital expenditure by, vote
- 2) Service delivery targets and performance indicators for each quarter; and
- 3) any other matters that may be prescribed, and includes any revisions of such plan by the
- 4) Mayor in terms of section 54(1)(c).

This Annual Performance Report therefore is prepared in terms of Section 46 of the Municipal Systems Act and it seeks to report on the implementation of the SDBIP or the IDP priorities for the year under review.

1.5.3 PERFORMANCE MANAGEMENT PROCESS

The guiding document in the Performance Management System (PMS) process is the approved PMS framework and Policy which are aligned to the Planning and Performance Management Regulations as well as the Appointment and Conditions of Employment of Senior Managers Regulation. The MFMA circular number 13 issued by National Treasury in January 2005 is also used as a guiding document in the planning and development of the service delivery and budget implementation plan.

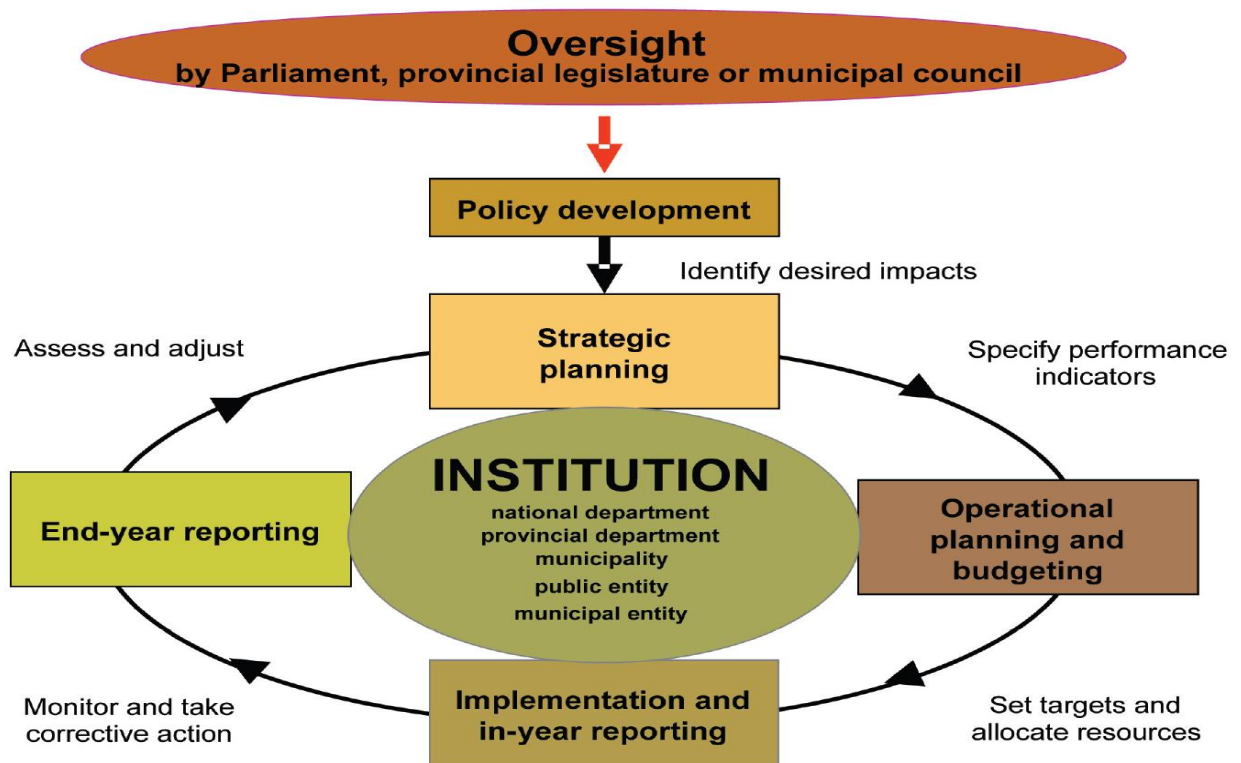
The PMS processes implemented are meant to give a clear picture to all stakeholders on how the strategic objective of the organisation and resources allocated were able to yield the desired output which will improve the lives of community. Key to the PMS process is the monitoring and reporting on shortcomings and making public, service delivery achievement.

The report on financial performance and non-financial performance that are make public include the following:

- Quarterly Performance (Non-financial) Reports
- S71 & S72 Reports (financial)
- Annual Performance Report
- Annual Financial Statements
- Annual Report

Figure 4: The high-level process cycle of the Performance Management System

The high-level process cycle of the Performance Management System can be summarised in a form of the diagram that follows:



1.5.3.1 ADMINISTRATION OF THE MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM

The Municipality has a PMS unit which acts as the support structure for the 6 Departments (Municipal Manager's office, Budget and Treasury Unit, Technical Services, Corporate Services, Community Services and Planning Development & Local Economic Development) by collecting, verifying, and reporting on their performance against targets prior to sending the performance report to Internal Audit section to be audited.

It is a norm to hold quarterly Performance Audit Committee meetings after the internal audit had finalised their reports. For the year under review, there're 4 Audit /Performance Committee meetings that were held during 2023/2024 financial year. The performance report is prepared and audited on quarterly basis as per the requirement of section 45 of the Municipal Systems Act. The Annual Performance report is also prepared and is audited by the Auditor General as part of their year-end audit.

1.5.3.2 PERFORMANCE AND SUPPORTING INFORMATION

The Municipal SDBIP (**Appendix 1**) approach reflects the 6 National Key Performance Areas (KPA) and local priorities and enables a wider assessment of how the municipality is performing. The performance report is based on the measures included in the Municipal Scorecard.

The performance targets contained in the Service Delivery and Budget Implementation Plan were approved by the Mayor and also adopted by Council for implementation. During the year, the performance targets were revised as part of the adjustment budget and Mid-year review and all such changes to the performance targets were also approved by Council.

Table 4: The Traffic Light System used in the report of performance is as follows:

COLOUR	REPORT OF PERFORMANCE
Blue	Performance above expectation (10% & more from target)
Green	Performance targets achieved
Amber	Performance target below (50% of target achieved)
Red	Performance target below (less than 50% of target an achieved)

1.5.4 PERFORMANCE SUMMARY FOR 2023/2024

For the year ended 30 June 2024, the municipality has managed to achieve 58% of the performance targets for that year. This is a 7% improvement when comparing to the performance of the previous year. The indicators with good progress of above or equal to 50% of the target was 20.9% for the year. Targets not met were 20.9% .

Positive Contributors

- The Basic Services KPA had a 26% improvement overall
- Good Governance KPA had at 9% improvement overall
- Local Economic Development had a 19% improvement overall
- Financial Viability had a 3% improvement overall

Negative Contributors

- Municipal Transformation KPA had a 10% decline

Overall Performance Highlights for the 2023/2024

- The municipality was able to deliver key infrastructure project including but not limited to
 1. 3km gravel road
 2. 1.5km storm water system
- Job opportunities was also created under the EPWP program including other capital project 94.
- The municipality was able to engage communities through community meetings conducted by ward councillor where a total of 97 meeting were held.
- The municipality was able to complete 249 RDP houses
- An unqualified audit opinion was received the fifth time in a row.
- IDP credibility score of 85% resulting in the Municipality's IDP being ranked 12th in KZN
- Own Revenue grow by 10%
- MIG grant spending was at 100% by 30 June 2024

KEY PERFORMANCE AREA 1: Municipal Institutional Development and Transformation

The contributor to this KPA is the Corporate Services Department and mostly deals with Human Resource indicators, Performance Management indicators and IDP indicators. This KPA had an overall achieved of 57%. This a decrease of 10% when comparing to the previous financial year where an achievement of 67% was recorded.

KPI Status	Municipal Transformation				
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Target Exceeded	3	2	1	2	3
Target Met (as planned)	4	3	5	8	5
Target Not Met (with 50%	4	7	3	3	3
Target Not Met (with less than	2	2	6	2	3
Total	13	14	15	15	14
% Targets met	54%	36%	40%	67%	57%
% Targets not met	46%	64%	60%	33%	43%

Performance Highlights for the 2023/2024

- A number of employees were able to complete their qualifications with the assistance of the Municipality, target was 40 and the achievement was 54.
- The annual report was table as legislated
- Performance Audit committee meetings were conducted quarterly as targeted
- Woman were appointed to senior and middle management level, target 1, actual 3
- ICT steering committee meeting target of 4 was achieved

Challenges

- Bursaries' budgeted overspent at year end
- Challenges still exist in the cascading of PMS to lower levels
- Councillor trainings not all completed as per the target
- Vacancy rate is above the norm of 10%

Measures taken to improve Performance

- Cascading PMS process started with the appointment of a PMS officer
- Skills audit for Cllrs to be done and develop the related personal development plan for Cllrs for implementation
- To improve on the vacancy rate, a newly approved organogram and related staff budget will be implemented.
- The budget for Mayoral bursaries will be adjusted based on the historic data on the next adjustment budget to avoid overspending on it.

KEY PERFORMANCE AREA 2: Basic Service Delivery

The overall score for this KPA is 36% for the year under review, which showed an increase of 26%. The overall performance of this KPA is not at the acceptable level.

KPI Status	BASIC SERVICE DELIVERY & INFRASTRUCTURE				
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Target Exceeded	1	3	2	1	1
Target Met (as planned)	1	1	4	0	3
Target Not Met (with 50% progress)	8	9	7	6	5
Target Not Met (with less than 50% progress)	3	4	1	3	2
Total	13	17	14	10	11
% Targets met	15%	24%	43%	10%	36%
% Targets not met	85%	76%	57%	90%	64%

Performance Highlights for the 2023/2024

- The total of 249 RDP houses was completed
- New gravel road equal to 3 km was completed
- Storm water channel target of 0. 647 km was over achieved by 0.853 km due to changes in project approach

Challenges

- The municipality relies more on contractors and consultants in delivering the projects and where the said service provider's performance is poor, the whole project gets delayed.
- Vacancy of middle management and other key personnel within the Technical Services Department.
- Grant funding for electrification project withdrawn

Measures taken to improve Performance

- Post of Manager: Electricity and Manager Civil were filled during the financial year
- To implement penalty clauses for project delays where necessary
- To engage Department of Electricity and Energy grant funding to finalise all pending electrification projects

- To investigate the possibility of resuming refuse collection at Belgrade with the aim of boosting revenue and access to refuse collection

OVERALL COMMENTS AND KEY STRATEGIC ISSUES

With this KPA being at the core of the Council mandate, critical strategic decisions have to be made by Council to improve the situation. The end of the year results shows only 36% of the Targets met, however Above 70% of the Budget spent, which does not compensate for the performance on the ground.

A root cause analysis needs to be the baseline for the Municipality's next planning to ensure Council takes fully informed decisions around Service Delivery matters.

The Municipality has got a three-year rolling Capital Plan, adjustments had to be done with Cogta approving the changes. There has been growing concerns around the broader infrastructure development to enhance economic development, in that the Municipality over the years has seemed to prioritize or invest more on facilities and a lesser ratio to roads.

Equally the maintenance of the existing roads is another challenge due to limitation of funds as well as the vandalism of the Community owned assets, this being the cost or overhead that is a burden or a strain on municipal resources.

With the adjustments made in the Capital Plan, some projects have now been moved to 2024/25, with a total number of 8 Projects to commence in July 2025. This needs a very serious forward planning in the light of the backlogs and amount of time left before the end of the term of Council.

The planned Multi-purpose center which was going to cost R20m is one of the deferred as it would overshadow some individual gains and strides that could be gained on the side of roads

Whilst the Municipality intends to increase its investment in Capital Assets (Roads), a high present and future risk is the drainage system (Storm water)

The Municipality was only funded for R32m for the 2024/25 Capital Projects which is inclusive of backlogs and new projects.

The Municipality in trying to reduce the strain on Road Infrastructure has as used R6m out of its internal funds for repairs and maintenance of existing roads.

The Council Term Service Delivery Priorities and Targets are highly at risk due to current and inherited Service Delivery backlogs. Despite this risk, the Municipality was however able to do Gravel Roads Maintenance to date in 15 wards in the form of 2km per ward. The Municipality is to be commended on its decision to have an appointed Panel of Providers so as to curb the delays and spread the work among a number of providers as a beneficiation strategy on SMMEs.

As part of the next strategic planning, the Department intends to reduce fruitless expenditure which was unforeseen as most of the regavelled roads were washed out

by heavy rains. This calls for a more integrated approach to also consider the impact of drainage and quality of the surfacing.

As a proactive strategy to catch up on service delivery backlogs and also a full response plan to the matters raised the most critical in the 2024 Community Survey, the Municipality needs to halt the erection of new facilities in favour of more roads and maintenance of the existing one until after the Elections.

Another decision that Council has to take if the Municipality is still attached to the existing Community halls, given the high or growing rate of vandalism on the facilities, is the cost asset protection in the form of security.

As a strategic turnaround move towards a better or improved outcome on service delivery and basic services through infrastructure, the Municipality needs Reprioritization especially on the Internally-funded and MIG funded projects.

Long-term Infrastructure Development Plan should be developed by the Municipality as part of the Long-term Growth and Development Plan.

The Municipality in its SPLUMA and Land use currently is more on Human Settlements, it is advisable that a proportionate reasonable allocation of Land be earmarked and be utilized for Investment purposes which has positive Long-term Revenue Generation spinoffs.

Another multiplier effect on this would be the Job Creation and reduction of unemployment through new jobs created as the industry grows.

In the light of the hiccup experienced in INEP thus creating a backlog in the targets for household electrification, it is equally important as part of the broader Backlog Eradication Plan in the next 12 months to ensure the catch-up is implemented. Given that not all of the R11,8m meant for INEP was received during 2023/24, the Municipality needs to create a fallback position ensure in 2024, electrification is highly prioritized.

Any further delays on the appointment of the Service provider may cost the Municipality, this needs to be accelerated concurrently with the engagements with Eskom, whilst the Municipality needs to have more improved relations with the DRME in dealing with this matter.

The use of one Consulting Engineer with 3 Contractors in the backlog has had positive spinoff and the Municipality needs to be commended on the flexible approach as it resulted in work being accelerated.

As at the reporting date the above was in the planning stage, however progressive reporting shows great progress subsequent that.

This has resulted in one of the wards previously affected (Ward 15) to have the project handover by 31 March 2025 and site de-establishment happening in a space of a week.

The present Storm water Management Plan needs to be revitalized in the light of challenges experienced during times of floods as the backlash is severe damage to

road infrastructure and the matter is one of the top Strategic Risks the Municipality is facing, hence urgent attention is needed from the Council side.

KEY PERFORMANCE AREA 3: Local Economic Development

The overall score for the Local Economic Development KPA is at 62%. This is an increase of 19% in the overall performance when comparing to the previous year where 43% of targets were achieved.

KPI Status	LOCAL ECONOMIC DEVELOPMENT				
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Target Exceeded	6	4	5	2	4
Target Met (as planned)	3	1	1	4	4
Target Not Met (with 50% progress)	3	4	2	4	3
Target Not Met (with less than 50% progress)	2	5	4	4	2
Total	14	14	12	14	13
% Targets met	64%	36%	50%	43%	62%
% Targets not met	36%	64%	50%	57%	38%

Performance Highlights for the 2023/2024

- The elderly people were assisted with food parcels and more
- The number of people who were examined for learners licence was higher than planned for the year.
- More Tourism promotion initiatives were undertaken
- More road blocks were conducted during the year
- LED related jobs exceeded the target of 79 as they were at 94 by 30 June 2024

Challenges

- Capacity constrains
- Cash flow challenges to execute Special programmes

Measures taken to improve Performance

- Post of the LED Manager has been filled
- Tourism function has been moved to the Local Economic Development Unit
- Yearly activity Plan for special programs to be developed and aligned with related budget

KEY PERFORMANCE AREA 4: Municipal Financial Viability and Management

The overall score for this KPA is 50%. This shows a slight improvement of 3% in the performance of the current year when comparing to prior year achievement.

KPI Status	FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT				
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Target Exceeded	1	1	2	1	1
Target Met (as planned)	7	7	5	6	6
Target Not Met (with 50% progress)	7	5	2	4	3
Target Not Met (with less than 50% progress)	0	2	6	4	4
Total	15	15	14	15	14
% Targets met	53%	53%	47%	47%	50%
% Targets not met	47%	47%	53%	53%	50%

Performance Highlights for the 2023/2024

- Spending on MIG grant was also at 100%
- Own Revenue growth of 10% is far above the expectation
- Spending on Capital Expenditure was within the norm of 95%-100%
- Cost coverage ratio was at 1 month by end of financial year which within the norm of 1 to 3 months.
- Stability has contributed to the overall achievement and sustained audit outcomes
- Collaboration with Assurance providers including the AG has also been commended from the different angles
- Great improvement experienced in the Cashflow Management and discipline compared to the historical years
- Reduction of the year end commitments despite the unauthorized expenditure challenges, which are systemic in nature. This has resulted in very low Payables balance as at 30 June.
- These Payables including Accruals have all been cash backed in the years and hence they have not affected the cash flow and negative impact on the 1st tranche of the new financial year when received by the Municipality.

- Great improvement in Fiscal Discipline as the Cash and Cash Equivalents comparatively increased by almost R19m (R5m:2023 ; R24.8m:2024)
- The Investment portfolio appetite has also been boosted by the BTO financial management acumen as the benefits of additional revenues from various sources are not wisely utilized more towards service delivery than operational matters as it was precious.

Challenges

- Spending on INEP grant budget was at 21.6% by year end due to grant being withdrawn. The matter as much as it is not a Finance matter but relating to technical services, if persistent it can lead to Department of Energy withdrawing the licence and also currently it has contributed to service delivery backlogs in terms of targeted electrification of households as per the IDP.
- The collection rate at year end was at 83% which is far below the norm of 93%-95%
- Staff cost to OPEX was a bit out of the norm by 4% as at year end it was at 44%
- Spending on Operational expenditure was at 111% which is above the norm of 95%-100% as an asset worth R21Mil was donated to the Department of Transport while not include in the budget.

Measures taken to improve Performance

- Revenue enhancement strategy to be developed and implemented
- The indigent register will be updated and implemented, where necessary, a write-off of irrecoverable debtors will be done
- Debt collector appointed to assist with recovering the long outstanding debt.
- Filling of posts to be limited to critical post only
- To revise the WSP budget in 24/25 during the adjustment budget period and to use historic data in budgeting for such items going forward
- To prioritize cash generative initiatives that have already resulted in additional revenue to the Municipality and not put cash savings to operations about key positive service delivery projects.
- The Revenue Enhancement and Cashflow management improvement will see a drastic improvement of the Cash Coverage ratio, with a minimum of two months on average, which would increase after implementation of Cost Savings and Revenue Enhancement. The indirect impact of the Cost Coverage influences the desired strength of the Cash Coverage due to some overheads that are variable and related

to both Political and Administrative areas. These for now seem unavoidable and unforeseen at times. This has further been evidenced by the minimal impact of the Cost containment where savings in cost was done but these are subsequently attached to operational expenses.

KEY PERFORMANCE AREA 5: Good Governance and Public Participation

The overall score is 82%. This KPA indicates an increase of 9% in the over-all performance when comparing to the previous financial year.

KPI Status	GOOD GOVERNANCE, COMMUNITY PARTICIPATION AND WARD COMMITTEE SYSTEMS				
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Target Exceeded	3	5	3	4	3
Target Met (as planned)	5	4	4	4	6
Target Not Met (with 50% progress)	2	1	2	2	0
Target Not Met (with less than 50% progress)	2	2	3	1	2
Total	12	12	12	11	11
% Targets met	67%	75%	58%	73%	82%
% Targets not met	33%	25%	42%	27%	18%

Performance Highlights for the 2023/2024

- Ward committee members appointed and fully functioning in all 15 wards
- Community meetings conducted by the ward Councillor exceeds the quarterly projections which totalled 97
- Council is meeting as planned and as required by Legislation
- The Annual Risk Assessment was conducted
- IDP credibility score was above the target resulting in out IDP being ranked number 12 in KZN
- The Municipality was able to maintain unqualified audit opinion or the fifth time in a row

Challenges

- The holding of Inter-Governmental Relations (IGR) meeting was a challenge also during the year as the IGR was not functional
- Training of Cllrs was still a challenge also

Measures taken to improve Performance

- Training of new Councillors to begin once full skills audit is done

KEY PERFORMANCE AREA 6 : Cross-Cutting Interventions

The KPA showed an achievement of 75% of the targets for the year which is the same per the prior year.

KPI Status	CROSS CUTTING INTERVENTIONS				
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Target Exceeded	0	1	3	2	1
Target Met (as planned)	2	3	1	1	2
Target Not Met (with 50% progress)	1	0	1	0	0
Target Not Met (with less than 50% progress)	3	3	2	1	1
Total	6	7	7	4	4
% Targets met	33%	43%	57%	75%	75%
% Targets not met	67%	57%	43%	25%	25%

Performance Highlights for the 2023/2024

- The inspection at buildings for compliance with fire and other by-laws or regulation was above target
- More Waste and Environmental Management Operations / Awareness were done during the year than budgeted
- SDF approved accordingly with the IDP

Challenges

- The Environmental Management By-law and related Environment Management Plan were also not done.

Measures taken to improve Performance

- To Engage Cogta for assistance with the development of the Environmental management by-law

1.5.5 SERVICE DELIVERY SHORTFALLS - 2023/2024

Table 5: Service Delivery Shortfalls

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT		
NO.	CHALLENGES	INTERVENTION
1	No off-site information backup done (site/storage)	Budget and identify site for back-up purposes
2	Inadequate office space	To budget for planning and designs. To re-submit the plans to Treasury.
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT		
1	Budget for repairs and maintenance is below 8% norm and affects the service delivery	More budget is needed to clear the backlog and compliance to National Treasury guidelines
2	Shortage of staff	Prioritize filling of critical positions in the technical services department
3	No depot for Technical Services staff and equipment	Budget needed
4	No Integrated Local Transport plan (ILTP) in place	To develop and adopt ILTP
5	Insufficient yellow machine	Lease/buy yellow machine
6	Electricity distribution losses	Phase out old analog meters with digital prepaid meters provided
7	No Truck Stop and weigh bridge	To engage provincial DOT regarding weigh bridge To identify land and build a truck stop
8	No traffic related by-laws	Development and/or formulation and passing of applicable traffic by-laws

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
1	Lack of office space	Prepare item on Circular 51 (extension of office building) and submit
		Provide budget in 2022/2023 subject to approval of building plans and cost analysis
2	Increasing consumer debts	Intensify the methods or ways to collect monies that are due and payable to municipality
		Review, implement and monitor the revenue enhancement strategy
3	SCM Challenges	Implement the consequence management and recommends to Council writing off old UIFW.
SOCIAL DEVELOPMENT		
1	Ward upliftment not changing beneficiaries' economic status	Ward upliftment budget to increase (200 000 P/W),
2	Inadequate support for SMMEs and Co-Ops	Identify and support sustainable concepts to be funded,
		Conduct workshops on projects development and concepts for small businesses, SMMEs and Co-ops
3	No information centre	To draft Information Centre Business Plan and source funding and land for its development
4	Lack of job opportunities	To create job opportunities through EPWP, CWP,
		Capital projects and other municipal programmes
5	Tourism products not well marketed	To engage stakeholders in the hospitality industry,
		Support local events

		Develop/link tourism website and brochures
6	Lack of green economy initiatives	Identification and implementation of green economy initiatives
7	Lack of strategies for tuck/spaza shops South African owners and potential investors	Engage the tuck/spaza shop owners and assist where possible
8	Unsuitable merchandise traded in undemarcated areas	Identify all small businesses and type of business operating illegal
		Conduct a meeting with all businesses about illegal trading business
		Issue notices
		Law Enforcement
9	Inadequate provision of bulk infrastructure (water, electricity, and roads) hamper investors	Engage DWA and ZDM, Application for License, Engage DME, Eskom and DOT
10	Slow processes/delays in obtaining zoning certificate, EIAs, Building plans and other specialists reports and approvals	Appointment a panel for planning consultants
11	Unfavorable/lack of policies, bylaws and lease agreements between the municipality and tenants	Correct lease agreements

LOCAL ECONOMIC DEVELOPMENT (LED)

1	Beneficiaries particularly cooperatives misusing funding and support from the municipality through ward upliftment programme (Grants)	Ward upliftment budget to increase for sustainability. Only creative concepts should be funded
2	Inadequate support for SMMEs and Co-Ops due to limited resources	Increase accessibility of funds and support on sustainable concepts. Conduct workshops on projects development and concepts for small businesses, SMMEs and Co-ops
3	No local business support centres	Sister departments and Government entities should set up satellite offices to service the municipality
4	Unemployment is still high despite commitment from the Municipality on infrastructure investments and skills development.	Increase funding on infrastructure projects and promote black industrialists to ensure labour intensive job opportunities. This includes EPWP, CWP, Capital projects etc.
5	Tourism products lack value chain exchange between emerging producers and developed tourism facilities.	To engage stakeholders in the hospitality industry, Support emerging locals in tourism and promote value chain. Develop/link tourism website and brochures

6	Green economy initiatives/concepts lack funding	Funding of green economy initiatives and concepts
7	Tuck/spaza shops previously owned by locals have been taken over by foreign nationals	Engage tuck/spaza shop owners and assist where possible
8	Unsuitable merchandise traded in un-demarcated areas.	Identify all small businesses and type of business operating illegal
		Conduct a meeting with all businesses about illegal trading business
		Issue notices and appoint business compliance personnel
		Law Enforcement
9	Inadequate provision of bulk infrastructure (water, electricity and roads) hamper investors	Engage DWA and ZDM, for bulk infrastructure provision and Application for License for infrastructure proposed projects.
10	Slow processes/delays in obtaining zoning certificate, EIAs and other specialists reports and approvals	Appointment a panel for planning consultants
11	Unfavorable/long term land lease agreements between the municipality and previous tenants disadvantage locals from production.	Legal team to approach courts to correct lease agreements

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

1	Shortage of personnel to monitor the operation and functioning of ward committees	Prioritise appointment of Personnel
2	Lack of skills/training to capture ward community minutes and reporting	To provide training workshops for ward community meetings
3	Chamber has no public gallery	To be budgeted for extension
4	Lack of commitment of Ward Champions	The Municipal champion to encourage war room champions to attend war room meetings
5	IGR Meetings not convened (as per IGR sectors between ZDM and LMs)	ZDM to review the TORs for the IGR Sectors
		Develop an annual schedule of meetings
		Submission of an annual schedule to LMs
6	Lack of stakeholder participation at IDP/Budget Meetings	Strengthen a working relationship with stakeholders/sector departments

CROSS CUTTING INTERVENTIONS		
1	Land Claims	Undertake Land Audit (Participation of Sector Departments in the process)
2	Land invasion, Illegal development/encroachments	Implementation of land audits outcomes including prosecution/eviction
3	Illegal dumping	Conduct community awareness campaigns pertaining to illegal dumping
4	No emergency centre / fire station	Land has been secured, in the process of securing funding for development

1.6 PROPORTION OF HOUSEHOLDS WITH ACCESS TO WATER

Table 6: Distribution of households by access to piped (tap) water for 1996, 2001 and 2011

Water Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Year 0
	Outcome	Outcome	Outcome	Actual
Household (000)				
<i>Water: (above min level)</i>				
Piped water inside dwelling	857	546	655	846
Piped water inside yard (but not in dwelling)	647	865	456	486
Using public tap (within 200m from dwelling)	486	486	465	546
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	1 990	1 898	1 576	1 879
<i>Minimum Service Level and Above Percentage</i>	80%	84%	65%	79%
<i>Water: (below min level)</i>				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)	486	486	486	486
No water supply				
<i>Below Minimum Service Level sub-total</i>	486	359	865	486
<i>Below Minimum Service Level Percentage</i>	20%	16%	35%	21%
Total number of households*	2 476	2 256	2 442	2 365

Households - Water Service Delivery Levels below the minimum				
Description	Year -3	Year -2	Year -1	Year 0
Household (000)	Outcome	Outcome	Outcome	Actual
Formal Settlements				
Total households	100 000	100 000	100 000	100 000
Households below minimum service level	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%
Informal Settlements				
Total households	100 000	100 000	100 000	100 000
Households ts below minimum service level	25 000	25 000	25 000	25 000
Proportion of households ts below minimum service level	25%	25%	25%	25%

(Stats SA: Census)

1.7 PROPORTION OF HOUSEHOLDS WITH ACCESS TO SANITATION

Table 7: Distribution of households by type of toilet facility for 1996, 2001 and 2011

Sanitation Service Delivery Levels				
Description	2005/06	2006/07	2007/08	2008/09
	Outcome	Outcome	Outcome	Actual
Household (000)				
<i>Sanitation/sewerage: (above minimum level)</i>				
Flush toilet (connected to sewerage)	942	600	720	930
Flush toilet (with septic tank)	712	952	502	535
Chemical toilet	535	535	511	601
Pit toilet (ventilated)	124	135	103	100
Other toilet provisions (above min.service level)	13	13	15	11
<i>Minimum Service Level and Above sub-total</i>	2 325	2 236	1 851	2 178
<i>Minimum Service Level and Above Percentage</i>	68,9%	59,9%	55,5%	63,1%
<i>Sanitation/sewerage: (below minimum level)</i>				
Bucket toilet	502	952	938	720
Other toilet provisions (below min.service level)	535	535	535	535
No toilet provisions	10	11	12	15
<i>Below Minimum Service Level sub-total</i>	1 047	1 498	1 485	1 271
<i>Below Minimum Service Level Percentage</i>	31,1%	40,1%	44,5%	36,9%
Total number of households*	3 372	3 734	3 336	3 449

Households - Sanitation Service Delivery Levels below the minimum				
Description	2005/06	2006/07	2007/08	2008/09
Household (000)	Outcome	Outcome	Outcome	Actual
Formal Settlements				
Total households	100 000	100 000	100 000	100 000
Households below minimum service level	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%
Informal Settlements				
Total households	100 000	100 000	100 000	100 000
Households ts below minimum service level	25 000	25 000	25 000	25 000
Proportion of households ts below minimum service level	25%	25%	25%	25%

(Stats SA: Census)

1.8 ELECTRICITY

Electricity Service Delivery Levels				
Description	2005/06	2006/07	2007/08	2008/09
	Outcome	Outcome	Outcome	Actual
Household (000)				
<u>Energy:</u> (above minimum level)				
Electricity (at least min.service level)	655	547	565	523
Electricity - prepaid (min.service level)	565	587	846	565
Minimum Service Level and Above sub-total	1 220	1 134	1 411	1 088
Minimum Service Level and Above Percentage	52,8%	52,8%	66,3%	62,1%
<u>Energy:</u> (below minimum level)				
Electricity (< min.service level)	112	123	124	124
Electricity - prepaid (< min. service level)	955	865	565	487
Other energy sources	24	26	28	54
Below Minimum Service Level sub-total	1 091	1 014	717	664
Below Minimum Service Level Percentage	47,2%	47,2%	33,7%	37,9%
Total number of households*	2 310	2 147	2 127	1 753

Households - Electricity Service Delivery Levels below the minimum				
Description	2005/06	2006/07	2007/08	2008/09
Household (000)	Outcome	Outcome	Outcome	Actual
Formal Settlements				
Total households	100 000	100 000	100 000	100 000
Households below minimum service level	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%
Informal Settlements				
Total households	100 000	100 000	100 000	100 000
Households ts below minimum service level	25 000	25 000	25 000	25 000
Proportion of households ts below minimum service level	25%	25%	25%	25%

1.9 FINANCIAL HEALTH OVERVIEW

The municipality is highly dependent on grant funding for the financial year ending 30 June 2024. The grant funding equated to 63% of the municipal revenue. During the 2023/2024 financial year, the grant expenditure was at 97.88%. The service charges such as refuse as well as property rates contributed 31.22% to the total revenue of the Municipality during the 2023/2024 financial year.

The Municipality has a Council-approved Revenue Enhancement Strategy which is being implemented. The implementation of the Revenue Enhancement Strategy improves the Municipality's revenue. The Customer Care, Credit Control, and Debt Collection Policy are being implemented in order to compel ratepayers to pay for municipal services.

uPhongolo Municipality's budget reflects sound financial strategies in respect of expenditure and, in particular, cost containment measures that are being implemented. The Budget covers sound financial strategies since the cash inflow is based on an estimated collection rate.

BUDGET RELATED-POLICIES:

The uPhongolo Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies, and related policies. The purpose of budget-related and financial purposes is to provide a sound environment to manage the financial actions of the municipality with relevant legislation frameworks. The previous year's adopted policies were reviewed as part of the budget compilation process and were approved by the Council in June 2022. The following are key budget-related policies:

CUSTOMER CARE, CREDIT CONTROL, AND DEBT COLLECTION POLICY:

This policy required in terms of section 96 of the Municipal Systems Act, 32 of 2000 to provide for credit and debt collection procedures and mechanisms to ensure that all consumers pay for services provided. The adopted policy is credible, sustainable, manageable, and informed by affordability and value for money.

ASSET MANAGEMENT, INFRASTRUCTURE INVESTMENT, AND FUNDING POLICY:

The purpose of the policy is to ensure that municipal assets are managed and accounted for in terms of relevant legislation and frameworks.

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BUDGET POLICY:

This policy prescribes principles that must be complied with in preparing, monitoring, and reporting a medium-term revenue and expenditure framework budget. It further ensures that the budget reflects the strategic outcomes embodied in the IDP and related strategic policies.

BUDGET AND VIREMENT POLICY:

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

BORROWING POLICY:

The purpose of the policy is to establish a borrowing framework for the Municipality and to set out the objectives, policies, statutory requirements, and guidelines for the borrowing of funds to:

Manage interest rate and credit risk exposure.

Maintain debt within specified limits and ensure adequate provision for the repayment of debt; and,

Ensure compliance with all legislation and Council policies governing the borrowing of funds.

CASH MANAGEMENT AND INVESTMENT POLICY:

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves.

PETTY CASH POLICY:

This policy governs the issuing of petty cash in terms of the supply chain management policy and the effective utilization of petty cash according to authorized processes only.

SUPPLY CHAIN MANAGEMENT POLICY:

This policy sets out principles to ensure that the procurement of goods and services is fair, transparent, equitable, and competitive as well as cost-effective to comply with applicable regulations and frameworks for Supply Chain management.

TARIFF POLICY:

provides a broad framework within which the Council can determine fair, transparent, and affordable charges that also promote sustainable service delivery. All the above policies are available on the Municipality's website.

The Sustainability and Liquidity of the Municipality:

The current ratio is a measure of the current assets divided by the current liabilities. The norm is 2:1 and the ratio should not decrease below 1 otherwise the municipality will be at risk to

finance operations. For the 2023/2 MTREF, the current ratio is 1,39 :1, 1.06:1 in 2022/23. The norm range is between 1 and 3. The ratio for the 2023/24 MTREF indicated that the municipality will be able to meet its current obligations when they fall due.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to settle current liabilities immediately. The municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. This needs to be considered a pertinent risk for the municipality as any under-collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer-term financial planning objectives, this ratio will have to be maintained at a minimum of 1.

LOANS/ BORROWINGS:

The Municipality's strategy is to borrow only long-term funds at the lowest possible interest rates at minimum risk within the parameters of authorized borrowing as stated in section 46 of the Municipal Finance Management Act No. 56 of 2003. This permits municipal borrowing with respect to financial capital expenditure on infrastructure, property, plant, and equipment. The Municipality is mindful that the borrowing of long-term loans has to be sustainable. The total loans outstanding as at 30 June 2024 amounted to R0.00.

GRANT DEPENDENCY: Grants from the National Treasury are received in tranches during the year. Government grants have been recognized as income over the periods necessary to match them with the related costs. For grants received during the year under review in Chapter 5 for ease of reference.

The Municipality's own revenue in the 2023/2024 financial year reflects 37%.

PAYMENT OF CREDITORS:

The Municipality has not defaulted on payment of its creditors, i.e. Eskom (bulk electricity purchases), SARS (VAT and PAYE), third-party payments (pension and medical aid funds), and any other trade creditors.

Table 33: Current Ratios over 3 Years

	2021/2022	2022/2023	2023/2024
Current assets/Current liabilities	0.77	1.06	1.39

This ratio is used to assess the ability of the municipality to pay back its short-term liabilities with its short-term assets which are cash, inventory, and receivables. The norm ranges between 1.5 to 2:1. The ratio indicates that the municipality is still capable of paying back its short-term obligations and had a small increased when compared to the prior year's ratios from 1.17 to 1.39.

Table 34: Cash/Cost Coverage Ratios Over 3 Years

	2021/2022	2022/2023	2023/2024
Cash and cash equivalents- unspent conditional grants- overdraft+ short-term investments/monthly fixed operational expenditure excluding depreciation, provision for bad debts, impairments, and loss on disposal of assets	0 month	0 month	1 month

This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue during that month. The ratio has not changed when compared to the prior years it has remained for 0 months meaning that the municipality is currently at the risk of not being able to meet its obligations to provide basic services or meet its financial commitments.

DEBTOR'S COLLECTION

Table 35: Collection Rate

	2021/2022	2022/2023	2023/2024
Gross debtors closing balance + Billed revenue - Gross debtors opening balance - Bad debts are written off/Billed revenue x 100	62.28%	82.43%	82%

This ratio indicates the level of payments received from debtors, and it measures the increase or decrease in debtors relative to annual billed revenue. The collection rate has improved when compared to the prior years although debtors' balance has slightly decreased in the current financial year when compared to the prior year.

REVENUE MANAGEMENT, EXPENDITURE MANAGEMENT AND COST CONTAINMENT MEASURES:

The Municipality has introduced a revenue management, expenditure management, and cost containment program to raise and collect all revenue due to the Municipality. Included in the program is a focus on expenditure management and cost containment to ensure that available resources are optimized for quality service delivery.

The municipality has managed to implement the MSCOA as per the National Treasury requirements by the 1st of July 2017. The financial system being used by the municipality is MSCOA compliant since the municipal IDP and SDBIP have been captured into the system and successfully managed to develop the budget chart on the system. On the 1st of July 2017, the municipality managed to go live on MSCOA and is able to transact on the financial system.

The Municipality's own revenue in the 2023/2024 financial year reflects 37% as compared to 2022/2023 which was 34.33% which is a slight increase of 2.67%. The operating expenditure for the current year has increased by 11% in comparison to the 2022/2023 financial year.

Table 8: Financial Overview

Sources: uPhongolo Municipality

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Revenue from exchange transactions					
Service charges	64 765 187	4 364 306	69 129 493	64 793 783	(4 335 710)
Agency services	1 421 824	-	1 421 824	1 134 948	(286 876)
Interest earned from receivables	2 360 966	-	2 360 966	946 050	(1 414 916)
Interest from call accounts	1 706 658	2 646 962	4 353 620	4 543 135	189 515
Licences and permits	2 124 147	-	2 124 147	1 656 154	(467 993)
Rental of facilities and equipment	694 947	-	694 947	517 004	(177 943)
Operational revenue	1 738 980	2 331 526	4 070 506	7 038 040	2 967 534

Construction contract revenue	15 600 000	(600 000)	15 000 000	2 817 391	(12 182 609)
Property rates	45 253 910	-	45 253 910	48 135 202	2 881 292
Fines, Penalties and Forfeits	3 151 324	-	3 151 324	1 550 400	(1 600 924)
Government grants & subsidies	223 232 491	8 873 000	232 105 491	228 564 305	(3 541 186)
Total revenue	362 050 434	17 615 794	379 666 228	361 696 412	(17 969 816)

Table 9: Operating Ratios

Operating Ratios	2021/2021	2022/2023	2023/2024
Detail	%	%	%
Employee Cost	29.61	41.53	40
Repairs & Maintenance	3.45	2.97	6
Finance Charges & Impairment	0.45	1	0.7

Source: uPhongolo Municipality

The employee-related cost to total operational cost amounts to 40%, which is within the norm of 40%. The key contributor to the higher-than-normal staff cost is overtime and temporal employees.

The repairs and maintenance cost is at 6% of OPEX and this appears to be lower than the norm of 8% due to the fact that this figure is for the materials only and the labour component is included in the employee cost line item.

The finance cost shows 0.7% of OPEX which is within the acceptable norm and increased compared to the prior year. Capital expenditure: The capital budget in the current year appears to have decreased when compared to the prior mainly due to the change in the way the INEP (electrification grant) budget is accounted. From 2020/2021, the Electrification grant was not treated at the Capital budget.

Table 10: Total Capital Expenditure: Year 2020/2021 to 2023/2024

Total Capital Expenditure: Year 2021/2022 to Year 2023/2024			
	R		
Detail	Year 2021/2022	Year 2022/23	Year 2023/2024
Original Budget	52 075 949	28 791 087	
Adjustment Budget	48 652 332	48 687 580	39515005
Actual	42 054 470	43 004 145	36809097

Source: uPhongolo Municipality

Capital Expenditure

The variance between the Original Budget vs. the Actual expenditure is 93% and the variance between the Adjustment budget vs. the Actual expenditure is 7% which means there was an under-expenditure in the Capital Budget. The underspending was due to a grant that was gazetted but it was not received.

Grant funding from National Departments is received in 3 tranches during the year. Government grants have been recognized as income over the periods necessary to match them with the related costs.

1.10 ORGANISATIONAL DEVELOPMENT OVERVIEW

During 2023/2024 financial year, the municipality filled all the critical senior management vacancies. There has been an improvement in the overall municipality vacancy rate as it was at 26% by end of the financial year. This improvement means more human resources have been added to assist the municipality to improve efficiency in service delivery to communities.

The training and development of employees was prioritized for implementation during 2023/2024 financial year and were implemented in accordance the approved Council's Workplace Skills Plan (WSP). This translates to the overall development of the Municipality. The organogram which was approved by the Council during the 2023/20234shows an overview of the municipal administrative structure. The organogram presented immediately here-in below indicates the vacancy rate, structures, powers and functions of the municipality and is aligned to the long-term development plans of the municipality.

AUDITOR GENERAL REPORT

The municipality obtained unqualified audit opinion in the 2020/2021, 2021/2022, 2022/2023 and 2023/2024 financial years. These results are indicative of the internal controls that management has implemented and are working effectively.

The issues that the Auditor General has highlighted in their Audit Report will be prioritized for correction in a form of an Audit Action Plan. Monitoring of the Audit Action Plan by Council is key to eliminating the risk of a negative audit opinion in future.

1.11 STATUTORY ANNUAL REPORT PROCESS

Table 31: Statutory Annual Report Process

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit Annual Reports to MM	
6	Audit/Performance committee considers Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	January
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	

1.12 OVERALL OBSERVATIONS AND COMMENTS ON ORGANIATIONAL PERFORMANCE AND SERVICE DELIVERY

Contractor Performance management

A separate section to be incorporated in the next Annual Report to independently highlight the review of external service provider performance monitoring by units within the municipality. This must be in the form of comparative Analysis from 2022 and broken down to Quarterly Performance on which the monitoring should be done by a directorate independent from Supply Chain duties or functions

The relevant Section of the Supply Management Policy should prioritize all tenders with a contract value greater than R10million (VAT included) which have been awarded or reviewed as part of this report.

It should be noted that the objectives of the Performance Monitoring of Service Providers are to: -

- Ensure a high quality of service is maintained.
- Detect underperformance early, thereby reducing the risks to projects
- Create mechanisms to improve performance where targets are not being achieved
- Provide data to municipal officials so that informed decisions can be made
- Assist in government's developmental objectives in the form of structuring appropriate business
- support strategies/interventions to targeted enterprises
- Assess the suitability of a service provider for pre-qualification, selective tender lists or expressions of interest

To this end, uPhongolo Municipality should use quarterly or monthly reporting to monitor indicators that can result in underperformance

Review of Organizational Strategic Objectives in response to Performance Targets Shortfalls

The Overall Performance assessment based on a 3-year comparative analysis as well as the Strategic Risk Status warrants a proactive step to review organizational strategic objectives. This being the 3rd Annual Report of the 5 Year Council term is prepared in the background of a fully-fledged Customer Survey Report that is echoing backlog in Service Delivery and thus Objectives unmet to-date as per 100% Targets set at the beginning of every financial period.

The mandate of the Municipal Council as conceived by the current Council at its inception in 2021 was for the Municipality to be a center of Economic Development and improvement of livelihoods as well as acceleration of any backlogs at the time . Additionally, the noted decline in attracting tourists after the Covid 19 recession should act as a catalyst to the regeneration of the Municipal long-term Development Agenda. Therefore, these strategic objectives should be revised with the mandate of Council in mind in the light of the reality that the Municipality under the current Council has less than 18 Moths to rescue the situation. The 2024/25 Financial period is the last financial period before the very last financial period ahead of Local Government Elections and end of the term of the current Council.

An analysis of both the key success factors around the Municipality's own performance and experiences, as well as the negative factors which are relevant should be considered in the revision of the strategy as priority strategic objectives or focus areas under various sections of the strategy.

The emerging global trends also need to be considered as these cannot be isolated or ignored given the direct and indirect impact they have in the Economy and Delivery terrain of the Municipality

Long-term Growth .

The Municipality's Basic Services and Infrastructure Development together with the Local Economic Development need to come up with an Integrated version and approach to Service Delivery as they have a direct bearing in each other. The Long-term Growth and Development Strategy or Plan becomes the Platform to merge the LED Strategy and the Long-term Infrastructure Delivery as well as the backing Resource Mobilization Strategy in the light of limited Grant funding and PESTEL Analysis Risk after Local Government Elections.

The two Departments as business leaders need to review their respective business cases to lead the transition towards the end of the Term and beyond.

Balanced Municipal Delivery

Whilst a sustained Audit Outcome success has been enjoyed by the Municipality, it is equally important to balance through Good Governance the Financial and the Performance sides which are the cornerstone of the Services. With 36% performance targets achievement and 78% Budget spent, the imbalance warrants drastic Service Delivery measures especially of Project Management Capabilities, Performance Monitoring and Spending Analytical Review whilst tangibles are seen on the ground

Organizational Sustainability

Council needs to intensify its effort of building a financially accountable and sustainable entity whilst fostering transformation and empowerment in line with the government's programme, building strong partnerships and collaboration with relevant stakeholders in order to leverage resources and creating platforms for growth, empowerment and skills development.

The uPhongolo Municipality is expected to be self-sustainable and generate its own revenues to meet its operational expenditure, however at the moment the Revenue strength is low. With the interventions in place including the Meter Audit, it is expected that the Revenue may be doubled in the next financial period.

With the Municipal Service Delivery priorities highly capitalized in the form of more facilities than the rate of roads projects including and resulting in high maintenance costs, there should be consideration for a significant reduction in the number of halls and stadiums going forward to 2026.

Global Trends

Municipal Response to global trends should consider some of the areas below, however not limited to them in its evaluation

Area	Comments
Touchless technology	The Entity is lagging behind on this technology. The IT strategy will address this innovation.
Exploitation of the Pongola Area or location as a cuisine signature in the N2 Corridor capitalizing of Economic Development through Tourism and other activities	There should be a plan to review this in order to ensure that uPhongolo is known for a specific “signature cuisine” which could draw repeat visitors. This will focus on tourism, hospitality and other activities
Awareness of Environmental impact	There are limited environmental impact initiatives currently, this needs to be improved
Changes or Revision of the Business Model	The next Strategic Planning needs to come out with some recommendations of the feasibility study options towards a viable Business Model
The Municipal Economic Contribution has not yet demonstrated a very good recovery especially on Tourism	An independent economic impact study is recommended towards enormous contribution of the Municipal activities to the Local, Regional and National economy whilst complementing the job-creation efforts in KwaZuluNatal



CHAPTER TWO

Governance



CHAPTER 2: GOVERNANCE

2.1 MUNICIPAL GOVERNANCE

2.1.1 Strategic Overview of UPhongolo Local Municipality

As part of its Constitutional Mandate, UPhongolo Municipality seeks to provide quality, sustainable basic services while promoting socio-economic development, community involvement and the protection of the environment.

2.1.2 Council Governance and Management Overview

Council Governance and Political Oversight

- The Governance and Political Oversight of the Municipality is entrusted to Council, with a functional Executive Committee (EXCO).
- There are functional Section 80 Committees representing the Key Performance Areas in the Municipality.
- The Municipal Council has a functional Municipal Public Accounts Committee and an Appointed fully functional Audit Committee as S79 Committees.
- The Municipality has a functional Risk Management Committee which is a Management-led Governance structure with an appointed Chairperson

Executive Management

The Management team comprises the Municipal Manager, Chief Financial Officer, Director: Integrated Planning and Local Economic Development, Director: Corporate Services, Director: Infrastructure and Basic Services as well as Director: Community Services.

It is envisaged that the ongoing organizational review will subsequently enable the Municipality to function optimally utilizing and exploring available resources and considering other means so as to successfully implement projects and Programmes.

2.1.3 Organizational and Operational Analysis

The 7S Model was employed to perform the organisational assessment of the Municipality.

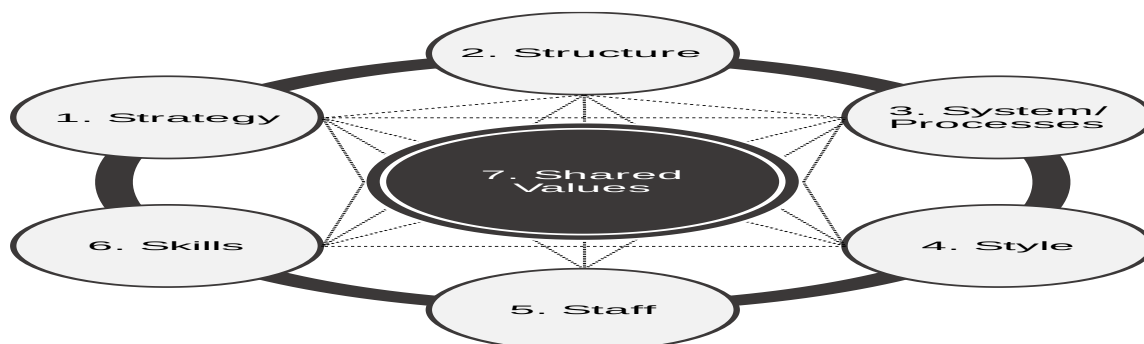


Figure XXX: Organizational Review of the UPhongolo Municipality using the 7S Methodology

Strategy – For the strategy to be successfully implemented, it is critical that the organisation is sufficiently capacitated. Without the necessary resources, the strategy becomes meaningless.

Structure – The Municipality has an Organogram that was reviewed and despite capacity gaps in certain Departments , however operating optimally despite having some critical vacant positions that are in the process of being filled. For the Municipality to grow in line with its mandate, it is critical that the structure be reviewed and aligned to its Vision.

Systems –The Municipality has effective Financial Management and IT Systems as requirement for relevant and robust systems that support the processes of the Municipality.

Style – Since its establishment, the Municipality has never been under Administration with the current Municipal Manager appointed on a fulltime basis since 2021. The Municipality has always emerged and under the new Political Leadership, the Municipal Manager is guiding the Administration with more stability to the organisation.

Staff – The UPhongolo Municipality, despite not having filled some of its critical positions, is sufficiently capacitated to deliver on its mandate. The recruitment of suitably qualified staff is being prioritised by the Municipality as it seeks to meet the growth and service delivery expectations by its communities.

Skills – The continuous upskilling and capacitation of existing staff is critical to the functioning of the Municipality, as well as the retention of staff. The Municipality has got a demonstrable Human Resource Development and Staff Retention Strategy being implemented. There are Skills and Capacity Building Programmes identified in the Planning Process as one of Strategic Drivers to the organisation's mission.

Shared Values – The UPhongolo Municipality has embraced key Values that underpin its Organisational Culture towards the fulfilment of the Vision of the Organisations. These include Professionalism, Accountability, Transparency, Commitment coupled with Efficient Delivery of Programs and Services to its people.

2.1.4 Preamble to The Municipality's Overarching Strategy

The Local Government elections of 2021 ushered a new political dispensation with a mandate that sets the tone for the development of the five-year Political Program through the corridor of the IDP.

The UPhongolo Municipality is rural in its nature characterized by high levels of poverty, unemployment and the low levels of education. It is further engulfed, like the rest of the country, with low economically active people and the youth. In its last term council emphasized, as its overarching strategy, local economic development with Infrastructure as the Catalyst, which it believed would be the anchor for Long-term Growth and Development of the municipality.

With the current Term of Council having started in November 2021, it is essential that in crafting the course of the future, the new council needs to define its overarching strategy towards sustainable service delivery.

In so doing the municipality needs or should take into account the National, Provincial, District and Local contexts including what is contained in Outcome 9: A Responsive, Accountable, Effective and Efficient Local Government System.

2.1.5 Defining UPhongolo Overarching Strategy

The Municipality developed the Vision, Mission and Values and conducted a systematic overview of the internal and external factors affecting the Municipal environment.

Underlying these are the Strategic Objectives as contained or expressed in the IDP, which were proposed and adopted by Council in the 2022 Council Strategic Planning session.

The Municipal overarching strategy emphasizes developing and growing the local economy by intensifying the implementation of the high impact Local Economic development projects, focused on heritage and tourism, mining, agriculture and small, medium and micro enterprises (SMMEs) support through a responsive, effective and efficient municipality”.

The Overarching strategy therefore sets out the tone and other functions of the Municipality that give support thereto.

This also means that Council puts emphasis on developing and growing the local economy, which translates into the need for building financial and human capital capacity for Local Economic Development.

2.1.6 Strategic Blueprint

The process embarked upon in the development of the Strategic Blueprint as per the reviewed Municipal IDP is well articulated in the *Definition and alignment of the Municipal Core Ideology, Vision, Mission and Values*.

The Key Strategic Objectives that facilitate the Mission Statement towards the pursued Vision remain unchanged during this strategic review session as agreed by Council and Administration.

2.1.7 Legislative Prescripts underpinning the UPhongolo Municipality Strategy

The strategy is developed with the following pieces of legislation forming basis thereof:

- Constitution of the Republic of South Africa No. 108, 1996
- Development Facilitation Act, 1995 (Act No. 67 of 1995)
- Local Government: Demarcation Act, 1998 (Act No. 27 of 1998)
- White Paper on Local Government of 1998
- Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as amended
- Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), as amended
- Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and Regulations
- Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005)
- Municipal Property Rates Act No. 6 of 2004
- UPhongolo Policies, Strategies and By-Laws

COMPONENT A: GOVERNANCE STRUCTURES

2.2 POLITICAL GOVERNANCE AND STRUCTURES

(a) Introduction

The Municipal Finance Management Act no 56 of 2003 (MFMA) Section 52 (a) states: "The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality".

In terms of section 9 (d) of the Municipal Structures Act 1998, the UPhongolo Local Municipality should have an executive system combined with a Council system.

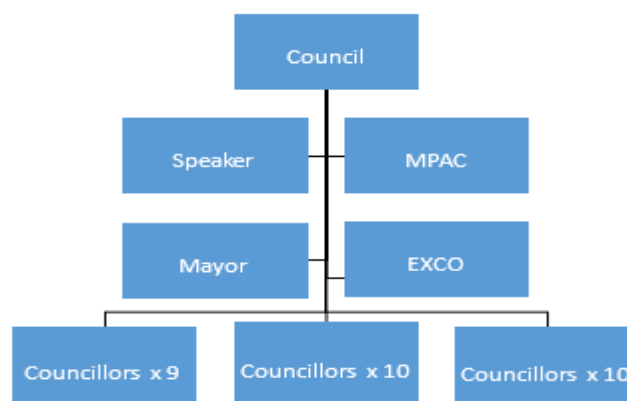
An accountable government is one that is transparent and accessible. This chapter reports on governance by uPhongolo Local Municipality and provides an overview of the framework of the institutional management and governance structures through which the municipality implements its strategies using the appropriate resources.

The following key aspects are reported on:

- Mechanisms for political and administrative governance
- Intergovernmental relations
- Public accountability and participation
- Corporate governance

uPhongolo Municipality political governance structure consists of the Portfolio Committees, Executive Committee (EXCO), MPAC and Council

Figure 4: Political Structure



(b) Mayor: Hon. Councillor J.B. Thwala

The Mayor is the Chairperson of the Executive Committee (EXCO) of the Municipality. As legislated by the Municipal Structures Act, Municipal Systems Act, Municipal Finance Management Act no. 56 of 2003 (MFMA) and Municipal Planning and Performance Regulations, the Mayor performs duties, including any ceremonial functions, and exercises the powers delegated to the Mayor by the Municipal Council, however as per the status of Mayor can still take some decisions on behalf of the Council. These executive powers allow her to such prerogative and these can be later ratified by the Council as a collective body.

As per the Municipal Rules of Order and the related Legislation, the Mayor is responsible the following programs within the Municipality: -

- Leading the Political leadership and vision of the Municipality
- Council Management
- Public Outreach Program which inclusive of Community Engagement
- Imbizos and IDPs
- Champion of the Municipal Special Programs
- Leading Intergovernmental Relation champion of Good Governance
- Monitoring of the Management of the Municipal Administration

(c) Speaker: Hon. Councillor K.E. Nxumalo

- Presides over of the Council business by playing a coordination and management role in respect of Council meetings
- Plays coordination and management role in respect of Oversight and Standing Committees
- Ensures that the Council meets at least once a quarter as prescribed and also as and when in the formal Special Council meetings.
- Establishes, manages and evaluates the performance of S79 Oversight and Standing Committees
- Ensuring compliance in the Councillor and Council Committee with the Code of Conduct of Councillors
- Strictly ensures that the Council meetings are conducted in accordance with the rules and orders of the Council.
- The provision of administrative and secretarial support services to all councillors. This support strengthens the effectiveness of councillors in their role as public representatives

(d) Municipal Chief Whip: Hon. Councillor

- The Municipal Chief Whip ensures that all Committees of Council quorate through the equitable distribution of Councillors to three Committees
- Ensure that accountability of Councillors to Wards and their Political Parties
- Intervene between the Communities and Council when there is a crisis

(e) Political Decision Taking

- Section 53 of the Municipal Systems Act no. 32 of 2000 stipulates inter alia that the respective roles and areas of responsibility of each political structure and political office bearer of the Municipality and of the municipal manager must be defined.
- The section below is based on Section 53, of the Municipal Systems Act no. 32 of 2000, roles and responsibilities that was approved at the Council meeting in November 2021
- The political decision making at the Municipality is supported by the Management Committee. Management decided on forwarding only issues that have to be submitted to EXCO and Council, either in terms of the EXCO and Council's delegated authority or through requests received from any of the Standing Committees.
- Once the Executive Committee (EXCO) has accepted the recommendations, such recommendations are submitted to Council for consideration and adoption/noting respectively.
- In the few cases where there is no consensus on a matter within Council, such issue will go to the vote.
- Once the Minutes of the Council meeting has been adopted, the responsibility lies with the Accounting Officer to ensure that actions are taken to implement such resolutions.

(f) Municipal Council

- Governs by making and administering laws, raising taxes, and taking decisions that affect people's rights;
- Is a tax authority that may raise property taxes and service levies;
- Is the primary decision maker and takes all the decisions of the Municipality except those that are delegated to the Mayoral Committee and/or Administration;
- Can delegate responsibilities and duties for the purpose of fast and effective decision making;
- Must strive towards the constitutional objectives of local government;
- Must consult the community regarding local government matters; and
- Is the only decision maker on non-delegated matters such as the approval of the IDP and Budget.

The Municipal Council of the UPhongolo Local Municipality consists of twenty nine (29) members. Fifteen (15) represent wards and the other 14 Councilors are proportional representatives elected to represent political parties based on proportional representation. The ruling party in Council is the Inkatha Freedom Party (IFP).

The Inaugural Council Meeting held on 23 November 2021, elected the Executive Mayor, Council Speaker and Municipal Chief Whip.

(g) Council Representation

uPhongolo Municipality Council is constituted by 5 political parties in a form of public representation. The Municipality has 15 wards and 29 Councillors who were elected to serve the Council on 01 November 2021. The Councillors are presented below:

Table 33: Representation of Political Parties

POLITICAL PARTY	NUMBER OF REPRESENTATIVES/COUNCILLORS
Inkatha Freedom Party (IFP)	15
African National Congress (ANC)	10
Democratic Alliance	1
Economic Freedom Fighters	1
National Freedom Party (NFP)	2
TOTAL NUMBER OF COUNCILLORS	29

Members of Municipal Council (2021-2026)

UPHONGOLO LOCAL MUNICIPALITY WARD COUNCILLORS 2021-2026



**MAYOR -Cllr. JB
THWALA**



**HONOURABLE
SPEAKER
-Cllr KE NXUMALO**



**Cllr. M Mthembu
-WARD 1**



Cllr. VM Sikhosana
*(replaced by Cllr
VR Buthelezi)*



**Cllr. CN Mavundla
-WARD 3**



**Cllr. BJ Thwala
- WARD 4**



**Cllr. NP Mavuso
-WARD 5**



**Cllr. XH Dhlamini
-WARD 6**



**Cllr. TA Ntshangase
-WARD 7**



**Cllr. SA Xulu
-WARD 8**



**Cllr. BES Ntshangase
-WARD 9**



**Cllr. KE Nxumalo
-WARD 10**



**Cllr. ZZ Buthelezi
-WARD 11**



**Cllr. MG
Ndlangamandla
-WARD 12**



**Cllr. FS Masango
-WARD 13**



**Cllr. MP Mafuleka
-WARD 14**



**Cllr. P Masuku
-WARD 15**

**(replaced by Cllr
LS Ntshangase)**

UPHONGOLO LOCAL MUNICIPALITY PR COUNCILLORS 2021-2026



CLLR. BR Shongwe



CLLR. SR Mhlongo



CLLR. CM Nxumalo
Sibiya



CLLR. TD Buthelezi



CLLR. NT Gumbi

(replaced by Cllr JW Buthelezi)



CLLR. NL Van
Zuydam



CLLR. NA Nkosi



CLLR. ZB Motha



CLLR. ZS Khumalo



CLLR. NG Ncube



CLLR. JB Ngema



CLLR. MT Msibi



CLLR. SV Dlamini
Nkambule



CLLR. GL Sibiya



CLLR JW Buthelezi
Since Oct. 2023



CLLR VR Buthelezi
Since Feb. 2024



CLLR LS Ntshangase
Since June 2024

*Cllr VM Sikhosana resigned in November 2023
@Cllr TD Buthelezi resigned in September 2023

#Cllr P Masuku resigned in March 2024

The Council meets quarterly while the EXCO meets on a monthly basis. The Council plays an oversight role through established committees, which meet on a monthly basis for the purpose of checking whether or not departments are implementing resolutions taken by Council. There are six (6) administrative departments comprising five Portfolio Committees established in terms of section 80, of the Municipal Structures Act 117 of 1998 the purpose is to ensure transparency and accountability. In its endeavour to fulfil legislated functions, the uPhongolo Municipality has convened Council committees as per delegations, roles and responsibilities as follows:

Table 32: Council Committees, Roles and Responsibilities

Council	The Municipality Councillors are allocated to different portfolios where they serve in accordance with internal departments and functions. The Council meets quarterly in line with legislative prescripts. This reflects 100% functionality.
Exco	Executive Committee meetings are held monthly for the purposes of considering reports submitted by the respective portfolio committees prior to same being presented to Council.
Portfolio Committees	Members of municipal departments hold meetings monthly wherein they deliberate on issues and make recommendations to EXCO and to Council for approval. Essentially Portfolio Committees exercise political oversight on such meetings. The arrangement of the portfolio committees is as follows: 1) Budget & Treasury, (2) Corporate Services, (3) Technical Services, (4) Planning & LED and Tourism and (5) Community Services.
Municipal Oversight Committee	The oversight committee is in place and meets quarterly. These are MPAC, Manco, Risk Committee and Audit Committee.
Audit /Performance Committee	The Audit/Performance Committee was appointed to assist Council in strengthening its role. The Committee comprises four (4) members who are highly qualified and are all external. The Committee met in the last financial year and is set to meet on a quarterly basis as-and-when required to attend to matters at hand. The Audit Committee is chaired by one chairperson who is responsible for all regulated matters that are to be considered by the committee.

(h) Executive Committee Representation

No	Representative Member	Designation
1	Cllr Velephi M Sikhosana *	
2	Cllr Bhekinkosi J Thwala	
3	Cllr Bhaliya R Shongwe	
4	Cllr Sbusiso R Mhlongo	
5	Cllr N P van Zuydam	

*Cllr VM Sikhosana resigned in November 2023

Meetings Held by Various Oversight Structures

Structure	No. of Meetings
Ordinary Council	6
Special Council	8
Executive Committee	16
Municipal Public Accounts Committee (MPAC)	6
Special Municipal Public Accounts Committee (MPAC)	2
Audit Committee	4
Budget and Treasury Standing Committee (Finance Committee)	11
Integrated Planning and Economic Development Standing Committee	10
Corporate Services Standing Committee	10
Technical Services Standing Committee	10
Community Services Standing Committee	10

2.3 ADMINSTRATIVE GOVERNANCE

The Municipal Manager heads the administration of uPhongolo Municipality and is assisted by 4 (four) Heads of Departments who are known as Directors. His primary role is to serve as a chief custodian of service delivery and implementation of political priorities. The municipality has six departments namely:

Table 34: Management

No.	Department	Position
1.	Office of the Municipal Manager	Mr MB. Khali – Municipal Manager
2.	Corporate Services	Miss S.S.P.Xaba – Director Corporate Services
3.	Budget and Treasury	Mr K.W.G.Ngcobo – Chief Financial Officer
4.	Community Services	Mr B.C.X.Dladla – Director Community Services
5.	Technical Services	Mr M.V.M.Mbatha- Director Technical
6.	Planning and LED Services	Mr M.V.M. Mbatha – Acting Director Planning & LED

Each department is structured into different sections which are run by Section Managers. Management meetings are held regularly to discuss current priorities, strategic interventions to improve service delivery and new initiatives based on feedback from political leadership, government departments and local community. Through various structured committees, reports are generated and submitted to the Mayor and the Mayoral Committee in order to comply with applicable legislation, to seek and provide updates on service delivery, as well as to explore new and innovative ways to provide services to the community.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

The Municipal Systems Act, No. 32 of 2000 (MSA) Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution section 41

Before 1994 South Africa had fragmented administrations: this meant that citizens were divided geographically with different population groups living in different suburbs and areas and only a small minority of residents benefited from development. Today South Africa has a unitary, yet decentralised, state with nine provincial governments and more than 283 municipalities.

The Constitution and the new democratic government recognise that the three spheres of government cannot function in isolation. Decentralisation and co-operation is critical to the successful transformation of the state in the coming decades.

The role of local government in Intergovernmental Relations has moved extensively from the symbolism of the past to meaningful interaction of common benefit with far reaching implications for the image of South Africa, and the development agenda at a local government level.

uPhongolo Municipality like many other municipalities in South Africa partakes in several Intergovernmental structures in the country and the most notable ones are relationships with municipalities that are within our close proximity. These relationships have yielded positive results such as mutual interest in government programmes, the creation of an atmosphere of good governance, commitment to deliver equitable and qualitative services to our communities. Areas wherein these relationships continue to thrive are:

1. District Speakers Forums.
2. District IGR forum, and The Technical Intergovernmental Relations Structure.
3. DIMAFU

This Technical Structure is constituted by all the Sector Departments operating within both the District and Municipality. Safe to say that some Departments are not consistent in attending the Quarterly meetings that are convened by the Municipal Manager. Through this structure as government we have been able to share and monitor our service delivery programs and projects implemented within our jurisdiction. This structure is relatively functional though there is still a room for improving its performance to levels that we are all able to plan together for the service delivery provision within the Municipal jurisdiction.

It's envisaged that over time the acceptable and effective cooperation will be realized more so if we all internalise the uPhongolo IGR Framework. Its review and approval by Council will give the required impetus and improve its operational efficiency.

The political IGR forum chaired by the Mayor convened Quarterly IGR Meetings. Participation of external stakeholders' i.e. Government Departments has immensely improved.

2.4.1 NATIONAL INTER-GOVERNMENTAL RELATIONS

uPhongolo Municipality participates in a range of intergovernmental activities, both formally and informally. Key staff members participate in professional institutes that govern the interests of various fields of work. Examples of such interaction and co-operation are:

2.4.2 NATIONAL INTERGOVERNMENTAL STRUCTURES

- National Government Departments
- Accounting Standards Board (ASB) – Public Sector Accounting Forum
- Electricity Distribution Regulation and Tariff Setting (NERSA)
- Chartered Institute of Government Finance Audit and Risk Officers (CIGFARO)
- Institute of Fire and Emergency Safety of South Africa
- Institute of Internal Auditors
- Institute of Municipal and Licensing Officers of South Africa
- Institute of South African Municipal Accounting Officers (ISAMAO)
- National Government SETA Skills Development Forum
- National Municipal Managers Forum
- South African Local Government Association (SALGA)
- South African Tourism Services Association (SATSA)

2.4.3 PROVINCIAL INTER-GOVERNMENTAL STRUCTURES

Interaction with KwaZulu-Natal Government Departments and municipalities plays a pivotal role by ensuring better co-ordination and co-operation between the Departments and the Municipality. It is at these sessions that lots of information and best practices is shared. These structures provide important support and guidance to staff in maintaining and enhancement of professional work standards. Whereas issues pertaining to service delivery and matters of common interest are discussed at the following forums:

- Accounting Standards Board (ASB) – Public Sector Accounting Forum
- CFO Forum
- KwaZulu-Natal Government Departments
- Disaster Management Forum/s
- EPWP coordinating meetings
- Provincial IDP Managers' Forum
- MIG coordinating meetings
- Ministerial Mayors' Forum

- Municipal Governance Review and Outlook (MGRO)
- Municipal Managers' Forum
- Municipal Planning Forum
- Premier's Coordinating Forum
- Provincial Local Government SETA Skills Development Forum
- Provincial Speakers' Forum
- Public Participation and Communications Forum
- Records Management Forum
- SALGA Working Groups

It is observed that the Municipality relations with all government entities is generally healthy. Hence, most Government structures are always ready to assist as-and-when required. COGTA provides the most valuable support to uPhongolo Municipality through regular meetings, finance projects, training of personnel and placements of critical personnel when necessary. also engages with the district Municipality especially on sanitation and water services. Currently, the Municipality has a huge backlog with regard to the water and sanitation services and the Municipality has initiated talks with the District Municipality to resolve this challenge as a matter of urgency.

2.4.4 DISTRICT INTER-GOVERNMENTAL STRUCTURES:

All service delivery matters involving other government departments, private sector, development agencies, etc. are co-ordinated through the District IGR-Forum. Other Forums that are established at District Level are Mayors Forum, Municipal Managers Forum, Planners Forum, Finance Forum, Technical Services Forum, Corporate Services Forum and so forth. These fora are already established and to this end, an annual calendar for forum meetings is prepared by the District. uPhongolo Municipality has its own IGR Forum that addresses local service delivery matters with the relevant sectors.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.5 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

In terms of Section 6 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the administration of a municipality must:

- (a) *be responsive to the needs of the local community;*
- (b) *facilitate a culture of public service and accountability amongst staff;*
- (c) *take measures to prevent corruption;*
- (d) *establish clear relationships, and facilitate cooperation and communication between itself and the local community;*
- (e) *give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive; and*
- (f) *inform the local community how the municipality is managed, of the costs involved and the persons in charge.”*

For the purposes of adherence and/or compliance with the aforesaid, the Municipality has established the legislatively required structures such as Section 80 Portfolio Committees advising the Mayor as well as Council Committees such as the Municipal Public Accounts Committee (MPAC), and Special (Disciplinary) Committee dealing with the Code of Conduct for Councillors, as well as a Fraud and Risk Management Committee. In addition, thereto, an Audit Committee comprising independent external professionals also advises Council.

The Audit Committee also serves as the Municipality's Performance Audit Committee and meets quarterly. A quarterly report reflecting the Audit Committee's recommendations relating to the areas of financial management and control, performance management, internal control, risk management and governance matters is tabled in Council.

These structures represent a separation of duties amongst public representatives and staff to ensure accountability, oversight, transparency and good governance and assist the Municipality to discharge the necessary public accountability responsibilities.

2.5.1 COMMUNICATION, PARTICIPATION AND FORUMS

Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) compels municipalities to establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of a municipality. During the year under review, the Municipality used the following mechanisms to comply with this legislative requirement:

- Ward committee meetings (discussed in more detail below)
- Public notices in local, regional, and national newspapers
- Newsletters
- Press releases as and when required.
- Public IDP and consultative meetings
- General Municipal Programmes
- Functioning of a municipal website, regularly updated with recent news.

The stakeholder and community engagement meetings are held to determine and undertake development priorities that form the cornerstone of the IDP. Needs are dynamic and by virtue of their changing nature, they require frequent reviewing.

The annual review of the IDP is a process which assists the Municipality to further enhance its service delivery outputs and outcomes. This is effected through the Performance Management System, implemented by the Municipality, it ensures that the Municipality remains accountable to the local community, the various stakeholders such as formal and informal businesses, NGO,s, NPO,s and community based organisations.

The Municipal Council ensures that its oversight role is sufficiently mandated by the populace voice of its local community, through fully embracing the principles of participatory democracy.

This is being achieved through a well-functioning Ward Committee System, robust public participation through its various development planning processes and regular communication with the community through public meetings, newsletters, radio and various other print and electronic media including the Municipal Website.

The IDP structures/forums are listed below the role players that participate in the municipal IDP programmes.

The involvement and participation of these role-players is crucial to the accomplishment of a participatory review process:

- All Municipal Councillors
- The Municipal Council
- The Executive Committee
- The IDP Manager
- Municipal Manager
- The IDP/ Budget Steering Committee
- The IDP Representative Forum
- The District IDP Steering Committee
- Organized business structures
- Traditional Councils
- Sector Departments
- Ward Committees
- Municipal Officials
- Neighbouring Provinces
- NGOs and CBOs
- Local Farmers Association
- Organized Farm-workers structures
- Private sector

UPHONGOLO MUNICIPALITY COUNCIL: The Council is responsible for the following:

- Adoption of the IDP Process Plan
- Adoption and approval of the reviewed IDP
- Amendment of the IDP in accordance with the comments by sector departments and MEC;
- Approval of the various review phases; and
- Ensuring that the IDP is linked to the PMS and Municipal Budget.

THE EXECUTIVE COMMITTEE has the following responsibilities:

- Recommend to Council the adoption of the IDP Process Plan and reviewed IDP.
- Overall management of the IDP Review process,
- Monitoring the IDP review process

THE IDP MANAGER is assigned the following responsibilities:

- Management and Co-ordination of the IDP process;
- Ensure that there's vertical and horizontal alignment;
- Management of the consultants;
- Ensuring all stakeholders are informed of the process and their involvement;
- Create a conducive environment for public participation.

THE IDP STEERING COMMITTEE is assigned the following responsibilities:

- Ensuring the gathering and collating of information while the IDP implementation is proceeding;
- Support the IDP Manager in the management and co-ordination of the IDP;
- Discussion of input and information for the IDP review;
- Ensuring the monitoring and evaluation of the gathered information;
- Attending to MEC's comments.

THE IDP REPRESENTATIVE FORUM is assigned the following responsibilities:

- Recommend reports for approval / adoption;
- Representing interests of the constituents;
- Present a forum for communication and participation for all stakeholders; and
- Monitoring the IDP review process.

The IDP Representative Forum is the structure that institutionalizes and ensures a participatory IDP review process. It represents the interests of the constituents of the municipality in the review process. It is envisaged that all organizations, stakeholders, or interest groups are represented in the forum. The composition of the IDP Representative Forum is as follows:

Representative	Representative
Chairperson: The Mayor	Parastatals and Service Providers
Secretariat: uPhongolo Municipality IDP Steering Committee	NGOs and CBOs
Members: All Municipal Councillors	Sector Departments
The Executive Committee	Neighbouring Municipalities
Councillors and Officials from Zululand District Municipality	Neighbouring Countries
Municipal Manager and Municipal Officials	Farmers Associations
Traditional Leaders within uPhongolo Municipality	Traditional Healers
Ward Committees Representatives	Churches
Community Development Workers (CDWs)	Private sector

The Zululand District Municipality forms a district-wide Planning and Development Forum for the purpose of alignment with all the local municipalities within the district:

THE MUNICIPAL OFFICIALS are responsible for the implementation of the IDP and in the process gather information on changes in the circumstances. They must provide budgetary information and any information on the performance evaluation. They provide technical expertise during the planning process. Municipal Officials also interact with the Ward Councillors and Ward Committees and provide guidance and advice that is crucial during the IDP process.

Participation of Amakhosi in Council Meetings and Traditional Councils: Amakhosi in uPhongolo Municipality participate in the Council meetings, strategic planning sessions and in general municipal programmes in line with Section 81 of Municipal Structures Act. The Traditional Councils work as a link between the community and Ward Councillors and matters of service delivery and needs of the people. This could assist in providing information about the land rights and possible available areas for future development.

THE SECTOR DEPARTMENTS have the following responsibilities:

- Assist in the IDP formulation and review process,
- Provide budget information and sector plans,
- Provide data and information,
- Ensure programme and project alignment between the Municipality and province,
- Ensure budgetary alignment between provincial programmes and projects and the municipality's IDP.

WARD COUNCILLORS are an important link between the Municipality and the constituents. They are the first to know of any community needs or service delivery gaps. The Councillors are responsible for forwarding this information to the municipal officials. They are also responsible for organizing community meetings and ensuring maximum participation of residents in the IDP review process.

THE WARD COMMITTEES have a crucial role of identifying the needs and service delivery gaps in the community and meet monthly, submit their sectorial reports and report to the Ward Councillor. uPhongolo Municipality has embraced and enrolled the government initiative of ward committees to ensure that service delivery is effective in all wards.

The functioning and operation of the ward committees in uPhongolo Municipality is through an approved municipal policy that is congruent to the provisions of Section 59 of the Municipal Systems Act. The Council approved policy is being implemented and contains the roles and responsibilities listed below:

- To serve as an official specialized participatory structure in the municipality;
- To create formal unbiased communication channels as well as cooperative partnerships between the community and the council. This may be achieved as follows:
 - Advise and make recommendations to the ward councillor on matters and policy affecting the ward;
 - Assist the ward Councillor in identifying challenges and needs of residents;
 - Disseminate information in the ward concerning municipal affairs such as the budget, integrated development planning, performance management system (PMS), service delivery options and municipal properties;
 - Receive queries and complaints from residents concerning municipal service delivery, communicate it to council and provide feedback to the community on council's response;
 - Ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents meetings and other community development forums; and Interact with other forums and organizations on matters affecting the ward.

To serve as a mobilizing agent for community action within the ward. This may be achieved as follows:

- Attending to all matters that affect and benefit the community;
- Acting in the best interest of the community;
- Ensure the active participation of the community in:
 - » Service payment campaigns;
 - » The integrated development planning process;
 - » The Municipality's budgetary process;
 - » Decisions about the provision of municipal services; and
 - » Decisions about by-laws.
- Decisions relating to implementation of Municipal Property Rates Act (MPRA)
- Delimitate and chair zonal meetings.

Composition of Ward Committees:

- A Ward Committee consists of the Councillor representing that ward in the Council who is also the chairperson of the committee, and not more than ten other persons.
- In the process of election of Ward Committee and consider the need for women to be equitably represented in a Ward Committee and for a diversity of interests in the ward to be represented.
- Gender equity was also pursued by ensuring that there is an even spread of men and women in a Ward Committee.

2.5.2 PUBLIC MEETINGS: The Implementation of the Communication Strategy to have effective public participation:

- Newsletter – is utilised for the purposes of communicating the projects, programmes and development.
- Suggestion boxes in all the municipal facilities
- Local and National Newspapers - This medium is used to communicate various messages that concerns the Municipality especially service delivery.
- Local and National Radio
- Ward Community Meetings – they are used to effectively promote maximum community participation in municipal affairs.
- Public meetings (*Izimbizo*) - These meetings are conducted to provide a platform for the Municipality to communicate the level of projects and programmes undertaken by Council and further solicit input from communities and their (communities) buy-in thereof.
- Annual Report - The annual report is distributed to the stakeholders and community organizations that we have on our database and will be distributed to the community at large. This will also maximize the culture of community participation and access to information.
- Website - through this tool various stakeholders such as business community, foreign investors, NGO's and community at large will more access to information regarding the municipality and its area.
- IDP Structures are used for public participation and implementation of uPhongolo Municipality Communication Strategy.

A communication plan for public participation is developed and circulated to all councillors and IDP Structures. The IDP Structures meet as per the Council Approved IDP Process Plan Schedule.

Table 35: Public Meetings Held

WARD COMMITTEE FUNCTIONALITY and Community Meetings JULY 2023 TO JUNE 2024							
Ward	SURNAME	NAME(S)	SECTOR	Committee established (Yes or No)	Number of Committee meetings held during the year	Number of reports submitted to the Speakers Office of time (01 per Quarter)	Number of Quarterly ward meetings held
1	CLLR M MTHEMBU			Yes	12	4	4
	SHABANGU	THEMBANI	FAITH BASED				
	NTSHANGASE	SIMO CLEMENT	BUSINESS				
	BUTHELEZI	NJABULO JAN	EDUCATION				
	BUTHELEZI	SIHLE FREEMAN	YOUTH				
	NTSHANGASE	NKOSINATHI HENRY	DISABILITY				
	SHONGWE	THOKOZILE SIBONGILE	SENIOR CITIZENS				
	MYENI	KHULEKANI BHEKI	HEALTH&SOC DEV				
	MTHEMBU	FIKILE NONTIBEKO	WOMEN				
	ZULU	HLENGIWE MBALENHLE	TRANSPORT				
	NTSHANGASE	NQABA GOODNESS	TRADITIONAL				
2	CLLR V R BUTHELEZI			Yes	12	4	4
	SITHOLE	SIPHIWE SURPRISE ASANDE	FAITH BASED				
	MYENI	GAVU MICHAEL	DISABILITY				
	MACU	NOMSA MARIA	WOMEN				

	MASEKO	SICELO INNOCENT	TRANSPORT				
	MABUZA	THABO ZAKHELE	SAFETY AND SECURITY				
	NGWENYA	SENZO BRIAN	BUSINESS				
	SIBIYA	FIKILE NOKWAZI	HEALTH &SOCIAL DEV				
	MASHAZI	LINDOKUHLE	YOUTH				
	DLAMINI	PETRUS THEMBA	SENIOR CITISENS				
	DLAMINI	JABULILE FORTUNATE	EDUCATION				
3	CLLR C N MAVUNDLA			Yes	12	4	4
	DLAMINI	HLONIPHILE	BUSINESS				
	SHANDU	HAMILTON THULEBONA	TRADITIONAL				
	NDLOVU	ERNEST NKULULEKO FREEMAN	HEALTH &SOCIAL DEV				
	MNTUNGWA	BAHLE PROMISE	WOMEN				
	NDLANGAMANDLA	DELISILE PRECIOUS	DISABILITY				
	MAVUSO	NIKIWE NCINCI	FAITH BASED				
	MAHLABA	NJABULO	YOUTH				
	NDLANGAMANDLA	BANGILE SIPHIWE	EDUCATION				
	KHANYE	BONGANI FORTUNE	SENIOR CITIZENS				
	SIBIYA	DUMISANI SAMUEL	TRANSPORT				
4	CLLR B J THWALA			Yes	12	4	4
	SIKOSANA	NOMUSA MAUREEN	WOMEN				
	DLAMINI	THOKOZANI VIKINDUKU	BUSINESS				
	NDLANGAMANDLA	MANAKA PARADISE	TRANSPORT				
	DLAMINI	THOKOZANI SIBUSISO	PHYSICALLY CHALLENGED				

	NTSHANGASE	THOKOZANI VINCENT	HEALTH & SOCIAL DEV				
	MKHONZA	THEMBINKOSI ALMON	SENIOR CITIZENS				
	DLAMINI	PHILANI THALENTE	YOUTH				
	CHONCO	NOKUTHULA IMMACULATE	EDUCATION				
	MASUKU	VUSI STANFORD	FAITH BASED				
	MTHIMKHULU	PATRICK MDUDUZI	TRADITIONAL				
5	CLLR N P MAVUSO			Yes	12	4	9
	MAVUSO	MKHETHENI SIPHO	SENIOR CITIZENS				
	DLANGAMANDLA	LEKHI PATRIC	ENVIRONMENT & TOURISM				
	MKHABELA	BATHAKASILE CONSTANCE	WOMEN				
	MAVIMBELA	BHEKUMUZI SIFISO	TRANSPORT				
	MAVUSO	BHEKINKOSI NAPHTAL	TRADITIONAL				
	MABUZA	NOKUTHULA CONSTANCE	PHYSICALLY CHALLENGED				
	MTSMALI	CEBISILE INNOCENCIA	HEALTH & SOCIAL DEV				
	NKOSI	LINDEWA	YOUTH				
	MOTHA	ALBERT SIYABONGA	BUSINESS+				
	MATHEBULA	SABELO WILLIAM	SAFETY & SECURITY				
	CLLR X H DHLAMINI		YOUTH				
6	NHLENGETHWA	SIMISO GIDEON	TRADITIONAL	Yes	12	4	4
	MAVUSO	BONWAYINKOSI BERTAM	TRANSPORT				
	MTSHALI	FANUKWENZA MDUDUZI	WOMEN				
	MASUKU	STAFFNURSE HAZEL	HEALTH&SOCIAL DEV				

	DLAMINI	BUHLE VOTE	BUSINESS				
	MAVUSO	LINDIWE ELSE	DISABILITY				
	SIBIYA	VUYISWA VALENTINE	SENIOR CITIZENS				
	NDLANGAMANDLA	SIBANGANI LUCAS	SAFETY & SECURITY				
	DLUDLU NHLANHLA ICARBOARD	NHLANHLA ICABOARD	EDUCATION				
	DONDA	PHUMZILE REJOICE	YOUTH				
7	CLLR T A NTSHANGASE			Yes	12	4	6
	KHUMALO	DUMILE SAMUEL	SAFETY & SECURITY				
	SHABANGU	SELBY MDUDUZI	TRADITIONAL				
	MAUPA	ZIPHOKUHLE NURSE	HEALTH & SOCIAL DEV				
	ZONDO	NOMSA NCAMSILE	WOMEN				
	DLAMINI	SENZELENI JELLITA	SENIOR CITISENS				
	NTSHANGASE	NQOBILE PRINCESS	TRANSPORT				
	SELEPE	SIPHESIHLE SANELE	YOUTH				
	NTSHANGASE	NKOSINATHI LOVERS	EDUCATION				
	SIKHOSANA	NONTOBEKO SINAH	BUSINESS				
8	NKWANYANA	KHANYISILE SIZAKELE	DISABILITY	Yes	12	4	7
	CLLR S A XULU						
	ZULU	MLAMULI AMON	TRANSPORT				
	MAVUSO	ANELE NTOKOZO	YOUTH				
	MTUNGWA	SILVIA MISIWE	WOMEN				
	FAKUDE	BONGANI LOUIS	EDUCATION				
	NXUMALO	SABELO AARON	PHYSICALLY CHALLENGED				
	SIKHOSANA	SIZWE NEL	SAFETY AND SECURITY				
	SHABANGU	THABISILE SISANA	SENIOR CITIZENS				

	NDLANGAMANDLA	MANDLAKAYISE AGRIPPA	HEALTH& SOCIAL DEV				
	MASONDO	THOKOZILE ALBERTINA	TRADITIONAL				
	DLODLO	CELAPHIWE	BUSINESS				
	ZULU	MLAMULI AMON	TRANSPORT				
9	CLLR B E S NTSHANGASE			Yes	12	4	8
	PHAKATHI	MAKHOSANDILE WISEMAN	EDUCATION				
	DHLAMINI	ZODWA FORTURENATE	YOUTH				
	THABETHE	WINNIE ZIBUYISILE	WOMEN				
	THABEDE	ALMON NJUBENI	TRANSPORT				
	DLAMINI	THEMBINKOSI GOODMAN	PHYSICALLY CHALLENGED				
	DLAMINI	NDUKENHLE AMOS	SENIOR CITIZENS				
	GUMBI	AYANDA ZINHLE	FAITH BASED				
	BUTHELEZI	SIPHIWE LERATO	SAFETY & SECURITY				
	DLAMINI	DUMISANI NDAWOZONKE	HEALTH &SOCIAL DEV				
10	SIYAYA	PHETHENI VERONICA	TRADITIONAL	Yes	12	4	5
	CLLR K E NXUMALO						
	THWALA	NONHLANHLA	EDUCATION				
	MASUKU	THANGITHUINI	WOMEN				
	MAZIBUKO	PHUMULANE MISUMUZI	TRADITIONAL				
	NXUMALO	SIPHESIHLE	YOUTH				
	MSEZANE	MASHOBA ENOCK	FAITH BASED				
	THABEDE	SIZWE MARGARET	HEALTH& SOCIAL DEV				
	NTSHANGASE	NJUBULO ELVIS	BUSINESS				

	NCUBE	SIPHO JEREMIA	TRANSPORT				
	NZIMA	THULANI REENE	PHYSICALLY CHALLENGED				
	MYENI	SANDILE XOLANI	SAFETY&SECURITY				
11	CLLR Z Z BUTHELEZI			Yes	12	4	6
	MNGOMEZULU	CEBO HLONIPHANI	EDUCATION				
	MAGAGULA	ZANDILE CYNTHIA	TRANSPORT				
	ZULU	NDABENHLE THOBANI	YOUTH				
	DLAMINI	LONDIWE HLENGIWE	HEALTH& SOCIAL DEV				
	THABETHE	FIKILE	DISABILITY				
	KHUMALO	GOOD-BOY PHIWAYINKOSI	BUSINESS				
	NHLEKO	THOLAKELE VIERAH	TRADITIONAL				
	MTHABELA	MPUME PHUMELELLE	WOMEN				
	DECEASED		SAFETY AND SECURITY				
12	MAFULEKA	SENZO NELSON	SENIOR CITIZENS	Yes	12	4	8
	M G NDLANGAMANDLA						
	MOTHA	NELISIWE SWEETNESS	FAITH BASED				
	MNTUNGWA	MHLOMISENI ROBERT	TRADITIONAL				
	SENGWAYO	MELUSI ISRAEL	TRANSPORT				
	MNDEBELE	NYANISO WANDILE	YOUTH				
	MNTUNGWA	BHEKITHEMBA ROVEL	EDUCATION				
	NDLANGAMANDLA	BHEKINKOSI WELCOME	PHYSICALLY CHALLENGED				
	SIMELANE	MMELI JOHHANNES	BUSINESS				

	SIBIYA	PHIWAYINKOSI MAUREN	WOMEN				
	NTSHANGASE	PERSEVERENCE HLONIPHILE	HEALTH & SOCIAL DEV				
	MSIBI	MNYAMA JEREMIAH	SENIOR CITIZENS				
13	CLLR F S MASANGO			Yes	12	4	4
	THABETHE	NONTOBEKO PATRICIA	YOUTH				
	NDLANGAMANDLA	SEBENZILE PATRICIA	WOMEN				
	NCUBE	THALENTE SEBENZILE	EDUCATION				
	NKOSI	MCWASHO DORIS	DISABILITY				
	SIMELANE	CEBISILE VINAH	HEALTH AND SOCIAL DEV				
	MADUNA	NELISIWE	FAITH BASED				
	SHOYISA	ZENANILE ALBERTINA	TRANSPORT				
	ZONDO	HLEZIPHI	TRADITIONAL				
	MASUKU	MICHAEL SENZO	BUSINESS				
	NCUBE	SINDISIWE					
14	CLLR M P MAFULEKA			Yes	12	4	6
	GUMBI	KHULEKANI	BUSINESS				
	MATHENJWA	MLUNGISI VIKINDUKU	YOUTH				
	MATHENJWA	SIYABONGA MPHO	PHYSICALLY CHALLENGED				
	NKOSI	SIZENI	EDUCATION				
	GUMBI	NKOSINATHI BHEKIZENZO	TRANSPORT				
	NKOSI	MBUZO MANDLENKOSI	TRADITIONAL				

	MVUBU	LINDENI SIMANGELE	SENIOR CITIZENS				
	MYENI	NOMPUMELELO THANDAZILE	WOMEN				
	SHONGWE	STHEMBISO SIZWE	FAITH BASED				
	NXUMALO	MBALI CYNTHIA	HEALTH& SOCIAL DEV				
15	CLLR L S NTSHANGASE			Yes	12	4	14
	NKUMANE	SIFUNDO BLESSING	HEALTH& SOCIAL DEV				
	SIKHOSANA	GUGULETHU NOKWANDA	BUSINESS				
	NKOSI	ZANDILE NOBUHLE	YOUTH				
	SIMELANE	MELUSI CHEPARD	FAITH BASED				
	SIMELANE	SIPHAMANDLA GIDINGA	TRADITIONAL				
	SIMELANE	VIRGINIA NTOMBENHLE	SENIOR CITIZENS				
	NKUMANE	SIZWE JUNIOR	PHYSICALLY CHALLENGED				
	MATHABELA	NKOSINATHI BHEKIZENZO	TRANSPORT				
	SIMELANE	SIBONGILE PATIENCE	EDUCATION				
	MALINGA	ZIBONUKULUNGA MARY JANE	WOMEN				

Summary

1. 01 ward committee meeting per ward
2. 01 Councillor's report top Speaker per Quarter
3. Community meetings (At least one per quarter)

2.5.3 IDP PARTICIPATION AND ALIGNMENT

Table 36: 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 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

COMPONENT D: CORPORATE GOVERNANCE

2.6 OVERVIEW OF CORPORATE GOVERNANCE

Governance in uPhongolo Municipality encompasses line functions that pertain to political and administrative governance, audit, risk management, organisational and individual performance management, public participation and IDP, intergovernmental relations, public communication, human resource management, organisational development and legal services.

The governance function is supported by an independent Audit Committee, comprising external specialists who boast the necessary skills to provide effective oversight of the Municipality's systems of internal control, risk management and governance processes.

The Audit Committee is supported in its role by the Internal Audit function which performs audits in terms of an approved audit plan and reports to the Audit Committee on a quarterly basis. The Municipal Public Accounts Committee (MPAC) comprises independent Councillors.

2.6.1 uPhongolo Municipality Council comprised of 29 Councillors during the 2023/2024 financial year. The Councillors are allocated to different portfolios where they serve in accordance with internal departments and functions. The Council has quarterly meetings as legislated which reflects 100% functionality.

ENTERPRISE RISK MANAGEMENT

All managers and employees are responsible for risk management in their own areas. The Municipality has established a MANCO Risk Management Committee that reports to the Audit Committee on a quarterly basis. The Municipality has appointed an independent and external chairperson of the Risk Management Committee.

The MANCO Risk Management Committee, in terms of its authority delegated by Council, facilitates the development of a formal Risk Management Framework and Strategy as well as the implementation thereof. The results of the risk assessments are used to direct internal audit efforts and priorities, and to determine the skills required by managers and staff to improve controls and to manage these risks.

2.6.2 Membership of the Risk Management Committee

The Risk Management Committee is made up of MANCO members whose names are listed herein-below:

Table 40: MANCO Risk Committee Members

MANCO RISK COMMITTEE	MEMBER
Miss SSP Xaba	Member
Mr X Dladla	Member
Mr KWG Ngcobo	Member
Mr MVM Mbatha	Member
Mr BM. Khali	Chairperson (Municipal Manager)
Mr M.C. Mdluli	Risk Management Support
Mr SMM Mangele	Chief Internal Auditor

2.6.3 Strategic Risk Assessment

In response to the Institutional performance gaps noted through the under-achievement of the set performance targets, these highlight some areas of strengthening that were not 100% successful. To this effect, a detailed Strategic Risk Register with mitigating measures has been developed.

The annual risk assessment was successfully completed in June 2023 to give effect to the MFMA requirement that the municipality “has and maintains effective, efficient and transparent system of financial and risk management and internal control”. This process was of critical importance as the Internal Audit is required by the MFMA to plan the audit coverage to address the risks identified through the risk management processes developed and maintained by management. Therefore, the risk assessment process and the internal audit planning processes are aligned so that timely and relevant risk information is available to internal audit when they are devising their audit coverage plans.

Subsequent to the Risk Assessment conducted and assurance provided by the Internal Audit, gaps relating to the risk methodology were identified, including misdiagnosis of risks leading to incorrect mitigating strategies developed and no effect or impact at the end of the year. This is to be monitored in the upcoming financial period.

Top Strategic Risks were identified during 2023/24 per key performance area's strategic objectives:

Table 41: Risk Assessment

NO	DESCRIPTION	RATING
1	Failure to monitor and put corrective measure to improve employee performance	Priority 1
2	Poor preparedness for natural disasters	Priority 1
3	Inability to provide communities with conducive infrastructure for gathering	Priority 1
4	Inability to enforce compliance with traffic laws	Priority 1
5	Inability to maintain and keeping the roads, in a proper working condition	Priority 1
6	Inability to maintain and keeping the storm water in a proper working conduction	Priority 1
7	Inability to generate and account for all revenue due to the municipality	Priority 1
8	Inability to budget & fund the municipal priorities	Priority 1

In keeping up with ever improving technologies, the Municipality has started to migrate the Risk Registers into the CURA system. The CURA system is provided by Provincial Treasury for free to Municipalities to use. The implementation of the Cura system will greatly improve quality of reporting and efficiency in the management of risks.

2.6.4 Risk Management Monitoring process

Risk Management monitoring is done Quarterly through risk monitoring reports that provide progress on the implementation of the risk mitigation measures and the movement of the residual risk. The process for the compilation and submission of Risk Management Monitoring report was generally conducted as follows;

1. Development of a monitoring tool for directorates to update implementation of risk mitigation measures.
2. Upon receiving the monitoring tool, POE's are validated and risk management report is consolidated
3. Risk management report is submitted to risk management committee for consideration.

2.6.5 ICT Risk Register

Information and Communications Technology (ICT) is one of the critical areas in the running of the organisation, therefore Management with Auditor General's recommendation prepared the separate register dealing with ICT related issues.

Conclusion from the Chairperson's Report

The Risk Management Unit will strive to ensure that the identified risks are mitigated and Departments concerned provide necessary evidence demonstrating the processes undertaken to mitigate those risks.

2.7 ANTI-CORRUPTION AND FRAUD

Anti-fraud and Corruption initiative entails preventing, detecting and response to fraud instances within the institution.

The Municipality has an Anti-Corruption Policy and Fraud Prevention Strategy approved by the Council and is being implemented. The strategy has been developed in accordance with the expressed commitment of government to fight corruption. Accordingly, the risk register includes fraud risk. Fraud and corruption represent potential risks to the uPhongolo municipality's assets and reputation. The municipality is committed to protecting its funds and other assets from the effects of fraud, corruption and any other irregularity. The municipality has adopted a zero-tolerance attitude about fraud, corruption or any other irregularities, whether perpetrated by internal or external parties, and will vigorously pursue and prosecute any parties, which engage in such practices or attempt to do so, in accordance with applicable legislative provisions.

The Municipality has developed a strategy to detect corrupt and fraudulent activities and has managed to implement this strategy effectively this financial year. The public is encouraged to report suspected corrupt activities by using the hotline number [0800 701 701](tel:0800701701) which is monitored by independent parties.

On all other matters reported by Internal Audit and the AGSA as audit findings, the municipality has developed an Audit Action Plan to address all issues. MPAC is also meeting as required and carrying out an oversight role and assisting Council by investigating all cases referred to it. The Audit Committee is also in place and comprises of four members who are highly qualified and all of them are external. The committee met six times in this financial year.

The Fraud prevention strategy was approved by Council and is being implemented. We also have instituted an enterprise risk management framework which also includes the risk management policy. The strategy covers the following areas:

- Surprise audits by the internal audit unit;
- Post transactions review;
- Forensic data analysis performed by the KZN forensic services were necessary.
- Management Accounting report review
- Fraud Risk Assessment

Through the implementation of the Council-approved Anti-fraud and corruption Strategy and related policies, the Municipality continues to ensure that Internal control deficiencies are continuously identified and more stringent controls put in place

Over and above the general Risk Register prepared by the Municipality, there was still a need to formulate a Register solely for the detection, prevention and mitigation of fraud and corruption. The Register is also assessed as to whether the Action Plans to mitigate risks identified were fully implemented during the course of the financial year.

2.8 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management (SCM) Unit has been established to implement a compliant and effective supply chain management system through demand management, acquisition management, logistics management, disposal management, risk management and performance management.

A procurement plan with timeframes was developed and implemented during 2023/2024 financial year. The procurement plan is aligned with the departmental service delivery plans (SDBIP's) to ensure that projects are executed in accordance with the expectation created. An annual schedule for the bid committee meetings was developed.

The Supply Chain Management unit compiled the SCM Annual Report on the implementation of the Supply Chain Management Policy as per National Treasury compliance requirement . The revised Supply Chain Management Policy was adopted by Council.

Clause 6(1)(3) of the Municipal Supply Chain Management Regulations, 2005, it deals with the Oversight role of Council of the municipality over the implementation of its Supply Chain Management policy. The Accounting Officer must, within ten (10) days of the end of each quarter, and within thirty (30) days of the end of each financial year, submit a report on the implementation of the Supply Chain Management policy to the Mayor of the municipality or the board of directors of the municipal entity, as the case may be.

2.8.1 Minimum competency requirements Supply Chain Management

The UPhongolo Municipality Supply Chain Management staff have the minimum competency and the Unit is fully functional,
The tables below contain the members of the bid committees in 2023/2024 financial year.

Table 42: Members of the Bid Specification Committee

BID SPECIFICATION COMMITTEE	MEMBERS
Mr MVM Mbatha	Chairperson
Mr H Hlatshwayo	Secretary
Mr S. Mntungwa	Member
Mrs A.Meria	Member
Mr SF Zungu	Member

Table 43: Members of the Bid Evaluation Committee

BID EVALUATION COMMITTEE	MEMBERS
Mr M. Simelane	Chairperson
Mr SV Mndaweni	Secretary
Mr NK Gumede	Member
Ms M.Zwane	Member
Ms L Masondo	Member

Table 44: Members of the Bid Adjudication Committee

BID ADJUDICATION COMMITTEE	MEMBERS
Mr KWG. Ngcobo	Chairperson
Ms A. Mncwango	Secretary
Mr MVM Mbatha	Member
Ms SSP Xaba	Member
Mr BCX Dladla	Member
Mr MS Mtshali	Member

The Municipality applies strict supply chain management principles in advertising and awarding of tenders. There are strict controls in place that ensure that the Municipal

Financial Management Act is adhered to and complied with so as to prevent or avert the potential of any fraudulent activities from occurring.

The Municipality will ensure that business will not be conducted with entities owned by people that are employed by the state, because doing the contrary is tantamount to contravening the provisions of the Municipal Financial Management Act.

Furthermore, it is incumbent upon all staff members who work outside of the Finance Department to be constantly educated on the policy and procedures of the Municipal Financial Management Act and Supply Chain Management Policy to stay abreast with new changes and developments in this regard.

2.9 BY-LAWS

By- laws are the laws that governs the town. All by-laws need to be gazetted on the government gazette however there is a process that needs to be followed before they are gazetted.

The process is as follows:-

- First the by-law needs to be approved by Council.
- After it has been approved by Council, it needs to go for public comments.
- After the public comments the by-law needs to go back to Council for final approval.
- After it has been approved by Council the by-law may be sent to the government printing works to be gazetted.

The municipality has developed and adopted several municipal by-laws, but most were never gazetted due to lack of funds to effect this requirement. Below are the specific By-laws that were approved during the 2023/2024 financial year: -

No	BY-LAW
1	• SPLUMA By laws (Adopted by Council and Gazetted)
2	• Building Regulations By Laws (Adopted by Council and Gazetted)
3	• Emergency By Laws (Approved by Council to be Gazetted)

2.10 WEBSITES

The municipal website is in place and operational.

Table 45: Municipal Website

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's/ Entity's Website	Yes/No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (Year – 1)	Yes
The annual Report (Year 0) published/ to be published	Yes
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes
All service delivery agreements (Year 0)	Yes (Community/Technical Agreements)
All long-term borrowing contracts (Year 0)	N/A
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A
Public private partnership agreements referred to in section 120 made in Year 0	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes
*Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their Community and stakeholders abreast of service delivery arrangements and municipal developments.	

The municipal website has been well maintained and features municipal documentation required in terms of legislation, including public policies, bylaws, supply chain documents,

notices, press releases and other documents. The purpose is to inform uPhongolo Municipality residents about the affairs, achievements and initiatives of the Municipality. The website is user-friendly, well received and earned positive feedback from the community for the Municipality than before.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICE

The Customer Satisfaction Survey was conducted in 15 Wards by the Municipality during the financial year under review. The Survey was conducted from 1 May to 30 June 2024. Based on the summary report of the Survey most people are not satisfied in the area of Water and Sanitation as well as Roads

Table 46: Public Satisfaction on Municipal Service

Satisfaction Surveys Undertaken during: Year 2023/2024				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%) *
Overall satisfaction with:				
Municipal Services	Detailed Questionnaire in 20 Key Municipal Areas	2023/2024	All Wards	Partial – Challenge with Roads
(a) Municipality	Complaints/ Compliments Register	2022/2023	All municipal wards	Satisfaction
(b) Municipal Service Delivery	IDP Public Participations and Ward Committee Meetings	2022/2023	All municipal wards	Satisfaction
(c) Mayor	IDP Public Participations/ Complaints/ Compliments Register	2022/2023	All municipal wards	Satisfaction

Satisfaction with:				
(a) Refuse Collection	None	2022/2023	None	None
(b) Road Maintenance	IDP Public Participations/ Complaints/ Compliments Register	2022/2023	All municipal wards	Satisfaction
(c) Electricity Supply	IDP Public Participations/ Complaints/ Compliments Register	2022/2023	All municipal wards	Better
(d) Water Supply	IDP Public Participations/ Complaints/ Compliments Register	2022/2023	All municipal wards	Better
(e) Information supplied by municipality to the public	IDP Public Participations/ Complaints/ Compliments Register	2022/2023	All municipal wards	Satisfaction
(f) Opportunities for consultation on municipal affairs	IDP Public Participations	2022/2023	All municipal wards	Satisfaction
*The percentage indicates the proportion of those surveyed that believed that relevant Performance was at least satisfactory				

2.12 COUNCIL OVERSIGHT COMMITTEES

Municipal Councils exercise both legislative and executive functions. This is intended to facilitate hands-on governance and synergy between elected representatives, the executive and the administration. The proximity is meant to facilitate a more vibrant and responsive municipality that would ultimately result in efficient service delivery.

These committees are established in terms of Sections 79 and 80 of the Municipal Structures Act no. 117 of 1998, in order to deliberate and make recommendations to the Council.

The Council as a legislative Political Structure is entrusted with the oversight responsibility on matters pertaining to the developmental progress and implementation of service delivery projects. There are various Portfolio Committees as legislated through section 80 of the Municipal Structures Act 117 of 1998 that are each convened by the members of the Executive Committee who play a political oversight on various activities that are implemented by Municipal Administration Departments.

The Council of UPhongolo Municipality has five (5) Standing Committees with fair representation in Committees.

Members of the Executive Committee are tasked with the responsibility of chairing the supporting Committees. The political team is made up of councillors and headed by the Executive Mayor supported by the Mayoral Committee and the Speaker, making strategic and policy decisions for the residents and businesses. The *Executive Committee (EXCO) meets on a monthly basis and considers reports from respective portfolio committees prior to same and items being presented to Council.*

2.12.1 SECTION 79 OVERSIGHT COMMITTEES

The Municipality has got the following S79 Oversight Committees established in terms of Section 79 of the Municipal Structures Act 117 of 1998:-

No	Name of Committee	Functionality Status at 30 June 2024
1	Municipal Public Accounts Committee	Functional
2	Audit Committee	Functional
3	Women Caucus Committee	Functional
4	Ethics Committee	Functional
5	Municipal DC Board	Not Functional

Municipal Public Accounts Committee (MPAC)

(a) Background

The current Municipal Public Accounts Committee (MPAC) of the Municipality was established at the beginning of the term of the Current Council in 2021. The Committee has been duly established in terms of the Municipal Structures Act 1998, Municipal Systems Act 2000 And Municipal Finance Management Act Of 2003. MPAC reports directly to Council through the Office of the Speaker. In strengthening its oversight capacity the MPAC also co-opts from time to time the Internal Audit as well as the solicitation of the technical support of the Audit Committee. MPAC is a standing invitee to the meetings of the Audit Committee

The primary function of the MPAC is to assist Council to hold the Executive and the municipal administration accountable and to ensure the efficient and effective use of municipal resources. It does this by reviewing public accounts and exercising oversight for and on behalf of Council. The committee must:

- Examine financial statements of all executive organs of council and any audit reports issued on those statements;
- Examine reports issued by the AG on the affairs of the municipal entities;
- Any other financial statements or reports referred to the committee by council;
- The Annual report on behalf of council and must make recommendations to council thereafter;
- Initiate and develop the annual oversight report based on the annual report;
- Initiate any investigation in its area of competence; and
- Perform any other function assigned by resolution of Council.

When the Committee examines the financial statements and audit reports of a municipality or municipal entity, it must consider the previous statements and reports of the entity and report on the degree to which shortcomings have been rectified. The outcomes and deliberations of the Committee must be reported to Council and the public to allow for public participation

It convenes on a quarterly basis as prescribed to consider matter related to exercising oversight on financial and governance matters, as promulgated in Council adopted Terms of Reference. During the year under review the Committee convened 4 ordinary meetings with 2 other special meetings added, this bringing total number to 6.

Table 37: Members of the MPAC

Details	Designation
Cllr J.B.Ngema	Chairperson
Cllr B E S Ntshangase	Member
Cllr M G Ndlangamandla	Member
Cllr N P Mavuso	Member
Cllr C N Mavundla	Member
Cllr T D Buthelezi (Later replaced by JW Buthelezi)	
Cllr N T Gumbi	Member
Cllr J.W. Buthelezi	Member

(b) Functions of the MPAC

The main purpose of MPAC is to exercise oversight over the executive functionaries of Council and to ensure good governance in the municipality. The MPAC may engage directly with the public and consider public comments when received and will be entitled to request for documents or evidence from the Accounting Officer of a municipality or municipal entity. The primary functions of the Municipal Public Accounts Committees are as follows:

- to consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an oversight report on the Annual Report;
- in order to assist with the conclusion of matters that may not be finalized, information relating to past recommendations made on the Annual Report, must also be reviewed. This relates to current in-year reports, including the quarterly, mid-year and Annual Reports;
- to examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented;
- to promote good governance, transparency and accountability on the use of municipal resources;
- to recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the Municipality or the Audit Committee; and
- to perform any other functions assigned to it through a resolution of Council within its area of responsibility.
- the MPAC reports to Council, at least quarterly, on the activities of the Committee which includes a report detailing its activities of the preceding and current financial years, the number of meetings held, the membership of the committee and key resolutions taken in the annual report.

(c) MPAC Terms of Reference

The Committee operations are regulated by an annually Council-approved Terms of Reference. The current Terms of Reference are due to be revised to be in line with the standardized legislated Oversight Framework and thereafter be adopted by Council.

The Annual Work Plan of the Committee has been developed and will be revised accordingly in line with the revised terms of Reference.

The MPAC Annual Work plan in line with the Council Annual Calendar will now run from July to end of June as per the Municipal Financial period.

(d) Challenges of the MPAC

No	Challenge	Planned Intervention
1	Technical Capacity of some of the Members of the Committee which handicaps the efficient discharging and independent of the Committee on certain oversight matters.	Capacity Building on Practical Hands-on Political Oversight
2	The Committee has shown some element of reliance on Internal Audit for some matters.	MPAC to be trained on Technical areas as per scope of their Terms of Reference
3	There is currently no approved budget for Councilor Capacity Development including MPAC. This has led to the Committee to rely on the schedule of Cogta and SALGA on the proposed programs for the capacity improvement	Municipality to organize workshops for MPAC
4	Current balance of the UIFWE not fully investigated yet	To accelerate the investigation, finalization of Report to Council
5	The Committee has not fully implemented the periodic assessment of the impact of the UIFWE as much as the UIFWE Reduction strategy is in place.	MPAC to conduct monthly UIFWE Reduction assessments Quarterly

(e) MPAC improvement Plan

No	Planned Activities
1	- To conduct MPAC Annual Review session to develop and approve its own Improvement Plan. - The improvement Plan will holistically look at the Operational Efficiency and Capacity matters of the Committee. - The Plan will also seek to improve the working relations with other Assurance Providers and also seek to accelerate the current backlog on the UIFWE to ensure it is brought to 100 % execution.
2	- The Committee will also consider a practical hands-on capacity building support programme which capacitate and improve the Oversight. - The aim of the Committee through this is to make strong contributions to Good Governance in the remaining years of Council as delegated
3	The Committee in its annual review session will amongst other things conduct a Training Needs Analysis of the Members and develop its Annual Training Plan
4	To ensure that the annual Work Plan is aligned to the Municipal Calendar and therefore the Annual Financial Year

(g) MPAC Oversight Report Process Plan over the 2023/24 Council Approved AR

No	Planned Activity
1	The MPAC commence with the 2023/24 Annual Report Oversight Processes earlier in terms of Circular 63.
2	The Draft Oversight Process Plan will be developed and submitted to Council by 15 February 2025 for adoption to start the Oversight process based on the Annual Report adopted by Council
3	This will ensure that the final Oversight Report is not tabled later than March 2025.
4	Conducting of Departmental Hearings
5	Conducting Site Verifications
6	Consolidating Community inputs on the Annual Report

(h) MPAC Oversight Meetings - 2023/24

During the 2023/2024 financial year under review, the Committee held 6 meetings

Nature of Meeting	No. of Meetings
Municipal Public Accounts Committee (MPAC)	4

Women's Caucus Committee

No	Member	Designation
1	Cllr S.V. Dlamini-Nkambule	Chairperson
2	Cllr Z.Z. Buthelezi	Member
3	Cllr V.M. Skhosana	Member
4	Cllr P.Masuku	Member
5	Cllr C.N. Mavundla	Member
6	Cllr N.P. Van Zuydan	Member
7	Cllr N.G. Ncube	Member
8	Cllr C.M. Nxumalo-Sibiya	Member
9	Cllr Z.S. Khumalo	Member
10	Cllr M.T. Msibi	Member

2.12.2 S80 COMMITTEES OF COUNCIL

Portfolio Committees exercise political oversight on respective departments within the municipality where departmentally the members have monthly meetings where issues are tabled, discussed and recommendations are made to EXCO and to Council for approval. All the S80 Standing Committees report to the Executive Committee, whose chairperson is the Mayor, which *takes decisions and resolves to recommend to Council for the implementation of service delivery matters. These Committees are as follows:*

No	Name of Standing Committee
1	Corporate Services Portfolio Committee
2	Community Services Portfolio Committee
3	Finance Portfolio Committee
4	Development Planning & LED Services Portfolio Committee
5	Technical Infrastructure Portfolio Committee

2.13 COMPOSITION OF SECTION 80 COMMITTEES

(a) Corporate Services Portfolio Committee

No	Member Name	Designation
1.	Cllr Velephi M Sikhosana *	(Chairperson)
2.	Cllr Bhekinkosi J Thwala	Member
3.	Cllr M T Msibi	Member
4.	Cllr X H Dhlamini	Member
5.	Cllr B E S Ntshangase	Member
6	Cllr B R Shongwe	Member
7	Cllr ZA Khumalo	Member

*Cllr VM Sikhosana resigned in November 2023

(b) Community Services Portfolio Committee

No.	Member	Role
1.	Cllr B R Shongwe	(Chairperson)
2.	Cllr C N Mavundla	Member
3.	Cllr M Mthembu	Member
4.	Cllr M P Mafuleka	Member
5.	Cllr N P van Zuydam	Member
6	Cllr S V Dlamini-Nkambule	Member
7	Cllr N T Gumbi	Member

(c) Finance Portfolio Committee

No.	Member	Role
1.	Cllr Velephi M Sikhosana [*]	Member
2.	Cllr Bhekinkosi J Thwala	Member
3.	Cllr G L Sibiya	Member
4.	Cllr N A Nkosi	Member
5.	Cllr V R Buthelezi #	Member
6	Cllr Cynthia N Mavundla	Member
7	Cllr Z Z Buthelezi	Member
8	Cllr B E S Ntshangase	Member
9	Cllr C M Nxumalo-Sibiya	Member

^{*}Cllr VM Sikhosana resigned in November 2023

#Since Feb. 2024

(d) Development Planning & LED Services Portfolio Committee

No.	Member	Role
1.	Cllr V M Sikhosana [*]	Member
2.	Cllr B J Thwala	Member
3.	Cllr M G Ndlanamandla	Member
4.	Cllr N P Mavuso	Member
5.	Cllr Z B Motha	Member
6	Cllr T D Buthelezi @	Member
7	Cllr T A Ntshangase	Member

8	Cllr J W Buthelezi #	Member

*Cllr VM Sikhosana resigned in November 2023

@Cllr TD Buthelezi resigned in September 2023

#Since Oct. 2023

(e) Technical Services

No.	Member	Role
1.	Cllr B J Thwala	Portfolio Head
2.	Cllr N P Mavuso	Member
3.	Cllr F S Masango	Member
4.	Cllr P Masuku	Member
5.	Cllr S A Xulu	Member
6	Cllr N G Ncube	Member
7	Cllr S Mhlongo	Member

2.14 AUDIT AND PERFORMANCE AUDIT COMMITTEE

The uPhongola Municipality established an Audit Committee in terms of section 166 of the Municipal Finance Management Act (MFMA) and section 14(2)(c) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations). Consideration has also been given to Circular No. 65 issued by the National Treasury in November 2012 as well as the recommendations contained in the King Report on Governance for South Africa 2016 (King IV).

2.14.1 Role of the Audit and Performance Audit Committee

The role of the Audit and Performance Audit Committee is to assist the uPhongola Municipality and officials in achieving their strategic goals and objectives, by helping to maintain effective internal controls; effective risk management, accurate financial reporting and corporate governance principles, compliance with applicable legal and regulatory requirements, and other such duties as may be directed by the Council and the Accounting Officer.

The Audit and Performance Audit Committee does not assume the functions of management which remain the responsibility of the Accounting Officer, Council and the delegated officials.

2.14.2 Audit Committee Responsibility

The legal responsibilities of Audit and Performance Audit Committee are set out in terms of section 166 of the MFMA and operate within the terms of the Audit and Performance Audit Committee Charter as approved by the Council.

2.14.3 Meetings of the Audit and Performance Audit Committee

Table 38: Audit and Performance Committee Meetings Held

Meetings Held	Dates
Quarter 1	29 August 2023
Quarter 2	08 December 2023
Quarter 3	27 March 2024
Quarter 4	28 June 2024

2.14.4 Members of the Audit and Performance Audit Committee

The uPhongola Council appointed Four (4) independent, external members and as at 30 June 2024, the active members were as listed in the table below.

Table 39: Current Audit Committee/Performance Committee Members

Members Of The Audit/Performance Committee	Designation	Gender
Mr B.B Mdletshe	Chairman	M
Mr V.V.V Sibiya	Member	M
Mr P.L Buthelezi	Member	M
Mrs NT Mkhwanazi	Member	F

2/14.5 Reports considered by the Audit Committee

During the 2023/24 Financial Year, the Audit Committee has complied with its responsibilities arising from section 166 of the Municipal Finance Management Act, Act

56 of 2003 (MFMA) and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001. Below are the Reports considered by the Audit and Performance Committee as at 30th June 2024, Detailed Annual Report of the Chairperson of the Committee is attached as APPENDIX G

Report Considered	Report Considered
Reviewed internal financial controls and internal audit	<i>Performance Management</i>
Risk Management	<i>Effective Governance</i>
Review of the financial statements	<i>Compliance with Legislation</i>
The credibility, reliability and accuracy of financial reporting and information as well as accounting policies	

2.15 INTERNAL AUDIT FUNCTION

The UPhongolo Municipality has an Internal Audit Unit which has been fully functional for the financial year under review. The Internal Audit function is in-house and not out-sourced to an external service provider, and is fully funded from the municipality's operational budget. There is reasonable capacity to carry the duties, as there is Chief Internal Auditor, Senior Internal Auditor, 2 Auditors, 2 Interns.

The roles and responsibilities of the Internal Audit Unit is set out in Section 165 of the Municipal Finance Management Act, Act No. 56 of 2003 as follows: -

(a) Prepare on an annual basis a risk-based audit plan and an internal audit programme for each financial year;

(b) Advise the accounting officer and report to the Audit Committee on the implementation of the internal audit plan and matters relating to:

- Internal audit
- Internal controls
- Accounting procedures and practices
- Performance management
- Risk and risk management
- Loss control
- Compliance with MFMA, Division of Revenue Act (DORA) and any other applicable legislation.
- Safeguarding of assets.
- Appraisal of the economy and efficiency with which resources are employed.

(c) Perform other such duties as may be assigned to it by the Accounting Officer and Audit Committee

2.15.1 Annual Risk Based Internal Audit Plan

The Internal Audit Unit is accountable for the annual audit plan and functionally reports directly to the Audit Committee and administratively to the Accounting Officer. In terms of the Plan, the generic key focus areas looked at are outlined in the table below:-

No	Project Focus Area
1	Follow-Up Audits For 2022/2023
2	Alignment of Planning Documents (IDP and SDBIP)
3	Audit Of Performance Management Systems, IDP, And SDBIP on quarterly Manage
4	Statutory Audits including Performance Management based on MFMA S165 requirements
5	ICT Audits
6	Advisory on Review of Policies

2.15.2 Risk-Based Internal Audit Plan and the 2023/24 Annual Operational Plan Status

The three-year risk based 2023/2024 internal audit plan comprises of the following:-

- a) Risk Based Audits
- b) Mandatory Audits
- c) Follow-up Audits (both Internal and External), and
- d) Ad hoc Audits

2.15.3 Other Internal Audit Assurance Matters for Attention

- In terms of the Audit universe, substantial areas have been done and the plan for 2024/25 is that the Internal Audit will now focus more on Consulting.
- The follow up reports have indicated that the recommendations have not been adequately implemented over a period of time.
- Management will need to give Internal Audit the developed Internal Controls in the various areas for assessing them and this will be done in the 2024/25 financially year.
- Management needs to ensure that the assurance provided by Internal Audit is effectively embraced so to ensure improved performance. Management to ensure that risks are mitigated through the recommendations from reports of internal audit to improve the Risk management profile and improved performance outcomes to advance the core which is service delivery. The drawing board is the Risk at the following year.
- Internal Audit and Risk Management to drive internal roadshows on Combined assurance to improve Good Governance and Organizational culture
- Internal Audit is using a Tracking tool to track the implementability of the assurance recommendations with the aim of strengthening Performance and advancing Good Governance



CHAPTER THREE

Service Delivery Performance (Performance Report Part 1)



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COMPONENT A: OVERVIEW OF PERFORMANCE WITHIN THE ORGANIZATION

3.1 SERVICE DELIVERY PERFORMANCE

3.1.1 Introduction

Performance management is a process that measures the implementation of the organisation's strategic objectives. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality. At local government level, performance management is institutionalised through the legislative requirements of the performance management process. Performance management provides the mechanism to measure whether targets are met in line with the strategic objectives as set by the organisation.

Section 152 of the Constitution of the Republic of South Africa, 1996, deals with the objectives of local government and paves the way for performance management. The idea of a government that is accountable is important to meet the needs of uPhongolo Municipality. The democratic values and principles in terms of section 195(1) are also linked with the concept of performance management, with reference to the principles of the following, among others to:

- Promote the effective, efficient and economic use of resources;
- Ensure accountable public administration;
- Be transparent by providing information;
- Be responsive to the needs of the community; and
- Facilitate a culture of public service and accountability.

The Local Government: Municipal Systems Act (MSA) of 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) require the Integrated Development Plan (IDP) to be aligned to the municipal budget. The monitoring of organisational performance of the budget must be done against the IDP on a quarterly basis via the Service Delivery and Budget Implementation Plan (SDBIP). The report is made public after the Council has been informed of the quarterly progress against set targets.

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 states that *“A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.”* Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation, as well as the external service providers and the municipal entities. This framework, *inter alia*, reflects the linkage between the IDP, the Budget and the SDBIP.

3.1.2 Legislative Requirements

In terms of section 46(1)(a) of the Local Government: Municipal Systems Act, a municipality must prepare an Annual Performance Report (APR) for each financial year that reflects the municipality's and any service provider's performance during the financial year. The APR must furthermore indicate the development and service delivery priorities and the performance targets set by the municipality for the financial year and based on the results indicate what corrective measures were or are to be taken to improve performance. The 2023/2024 APR is attached to this Annual Report as Annexure K.

3.1.3 Organizational Performance

Strategic performance assessment indicates how well the Municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is effective, efficient and economical. Municipalities must develop strategic plans and allocate resources for implementation. Implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role players to enable them to implement corrective measures timeously as and when required.

The APR highlights the strategic performance in terms of the Municipality's Scorecard as well as the Service Delivery and Budget Implementation Plans (SDBIP's) high-level performance in terms of the strategic objectives of the Municipality and performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act of 2000.

3.1.4 Performance Management Policy

The Municipality adopted an Organisational Performance Management Framework and Policy and is being implemented. The policy review is conducted on an annual basis. The PM Policy articulates the Municipality's objectives in order to promote accountability and the overall strategy of the Municipality. Accordingly, the main principles of the PM Policy are that it must be feasible in terms of the available resources to the Municipality and that the PM Policy must serve as an enabling mechanism for employees to achieve their performance objectives and targets.

Performance management has been introduced in the Local Government: Municipal Systems Act, Act 32 of 2000 (hereafter referred to as the MSA). The MSA is specific with regards to performance management. Each municipality must develop a performance management system (PMS) in order to enhance service delivery inputs in order to maximise outputs to the community. The MSA emphasise the amplified role of Council in performance management.

Legislative enactments which govern performance management in municipalities are found in various documents. As outlined in Section 40 of the MSA, uPhongolo Municipality must establish mechanisms to monitor and review its Performance Management System (PMS)

so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and lower levels.

3.1.5 IDP and Budget

The new Council of uPhongolo Municipality has not changed its vision thus:

“uPhongolo Municipality will ensure an inclusive socio- economy by providing quality services that yield a better life for all by 2035”.

The IDP 2021 to 2026 provides a comprehensive needs analysis and bold intentions, key initiatives, programmes and projects in order to address challenges working in conjunction with its partners such as sector departments as well as the private sector and civil society.

The IDP, together with its long-term trajectory, is subject to annual review to accommodate changes in the municipal environment, including community priorities. In turn, the revised IDP informs changes to the budget, key performance indicators and targets of the Municipality.

The Municipal IDP is reviewed every year to ensure that:

- Municipalities and communities keep track of progress in implementing development projects and spending the municipal budget; and
- Communities are provided with an opportunity to review their needs and make possible changes to the priorities listed in the municipal IDP.

The IDP is the principal planning instrument that guides and informs the municipal budget. The uPhongolo Municipality's PMS is the primary mechanism to monitor, review and improve the implementation of its IDP and to measure the progress made in achieving the objectives as set out in the IDP.

The Five-Year Performance Framework reflects the connection between the strategic framework of the Municipality, as detailed in the previous chapter and IDP implementation through Key Performance Indicators and Targets to measure performance of the IDP for the five years.

These are annually revised in line with Section 34 of the Local Government: Municipal Systems Act, No. 32 of 2000 which compels a municipal council to review its integrated development plan annually in accordance with an assessment of its performance measurements in terms of section 41 to the extent that changing circumstances so demand.

A conducive performance management culture will ensure that the developmental objectives as construed in the IDP gets relevance in the performance agreements of senior managers and consequence implementation thereof.

3.1.6 Municipal Service Delivery and Budget Implementation Plan (SDBIP) and Departmental Scorecards

The organisational performance is evaluated by means of a municipal SDBIP (Top-Layer SDBIP). Performance objectives, as reflected in the SDBIP are required to be practical, measurable and based on the key performance indicators.

The SDBIP is a tool that converts the IDP and budget into measurable criteria of how, where and when the strategies, objectives and normal business processes of the Municipality are implemented.

It also allocates responsibility to directorates to deliver the services in terms of the IDP and the budget.

MFMA Circular No. 13 is a clarification of the Municipal Budget and Reporting Regulations, Schedule A1, General Notice 393 in Government Gazette 32141 and prescribes that:

- The IDP and Budget must be aligned;
- The Budget must address the strategic priorities;
- the SDBIP should indicate what the Municipality is going to do during the next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the Budget/IDP processes.

The SDBIP and Departmental Scorecards were prepared as described in the paragraphs below and approved by the mayor in 2022 in terms of section 53(1)(c)(ii) of the Local Government: Municipal Finance Management Act of 2003. It was made public on the municipal website in due course after approval by the mayor.

(a) The Municipal SDBIP

The Municipal SDBIP consolidates service delivery targets set by Council/Exco and provides an overall picture of the performance of the Municipality in its entirety, reflecting performance in its strategic priorities for the 2023/2024 financial year. The SDBIP is the performance evaluation tool and is used during the informal and formal performance assessment of the Municipal Manager and directors/senior managers reporting to the Municipal Manager. Components of the Scorecard include:

One-year detailed plan with the following components:

- Monthly projections of revenue to be collected for each source;
- Expected revenue to be collected;
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Non-financial, measurable performance objectives in the form of targets and indicators;
- Output management objectives; and
- Level and standard of service being provided to the community.

(b) SDBIP- KPIs were prepared based on the following:

- Key performance indicators (KPIs) for the programmes/activities identified to address the strategic objectives as documented in the IDP in co-operation with the community who identifies developmental priorities;
- KPIs identified during the IDP public participation process and KPIs that need to be reported to key municipal stakeholders; and
- KPIs to address the required national minimum reporting requirements.

(C) Amendment of the SDBIP

The SDBIP was amended during the mid-year review through Council Resolution approved Council.

(d) Actual Performance

The Municipality utilises an electronic performance management template on which the Municipal Manager and Senior Managers update actual performance on a monthly basis and report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the set target;
- A performance comment; and
- Actions to improve the performance by the submission of corrective measures to meet the set target for the reporting interval in question, if the target was not achieved.

It is the responsibility of every senior manager to maintain a portfolio of evidence to support actual performance results updated and provide same to the Internal Auditor and Auditor General upon request during the quarterly and annual audit testing.

(e) Monitoring of the SDBIP

Municipal performance is measured as follows:

- Mid-year assessment and submission of the mid-year report to the mayor in terms of Section 72(1)(a) and 52(d) of the Local Government Municipal Finance Management Act to assess the performance of the Municipality during the first half of the financial year;
- Quarterly performance was subjected to an internal audit and the results of their findings were submitted to the Audit Committee; and
- Quarterly performance reports are submitted to Council for information.

(f) Individual Performance

The Human Resources Management Unit under Corporate Services Department is responsible for the Individual Performance Management System that should be cascaded to municipal staff. The purpose of the Individual Performance Management System is to manage and enhance efficiency by enabling a higher level of staff participation and involvement in planning, delivery and evaluation of work performance.

The Individual Performance Management System ensures integrated work planning, target setting, performance reporting and feedback. The Municipality is in the process of cascading the PMS to all employees that will be rolled out in phases (Phase One: All managers reporting to the Directors/Senior Managers), (Phase Two: Supervisors), (Phase Three: all outstanding levels of employees). The employees and their respective supervisors are expected to complete and agree to the KPIs and targets based on the individuals job description. The individual PMS encourages supervisor and employee engagement, coaching and mentoring, skills transfer and also enhances communication between managers, supervisors and employees. Managers are able to identify skills gaps of employees through this tool. Employee Monitoring will take place on a quarterly basis.

(g) Directors and Managers Directly Accountable to the Municipal

The Municipal Systems Act (MSA), 2000 (Act 32 of 2000) prescribes that the Municipality must enter into performance-based agreements with all section 57-employees and that performance agreements must be reviewed annually and published for public interest. This process and the format are further regulated by Regulation 805 (August 2006), MSA.

The performance agreements for the section 56/57 appointments for the 2023/2024 financial year were signed during 2022 as prescribed. They include performance agreements for the:

- Municipal Manager;
- Chief Financial Officer;
- Director: Corporate Services;
- Director: Community Services;
- Director: Technical Services; and
- Director Planning and LED.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluations of the Municipal Manager and Senior Managers for the 2023/2024 financial year are yet to be conducted.

(h) Other Municipal Officials

The roll-out of the Individual Performance Management Policy (IPMP) to the rest of the employees has not yet been introduced. However, processes in this regard are underway. In an endeavour to implement the IPMP, the Municipality will introduce Performance Agreements as a means to ensure the phasing of IPMP implementation which will start with middle management. The PMS monitoring tool will be introduced as intended for all employees who do not undergo formal performance evaluation. Each department is required to conduct the above exercise on a quarterly basis. The PMS Unit is responsible for the top three reporting levels of management.

The Municipal SDBIP

The SDBIP results for the year under review are reflected in the Annual Performance Report attached as Component K to the Annual Report.

COMPONENT B: BASIC SERVICES

Water, electricity, wastewater and refuse removal services are fundamentally important basic services to ensure a healthy and safe environment for all uPhongolo inhabitants. These basic services sections play a very important part in the planning and implementation of basic services in all formally established township developments as well as informal settlements in the uPhongolo Area over which the Municipality has control.

3.1 WATER SERVICES

uPhongolo Municipality is a local municipality forming part of the Zululand District and **it is, therefore, not a Water Services Authority**. Instead, the Zululand District Municipality is the one mandated by the Water Services Act to be the Water Services Authority in respect of all areas under its jurisdiction in this regard.

3.1.1 The Status of Water Infrastructure and Asset Management Plan

The table below provides a brief overview of the schemes in the district that have been captured on the MANZI system and a summary of the infrastructure under consideration, as well as a rough estimate of the value of assets. These figures will be refined over time once the asset management system has been rolled out.

Table 47: Summary of Schemes in the District

Summary Data	LOS	Total
Number of Schemes	Above RDP – Urban	13
	Above RDP – Rural	25
	RDP	105
	Rudimentary	173
	TOTAL SCHEMES	316

The table below shows examples of infrastructure data that is currently available on the GIS system and MANZI. Some gaps still exist in the infrastructure information, ZDM has been systematically updating its infrastructure details and eliminating data gaps where possible within its capability and resources.

Table 48: Summary of Infrastructure Components to ZDM -GIS

Summary Data	Description	Total
Pipelines	Bulk	1264 km
	Reticulation	5745 km
Installations	Yard Connection	27 831
	StandPipe – Barrel	302
	StandPipe – Communal	5 681
	Electrical Point	72
	Valve	14 820
	Meter	1 274
	Bulk Metering Points	253
	Handpump	486
	Pump	25
	Pump Station	119
	Source / Abstraction	520
	Break-pressure Tank	499
	Storage – Jojo	228
	Storage – Reservoir	744
	Treatment (Sand filters etc)	12
	Water Treatment Works	39
Replacement Value	Civil	R 2 187 465 532.77
	Mechanical	R 638 857 590.23
	Electrical	R 252 906 251.28
	Telemetry	R 13 480 747.91

Table 49: Summary of Schemes in the District

Summary Data	LOS	Total
Number of Schemes	Above RDP – Urban	13
	Above RDP – Rural	25
	RDP	105
	Rudimentary	173
	TOTAL SCHEMES	

3.1.2 Provision of Portable Water

uPhongolo Municipality IDP has included a summary on how potable drinking water is provided. According to ZDM-IDP 2020/2021, the sources of raw water in the ZDM falls within the Mfolozi (W2), Mkuze (W3) and Pongola (W4) secondary catchments of the Usuthu/Mhlathuze Water Management Area (WMA).

Table 50: Water Balance - Summary Of The Water Available And Required Within Zululand District Municipality For The Year 2000 (Million M3 (Kℓ) Per Annum)

			Mfolozi	Mkuze	Pongola	Total
Available water	Natural resource	surface water	36	15	616	667
		Groundwater	5	12	8	25
	Usable return flow	Irrigation	5	6	21	32
		Urban	4	0	0	4
		Mining & bulk	1	0	0	1
	Total local yield*		51	33	645	729
	Transfers in		0	30	0	30
		Total available	51	63	645	759
Water requirements	Consumer groups	Irrigation	51	61	213	325
		Urban**	12	1	1	14
		Rural**	11	10	6	27
		Mining & bulk industrial***	4	0	1	5
		Afforestation****	2	6	34	42
	Total local requirements		80	78	255	413
	Transfers out		18	0	30	48
		Total used	98	78	285	461
Balance			-47	-15	360	298

3.1.3 Bulk Regional Water Schemes

Hlahlindlela Regional Water Supply and Nkonjeni Regional Water Supply Area

ZDM undertook a Water Resource Modelling of the upper White uMfolozi River System during 2011/2012. Areas served by this System are Vryheid Town and surrounding suburbs, Bhhekuzulu, Lakeside, eMondlo Town and surrounding areas (Hlahlindlela Regional Water Supply Scheme), Mpumamhlope, Ulundi, Babanango (Nkonjeni Regional Water supply Scheme) and Nondweni (Umzimyathi District Municipality).

The model indicates that the yield from Mvunyane dam is insufficient to meet the water requirements at the desired levels of assurance and should be augmented very soon, to avoid the risk of restrictions occurring. The operating rules for Mvunyane should be implemented to protect higher assurance users.

- For the low growth scenario, the yield from Klipfontein combined with the other existing dams is sufficient to meet the water requirements of Vryheid and Ulundi as well as the link to eMondlo until at least 2030.
- For the median growth scenario, the yield from Klipfontein combined with the other existing dams is sufficient to meet the water requirements of Vryheid, Ulundi and

eMondlo until 2024. After 2024, the existing water resource infrastructure of the White Mfolozi will need augmentation to meet the projected water requirements.

For the high growth scenario, the yield from Klipfontein combined with the other existing dams is sufficient to meet the water requirements of Vryheid, Ulundi and eMondlo until 2021. After 2021 the existing water resource infrastructure of the White Mfolozi will need augmentation to meet the projected water requirements.

It is therefore important that the required work to plan for the next water resource augmentation be undertaken, due to the long lead times required to implement a water resource development project.

During 2016 ZDM was declared a drought-restricted region, which led to emergency interventions. The town of Vryheid was forced to rely on water tankers and water points at designated borehole and water tank points. Since then dam levels have normalised again but it is clear that the greater Vryheid region is in urgent need for major interventions in terms of sustainable water during dry winter months.

Usuthu Regional Water Supply

ZDM investigated the available water resources in the upper Black Mfolozi River during 2011. The purpose of the investigation was two-fold:

- An assessment was undertaken to determine the available water resources of the upper Black Mfolozi River which involved quantifying the divertible flows at the existing weir on the river near Nongoma upstream of the Kwa Nkweme River confluence. This represents the situation prior to construction of the off-channel storage dam on the Kwa Nkweme River. Analyses were performed for 18.6 Ml/day (2025 demand) and 25 Ml/day (2035 demand).
- Detailed yield analyses were undertaken to determine the water resources capability of a proposed system on the upper Black Mfolozi River, which consists of a new off channel storage dam on the Kwa Nkweme River. Water for this off-channel storage dam will be supplied by diverting available flows from the existing weir on the Black Mfolozi River. The performance of the system was evaluated for a variety of possible configurations including a range of dam (storage) sizes, flow diversion capacities and downstream environmental flow requirements (EFR's).

Based on the results of the water resource assessment it was concluded that:

Prior to the construction of the proposed off-channel storage dam on the Kwa Nkweme River, a run-of-river scheme on the upper Black Mfolozi River could supply a target abstraction of 18.6ML/day (or 6.8 million m³/a, the projected water requirement for the proposed scheme in 2025) with an annual risk of failure of 64% (recurrence interval of 1:1.6 years). This risk is well above accepted levels for schemes of this increase the supply capability (assurance of supply) of the system.

A storage capacity of 7.9 million m³ (30% of the maximum capacity) is adequate to meet the target abstraction of 6.8 million m³/a. This, however, requires a fairly large diversion works capacity of 0.6m³/s. For a larger dam of 10.6 million m³ (40% of the maximum capacity) diversion works with a capacity of only 0.4m³/s would be adequate to meet the target abstraction.

The option recommended was the construction of a 75m high earth fill dam at estimated construction cost of R370m, but due to the limited geotechnical information available, the level of the dam options investigation (layouts and design) and related cost estimates can be classified as pre-feasibility.

Mandhlakazi, Mkuze and Simdlangentsha Regional Water Supply Area

The Pongola catchment is currently under-utilised and the only catchment area not under stress. This catchment area supplies the Mandhlakazi Regional Water Supply Scheme from Senekal Boerdery via the Jozini Dam.

Due to the high cost involved for the construction of an off-storage Facility for the Usuthu Regional Scheme, the augmentation of the Mandhlakazi and Usuthu Regional Water Supply Schemes is currently investigated. The following items should be considered:

- Alternative sites for the off-channel storage facility should be investigated;
- The possibility to reduce the capacity of the off-channel storage dam on the Kwa Nkweme River should be investigated. The associated risk should be considered;
- The Operational cost should also be considered (including levies payable to Mr Senekal);
- ZDM will have to assess their agreement with Senekal and negotiate upgrading and extensions of the existing agreement if necessary for the Usuthu supply;

- Additional and future DWA water allocations and licences from Jozini Dam; and
- The existing abstraction works at Jozini Dam needs to be investigated.

3.1.4 Ground Water

In general, the overall groundwater quality in the ZDM is good in the northern parts with the water quality in eDumbe, uPhongola and Abaqulusi LMs falling within Class 0 and 1 (Kempster Classification). In the southern parts the water quality is generally poor however, with most boreholes falling in Class 3. It is pertinent to note that a large number of the Traditional Authority areas are situated within these areas of poorer groundwater quality. The deterioration of groundwater quality from west to east, can be ascribed to:

- Declining rainfall from west to east.
- Concentration of dissolved solids from through flow below the Dwyka Formation and coal seams in the Vryheid Formation in the central and eastern regions of the catchments.

The sedimentary rocks that underlie the study area represent a secondary or fractured rock aquifer with negligible primary porosity or permeability. Groundwater storage and movement is therefore mainly confined to fractures and joints that occur within the rock mass and is therefore structurally controlled. The groundwater development potential within each of the quaternary catchments is adequate to meet the basic water demand of rural communities either through:

- Stand-alone basic levels of water supply by boreholes equipped with hand pumps; or
- Limited reticulation schemes through production boreholes that target structural features offering high groundwater development potential.

3.1.4.1 Water Quality

ZDM has developed a water quality reporting system where all water quality test results are captured, and management reports drawn for immediate interventions where needed. ZDM also reports monthly to DWA on water quality results, as part of the DWA regulation process. Schemes that indicate inferior water quality results are then immediately acted upon to resolve such issues. The actual report for each month is available from the ZDM MANZI system on request.

The Blue Drop Assessment also serves to evaluate different aspects of water provision and quality within ZDM. The latest results can be reviewed further-on in this report.

3.1.5 Water Schemes to be Rehabilitated.

There are currently a number of investigations underway to determine the refurbishment requirements of water services infrastructure in the district. The refurbishment requirements at bulk plants are receiving first priority since it is perceived that the most urgent interventions are required at these assets. Investigations are also being commissioned to determine the condition of urban infrastructure and the refurbishment needs in the towns. Whilst new infrastructure has been rolled out in the rural areas to previously neglected communities, the infrastructure in towns have received very little attention and funding since 1994 and it can be expected that most of the refurbishment requirements will be in these areas. The above-mentioned investigations have not yet been fully completed and the results will be included once available.

3.2 WASTEWATER (SANITATION) SERVICES

As mentioned at paragraph 3.5 above, the water and wastewater (sanitation) services function are provided by the Zululand District Municipality in terms of the Water Services Act. The basic functions are intended to upgrade existing sewerage infrastructure (so as to meet future requirements); to extend the wastewater/ sewerage network (provide higher level of service to consumers); to maintain the existing wastewater/sewerage network (ensure adequate rehabilitation and maintenance); to monitor water resources; and, to ensure the prevention of pollution thereof.

3.2.1 Provision of Sanitation Services

The status of the infrastructural backlogs, needs and priorities for water and sanitation can be summarised as follows:

Table 51: Table Showing Sanitation Backlogs (WSDP 2017)

SANITATION	TOTAL HOUSEHOLDS	BACKLOGS	% BACKLOGS	% OF TOTAL BACKLOGS
AbaQulusi LM	46 529	11 718	25.18%	30.83%
eDumbe LM	16 405	4 584	27.94%	12.06%
Nongoma LM	45 713	11 086	24.25%	29.17%
Ulundi LM	46 398	3 420	7.37%	47.51%

uPhongolo LM	28 132	7 199	25.59%	18.94%
Total	183 177	38 007	20.75%	100.00%

The table below sets out a comparison of community's access to sanitation facilities in 1996, 2001 and 2011 (as derived from STATSSA):

Table 52: Community Access to Sanitation Facilities (STATSSA)

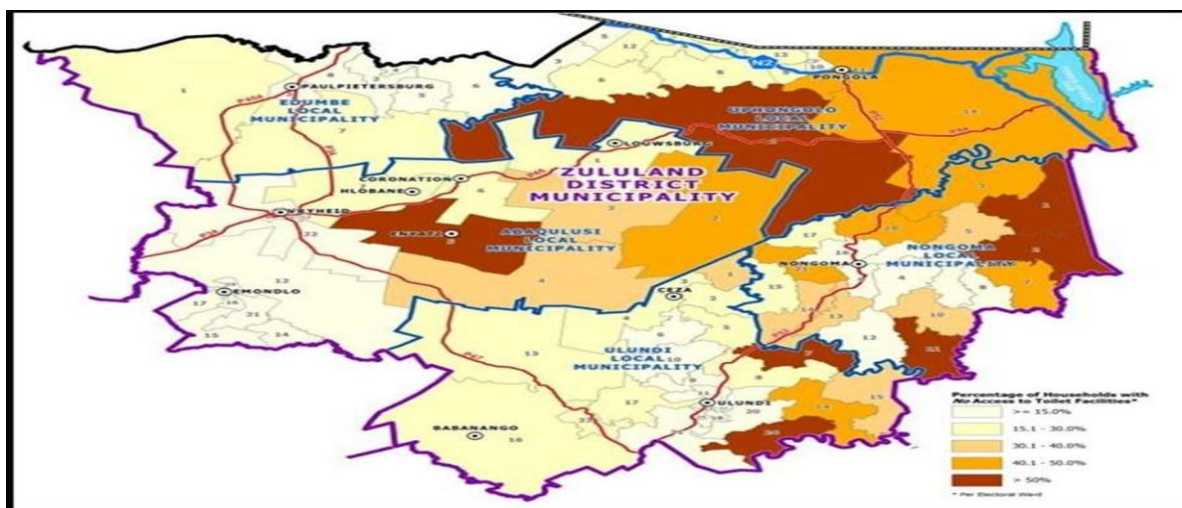
Sanitation Facilities	Year		
	1996	2001	2011
Flush or chemical toilet	18 297	34 984	50 405
Pit latrine	48 412	50 488	68 287
Bucket latrine	1 523	1 002	1 572
None	35 023	54 718	31 272

There has been a dramatic increase between 1996 and 2001 and again between 2001 and 2011 in the number of households who had access to flush or chemical toilets or pit latrines. However, there were still some 31,272 households who indicated that it had no access to toilet facilities. This constituted some 19.8% of the total number of households within the District in 2011.

Source: 2011 Municipal Report

The larger urban areas do have sanitation systems whereas the rural areas rely on septic tanks or pit latrines or no system at all. This places tremendous strain on the environment. Meanwhile there has been an increase in the number of households with access to ablution facilities.

Map 6: Percentage of Households with No Access to Toilets (2011)



The table below shows the level of access by residential consumers to basic sanitation services. uPhongolo Municipality makes up 15.9% of households within the district that have access to sanitation services (WSDP 2016).

Table 53: Level of Access by Residential Consumers to Basic Sanitation Services

	None or Inadequate (Excl. Infills/Replacements)	VIP	Septic tank	Waterborne	TOTALS
		RDP	RDP	>RDP	
AbaQulusi LM	0	0	0	15 283	15 283
eDumbe LM	0	0	498	4 659	5 157
Nongoma LM	0	0	0	1 239	1 239
Ulundi LM	0	0	0	5 520	5 520
uPhongolo LM	0	0	0	3 557	3 557
Total (urban)	-	-	498	30 258	30 756
AbaQulusi LM	8 838	15 914	267	0	25 019
eDumbe LM	0	11 272	199	0	11 723
Nongoma LM	8 547	28 385	0	0	36 932
Ulundi LM	8 311	23 492	42	0	31 845
uPhongolo LM	5 375	15 846	358	0	21 579
Total (rural)	31 071	94 909	866	0	127 098
Total (households)	31 071	94 909	1 364	30 258	157 854

Source: Draft WSDP 2016/2017

3.2.2 Existing and Planned Infrastructure Capacity and Functional Evaluation

As a tertiary node within the province, uPhongolo Municipality functions as a centre providing for community needs at a sub-regional level. Key strategies targeted at the Pongola node and surrounding communities are:

- Promoting provision of sufficient bulk infrastructure services (demand and supply)
- Priority spending on infrastructural Upgrading Needs (new and maintain)

Pongola Poort bulk water scheme - Bulk Water Supply of new bulk water scheme under construction, at a cost of 1,100,000 as part of the long-term infrastructure plan (DWA, Revised Strategic Plan 2015/16 – 2019/20)

Table 54: Summary of the status of service delivery to ZDM and its LMs (2016 Census Stats)

Municipalities	No. of Households	Water		Sanitation		Refuse removal		Electricity	
		Households	%	Households	%	Households	%	Households	%
		Serviced		Serviced		Serviced		Serviced	
Zululand	157748	83978	53%	82569	52%	32274	20%	110055	70%
eDumbe	16138	10400	64%	11570	72%	3344	21%	10127	63%
uPhongolo	28772	15026	52%	12334	43%	5563	19%	21004	73%
Abaqulusi	43299	30604	71%	25590	59%	17985	42%	31223	72%
Nongoma	34341	9435	27%	12088	35%	1461	4%	21851	64%
uLundi	35198	18513	53%	20988	60%	6922	20%	25850	73%

3.2.3 Regional Water Schemes

There are 10 regional water schemes that have been developed to roll-out water supply to the entire Zululand District Municipality). The schemes are listed hereunder and depicted in the map immediately below:

- Coronation ; Hlahlindlela ; Khambi ; Mandlakazi ; Nkonjeni ; Simdlangentsha East (uPhongolo); Simdlangentsha Central ; Simdlangentsha West; Usuthu ; Candover

Each regional scheme footprint has a sustainable water source from where infrastructure is being rolled out progressively to all households within the supply area. The supply footprints have been identified such that water can be provided to all households within the area in a sustainable manner and at the lowest possible cost (R/kl).

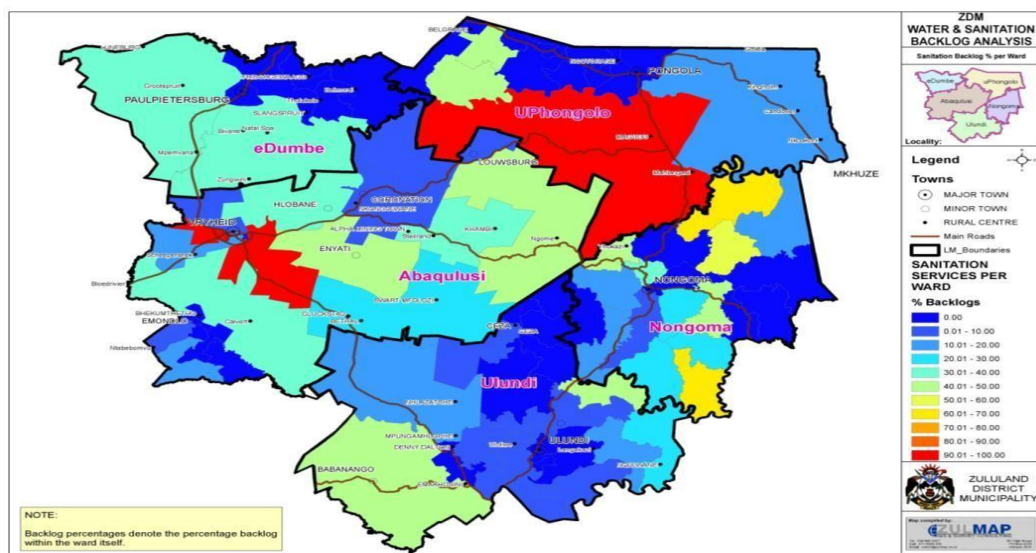
Table 55: Sanitation Backlogs

	Inadequate (Excl. Infills/Replacements)	VIP	Septic tank	Waterborne	TOTALS
		RDP	RDP	>RDP	
AbaQulusi LM	0	0	1035	14 965	16 000
eDumbe LM	0	2981	498	1 979	5 458
Nongoma LM	0	283	0	349	632
uLundi LM	0	635	0	5 277	5 912
uPhongolo LM	0	698	0	3 311	4 009
Total (urban)	-	4 597	1 533	25 881	32 011
AbaQulusi LM	8 098	22 597	424	0	31 119
eDumbe LM	1 288	10 629	266	0	12 183
Nongoma LM	10 755	32 989	0	0	43 744
uLundi LM	3 222	35 801	52	0	39 075
uPhongolo LM	7 223	17 951	336	0	25 510
Total (rural)	30 586	119 967	1 078	0	151 631
Total (households)	30 586	124 564	2 611	25 881	183 642

Source: ZDM WSDP, 2020

The table indicates sanitation backlog within the ZDM and in each of the local municipalities. While none of the urban settlements has inadequate access to sanitation, the situation in the rural areas is completely different. 30 586 rural households have inadequate access to sanitation. The majority of these are in Nongoma, Abaqulusi and uPhongolo Local Municipalities.

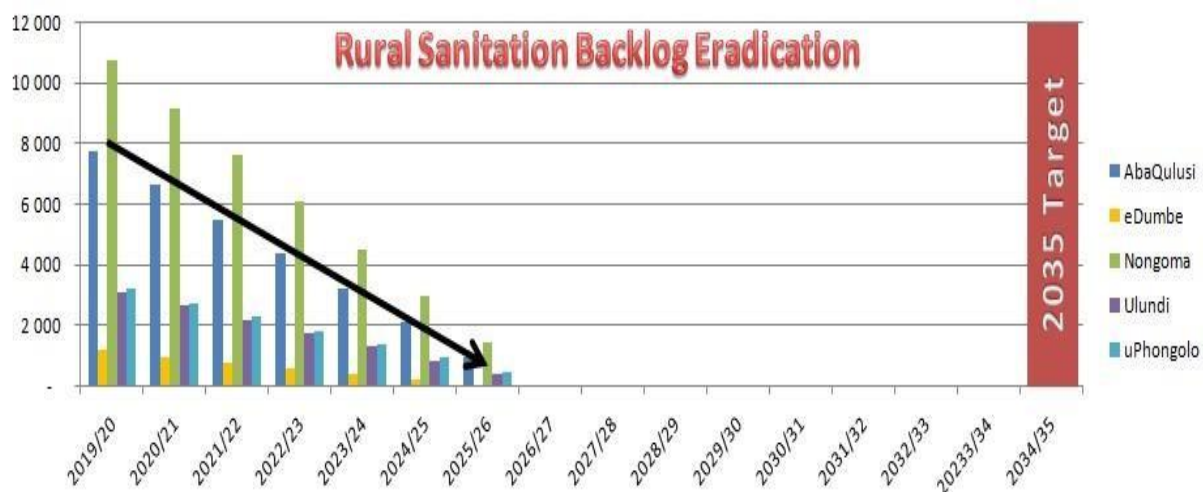
Map 6: Sanitation Backlog



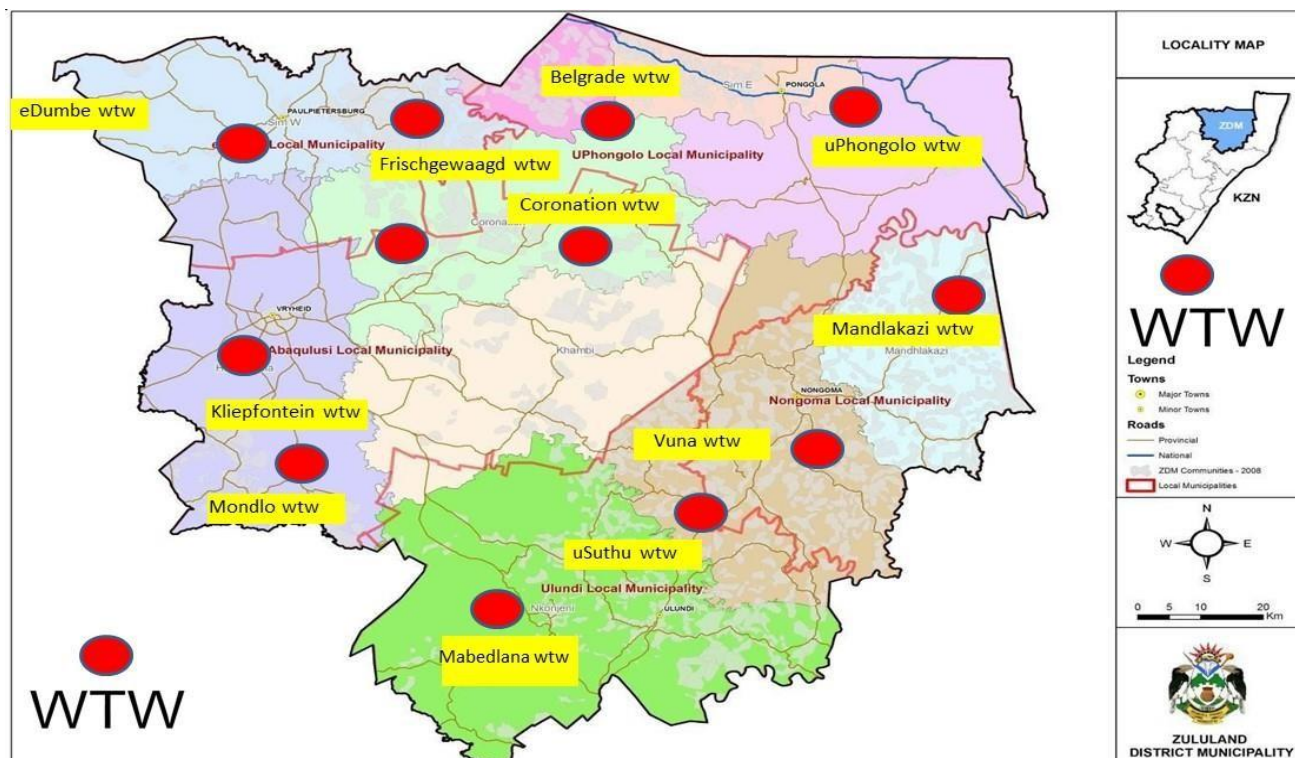
Source: ZDM WSDP, 2020

The figure below depicts the estimated time it will take to eradicate all sanitation backlogs below RDP standard if current Municipal Infrastructure Grant (MIG) funding allocations remains constant. With the 2035 goals in mind, the backlogs in rural sanitation should be eradicated by 2026. However, settlements are continuously expanding, and household growth will maintain an increase in the future.

Figure 4:: Rural Sanitation Backlog Eradication



Map 7: The Spatial Distribution of Water Treatment Works in Zululand.



The map above and the table below demonstrate the functional capacity of the water treatment works as a result of the protracted drought. It must be emphasised that these figures are as of November 2015.

Table 56: The Functional Capacity of the Water Treatment Works

LOCAL MUNICIPALITY	WATER TREATMENT FACILITY NAME WATER SOURCE	
eDumbe	eDumbe	eDumbe Dam
eDumbe	Frischgewaagd	uPhongolo River
Abaqulusi	Klipfontien	Klipfontein Dam
Abaqulusi	Mondlo	Mvunyana Dam
uPhongolo	Belgrade	Monzana Weir
Ulundi	Mabedlana	White Mfolozi
Nongoma (Usuthu)	Vuna/Vukwana	Vuna Dam
Nongoma (Mandlakazi)	Mandlakazi	Jozini
Nongoma	Usuthu	Black Mfolozi
uPhongolo	uPhongolo	uPhongolo River
Ulundi	Mabedlana	White Mfolozi
Abaqulusi	Khambi	Khambi
Abaqulusi	Coronation	Coronation Dam
Abaqulusi	eNyathi	Spring
RISK CATEGORY	MODERATE (25 – 50%)	LOW (>50%)

3.4 ELECTRICITY SERVICES

uPhongolo Municipality applies GRAP 109 for the INEP projects and therefore acts as an agent. There are no income and expenses that are recognised. The Municipality is an electricity/energy provider to its communities. However, electricity within the uPhongolo Municipality is sourced through connection to the Eskom grid or non- grid electricity.

3.4.1 Energy Sector Plan

The Municipality's energy/electricity plan was adopted by Council in 2022/2023 financial year and a reviewed project list for 2022/2023 financial year will be submitted to ESKOM in due course. The energy/electricity plan is being implemented in terms of the said plan taking into cognisance the approved budget.

3.4.2 Operations and Maintenance Plan for Electricity

An Operations and Maintenance Plan for electrification has been drafted for implementation in 2023/2024.

3.4.3 Schedule 5.B Projects (Doe Funding)

In line with the Electricity/Energy Plan, the Municipality received funding for the implementation of electricity projects from the Department of Energy.

3.4.4 The Status, Backlogs, Needs and Priorities for Electricity/Energy Services

Whilst the rural areas within uPhongolo Municipality do not have adequate electricity, the urban areas enjoy abundant supply of electricity. This state of affairs has a negative bearing to the rural schools and healthcare facilities, for instance. However, new projects are being commissioned in uPhongolo. The projects are:

Table 57: Electricity Projects

Project Name		Status	Construction Start Date	Completion Dates
1 Pongola - Candover	132 kV line	EIAs expected in June 2018	2020	2021
2 Golela Border post	20 MVA 132 kV SS	Conceptual Stage	2023	2024
3 Tholulwazi	132/22 kV 20 MVA Est	Conceptual Stage	2023	2024

Table 58: INEP Projects

Electrification Projects (INEP)	Adjusted Budget 2020/2021	2021/2022	2022/2023	2023/2024
	7 000 000,00	15 000 000,00	8 000 000,00	15 000 000
Ntshiyangibone & Ereyini Ward 11 & 05	7 000 000,00	-	-	
Esigungwini Electrification Ward 11	-	15 000 000,00	-	
Madanyini, Mboloba, Sdakeni & Deckville Ward 09, 10, 02, 07 & 15	-	-	8 000 000,00	
Klipwaal, emvunyaneni, Mavithi & Mdiyane Ward 04, 06, 11 & 03	-	-	-	

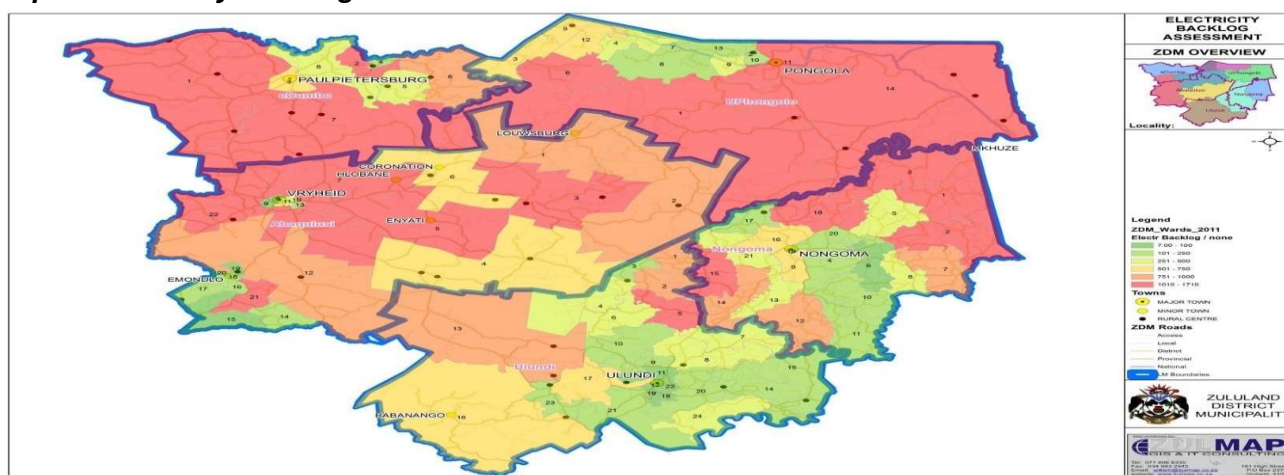
3.4.5 Electricity/Energy Backlogs

Energy provision focuses on rural backlogs as urban electricity is provided as part of municipal services. The details obtained for electricity provision and backlogs have been obtained from the Census 2011 figures, as can be seen in table below.

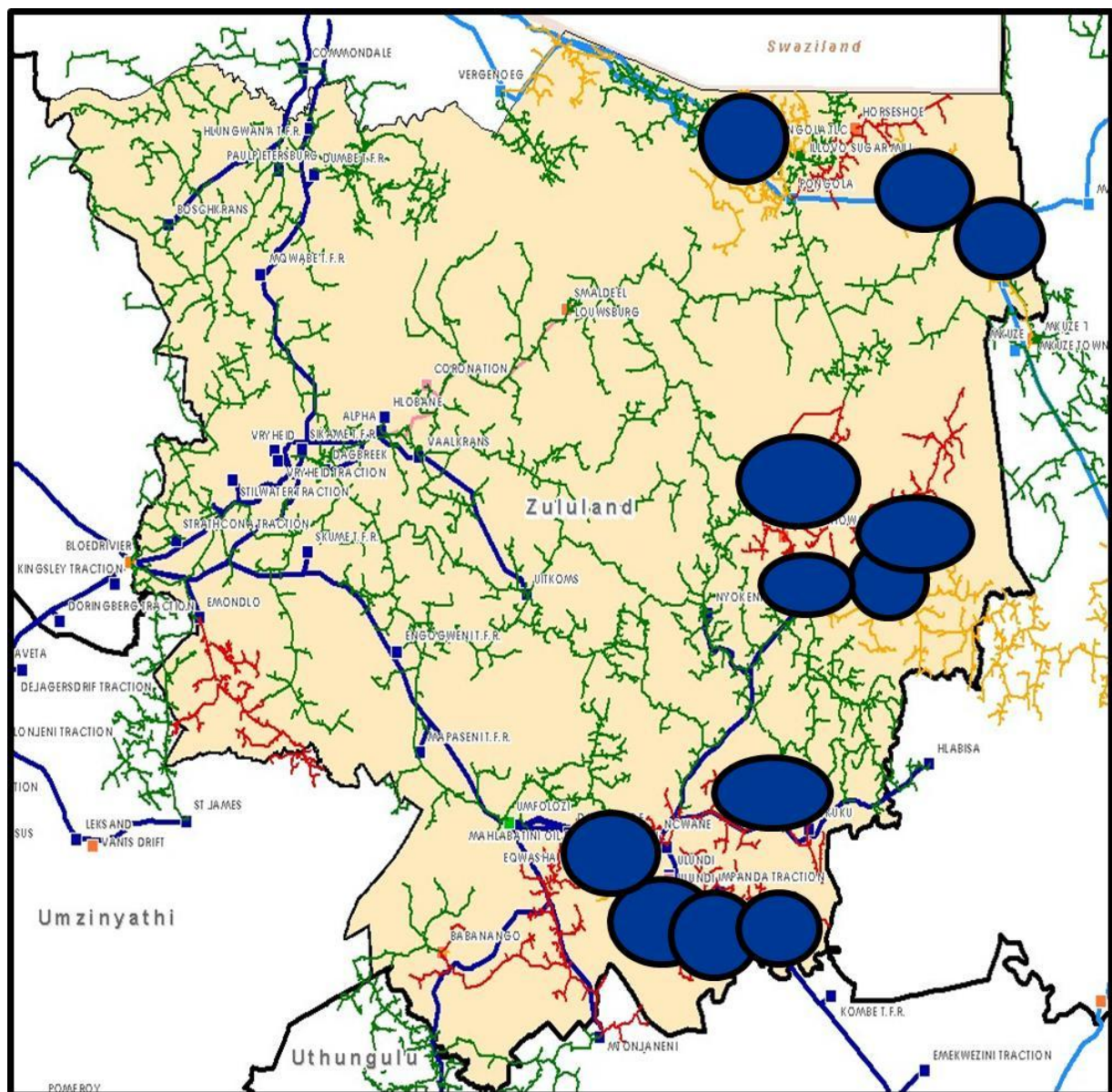
Table 59: Energy Backlogs Per Municipality

Total Electricity	No. of Households	No of Households Electrified	Percentage Backlog	Backlog Per LM
KZN263: Abaqulusi	43,299	31,223	12,076	28%
KZN261: eDumbe	16,138	10,127	6,011	37%
KZN262: uPhongolo	28,772	21,004	7,768	27%
KZN265: Nongoma	34,341	21,851	12,490	36%
KZN266: Ulundi	35,198	25,850	9,348	27%
Total	157,748	110,055	47,693	30%

Map 8: Electricity Backlog Assessment



Map 9: Zululand District Municipality Electricity Network Constraints



Source: Eskom (2019)

The projects set out by the Department of Energy have been implemented as follows:

- KwaMbhucu, Enkanjini and Emagiqweni – 304 connections;
- Ncontshane new RDP houses – 488 connections; and
- Ward 7 infills type 1 and 2 – 500 connections and will be completed in June 2018.

The Municipality has endured monetary losses due to the poor distribution of electricity through ageing infrastructure and poor maintenance. In an endeavour to mitigate this, the Municipality appointed service providers in 2017 to assist with metre reading and metre sweeps will be conducted to determine metres that have been bypassed or bridged illegally.

3.4.6 Municipal Co-ordination of Development Activities

The Municipality has been successful in its endeavour to co-ordinate its developmental activities with relevant sector departments and service providers. The primary role of the Municipality is to facilitate the delivery of services to its communities. It is therefore imperative for the Municipality to understand the extent to which households in its area of jurisdiction have access to the various services that are essential for their livelihood including electricity.

3.5 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL AND RECYCLING)

Sustainable waste management practises are more than often faced with challenges and need to be reviewed on a continuous basis to address these challenges and mitigate any risks. Waste minimisation and diversion initiatives are key to decrease the amount of waste being disposed at the waste disposal facility in Wellington. The main objective of this section is to manage the waste generated in the municipal area, in compliance to the license conditions of its facilities and the National Norms and Standards.

Public open spaces in high density areas are more than often used as illegal dumping sites. Although basic refuse collection services are delivered in these areas, the increase in informal structures and the presence of backyard dwellers, contribute to waste not being disposed of in the appropriate manner. A lack of environmental, sanitation and waste awareness often influence the way communities manage their waste.

The Wellington Disposal Facility has limited airspace available and methods to extend the lifespan of the facility is currently investigated. A waste characterization study was performed to analyse the municipal waste stream, which will assist in the strategic planning to implement the best suitable plans.

3.5.1 Waste Collection Services

The Integrated Waste Management Planning forms a critical part of the framework for local government and needs to be undertaken in accordance with the roles and responsibilities as prescribed for local government in the Constitution of the Republic of South Africa. The National Environmental Management: Waste Act 2008 (as amended by Act 26 of 2014) further describes the legal requirements for local government authorities to put in place Integrated

Waste Management Plans with a view to inform planning and budgeting in respect of waste management within a particular Municipality.

The over-arching purpose hereof is to ensure that Waste Management Planning within the local municipalities is aligned with National Policy and Standards. Furthermore, it must be sustainable, practical, implementable and acceptable to all key role players and parties expected to implement the plan and that appropriate management frameworks and capacity are in place for the local municipality to discharge its responsibilities for delivery of waste management services. It follows, therefore, that uPhongolo Municipality is thus responsible for solid waste management within the municipality.

3.5.2 The Status Backlogs, Needs and Priorities for Solid Waste Collection, Removal and Disposal

Landfill sites are developed and managed by means of the Landfill Permit System, instituted in terms of the provisions of Section 20 of the Environment Conservation Act (ECA) (Act No. 73 of 1989), which requires that Minimum Requirements are implemented and enforced. The Act states that no person shall establish, provide or operate any disposal site without a permit issued by the Minister of Water and Environmental Affairs and subject to the conditions contained in such a permit. This applies to all new and operating sites. Un-permitted closed sites may be controlled in terms of Section 31A of the ECA.

The permit holder/landowner in the case of non-permitted sites is ultimately responsible and accountable for the landfill and any effect it may have on the receiving environment. He/she may appoint a Responsible Person to operate the site in accordance with the Minimum Requirements. The

Responsible Person must be qualified to the satisfaction of the Department of Water and Environmental Affairs and must be capable of understanding and correctly applying the Minimum Requirements.

The Minimum Requirements for Waste Disposal by Landfill, second edition published by the Department of Water and Environmental Affairs in 1998, allows for different classes of landfill sites based on size, type and potential threat to the environment. uPhongolo Municipality has a registered waste disposal facility which complies with the standards of the Department of Water and Environmental Affairs. There are 2 waste disposal/ landfill sites in the uPhongolo Municipality. uPhongolo Municipality's status and database of existing facilities is shown in the following table:

Table 60: Status and Database of Existing Facilities in uPhongolo Municipality

uPhongolo Disposal site/ Landfill	DWAF Permit status	Monthly waste disposed	Description of wastes disposed	Expected Lifespan	Prioritised in the IDP
uPhongolo Landfill	Permitted (GSB)	1058.8 tons	Domestic refuse	15 years	No
Belgrade Illegal Disposal Site	Not Permitted	2 tons	Domestic and garden refuse and builder's rubble	Unknown	

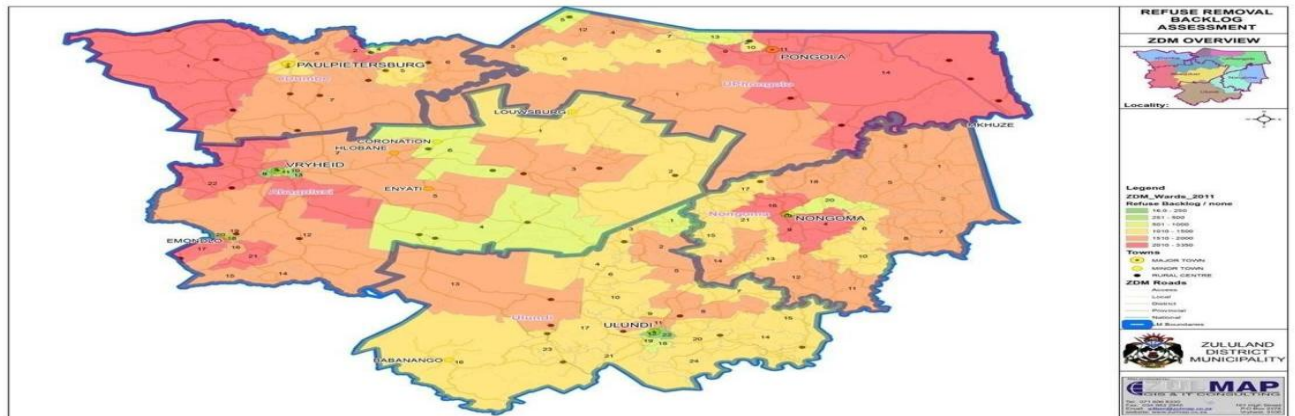
Table 61: Refuse Removal Backlogs Per Municipality

REFUSE	Total Households	No of H/H with refuse removal	No of H/H Backlog	%	Backlog per LM
KZN263: Abaqulusi	43,299	25,688	8,255		59.33%
KZN261: eDumbe	16,138	12,738	3,640		78.93%
KZN262: uPhongolo	28,772	22,245	3,868		77.31%
KZN265: Nongoma	34,341	32,769	4,021		95.42%
KZN266: Ulundi	35,198	28,309	8,367		80.43%
Total	157,748	121,749	28,151		77.18%

3.5.3 Refuse Removal Backlog Assessment

The Zululand District Municipality conducted a Waste Disposal Regionalisation Study in 2007 to investigate various options for resolving the issue illegal waste disposal sites that require closure owing to their illegality. Recommendations that emanate from the study include the regionalisation of waste disposal, which include regional waste disposal sites in Vryheid and Ulundi, with some sites being used as transfer stations. The map below indicates the solid waste refuse removal backlog spatially:

Map 10: Refuse Removal Backlog Assessment



3.5.4 Ownership of Waste Disposal Sites

uPhongolo Municipality owns two (2) waste disposal facilities namely: Mkhuze Disposal Site and uPhongolo Landfill Site. The former is utilised by Jozini Municipality whilst uPhongolo Municipality utilises the latter. There are discussions underway between Jozini and uPhongolo Municipalities with regard to the operation and lease agreement). In the circumstances, both landfill sites are operational and licensed accordingly.

3.5.5 The State of Waste Disposal Site

There are four important factors in this regard that have a direct impact on the state of waste disposal sites namely Engineering, Auditing, Lifespan and Licensing. Together these factors assist the Municipality to determine whether or not the state of the waste disposal site is conducive for and in compliant with the applicable legislation. It is worth noting that currently only the uPhongolo and Jozini Sites are operational and licensed to operate. However, uPhongolo Municipality only uses one of the two sites since the other one is used by Jozini Municipality, having leased same to the latter Municipality.

3.5.6 Collection of Solid Waste Management

uPhongolo Municipality currently collects waste in Ncotshane Township, Belgrade, Golela and Magudu residential areas (semi-urban areas) as well as the uPhongolo Town and industrial areas. Waste disposed on a monthly basis consists of garden refuse, domestic waste, builders' rubble and sawdust.

The following tons of waste are produced in the following areas per day/week.

Table 62: Waste Produced and Collected

Area	Tons per Week
Belgrade	6 tons/week
uPhongolo	25 tons/day

3.5.6 Solid Waste Challenges

- A need for infrastructural support such as a good road network and waste transport system.

3.5.7 Integrated Waste Management Plan

The municipality has a Draft Integrated Waste Management Plan in place. Currently, public participation process has started and will be tabled to Council when the public participation process has been concluded.

Progress of Implementation: Integrated Waste Management Plan

The Draft Integrated Waste Management Plan has an implementation plan in place with projects such as (i.e. operation of landfill site/s, waste collection, provision of waste bins and skips at strategic locations, compactor trucks and tractors, waste recycling, refuse bags, illegal dumping, etc.) are being implemented. The Municipality has intentions to ensure that by-laws applicable for waste management are passed during 2024/2025 financial year.

Waste Diversion

uPhongolo Municipality has considered and recognised the immense potential value that can be derived from waste diversion. The Municipality has then decided to explore this potential by, amongst others, entering into agreement with Hlanganisani Izibi Waste Recycling. The essence of the agreement is to oversee the waste diversion program within uPhongolo and create employment opportunities for members of the local communities. It is envisaged that in line with the spirit of waste diversion, the following shall form part of the processes: waste recycling, waste reduction, waste reuse and separation of waste products. Waste diversion shall ensure a longer life term for the landfill site.

3.6 HOUSING

The Housing and Human Settlements Division of the Municipality is located in the Department: Community Development. It consists of two sections, namely Housing

Projects and Technical Support Services and Rental Stock and Housing Demand and Operations.

3.6.1 Housing Administration

The Housing Administration Section is responsible for the management and maintenance of over 1000 rental units, the management of the housing demand data base (i.e. the waiting list for housing opportunities) and maintenance of basic services to informal settlements.

uPhongolo Municipality has completed its review for Housing Sector Plan dated March 2022/2023. The Housing Sector Plan (HSP) is a policy framework that undertakes a strategic analysis of housing issues and introduces a number of objectives, strategies and programmes to facilitate the development of sustainable human settlements. It is meant to guide the municipality in performing its functions and implementing its role as articulated in the National Housing Act, No. 107 of 1998 and in Section. The purpose and objectives of the HSP are:

- To ensure that there is a definite focus on human settlements in the IDP and provide for a link between integrated development planning and the practical delivery of housing;
- To facilitate the reduction of the housing backlog in line with norms and standards in the human settlements sector;
- To facilitate the development of sustainable human settlements;
- To provide greater spatial linkages between the spatial development framework and the physical implementation of projects on the ground;
- To provide a formal and practical method of prioritizing housing projects;
- To ensure the effective allocation of limited resources (specifically financial and human) to a large pool of potential development interventions; and
- To facilitate rapid and cost-effective release of land for human settlement development purposes.

The reviewed uPhongolo Housing Sector Plan was used by the Department of Human Settlements to assess projects and allocate funds in the short to medium term, as well as monitor progress against national housing targets. In addition, it will inform planning at a strategic level and facilitate alignment between bulk infrastructure development and housing delivery. The HSP will provide information on the programmes of the Department of Human Settlements available for delivery in the context of uPhongolo Municipality. The aim is to move beyond the provision of basic shelter towards achieving the broader vision of sustainable human settlements and efficient spatial systems.

The plan will need to be reviewed periodically to identify emerging gaps, update information and consider changes in the human settlements sector, emerging (new) human settlement needs in the uPhongolo Municipality, changes in development trends and progress made in the implementation of the plan.

3.6.2 UPhongolo Municipality as Housing Developer for Human Settlements

The constitutional responsibility for housing delivery lies with National and Provincial Government. However, section 9(2)(a) of the Housing Act provides for the participation by municipalities in national housing programmes by, amongst other things, acting as a developer in respect of the planning and execution of a housing development project, facilitating and supporting the participation of other role players in the housing development process, or administering any national housing programme in respect of its area of jurisdiction in accordance with section 10 of the Act. uPhongolo Municipality is thus the developer for human settlements in its area of jurisdiction and is dependent on bulk infrastructure that is planned, co-ordinated and implemented at the district level.

The uPhongolo Municipality intends to work towards capacitating itself to apply for Level 1 accreditation, to be able to inherit more functions with regards to housing and be provided with accreditation funding to administer those functions.

3.6.3 Housing Sector Plan

uPhongolo Municipality has completed its review for Housing Sector Plan dated March 2020.

3.6.4 Alignment of Housing Sector Plan to KZN Human Settlements Spatial Master Plan (2030)

The reviewed uPhongolo Municipality Housing Sector Plan, March 2020 is aligned with the KZN

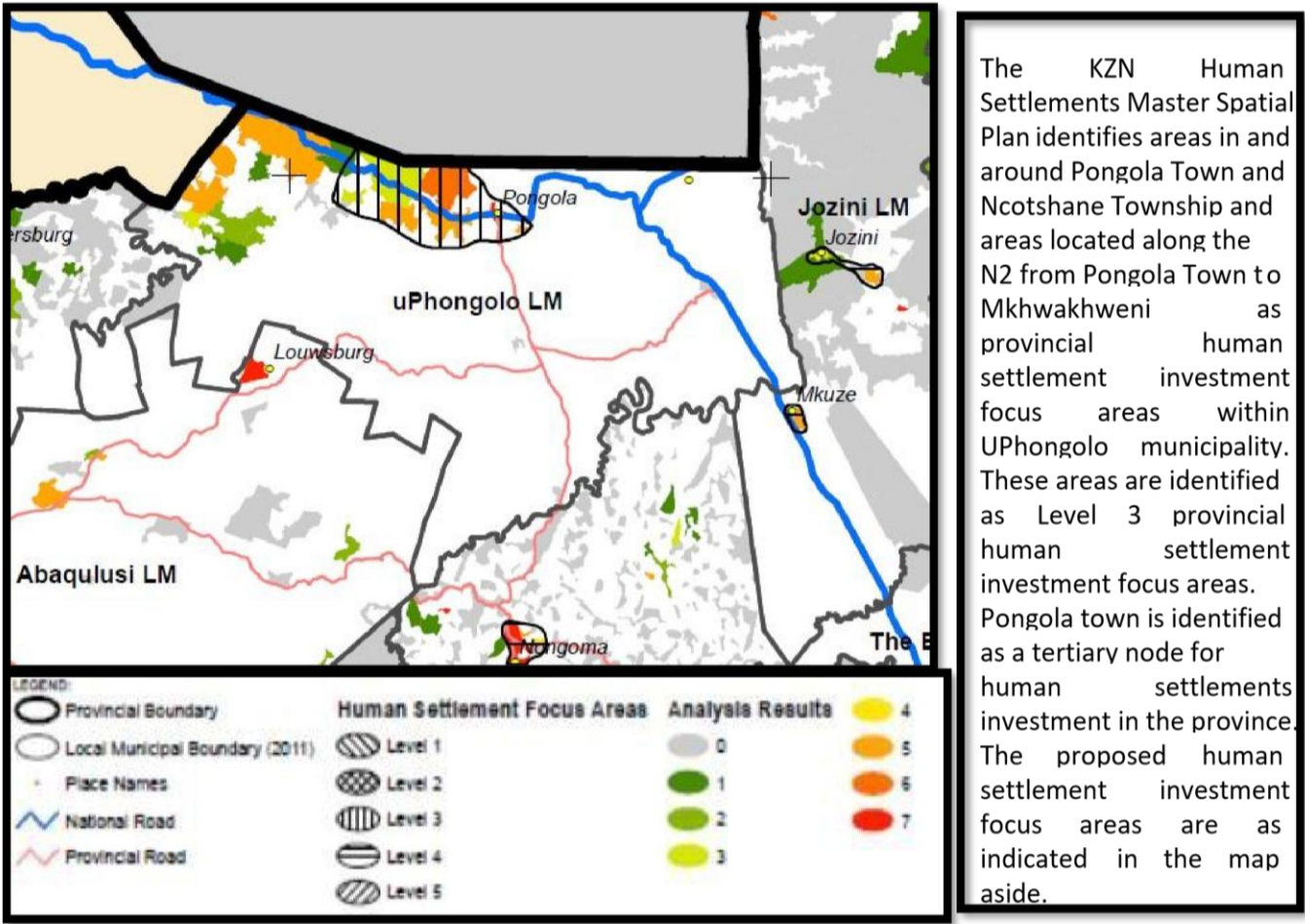
Human Settlements Spatial Master Plan. The KZN Provincial Master Spatial Plan aims to translate the Provincial Growth and Development Plan into a detailed implementation plan for assisting with the identification of suitable land for housing delivery in the province. It focuses on strategic goal 3 (Human and Community Development) and strategic objective 3.4 of the PGDP which talks to the promotion of sustainable human settlements. The plan

broadly identifies focus areas for investment in human settlements in the province, in alignment with the Provincial Spatial Development Framework.

The plan identifies areas in and around Pongola Town and Ncotshane Township and areas located along the N2 from Pongola Town to Mkhwakhweni as provincial human settlement investment focus areas within uPhongolo municipality. These areas are identified as Level 3 provincial human settlement investment focus areas.

Pongola town is identified as a tertiary node for human settlements investment in the province. It is noted that some areas within the municipality are not identified as provincial human settlement investment focus areas, but this does not mean that no human settlement development will be supported outside the identified focus areas. It is acknowledged that these areas also have communities in need of land for housing and that meet the norms and standards of the Department of Human Settlements.

Map 11: KZN MSP HS Investment Focus Areas



Source: uPhongolo Municipality Housing Sector Plan, March 2020

3.6.5 Housing Chapter Highlighting Housing Needs and Planned Projects

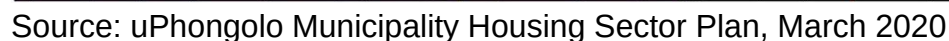
The uPhongolo HSP aims to serve as the “Housing Chapter” to be included in the municipality’s IDP. The preparation of such Housing chapter allows the uPhongolo LM to address the need for housing holistically in an integrated manner. The HSP aims to facilitate the creation of sustainable human settlements and provide a range of housing products in safe, accessible and affordable locations. Its objectives include:

- To respond to the housing need.
- To serve as a guiding framework for the planning and implementation of human settlement projects.
- To accelerate human settlement development in line with the national and provincial policy directives.
- To facilitate rapid and cost-effective release of land for human settlement development purposes.
- To build capacity for effective human settlement development.
- To embrace informality and work towards the eradication of slums
- To contribute towards spatial transformation and the creation of sustainable, integrated human settlements. The Housing Chapter provides guidelines that recommend the IDP processes and activities that form part of the analysis thereof. The guidelines include the following:

- ⇒ An analysis of service gaps and resource potentials;
- ⇒ A participatory-based community and stakeholder level analysis;
- ⇒ Cross-sectoral municipality-level analysis in respect of (a) economic, (b) environmental, (c) institutional, (d) spatial and (e) socio-economic matters;
- ⇒ The prioritisation of issues; and □ In-depth analysis of issues.

It is through this process that issues that affect development in the Municipality can be identified and explored. It is therefore safe to hold that the IDP has incorporated the Housing Chapter as recommended and envisaged by the Part 3 of the Housing Code.

Map 12: Existing Housing Projects



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Table 63: Development Strategies

No.	PRIORITY ISSUE / FOCUS AREA	STRATEGIC GOAL / OBJECTIVE	DEVELOPMENT STRATEGIES / ACTIONS
1	Sustainable and integrated development	To facilitate spatial integration and the development of sustainable human settlements	• Prioritise projects located within development nodes and along development corridors identified in the Spatial Development Framework • Ensure effective and efficient processes in planning for sustainable human settlements. • Ensure that housing development is economically, • socially as well as financially affordable and sustainable • Promote densification in human settlement projects. • Promote diversification in housing typologies and encourage the development of mixed income housing. • Promote inclusionary housing, whereby a proportion of market-related units within a new residential development is allocated to affordable units for low-income households.

2	Land identification and release	To ensure efficient identification, acquisition and release of land for human settlements development	• Undertake a detailed land audit and create a database of all potential land based on the criteria defined in section. • Identify suitable land for development of human settlements, in the short, medium or long term, with a particular focus on land around Pongola Town. • Initiate and action any land acquisition and land release processes that may be required • Undertake pro-active actions of making land ready for future housing development. • Facilitate private public partnerships (PPPs) and negotiate with private landowners regarding land for strategic human settlement projects. • Solicit the services of the Housing Development Agency for assistance with land acquisition

Addressing this housing need requires a tailor-made, focused approach, one that uses one or a combination of the following three broad categories of housing delivery:

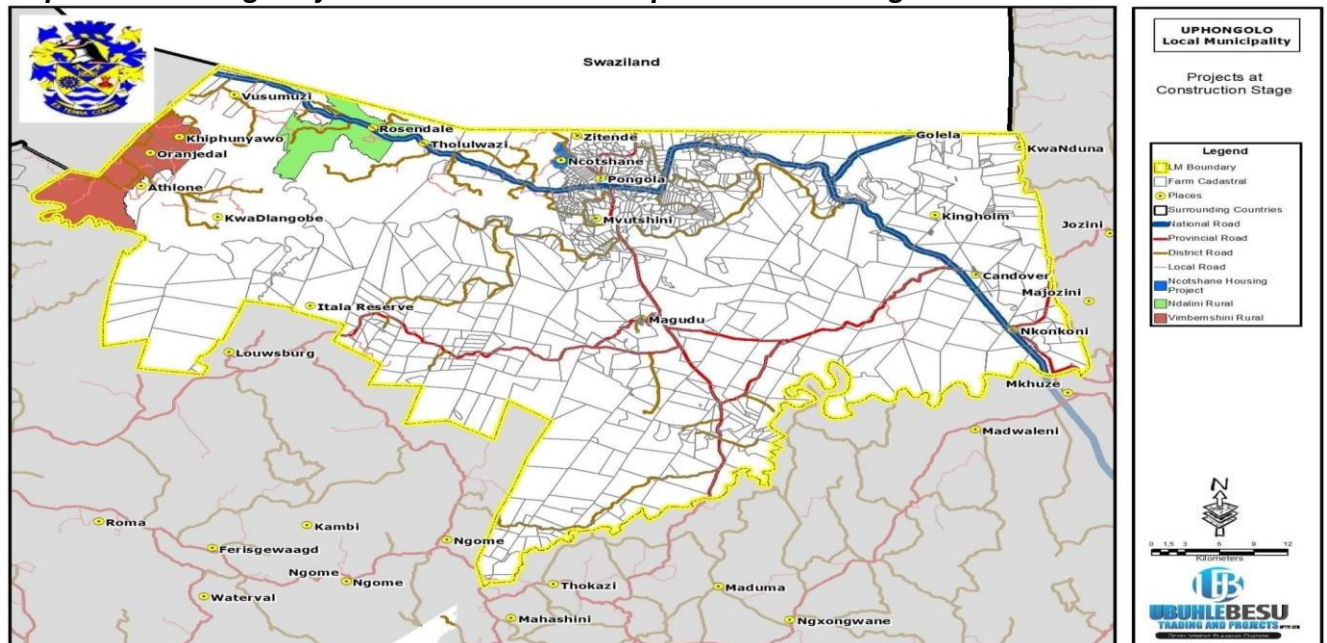
- ✦ To provide integrated, functional residential development that is complemented necessary social and economic amenities.
- ✦ The provision of tenure: The provision of tenure basically involves a Township Establishment process, which includes designing the layout, drafting the application and submitting it to Council, an EIA process, and surveying the township.
- ✦ The supply of essential services: The supply of essential services is an engineering aspect and involves the design and implementation of engineering services (water, sanitation, electricity and roads).
- ✦ The construction of top structures: The third component of housing and tenure delivery is the construction of top structures.

The Municipality's future housing projects go beyond the delivery of housing units and focus on the creation of sustainable communities and settlements. This includes improving access to basic services, social/public facilities and creating opportunities for economic development.

Table 64: Projects at Construction / Implementation Stage

PROJECT NAME	NO. OF UNITS	WARD	PROGRAMME	ESTIMATED BUDGET	2022/23	2023/24
KwaLubisi Rural Housing Project	500	7	Rural Housing	R55 473 500,00	✓	✓
Ndalini Rural Housing Project	1000	4	Rural Housing	R110 947 000,00	✓	✓
Vimbhemshini Rural Housing Project	1000	3	Rural Housing	R110 947 000,00	✓	✓
Ncotshane Housing Project	400	10	IRDP	R65 140 904,00	✓	✓

Map 13: Indicating Projects at Construction/Implementation Stage



Source: uPhongolo Municipality Housing Sector Plan, March 2020

Table 65: Indicating Projects at Pre-Planning / Planning Stage

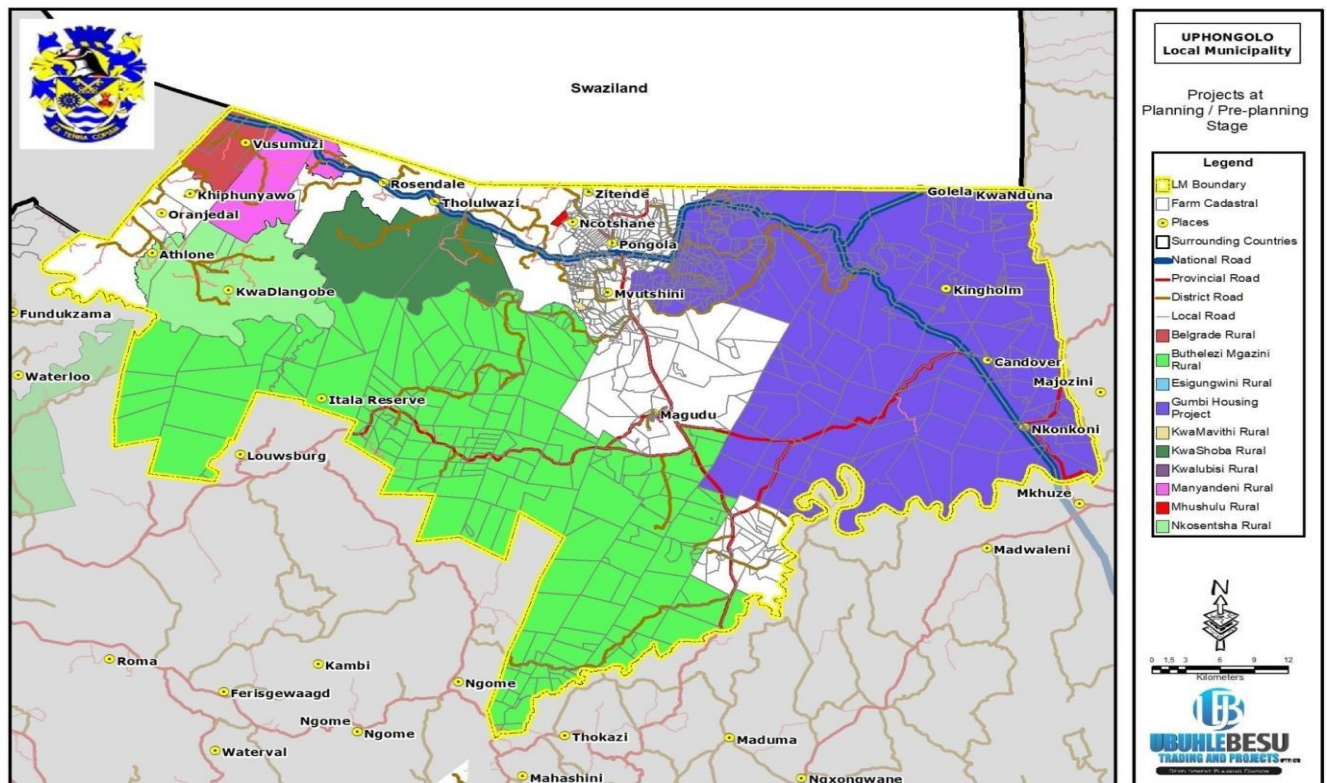
PROJECT NAME	NO. OF UNITS	WARD	PROGRAMME	ESTIMATED BUDGET	2022/23	2023/24
Belgrade Urban Housing Project	1000	5	IRDP	R162 852 260,00	✓	✓
Belgrade Rural Housing Project	1000	5	Rural Housing	R110 947 000,00	✓	✓
Sgungwini Urban Housing Project	500	11	IRDP	R81 426 130,00	✓	✓
Msuzwaneni Rural Housing Project	250	9	Rural Housing	R27 736 750,00	✓	✓
Mphafeni Rural Housing Project	250	9	Rural Housing	R27 736 750,00	✓	✓
Pongola Portion 435 CRU	500	10	Community Residential Units	R150 000 000,00	✓	✓
Magengeni Rural Housing Project	500	13	Rural Housing	R55 473 500,00	✓	✓
Ntshiyangibone Rural Housing Project	500	11	Rural Housing	R55 473 500,00	✓	✓
Mkhwakhweni Rural Housing Project	500	13	Rural Housing	R55 473 500,00	✓	✓
Mhushulu Rural Housing Project	500	13	Rural Housing	R55 473 500,00	✓	✓
Nkosesntsha Rural Housing Project	1000	6	Rural Housing	R110 947 000,00	✓	✓
KwaShoba Rural Housing Project	1000	8	Rural Housing	R110 947 000,00	✓	✓
Buthlezi/Mgazini Rural Housing Project	1000	1	Rural Housing	R110 947 000,00	✓	✓
Manyandeni Rural Housing Project	1000	12	Rural Housing	R110 947 000,00	✓	✓
Ncotshane Section C Housing Project		10 & 2			✓	✓
Mdonini Rural Housing Project	250	9	Rural Housing	R27 736 750,00	✓	✓
Mahlangosi Rural Housing Project	686	14	Rural Housing	R76 109 642,00	✓	✓

Pongola Portion 419		10	IRDP		✓	✓
Mboloba Rural Housing Project	500	10	Rural Housing	R55 473 500,00	✓	✓
Mavithi Rural Housing Project	500	11	Rural Housing	R55 473 500,00	✓	✓
Mhushulu Rural Housing Project	500	13	Rural Housing	R55 473 500,00	✓	✓

Table 66: Indicating Pipeline Projects

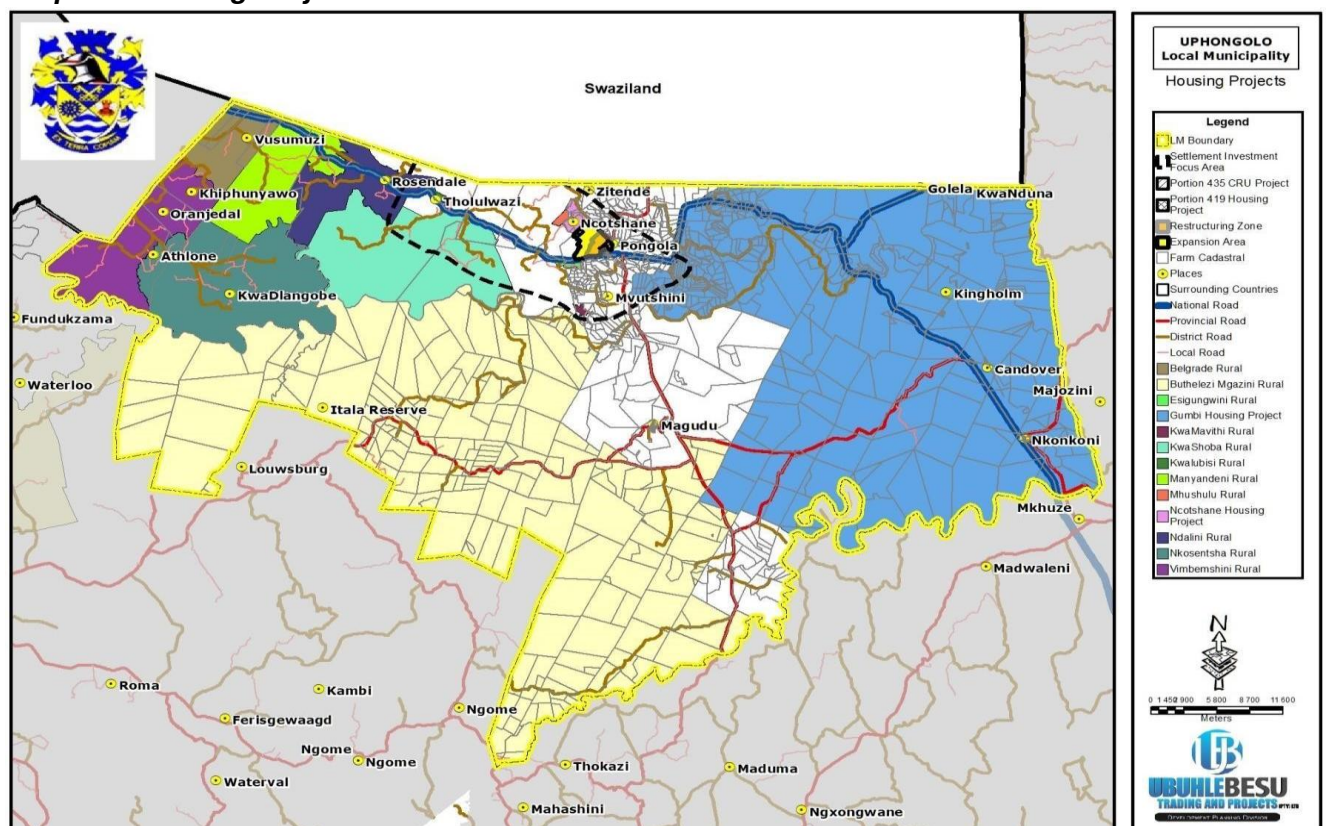
PROJECT NAME	NO. OF UNITS	WARD	PROGRAMME	ESTIMATED BUDGET	2022/23	2023/24
Pongola Town IRDP Housing Project	500	10	IRDP	R81 426 130,00	✓	✓
Pongola Town Social Housing Project	300	10	Social Housing	R120 000 000,00	✓	✓

Map 14: Indicating Projects at Pre-Planning / Planning Stage



uPhongolo Municipality Housing Sector Plan, March 2020

Map 15: Housing Projects



Source: uPhongolo Municipality Housing Sector Plan, March 2020

3.6.7 Level of Services and Backlogs

The uPhongolo Municipality Housing Vision:

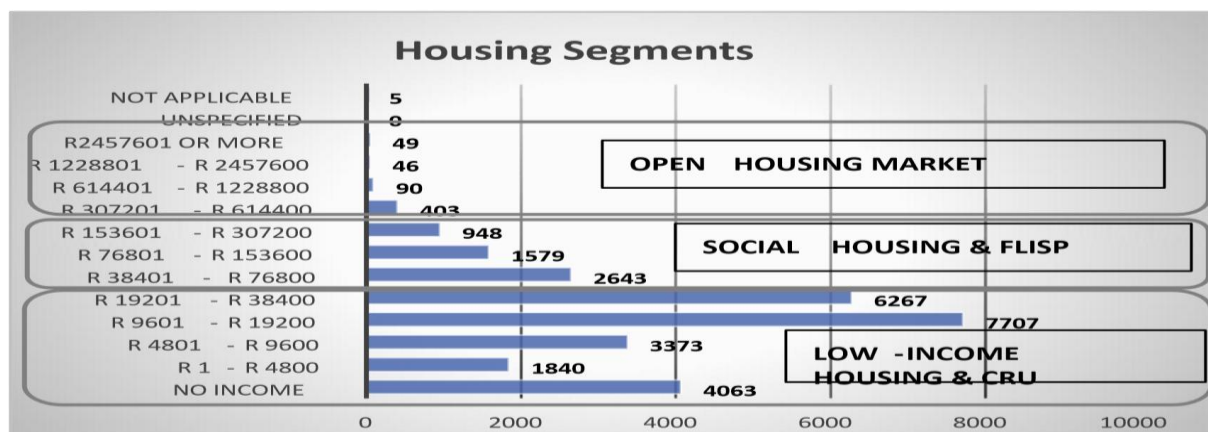
“To have uPhongolo residents housed in sustainable settlements by improving quality of household life.”

The vision, objectives and strategic interventions of uPhongolo Municipal Housing Plan respond to the housing needs within the Municipality. The Municipality has undertaken the development of sustainable human settlements with a broader spatial restructuring framework, incorporating the principles of the National Spatial Development Plan, and the National Urban Strategy. The Municipality has a Housing Sector Plan which is a working document that guides all other role-players to set in motion the process of housing delivery that will be able to:

- Quantify the housing needs;
- Identify the structures that need to be created to effectively address the housing need; and
- Identify housing projects, linked to actual needs, available resources and responsibilities of relevant role-players.

The Municipality will take into cognisance of the objectives of the Comprehensive Plan for the Development of Sustainable Human Settlements and the Guidelines for the Implementation of Labour-Intensive Infrastructure Projects under the Expanded Public Works Programme (EPWP) in all its Human Settlements projects. The Provincial Departments of Human Settlements must ensure that all municipalities align their human settlements projects in accordance with national targets that seek to achieve national priorities.

Graph 6: Potential Housing Demand per Market Category



Source: Statistics SA, Census 2011

The figure above provides an indication of the extent of housing need, based on the income eligibility criteria for subsidized housing as provided for in the National Housing Policy. It also goes further to indicate where such need exists, within the broad programmes available for housing delivery.

The graph shows that the households in the municipality generate extremely low annual incomes. A negative correlation exists between the number of households and the income levels; as the income levels increase, the number of households within those high-income regions plummets substantially. It is anticipated that some of these would be incomes generated from social grants administered by government. This would signify the existence of welfare reliant communities. Approximately 23 250 households (80,13%) of households in uPhongolo Municipality are eligible for low cost housing subsidies based on income criteria. This includes about 4 063 (14%) of households who do not have access to disposable income at all.

5 170 (17.82%) qualifies for social housing, gap housing and the Finance Linked Individual Subsidy Programme (FLISP). While social housing caters for those in need of rental accommodation, FLISP requires an individual beneficiary to access mortgage bond from a financial institution or pay the balance of the value of the house themselves. It targets first time homebuyers earning R3 501 to R22 000 per month. It is noted however that the demand for the gap-housing product is difficult to estimate as it fluctuates with interest rate changes and employment levels and depends on the number of families who voluntarily choose to make longer-term financial commitments. The open housing market, which is provided for by the private sector, accounts for 2.03% of households.

From the above, it is apparent that there is a high proportion of households/individuals within the low-income categories that can qualify for fully subsidised housing (less than R3 500/month).

3.6.8 Housing Typology Based Demand Analysis

An analysis of the housing need in light of the existing housing typologies is provided below. The dwellings have been classified as follows:

- Formal dwellings - formal dwelling/house or brick/concrete block structure on a separate stand or yard or on a farm, Flat or apartment in a block of flats, Cluster house in complex, Townhouse (semi-detached house in a complex), Semi-detached house, Formal dwelling/house/flat/room in backyard, Room/flatlet on a property or larger dwelling/servants quarters/granny flat/cottage)
- Informal dwellings - Informal dwelling/shack in backyard, Informal dwelling/shack not in backyard (e.g. in an informal/squatter settlement or on a farm)
- Traditional dwellings - Traditional dwelling/hut/ structure made of traditional materials.

Other dwelling /Caravan/tent and other 2011 Census data, based on the 2016 municipal boundaries indicates that there are approximately 29 014 households in uPhongolo Municipality. Approximately 84% reside in formal housing, 13% reside in traditional dwellings, 1% reside in informal dwellings and 2% reside in other forms of dwellings.

3.6.9 uPhongolo Municipality Housing Backlog

During the 2020 review process of uPhongolo Municipality Housing Sector Plan, the determination of housing need was undertaken using various methodologies, indicated in the HSP. The 2011 Census data and the 2016 Community Survey data have served as a primary basis in this regard, due to the unavailability of a housing needs register. Calculations and inferences made on the basis of this data suggest that the number of households that require housing within the uPhongolo Municipality is approximately 23 250, based on the income eligibility criteria and approximately 4689 based on dwelling type. The latter is based on households who occupy dwelling units described as informal dwellings, traditional dwelling units and rooms/flatlets located on backyards/larger dwellings and other.

It is apparent that a significant share of the population in uPhongolo currently resides in housing that is conventionally substandard and thus inadequate. Other factors such as income, dependencies, extended households also further accentuate the need for housing within the municipality.

The current backlog will be subject to change based on the number of housing projects within the municipality that are in the construction phase. This, coupled with all the projects that are currently in the planning / preliminary planning phase, would appear to eradicate the backlog in future if all the envisaged housing units are constructed in all projects.

However, it is also noted that the demand for housing is not static, thus there needs to be continuous planning and delivery of housing. The table below shows uPhongolo Municipality housing backlog for all wards.

Table 67: Housing Backlog

WARD	DWELLING CATEGORY							
	TOTAL NUMBER OF HOUSEH OLDS	FORM AL	TRADITION AL	INFORM AL	CARAV/TE NT & OTHER	ESTIMATE D BACKLO G (BASED ON DWELLI NG TYPE)	SUBSIDY ELIGIBILI TY – INCOM E < R 3 500.00 (LOW INCOME HOUSIN G & CRU)	SUBSIDY ELIGIBILI TY – INCOME > R3 500 BUT < R22 000 (FLISP & SOCIAL HOUSIN G)
Ward 1	2424	1705	637	37	38	712	1937	453
Ward 2	2266	2209	22	8	25	55	1662	555
Ward 3	1607	1161	421	4	19	444	1368	229
Ward 4	1728	1581	84	7	51	143	1416	288
Ward 5	1558	1382	134	22	18	174	1206	319
Ward 6	1529	1121	379	7	12	397	1290	214
Ward 7	933	859	50	6	14	70	761	155
Ward 8	1537	1207	292	7	30	329	1330	189
Ward 9	2176	1809	252	8	95	354	1781	379
Ward 10	2772	2466	218	28	22	267	2132	596
Ward 11	4741	3898	254	158	94	507	3865	693
Ward 12	1277	1074	159	11	30	200	979	270
Ward 13	1091	808	208	9	58	275	918	161
Ward 14	2604	1962	539	28	37	604	1974	535
Ward 15	774	614	139	2	17	159	631	137
Total	29014	23857	3788	342	559	4689	23250	5170

Source: uPhongolo Municipality Housing Sector Plan, March 2020

3.6.10 Mechanism for Coordination of Housing Developments with the Service Providers/Authorities

The Municipality has a mechanism in place to co-ordinate the housing developments with service providers in the entire Pongola area of jurisdiction. The table below lists the main role players and support institutions as well as their roles and responsibilities in ensuring effective housing delivery in uPhongolo Municipality.

Table 68: Main Role Players in uPhongolo Municipality Housing Delivery

Entity	Roles and Responsibilities
National Department of Human Settlements	The national Department of Human Settlements is responsible for establishing and maintaining a sustainable national housing development process. It does this by developing policy and strategy, facilitation of all housing programmes, establishing a national funding framework for housing development, determining delivery goals, allocating the conditional grant funds for housing to provincial governments, and monitoring and evaluating the housing sector's performance. The following are priority focus areas that the Department has prioritized as per Outcome 8 (2014-2019 MTSF): Accelerated delivery of housing opportunities; Access to basic services; Efficient utilization of land for Human Settlements Development; An improved property market.
KwaZulu-Natal Department of Human Settlements	The provincial Department of Human Settlements is responsible for promoting, co-ordinating and implementing housing programmes within the framework of the national housing policy. Provinces are also responsible for approving housing subsidies and projects and for providing support to municipalities for housing development.
uPhongolo Local Municipality	The primary role of the uPhongolo municipality is to take all reasonable and necessary steps, within the framework of national and provincial legislation and policy, to ensure that the inhabitants within its area of jurisdiction have access to adequate housing. This includes planning, coordinating and facilitating appropriate housing development, in line with the priorities in the IDP. It should be noted that municipalities are able to be accredited and empowered to undertake housing functions similar to provincial government. The extent thereof is based on the level of accreditation.
Zululand District Municipality	The Zululand District Municipality does not have any legislated housing related powers but performs some functions, which have serious implications for the development of human settlements. This includes the provision of bulk infrastructure which is critical in housing projects. The district also assists by providing planning support.
ESKOM uPhongolo Municipality Housing (Human Settlements) Sector Plan	ESKOM is responsible for the generation, distribution and provision of electricity. The norms and standards for the development of sustainable human settlement includes the provision of electricity. This establishes Eskom as a key role-player in the development of sustainable human settlement.

Department Of Economic Development, Tourism And Environmental Affairs EDTEA	is the provincial lead agent for environmental management and shares its powers with national government. All housing projects take place on land and in a particular environment, thus one of the mandates of EDTEA is to facilitate environmental impact mitigation and promote sustainable environmental management development. Environmental Impact Assessments (EIAs) are a tool used by government to assist in deciding whether projects, including housing projects, should go ahead or not. The EIA process involves making submissions and applications to the EDTEA. The applications can be for environmental exemption, basic assessment, scoping, full EIA applications, depending on the nature and context of the project. This process is one of the key milestones in housing projects.
Support Institutions in the Housing Delivery	
Entity	Roles and Responsibilities
Housing Development Agency	The Housing Development Agency is a national special purpose established in terms of the Housing Development Agency Act, No. 23 of 2008. It has two primary objectives that is to identify, acquire, hold, prepare, develop and release well-located land for human settlement; and to provide project delivery services in the form of planning, capacity support and capability, and project management. The HDA works on projects in particular areas at the specific request of provinces and local municipalities. Its strategic priorities include informal settlement upgrade, catalytic projects and housing delivery in mining towns.
National Home Builders Registration Council	The National Home Builders Registration Council (NHBRC) is a regulator body of the home building industry. Its goal is to assist and protect housing consumers who have been exposed to contractors who deliver housing units of substandard design, workmanship and poor-quality material. The NHBRC was established in 1998, in accordance with the provisions of The Housing Consumers Protection Measures Act (Act No. 95 of 1998). Its mandate is to protect the interests of housing consumers and to ensure compliance to regulated building industry standards. All home builders, regardless of the size or cost of the homes they build, must be registered with the NHBRC in terms of
	the law (Housing Consumers Protection Measures Act no 95 of 1998). Similarly, housing projects should be enrolled with the NHBRC for quality assurance purposes.

Social Housing Regulatory Authority	The Social Housing Regulatory Authority (SHRA) was established in terms of the Social Housing Act, No. 16 of 2008. The SHRA's mandate is to capacitate, invest in and regulate the social housing sector. The intention of social housing is to deliver affordable rental housing for low to moderate income groups and to achieve spatial, economic and social integration of the urban environments. The Social Housing Investment Programme may invest in social housing projects or social housing institutions (SHIs) in accordance with the investment criteria set out in the social housing Regulations.
Ingonyama Trust Board	Ingonyama Trust Land is subject to the policies and legislation that governs all land administered by Ingonyama Trust Board. The trust holds the land on behalf of the members of communities that occupy and use the land and for the benefit, material welfare and social well-being of those communities. Section 2(5) provides that the trust may not 'encumber, pledge, lease, alienate or otherwise dispose of' any of its land or any real right to such land, without the prior written consent of the traditional or community authority concerned. Thus, the traditional authority can control the use to which their land is put. The effect of this is that, as landowner, the Trust enters into land use agreements, e.g., leases and the like, but it cannot do so unless and until it has the written consent of the relevant traditional authority. In some cases, the Ingonyama Trust leases the land, or makes it available, under an appropriate agreement to a traditional authority, who, in turn, sub-leases it to a third party (ibid). Effectively, this means that the Trust administers the land in uPhongolo for the benefit of the community, and the land may not be encumbered without the consent of the relevant traditional council. uPhongolo Municipality has extensive pieces of land under the ownership of the Ingonyama Trust, thus the Trust is a critical stakeholder in housing development.

Table 69: uPhongolo Municipality Housing Forums Meetings Held in 2023/2024

Month	uPhongolo LM
February	
May	
August	
November	

3.6.11 Committed Funding for the Services in Support of Housing Projects

The Human Settlements projects have since been approved and budgeted for by the Department of Human Settlements while the District Municipality is also committing funds for the provision of bulk infrastructure.

3.7 FREE BASIC SERVICES AND INDIGENT SUPPORT

During 2023/2024 financial year, a number of households were provided with free basic electricity. Please refer to the APR-2023/2024.

COMPONENT C: ROAD TRANSPORT

3.8 ROAD AND INFRASTRUCTURE

3.8.1 Existing and Future Transport Infrastructure

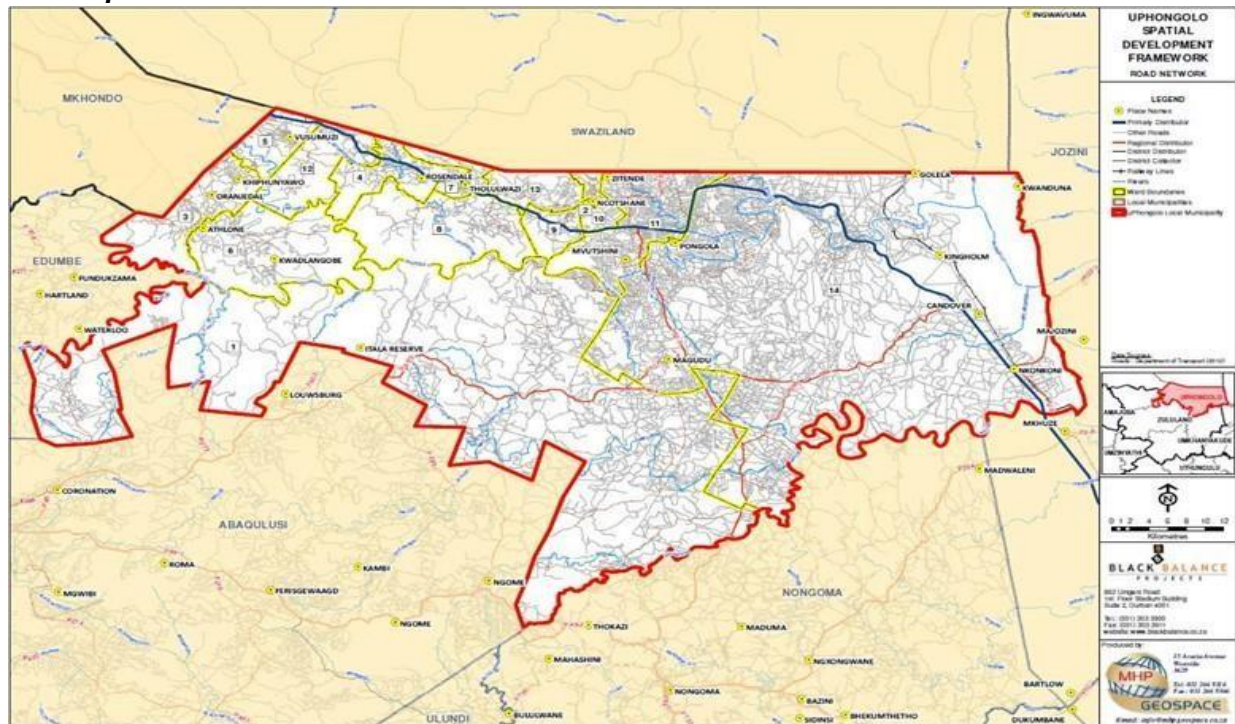
uPhongolo Municipality's transport infrastructure relates to both existing and future road network. Currently the existing road infrastructure is under pressure particularly from heavy vehicles. The responsibility between Local and District Municipalities as well as the KZN Department of Transport (DOT) for the provision and maintenance of roads provision still needs to be finalized and it has been flagged as a key development issue.

There are a number of roads in order of priority that are of strategic importance to the Municipality. The Municipality recognises that such roads should be prioritised for attention and has, to this end, earmarked the following road projects:

- **Nongoma uPhongola link road:** A section of this road between Nongoma and uPhongola (about 35km) need to be upgraded to blacktop.
- **Pongola Pedestrian Facilities:** These road safety improvements shall be implemented at a budgeted cost of R1,144,500.00 during the 2019/2020 financial year and R5 855,500.00 shall be spent on improving the same infrastructure in 2020/2021. (Source: SANRAL).
- **Kangela to Pongola:** Upgrading from single to dual carriageway road at a budgeted amount of R27,397,789.45 during 2018/2019 financial year. (Source: SANRAL).
- **Phongola to Mpumalanga Border:** Upgrading from single to dual carriageway road at a budgeted amount of R2,325,000.00 for design. (Source: SANRAL).

The South African National Roads Agency (SANRAL) together with the Department of Transport provides funding for roads infrastructure development. However, it is important to note that the actual funding does not get channelled through the Municipality as implementation of projects is done directly by the Agency and the Department themselves. The priorities from Municipalities that are identified in the IDP are however taken into cognisance in the Municipal funding process and implementation thereof.

Map 15: Depicting Municipal, Provincial and National Roads as per uPhongolo Spatial Development Framework



uPhongolo is traversed through three main movement routes namely the N2 which connects Pongola to Mkhondo (formerly Piet Retief) in the West and to Jozini in the South, the R66 which traverses the Ulundi Municipality from Mahlangasi in the South-East to Mvutshini in the North-East; the R69 stretching to South-West directly connecting Magudu to the Louwsburg in the South-West and the P293 and Ngome in the South, whilst the remainder of the municipality is serviced by gravel roads. Most of the settlement areas are reached via gravel roads from the N2, R66 and R69.

The Municipality has recognised the challenge of access to roads and the poor condition of some roads. There has been notable improvement to road conditions in ward 8 which will continue in the current IDP term. The tarring of roads in proximity to clinics and education facilities and extensive future business developments in ward 11 is envisioned to boost the economy and attract investors to uPhongolo Municipality.

3.8.2 Existing and Future Transport Infrastructure

uPhongolo Municipality enjoys easy access to the N2 national road, which cuts through the Municipality adjacent to the established Pongola tertiary node. The N2 is a primary transportation corridor under the National Department of Transport that runs East-West through uPhongolo, linking the Municipality with other local municipalities and other regions within the province of KwaZulu-Natal. Similarly, the N2 links uPhongolo with Richards Bay and Durban, which provides major gateways to export markets. The N2 within this particular area still lacks the convenience provided by freeways since it comprises a 2-way single carriageway. The Zululand District Municipality has initiated a Rural Roads Asset Management System (RRAMS) for all existing roads within its area of jurisdiction. This document presents herein a network level proposal for maintaining the roads in the Zululand district, through an assessment of the network based on methodical visual ratings of each road section. The document was submitted to each local municipality under the Zululand District Municipality's jurisdiction. The details furnished in the table below summarise the findings of this document in this regard.

Table 69: Estimated Roads Needs Per Municipality (ZDM Rural Roads Asset Management System [RRAMS])

Local Municipality General Condition	Type	Total length (km)	Estimated replacement value (Rmill)	Short-term intervention cost (Rmill)	Long-term intervention cost (Rmill)
Abaqulusi	Paved	398.2	802.9	15.82	616.27
	Unpaved	392		0.808	29.32
eDumbe	Paved	36.1	86.9	2.81	25.2
	Unpaved	163.1		0.336	10.21
uPhongolo	Paved	43.79	112.4	5.65	32.65
	Unpaved	236.6		0.495	17.11
Nongoma	Paved	14.7	33.2	1.46	7.78
	Unpaved	420.5		0.813	31.01
Ulundi	Paved	91.2	199.9	7.08	50.19
	Unpaved	461.5		1.02	30.64
Total	Paved	584	1,235.30	32.82	732.09
	Unpaved	1,673.7		3.47	118.29

ZDM GIS 2015

3.8.3 Rural Roads Backlogs (ZDM Rural Roads Asset Management System [RRAMS])

Rural access roads may be defined as those roads which do not qualify as district or higher order roads, but provide access from a proclaimed road to public infrastructure such as schools and clinics, or provide access to a settlement of a minimum of 50 persons or at least ten homesteads, allowing household access of no less than 1km walking distance. The total household backlog based on this criterion is approximately 28,151. The backlogs and estimated costs for new / refurbishment road infrastructure are presented in following table.

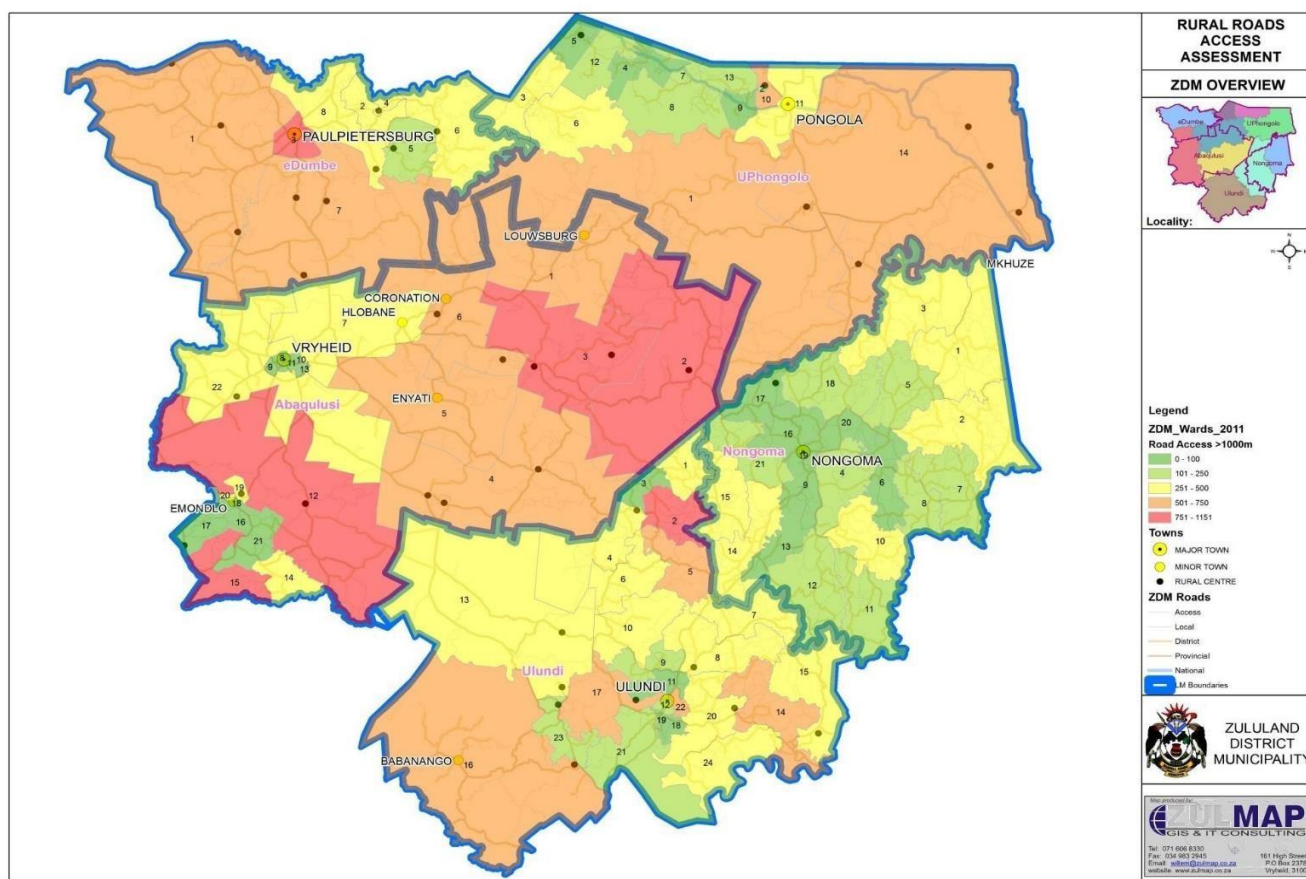
Table 70: Estimated Roads Needs Per Municipality

	Total Backlog	No of H/H with road access	No of H/H Backlog	%
ROADS	Households LM			per
KZN263: Abaqulusi 19.07%	43,299	35,044	8,255	
KZN261: eDumbe 22.56%	16,138	12,498	3,640	
KZN262: uPhongolo 13.44%	28,772	24,904	3,868	
KZN265: Nongoma 11.71%	34,341	30,320	4,021	
KZN266: Ulundi 23.77%	35,198	26,831	8,367	
Total 17.85%	157,748	129,597	28,151	

ZDM GIS 2015

The strategic goal of the development of a Rural Roads Asset Management System (RRAMS) for the Zululand District Municipal area is to ensure efficient and effective investment in rural roads through the very system and the collection of associated road and bridge inventory data condition assessments and traffic information. Improved data on rural roads will be instrumental in guiding infrastructure investment, improve accessibility to and mobility of rural communities.

Map 16: Access to Roads



3.8.4 Institutional Responsibility for Transport Infrastructure

The institutional responsibility for transport infrastructure is categorized as national, provincial and local on maps. The District Municipality is responsible for the provision and planning of public transport infrastructure. The responsibility between Local and District municipalities as well as the provincial Department of Transport (DOT) for road provision and maintenance still needs to be finalized and has been flagged as a key development issue.

3.8.5 Responsibility of the Provision of New Roads and Related Facilities

Indeed, uPhongolo Municipality does have plan in place for the provision of new roads and related facilities. In addition to the aforesaid plan, the Municipality has an Operational and Maintenance Plan for both existing and new roads and public transport facilities which include taxi ranks, bus stops and storm water drainage.

The IDP indicates that there is a plan in place for the provision of new roads and facilities as well as an Operational and Maintenance Plan for existing and new roads and public transport facilities.

COMPONENT D: DEVELOPMENT PLANNING AND LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION

The Planning and Development Department includes Building Control, Land Surveying, Land Use Planning, Spatial Planning, Geographical Information Services, Environmental Management, Rural Development and Local Economic Development. The Department is responsible for sustainable and pro-active planning and compliance monitoring of the natural and built environment. The Department facilitates the physical, social and economic development and growth.

3.9 PLANNING AND DEVELOPMENT SERVICES

The Department: Planning and Development Services deals with spatial planning, geographical information services, building control, land use planning and surveying matters. The primary functions of Planning and Development Services are as follows:

3.9.1 Spatial Planning

The purpose of spatial planning is to provide a framework for the spatial vision and form of uPhongolo Municipality. The Spatial Development Framework (SDF) provides guidelines for future development and growth of the Municipal Area in a predictable manner to enhance the quality of life of its residents.

Spatial Planning is responsible for:

- Compiling, amending and/or reviewing a Spatial Development Framework;
- Preparing Local Spatial Development Frameworks for certain identified areas in uPhongolo Municipality;
- Developing policies and strategies guiding the long-term development of the Municipality;
- Commenting on land use applications and environmental processes; and
- Commenting on other local, provincial and national spatial policies, legislation and documents.

3.9.2 Geographical Information Systems (GIS)

The main purpose of the GIS is to provide and maintain Geographic Information System services and products for the department, provide GIS related guidance and support to managers and staff, and to take an active role in the development and maintenance of organisational Geographic Information System services.

3.9.2.1 Major Projects Completed

Major projects being undertaken by the section consists of:

2022 uPhongolo Spatial Development Framework (SDF) Review: The SDF review was conducted in 2023/2024 financial year and was duly compiled in terms of Section 26(e) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). No SDF review occurred during 2020/2021. There were, nevertheless, SDF comments by MEC for Cogta which necessitated the need for the review which unfortunately could not be carried out owing to budgetary constraints. The SDF is envisaged to guide new investment, give effect to the priorities as stated in the Integrated Development Plan (IDP) and to identify priority areas for strategic intervention. It is planned that the SDF will be finalised and approved by Council in May 2023. Some of the GIS functions pertaining to the formulation of GIS is the spatial capturing of projects, undertake project co-ordinates and mapping of projects. During 2022/2023 financial year, the Municipality relied on the Zululand District Municipality GIS Unit to assist it with the services listed above.

3.9.3 Building Control

Municipalities are legally obligated to manage the way in which land within their area of jurisdiction is used and how buildings are erected. The Planning and Development Unit deals with the use of land while the Building Control Unit is supposed to attend to building activities, which entails new buildings, additions and alterations to existing buildings and temporary structures.

All municipalities administer the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977), the regulations embodied in the act and the South African Standard Code of Practice (SANS 10400 for the application of the regulations). The purpose thereof is to ensure that buildings are designed and constructed in such a manner that people can live, work and play in a healthy and safe built environment.

The National Building Regulations require that no person may erect, alter, add on or convert a building without the prior approval of the local authority.

Building plans are assessed against the requirements of the building standards regulations, any other applicable legislation, and 23 sections of the SANS 10400, that deal with various aspects of a building.

Upon the approval of building plans, the building inspectors carry out three mandatory inspections:

- The inspection of all foundation trenches and the positioning of the building on-site;
- The inspection of all new drainage installations; and
- On completion of a building a final inspection (completion) is carried out as no building may be occupied without an occupation certificate.

Prior to the issuing of the occupation certificate, the building inspector ensures compliance with the structural aspects, fire installation, health requirements, electrical installation, roads and stormwater requirements, drainage installation, energy efficiency of the structure and compliance with the approved building plan.

Furthermore, it is the responsibility of the building inspector to address illegal structures, unsafe structures, be a witness in court cases on behalf of Council, implement legal action when required, control building rubble, enhance public safety, assist the general public and professionals with information on building control issues and performs administrative tasks associated with these functions.

Local authorities act in the interest of the owner when carrying out the compulsory inspections and have no financial or any other interest in such buildings. For this reason, the owner of a building must appoint his/her own clerk of works to inspect and control the quality and workmanship of the building. There is thus no obligation on the Council's building inspectors to control the quality of workmanship and materials, but the owner must be informed by Council of poor-quality workmanship and/or materials when observed.

3.9.3.1 Building Control Statistics

Building plan applications, for various types of projects, were submitted for consideration over the year under review.

Table 71: Applications for Land Use Development

Applications for Land Use Development			
Detail	Formalisation of Townships	Rezoning	Building Control
	2023/2024	2023/2024	2023/2024
Planning applications received	N/A	3	61
Determination made in year of receipt	N/A	3	40
Applications withdrawn	N/A	N/A	6
Applications outstanding at year end	N/A	1	15

During 2023/2024 financial year, the Municipal Building Inspector was responsible for carrying out the building inspections throughout the Municipality. These include demolition inspections, beacon inspections, commencement/foundation inspections, drainage inspections, completion inspections as well as Certificate of Occupation inspections.

3.9.4 Land Use Planning Services

The Planning and Development Department is responsible for the Land Use Planning to ensure the orderly, sustainable development and management of the built environment within the uPhongolo Municipal area, through the creation of an enabling environment in order to give effect to the Municipality's vision:

“uPhongolo Municipality will ensure an inclusive socio- economy by providing quality services that yield a better life for all by 2035”.

Land-use planning refers to a wide range of activities that direct the future use of land and manage the current use thereof: to ensure the optimal use of land within a political, social, cultural, environmental and economic context.

The Department is mainly responsible for the processing of applications for land use changes (by means of rezoning, consent uses, departures, temporary departures, amendment of conditions of approval and removal of restrictive title conditions), as well as farm subdivisions, urban subdivisions and exempted subdivisions.

The Department is further responsible for the scrutinising of building plans for compliance with zoning parameters and site dimensions, as well as attending to illegal land uses.

The most important instruments used in land use management is the Zoning Scheme Bylaw and the Bylaw on Municipal Land Use Planning. In order to comply with the provisions of new planning legislation, a new single zoning scheme for the whole of the uPhongolo Municipal area has been developed and adopted by Council. In addition, the process of drafting and the uPhongolo Bylaw on Municipal Land Use Planning has also been completed and approved by Council. Both these documents are being implemented.

3.9.4.1 Service Statistics

Table 72: Service Statistics - Land Use Planning & Surveying

Service Statistics – Land Use Planning and Surveying	
Applications	2023/2024
Simultaneous rezoning and subdivision (inclusive of township establishment)	0
Rezoning	3
Consent Uses	33
Temporary Departures	0
Removal of restrictive Title conditions	2
Amendment of Conditions of Approval	1
Farm Subdivisions	1
Urban Subdivisions	5
Exempted Subdivisions	5
Consolidations	6
Homeowners Association Constitution approval/amendments	0
Zoning determinations	0
Extension-of-time	0
Site Development plan approvals	4
House Shops	36
Departures	0
Building Plans approved	9

3.9.4.2 Major Projects Completed

In as far as the development of uPhongolo Municipality Single Land Use Scheme, the Municipality has progressed well and the Council has adopted the scheme for implementation. The implementation of the Planning Bylaws is in progress.

3.10 LOCAL ECONOMIC DEVELOPMENT (LED) SERVICES

The purpose of the Local Economic Development is to provide an enabling and conducive environment to grow the economy in order to create sustainable jobs and eradicate poverty.

The unit consists of two sub-units namely Local Economic Development and Tourism.

The Local Economic Development Unit focuses on developing enabling policies and strategies, which inform the implementation of key initiatives, projects and programmes to grow the economy in our area. The adoption of the Local Economic Development Strategy aims to achieve a globally competitive and innovative municipality that provides economic opportunities for all its residents by 2035

The essence of this strategy is to place uPhongolo's economic development road that is inclusive and create a municipality that has a diversified and resilient economy, promoting spatial connectivity, and supportive economic and environmentally sustainable social eco-systems.

uPhongolo's roadmap towards an inclusive and sustainable economic growth whose core pillars are:

- Governance and institutions;
- Infrastructure;
- Partnerships; and
- Shared identity and social cohesion.

The Municipality continued to build on developing the strategic enablers to facilitate economic growth. This included:

- Promoting uPhongolo as an investment friendly destination that focuses on the development of priority sectors such as Agriculture, Informal Sector, Tourism, Manufacturing, Transport and Logistics through the establishment of a LED Forums and other partners to ease investment facilitation in uPhongolo;
- Upgrading and expansion of suitable infrastructure to small and informal businesses to grow Small Medium and Micro Enterprises (SMMEs) and broaden economic participation in uPhongolo;
- Strengthening existing strategic partnerships with the private sector and other spheres of Government to implement key skills development initiatives so that the unemployed can access meaningful employment;
- Facilitate access to finance and other business support for small businesses through the establishment of sustainable partnerships with other spheres of Government; and
- Implementation of community-based tourism products to broaden participation and product diversification.

3.10.1 Local Economic Development Achievements

Below are some of the highlights we achieved during the 2023/2024 financial year:

- The implementation of EPW Policy;
- Providing a capacity building programme that focused on business support training for Informal traders to focus on enhancing the Informal Economy in uPhongolo.

Following the completion of Local Economic Development Strategy, the focus would be on articulating how this bold strategy would be implemented. The said implementation would largely depend on the integration of cross- functions within the Municipality, but also the extent to which the Municipality would rely on private sector and civil society organisations. The essence of this implementation plan are partnerships that work for the greater good of uPhongolo. The Unit would focus on the implementation of a number of priority projects:

- Investor Facilitation;
- Investment promotion;
- Infrastructure;
- Business and industrial parks;
- Small business linkages; and
- Skills development.

3.10.2 Local Economic Development Challenges

- Capacity challenges
- Limited access to economic data sources;
- Lack of sufficient built infrastructure to facilitate access to trading spaces;
- Too much red tape which prevents the acceleration of sustainable economic growth in the Municipality;
- External economic shocks because of the lack of a diversified economy;
- A need for locational branding and marketing to increase investment exists;
- Lack of affordable broadband, water security and electricity supply that is prone to sporadic interruptions are important to ensure large scale investment;
- Lack of relevant skills and high youth unemployment remain major risks; and
- Lack of a one stop business support service centre to serve investors and SMMEs.

3.10.3 EPWP Job Creation

The Expanded Public Works Program is a program designed to provide temporary work opportunities for the unemployed The Municipality obtained a conditional grant from the National Department of Public Works. The EPWP grant provides better quality reporting as per the targets set by Provincial Government. Through the EPWP, a total number of 94 job opportunities were created in 2023/2024 financial year.

The following table depicts the number of EPWP Projects and the number of jobs created through EPWP projects over the last three financial years.

Table 73: Job creation through EPWP Projects

Job creation through Expanded Public Works Programme (EPWP) Projects			
Details		Number of Jobs created	through EPWP
		Projects	
2022/2023		99	
2023/2024		94	

3.10.4 Tourism and Market Places

Tourism remains one of uPhongolo’s priority sectors as it continues to be a sector with significant low barriers which allow for entrepreneurship and particularly employment for the youth, women and other vulnerable groups. The Municipality’s institutional capacity and competencies demonstrate the significance of this sector as it contributes to local Gross Domestic Product.

The establishment of the uPhongolo Local Tourism Association marked the institutionalisation of uPhongolo as a tourist destination of choice and marketed as such. Unfortunately, due to the Covid-19 pandemic that resulted in the overall decline in tourism arrivals, the sector remains buoyant. uPhongolo Municipality will continue to focus on diversifying the area’s tourism product offering and ensure that the Municipality provides a functional and enabling environment that will allow tourists to experience tourism excellence throughout the tourism value chain in uPhongolo.

3.10.4.1Tourism Achievements

Below are some of the highlights the Municipality achieved during the 2023/2024 financial year:

- Provision LED and Tourism Events and platforms were held in collaboration with uPhongolo Municipality and sector departments;
- Facilitated business support.

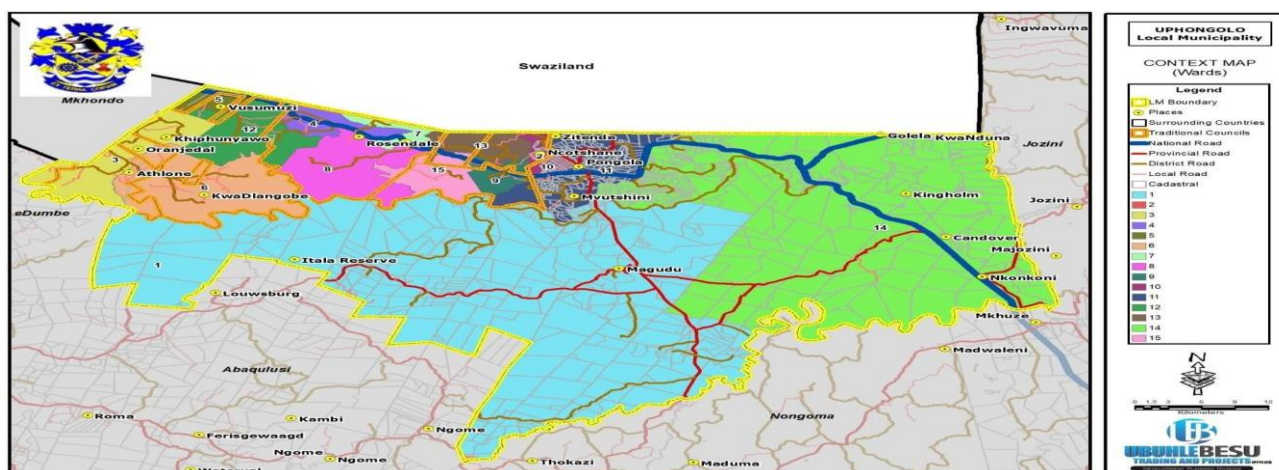
3.10.4.2 Tourism Challenges

- Lack of transformation in the tourism industry;
- Limited access to relevant tourism economic data sources;
- The negative impact of the existing tourism flows on the destination;
- Insufficient tourism signage infrastructure to enhance the visitor's experience;
- Lack of sports tourism focus;
- Lack of focused events and meetings, incentives, conferences and exhibitions;
- Lack of support to diversify the tourism product offering in uPhongolo;
- Lack of distinct brand differentiation to articulate uPhongolo's unique tourism offering.

3.11 RURAL DEVELOPMENT

The uPhongolo Municipality is one of five local municipalities situated on the south-east of the district which is Zululand District Municipality (DC26) in KwaZulu Natal Province. uPhongolo Municipal area covers 3 239 KM2 and incorporates Pongola Town, Ncotshane and Belgrade, as well as areas under Traditional Councils namely, Ntshangase, Simelane, Ndlangamandla, Msibi, Sibiya and Gumbi. The population is estimated 127 238(2011 Census) It is strategically located along the N2, adjacent to the Swaziland Border and the Mpumalanga Province. It forms part of LEBOMBO SDI Corridor as a gateway to Swaziland and Mozambique using its Golela and Onverwacht border gates.

Map: uPhongolo Wards and Traditional Councils



Phongolo Municipality was established on the 5 December 2000 after Demarcation process and the local Government elections of that date. As such it encompasses the town of uPhongolo, Ncotshane, Belgrade, Golela, Magudu, Sugar Mill as well as Traditional Authority areas under Amakhosi namely; Gumbi, Ntshangase, Simelane, Ndlangamandla, sibiya and Mavuso. uPhongolo Municipality is made up of 15 wards.

In terms of section 21 of Local Government Municipal Demarcation Act 27 of 1998 the Municipal Demarcation Board has re-determined the Municipal boundaries. The Municipal landscape will therefore change after the Municipal elections in 2016. This will not only increase the population of uPhongolo Municipality but will also expand Municipal jurisdiction, this re-determination was formally gazetted by MEC in the Provincial Government Gazette No. 1042.

uPhongolo Municipality views rural development in a very serious light and, in doing so, endeavours to bring about targeted sustainable interventions in the rural communities of uPhongolo through:

- Skills development, targeting the youth and women;
- Facilitating access to financial assistance for rural learners to further their studies;
- Establishing food security within the municipal boundaries for the people in need; and
- Facilitating the work of the Department of Rural Development and Land Reform.

COMPONENT E: COMMUNITY AND SOCIAL SCIENCES

INTRODUCTION

This part of the report deals with library services, cemeteries and crematoria, community halls, facilities, and Thusong centres, services to childcare, aged care and social programmes rendered during the year under review.

3.12 LIBRARY SERVICES

UPhongolo Municipality has two libraries situated in the Pongola town and Ncotshane Township with one Mobile Library unit in Belgrade.

The role and objective of the libraries for the community of uPhongolo

The public Libraries are local gateway to knowledge, which provide lifelong learning and individual development. The strategic role being the provision of adequate library facilities in the community in order to provide up to date information for recreational and educational purposes both electronically and through books to ensure that the information needs of library users are fulfilled.

- To provide locals with the resources and services to meet their needs.
- To offer materials that will support and promote the development of a reading and learning culture
- To support formal and informal education
- To support and promote literacy campaigns

To provide a world class technological infrastructure that will ensure internet access for the library users and will allow the extensive use of electronic based information through cyber cafés and the use of Wi-Fi connectivity

Main services provided by Libraries

- Information resources
- Free internet access
- Computer facilities
- Recreational needs
- Educational needs
- Group activity room (Ncotshane Library)

Information Resources: Books, reference materials, newspapers, popular magazines, audio visuals materials.

Internet: Provides information to the users through free access to the internet.

Computer facilities: For the users to have access to use computers for typing needs, complete assignments and other projects.

Educational Needs: Study facilities, quiet space to sit and learn, Learners different study guides for all school subjects. Tertiary books, tertiary admission applications, bursaries applications. Beginners picture books and reading books.

Recreational needs: Magazines, fiction books, toys and board games, recreational holiday programs.

Group activity room: Bookings for public meeting and gaming purposes.

Holiday programs: These programs are conducted during school holidays to keep kids out of the streets fun activities such as painting, drawing, games reading activities.

UPhongolo Municipality Libraries bringing change to the communities:

- The library is a positive agency for change in the community as it provides a wide range of materials to support education and making information accessible to all;
- Brings economic and social benefit to the community; and
- Keep up to speed with current and local information to bring about issues in the community.

Service Statistics

UPhongolo conducted has library members. Several library books were circulated and ICT computer usages.

Table 74: Service Statistics for Libraries

LIBRARY ACTIVITIES	Q1	Q2	Q3	Q4
Number of Promotions conducted	02	02	02	02
Number of new library members	24	26	75	45
Number of library displays theme done	08	08	08	08
Number of books circulated	654	799	938	748
Number of users who have access to the internet	610	715	635	722
Number of books received from the Depot	220	216	00	250
Number of people trained on computer skills	20	00	00	10

3.12.1 Service Delivery Levels

uPhongolo Library Services provides effective, efficient and quality informational, recreational and internet services to all library users in our communities within the framework of the norms and standards.

3.13 CEMETERIES AND CREMATORIA

uPhongolo Municipality has existing cemetery sites situated at Phongola, Ncotshane, Belgrade and Magudu. Clearly the Municipality requires more burial sites to cater for its dead. It is common cause that burial arrangements are closely bound with cultural and religious traditions. In most cases burial sites are needed in relatively proximity to settlements. According to the Zululand Cemeteries Master Plan approximately 700ha of land will be required in the Zululand District Municipality by the year 2020 to accommodate an estimated 800 000 cumulative deaths for that time. uPhongolo Municipality intends to develop its own cemetery plan which shall be budgeted for during 2024/2025 financial year.

3.13.1 The status, Backlogs, Needs and Priorities

In line with the information provided above, the status of cemeteries in uPhongolo Municipality is currently dire and requires timeous intervention in terms of identifying suitable land to cater for cemetery requirements. The table below shows the breakdown of the land needs as per Zululand District cemetery requirements:

Table 75: Estimated Cemetery Land Requirements

Municipality	Projected Population	Cumulative Deaths up to 2020	Recommended Land Required (ha)
EDumbe	67 583	52 723	46
UPongolo	113 149	88 274	78
Abaqulusi	230 191	179 558	156
Nongoma	253 114	197 479	171
Ulundi	366 677	286 044	249
ZDM	1 030 714	804 078	700

Source: Cemetery Master Plan

The Districts Cemetery Plan (2003) provides the following information:

- In the urban centres, cemeteries are provided by the Municipalities, who provide gravesites at specified tariffs and keep records of burials.
- Cemeteries are provided and maintained by some religious congregations such as the Anglican Church, Catholic Church, Lutheran Church and others.
- Where land is set aside for cemeteries on tribal land the cost of burial sites is included in the general fees payable to the tribal authority.
- In selected rural areas with a low population density, burials are allowed near family homesteads.
- On some commercial farms burial sites are provided for staff, but these provisions are now resisted by farmers as a result of the promulgation of the Extension of Security of Tenure Act.

An alternative to traditional burials which does not require land is cremation. However, there has been very low demand for cremations amongst the inhabitants of uPhongolo Municipality as a consequence of which there are at present no crematoria situated within the Zululand District.

3.14 COMMUNITY HALLS, FACILITIES AND THUSONG CENTRES

Thirteen (13) out of a total of fifteen (15) wards have a community hall/centre each in uPhongolo. This means that only two (2) still need to be provided with community halls.

The wards that already have community are as follows:

- Magudu Community Hall in Ward 1;
- Prince Bekayiphi Community Hall in Ward 3;
- Waterbaas Community Hall in Ward 4;
- Belgrade Community Hall in Ward 5;
- KwaNkundla Community Hall in Ward 6;
- Sthambi Community Hall in Ward 7;
- Madanyeni Community Hall in Ward 9;
- Ncotshane Community Hall in Ward 10;
- Phongolo Golf Club in Ward 11.
- Manyandeni Community Hall in Ward 12;
- Princess Ladlula Community Hall in Ward 13;
- KwaGumbi Community Hall in Ward 14; and
- KwaShoba Community Hall in Ward 15.

Taking the list above it follows that only wards 2 and 8 are still to be provided with community halls/centres. The Multi-Purpose Thusong Centres are one-stop facilities that provide opportunities to access a compendium of government services to surrounding communities. These include social services, social pensions and grants, consumer protection and numerous municipal services. The municipal halls are also managed by the Community Services Department. There is a one stop Thusong Centre under construction in the node, unfortunately there was no plan for a retail centre to be accommodated in the centre. This will result in, particularly pensioners being paid but still have to travel to Pongola CBD for shopping activities. Given its current appearance, there is a lot that still need to be done for Godlwayo node to attract economic investors.

Belgrade settlement is situated approximately 50km west from uPhongolo. Belgrade is one of uPhongola nodes that provide some minimal services to a number of tribal areas which are located far from Pongola town. There are departments such as home affairs, transport, agriculture, with a Thusong Centre under construction, and a local clinic.

3.14.1 Service Statistics

The facilities are open for hire and service statistics are being developed for these facilities. Other relevant information includes the number of functions at the halls and Thusong Centres as reflected below.

Table 76: Town Halls, Community Halls and Thusong Centres

Facility	Community Halls and Thusong Centres
	Number of Functions Held in 2023/2024
Ward-1-Community Hall	
Ward-2-Community Hall	
Ward-3-Community Hall	
Ward-4-Community Hall	
Ward-5-Community Hall	
Ward-6-Community Hall	
Ward-7-Community Hall	
Ward-8-Community Hall	
Ward-9-Community Hall	
Ward-10-Community Hall	
Ward-11-Community Hall	
Ward-12-Community Hall	
Ward-13-Community Hall	
Ward-14-Community Hall	
Ward-15-Community Hall	

3.14.2 Service Delivery Levels

The Halls are used frequently, and this has an impact on the standard times of readiness in terms of minimum quality standards required at such facilities.

3.15 CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

The Community Services Department is responsible for poverty relief initiatives, support to vulnerable groups, including youth, gender, the elderly, the disabled, street people, alcohol harms reduction programme and the Early Childhood Development (ECD) Sector as well as the arts and culture and sports programme. It also manages the distribution of the grant in aid funds.

The strategic, programmatic focus of the section is to develop and establish social support networks and to develop and promote community livelihood strategies. The principles guiding the implementation of programmes and projects are based on labour-intensive job creation initiatives that sustain and support impoverished households.

The Early Childhood Development (ECD) is one of the programmes serviced by the Community Development Department as well as the facilitation of various community skills development workshops. The aim of the skills training is to empower unskilled and unemployed youth with skills so that they could immediately become employable and/or access employment opportunities.

COMPONENT F: ENVIRONMENTAL PROTECTION

INTRODUCTION

The natural environment supports all life on earth, but it is currently under severe threat due to human activities which are causing unprecedented climate change, habitat loss, alien species invasions and excessive pollution which have a significant impact on the health and functioning of our ecosystems. If we are to continue to prosper and develop in a sustainable manner, it is vitally important that we take active measures to protect the environment.

While environmental protection is the responsibility of all municipal line departments, uPhongolo Municipality does not have a division or unit that is especially dedicated to deal with Environmental Management. Currently, the Municipality is supported by the Zululand District Municipality in executing the health and safety functions related to this environmental management.

3.16 ENVIRONMENTAL MANAGEMENT (INCLUDING POLLUTION CONTROL)

The Environmental Management function is executed by the Planning and Development Department within the Municipality. Some of the functions include service delivery focus to ensure that residents enjoy an environment that is safe, not harmful to their wellbeing and is protected for future generations by protecting and enhancing the Municipality's natural assets and by ensuring that the Municipality's natural resources are utilised sustainably. It thus plays a proactive role in planning for sustainable development through several initiatives including the development of the Environmental Management Framework, the implementation of the Climate Change Adaptation Plan, by commenting on development applications and coordinating the Climate Partnership with other partners.

The Department further plays an active role in monitoring threats to the environment and ensuring compliance with environmental legislation. This entails the response to environmental pollution incidents, managing environmental emergency incidents in accordance with Section 30 of the National Environmental Management Act 107 of 1998, and executing the air quality management and noise control functions.

The Department plays a pivotal active role in the management of natural resources by implementing projects aimed at developing management plans for municipal conservation areas and conducting environmental awareness campaigns with schools and the public in general.

3.16.1 Service Statistics

Table 77: Environmental Management - Service Statistics

Environmental Management Service Statistics	
Description	2023/2024
Environmental Education and Awareness Events	N/A
Environmental Applications commented on	N/A
Land Use Applications commented on	N/A
Noise Exemptions issued	N/A
Noise Complaints attended to	N/A
Air Pollution Incidents attended to	N/A
Pollution Incidents attended to	N/A

COMPONENT G: SECURITY AND SAFETY

INTRODUCTION

This part of the report deals with the traffic, licensing, law enforcement, fire and disaster management services rendered for the year under review.

3.17 TRAFFIC, LICENSING AND LAW ENFORCEMENT

During 2023/2024 financial year, a large number of offences were dealt with. The main purpose of this section is not only to prosecute, but also to educate offenders. The main activities undertaken were:

- Apprehending offenders talking on cell phones while driving, red light and stop street violations, failure to wear seatbelts, excessive speeding, taxis, red and yellow line offences, illegal number plates and driving under the influence of alcohol – all of which have a propensity to contribute to a high rate of road accidents.
- Corrective measures taken, *inter alia*, include selective law enforcement on safety belts, cell phones, number plates and public transport;
- licence renewals; and
- learners' classes as well.

3.17.1 Service Statistics

Table 78: Traffic, Licensing and Law Enforcement Service Data

Traffic, Licensing and Law Enforcement Service Data		
Details	Number	2023/2024 Actual
Number of road traffic accidents during the year	137	137
Number of bylaw infringements attended	0	0
Number of traffic officers in the field on an average day	10	10
and Law Enforcement Service Data		
Details	Number	2023/2024 Actual
Number of traffic officers on duty on an average day	17	17

3.17.2 Service Delivery Levels

The mission of Traffic Services is to render an effective and high-quality service through a process of consultation and transparency in all facets of the traffic services, and in rendering a service to the community of uPhongolo and its visitors by ensuring the free flow of traffic and creating a safe environment.

3.18 FIRE AND DISASTER MANAGEMENT

3.18.1 Fire Services

The Fire Department is located under the Community Services Department and performs the following functions: *operations, training, support services, fire safety and disaster risk management*.

- The unit operates a 24-hour service and an emergency and which after hours being on standby, which responds to all incidents in the municipal area immediately with targeted predetermined response times.
- The uPhongolo Municipality facilitates the accredited and professional fire fighting training to all appointed Fire Service personnel. The continuous training objective is intended to improve the skills and development of the fire fighting personnel in order to provide a professional service to the communities who inhabit the Municipality. During the 2023/2024 financial year there was no training for employees. Fire Service Officials receive continuous training relating to the scope of the work they perform.
- A total number of 40 schools were recipients of the Fire and Life Safety Programme: Stop, Drop and Roll, Learn Not to Burn and Crawl Low under Fire. These programmes are aimed at fire and life safety within the communities.
- The Fire Service operates between 7am and 4pm and provides standby services with calls directed to the Emergency Control Centre and cell phones.
- Calls are normally received by the centre and, depending on the emergency, the relevant vehicles are dispatched to attend to the incidents. The incidents are not confined to fire calls only. Professionally trained fire-fighters responded to rescue and medical incidents and other special services calls such as flooding and so forth.
- Fire Safety focuses on risk, and building inspections, in compliance with the National Building Regulations and the Building Standards Act, and related bylaws.

3.18.2 Service Statistics

Table 79: Fire Service Data

Fire Service Data	
Detail	2023/2024 Actual
Total fires attended to in the year	21
Total of other incidents attended to in the year	42
Average turnout time – urban areas (minutes)	10mins
Average turnout time – rural areas	30mins
Firefighters in post at year end	0
Total fire appliances at year end	0

Table 80: Fire Safety – Activities/Inspections

Fire Safety Activities/Inspections	
Description	2023/2024 Actual
Fire safety inspections	69
Lectures and demonstrations (awareness campaigns)	40
Buildings plans scrutinised and approved	20
Events Management and risk visits	5

The following training was conducted and attended by fire service personnel:

3.18.3 Disaster Management

The Municipality renders relief services to fire victims by handing out food parcels and blankets. During 2022/2023 period, blankets and food parcels were handed out.

3.18.4 Service Delivery Levels

The fire service aims to attend to all emergencies within the prescribed attendance times as indicated in table above (depicting fire, safety activities or inspections).

COMPONENT H: SPORT AND RECREATION

INTRODUCTION

The sports activities and programmes fall under the Special Programmes and all the sports programmes were implemented.

3.19 SPORT GROUNDS AND HALLS

Sports fields and halls in uPhongolo were utilised for different recreational activities and for different sports codes.

3.19.1 Service Delivery Levels

The community of uPhongolo participated in sports and recreational activities in this year under review.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION

In terms of Section 4(2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), a Municipal Council must, within the Municipality's financial and administrative capacity, and having regard for practical considerations:

- Exercise the Municipality's executive and legislative authority and use the resources of the Municipality in the best interests of the community;
- Provide, without favour or prejudice, democratic and accountable government;
- Encourage the involvement of the community;
- Strive to ensure that municipal services are provided to the community in a financially and environmentally sustainable manner;
- Consult the community on the level, quality, range and impact of municipal services and the available options for service delivery;
- Give members of the community equitable access to the municipal services to which they are entitled;
- Promote and undertake development in the Municipality;
- Promote gender equity in the exercise of the Municipality's executive and legislative authority;
- Promote a safe and healthy environment in the Municipality; and
- Contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in Sections 24, 25, 26, 27 and 29 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996).

3.20 EXECUTIVE AND COUNCIL SUPPORT

A council must annually review:

- The needs of the community;
- Its priorities to meet those needs;
- Its processes for involving the community;
- Its organisational and delivery mechanisms for meeting those needs; and
- Its overall performance in achieving the objects of local government as set out in the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996).

In terms of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), the municipal council must elect a Mayor and other office-bearers. The Municipal Council may establish committees to assist the Municipal Council and/or the Mayor. The Mayor of uPhongolo Municipality, Cllr S.R. Mhlongo, and the Council have made substantial strides towards implementing the revised vision of uPhongolo throughout the operations of Council and the administration in the year under review.

3.20.1 Service Statistics

The Municipal Council adopted priorities for the Municipality, Mayor and other political structures to meet on a regular basis in order to ensure that decision-making takes place in an efficient and effective manner.

Regular performance reports in terms of the Performance Management System, together with monthly reports to the Mayoral Committee and Council, provide these structures with continuous information on progress made with the achievement of targets as well as the implementation of decisions taken by them.

Table 82: Service Statistics for the Executive and Council

Council and Committee Structures	No. of meetings
	2023/2024
Council	7
Special Council	07
Executive Committee	16
Corporate Services Portfolio Committee	
Community Services Portfolio Committee	03
Finance Portfolio Committee	11
Development Planning & LED Services Portfolio Committee	10
Technical Infrastructure Portfolio Committee	10
Municipal Public Accounts Committee (MPAC)	06

3.20.2 Service Delivery Levels

All agendas are in terms of the approved Standard Operating Procedures of Administration distributed at least three calendar days before a meeting and in the case of minutes within five working days after the meeting was held.

3.20.3 Major Projects Completed

All Councillors were issued with electronic devices.

3.21 FINANCIAL SERVICES

The major key performance area is the focus on long-term financial sustainability. It is imperative that the generated revenue base is of such a nature that the Municipality is able to fund its short, medium- and long-term operations in order to ensure continuity and a financially sound and stable organisation. The major key functional areas that have been identified and linked to financial sustainability are revenue enhancement, credit control measures and expenditure management.

The ratios in terms of the collection of revenue have improved overall. There is a considerable amount of work to be done in order to bring the debtors' book of Council to an acceptable level. The gloomy economic conditions globally have also affected the consumers' ability to pay and most consumers are still recovering from the recessionary trends of the past few years.

3.21.1 Service Statistics

Table 83: Debt Recovery

Debt Recovery							
Serial No.	Revenue Service	R'000					
		2022/2023			2023/2024		
		Billed	Collected	% Collection Rate	Billed	Collected	% Collection Rate
Column Ref.	A	B	C	D	E	F	G
1	Property Rates	R43 252 956	R24 719 893	57.15%	R45 570 560	R32 204 572	70.67%
2	Electricity	R46 907 012	R46 047 269	98.17%	R 45 695 926	R47 400 330	103.72%
3	Water	-	-	-	-	-	-
4	Sanitation	-	-	-	-	-	-
5	Refuse	R10 809 499	R-5 850 724	-54.13%	R10 820 849	R5 399 021	49.89%
	Totals	R100 969 467	R84 309 501	64.29%	R102 087 335	R85 003 923	94.84%

3.21.2 Service Delivery Levels

Service delivery levels are determined in the Standard Operating Procedures for every service rendered by this section. These standards are incorporated as key performance indicators in the Service Delivery and Budget Implementation Plan, thereby ensuring measurement and compliance to the set service standards.

1.32.3 Capital Expenditure

The municipality has spent 88.33% of the final adjustments budget on infrastructure projects for the year under review. Capital projects listed below with budget and actual expenditure

Table 84: Capital Expenditure 2023/2024- Financial Services

Capital Expenditure 2023/2024: Financial Services						
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column D	C & D
Column Ref.	A	B	C	D	E	
1	Computer Equipment	R500 000	R0.00	R867 331	-R867 331	
2	Intangible Assets Insurance Module	-	-	-	-	
3	Furniture and Equipment	R120 000	-	-	-	
4	Air Conditioners	-	-	-	-	
5	Other Capital Projects	R28 171 087	R48 687 580	R42 136 814	R6 550 766	
	Total Capital Expenditure	R28 791 087	R48 687 580	R43 004 145	R5 683 435	

3.21.3 Operating Expenditure

Financial Services, as a support service, generated an operating surplus for the 2020/2021 financial year. The surplus, due to property rates revenue, is subsidising other community services operating at a loss.

Table 85: Total Revenue and Expenditure: Financial Services (Procurement Services Excluded)

Total Revenue and Expenditure: Financial Services (Procurement Services Excluded)						
Serial No.	Description	2022/2023	2023/2024			
		Actual Results	Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Total Revenue	R394 637 512	R327 948 705	R369 362 435	R353 505 022	(R15 875 413)
2	Total Operating Revenue	R394 637 512	R327 948 705	R369 362 435	R353 505 022	(R15 875 413)
3	Employee Related Costs	R115 509 265	R123 565 642	R133 000 337	R134 286 407	(R1 286 070)
4	Impairment Losses on Financial Assets	R33 732 889	R9 707 111	R9 707 111	R5 925 865	R3 781 246
5	Interest Paid	R1 7 37 255	R1 124 56 8	R1 476 421	R1 903 663	(R427 242)
6	Contracted Services	R51 414 470	R21 574 372	R39 021 533	R29 296 635	R9 724 898
7	Depreciation and Provisions	R28 023 906	R25 675 280	R25 675 280	R25 510 276	R165 004
8	Inventory	R14 705 586	R9 721 882	R14 963 715	R13 034 420	R1 929 295
9	Operational Costs	R53 053 487	R44 459 133	R40 909 606	R59 828 847	(R18 919 241)
10	Total Operating Expenditure	R390 130 718	R273 703 884	R300 000 990	R323 335 907	(R23 334 917)
11	Operating (Surplus) / Deficit	R4 460 201	R54 060 963	R69 141 587	R27 757 126	(41 384 461)

3.22 HUMAN RESOURCE SERVICES

The Municipality is committed to the principles of the employment equity legislation and will continue to strive to appoint suitably qualified applicants while ensuring that the workforce is representative of the clients it serves. The Municipality also recognises the skills that our internal staff possesses hence it has embarked on a process of promoting internal staff through advertising some posts internally.

The Unit also focussed on filling critical vacant positions as requested by different departments and by placing internal advertisements. The other focus at HR for the 2023/2024 financial year was to review and develop HR related policies.

The HR continuously plays a pivotal role in terms of the Extended Public Works Programme by creating all appointed EPWP employees on the HR/Payroll System.

The Municipality complied with the Employment Equity Act (EEA) by ensuring that the Employment Equity Report was prepared and electronically submitted to the Department of Labour in January 2024. The Workplace Skills Plan and Annual Report were also submitted in April 2024.

The Municipality prides itself with contributing positively to its vision by also cascading the tool for monitoring progress and staff performance to all staff members.

3.21.4 Service statistics

Table 86: Service Statistics for Human Resources Services

22 nd April annually	LGSETA	Workplace Skills Plan
22 nd April annually	LGSETA	Annual Training Report
30 June annually	Office of the Municipal Manager	A report on the numbers of employees that are appointed on the first three levels of management
14 th January annually	Department of Labour	Employment Equity Report
Monthly	Dep. of Local Government	Municipal Finance Management Programme Report

3.21.5 Service Delivery Levels

A significant number of job descriptions were developed, in the financial year 2023/2024.

Major Projects Completed

Corporate Service policies were reviewed, and job descriptions were developed.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Information and Communication Technology Unit is responsible for the effective management and functional supervision of the following three sections:

- ICT Governance and Administration;
- Information Systems; and
- ICT Operations and Support.

During 2023/2024 the ICT Unit made significant progress to improve governance and service delivery to user departments. In the year under review, measures were taken to improve the management and control of the use of information and communication technology.

3.21.6 Service Statistics

Operationally the section provides continuous support for the development, enhancement and maintenance of more than 200 application systems and databases throughout the Municipality.

3.21.7 Operations and Support

This section is responsible for:

Planning, implementing and managing the ICT operations environment;

- Providing facilities to ensure the secure and optimal availability of all ICT infrastructure; telecommunications systems and data;
- ICT service desk and support function; and
- All ICT hardware deployed within uPhongolo Municipality resides under this section.

3.21.8 Staffing and Functionality

The unit is fully functional with a total number of 5 officials, with 1 vacancy for a Technician.

No	Post Description	No as per Organogram	Filled or Vacant
1	ICT Manager	1	Filled
2	Information Security Officer	1	Filled
3	It Technicians	2	Filled
4	Helpdesk Support	1	Filled
TOTAL		5	

COMMENT: Below are some of the ICT-related services that the Municipality has outsourced during the 2023/24 financial period. A contract is in place to render or provide the Telephone, Printers and internet services. Municipality is in the process of drafting a Skills Transfer Plan that will ensure Service Provider transfers skill and leave independence

3.21.9 Budget for full Functionality

Based on the advancing environment characterised with high inherent risk of obsolescence and in the light of the impact and attention that the 4IR warrants both for internal performance, governance and service delivery through connecting people with the economic world, the current budget is not adequate.

3.21.10 ICT Governance

The Municipality has got a functional ICT Steering Committee which is constituted by 9 members, chaired by the Accounting Officer and at times delegates.

No	Member	Position
1	Municipal Manager	Chairperson
2	Director: Planning and Technical Services	Member
3	Director :Community Services	Member
4	Director: LED	Member
5	Director: Corporate Services	Member
6	CFO	Member
7	Internal Audit Manager	Member
8	Risk Manager	Member
9	ICT Manager	Member

The Committee has held 4 meetings as planned .

3.21.11 ICT Risk Management

The Municipality has got an ICT Risk register which needs urgent updating due to the potential impact of current and emerging risks.

- The Cyber Security assessment was forwarded to 2024/25 due to budget constraints.
- Critical ICT Strategic assessment to also be done to 2024/25 around the Strategic Planning period.
- Disaster Recovery in place but not yet updated, also to be considered during the 2024/24 financial period.
- Municipality may be exposed to High Risk on Cyber attacks on the server mode on such critical areas as Payroll and Financial Management Systems. Increase in usage of Cloud-based backup is in the process and will be finalised during the 2024/25 Financial period.
- UPS is on the server to ensure maximum cover and automatic kick-in during load shedding, thereby reducing productivity losses.
- Municipality has not yet conducted the Maturity

3.21.12 ICT Training Interventions

- Trainings are regularly conducted by SALGA and this compensates for the little Budget that the Municipality currently has for the IT-related
- ICT to conduct a full Training needs benchmarking with organisations of similar size.

3.21.13 Compliance with the POPIA Act

The Protection of Personal Information Act (POPIA) is a South African law that governs how public and private bodies handle personal information. The act was passed in 2013 and came into effect in 2020. Its main purpose or objective is to:-

- Establish minimum requirements for processing personal information
- Protect personal information processed by public and private bodies
- Regulate the flow of personal information across borders
- Provide rights for individuals regarding unsolicited electronic communications and automated decision making

In order for the Municipality to ensure it enforces full compliance with POPIA and avoid consequences on non-compliance, it must develop and adopt its Policy. The Policy was identified as one of the most critical ones before the end of 2023/24, hence will be developed during the 2024/25 financial year.

3.21.14 Municipal Back-up System Status

The Municipality has got an off-site backup site which is cloud-based. There is a 12-month contract in place providing this service for the Municipality.

3.22 PROPERTY SERVICES

Some of the functions of various tend to overlap with those of the property services which in turn contribute towards economic growth and development as well as social and community development. This is achieved through making properties available through the sale or lease thereof, and thereby creating economic opportunities while also providing for the development and empowerment of the poor and most vulnerable. It further contributes to institutional transformation through the maintenance and development of office facilities and amenities that are required to render the necessary services.

The main objective of property services is to administer Municipality's property portfolio and to ensure that the property transactions are well administered, which would include the leasing and/or hiring immovable assets, the granting or obtaining of rights in properties as well as the alienation or acquisition thereof.

3.22.1 Service Delivery Levels

Service delivery levels are determined in the Standard Operating Procedures for every key activity or service being rendered by this section. These standards are incorporated as key performance indicators in the Service Delivery and Budget Implementation Plan, thereby ensuring measurement and compliance to the set service standards.

3.23 LEGAL SERVICES

Legal Services within the Municipality supports the Council and Administration with legal advice and support. In addition to general legal support, administering of own legislation, vetting of contracts and litigation management, the Legal Services Section oversees the outsourcing of legal services provided by the panel of attorneys appointed by the Municipality. The administration of property transactions which are governed in terms of the Asset Transfer Regulations also fall under the purview of Legal Services. Property transactions are administered in close co-operation and consultation with technical line departments in order to ensure that such transactions play a key role in the implementation of strategic goals that align with the constitutional duties of local government. The unit, therefore, does not only play a role in protecting the interests of the Municipality that pertain to legal matters, but also fulfil a facilitating role in furthering developmental goals such as the promotion of social and economic development through property transactions, in collaboration with other Departments of the Municipality.

3.23.1 Service Delivery Levels

uPhongolo Municipality uses the services of external service providers to assist the Municipality in administering its own legislation through the development and promulgation of new legislation as well as the review of existing legislation. The Municipal Code encompasses all of the Municipality's own legislation and is constantly updated by the review of existing bylaws as well as the development of new bylaws in areas that require the necessary enforcement and control in order to promote and protect the interests of the community.

External legal service providers who provide a wide spectrum of general legal services such as representation in litigation, legal opinions, contracts and agreements are also used and in this way as it is ensured that the required performance was maintained by duly protecting the interests of the Municipality at all material times.

3.24 RISK MANAGEMENT SERVICES

The Risk Management Unit performs two main functions, the Integrated Risk Management (IRM) that is responsible for the risk management function at uPhongolo Municipality through a process of facilitation. Provision of advice pertaining to the Fraud Risk Management to all stakeholders, basing same on four pillars vis-à-vis Prevention, Detection, Investigation and Feedback with regards to lessons learned.

3.24.1 Major Projects Completed

A normal risk assessment for the Municipality was conducted and that included a risk mitigation plan.

3.25 PROCUREMENT SERVICES

The Supply Chain Management Unit resorts under the direct supervision of the Chief Financial Officer. The service delivery levels are determined in the Standard Operating Procedures for every service rendered by this division. A number of standard operating procedures were drafted, approved and rolled out to departments for implementation. This improved efficiencies and reporting requirements.

COMPONENT K: ANNUAL PERFORMANCE REPORT (APR) 2023/2024

Table 87: APR

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscoc Project ref#	Project name (Mscoc)	Unit of Measure	Indicator	2021/2022			Prior year		Current year					Total	Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE	
									Demand	Baseline	Backlog			Original Annual Target 2023/24	Revised Annual Target 2023/2024	Actual Annual achievement	Performance Status	Measures to improve performance							
												Annual Target 2022/2023	Actual Annual achievement												
	PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS) GOAL 2 : HUMAN RESOURCE DEVELOPMENT																								
	NATIONAL KEY PERFORMANCE AREA : MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT																								
	OUTCOME 9 : DIFFERENTIATED APPROACH TO MUNICIPAL PLANNING AND SUPPORT																								
	BACK TO BASICS: PILLAR 5 - BUILDING CAPABLE LOCAL GOVERNMENT																								
Org 1	Corporate Services	Create a balance between employee productivity, welfare and capacity building	A1.1	Develop and Implement a Work Skills Plan	508, 450, 509, 511, 510	Staff & Clir training	Number	Number of staff who completed training against Skills development plan (NQF rated / Short Courses)	70	38	32	40 Staff members who completed training(NQF rated/short courses) by 30 June 2023	44	40 Staff members who completed training(NQF rated/short courses) by 30 June 2024	40 Staff members who completed training(NQF rated/short courses) by 30 June 2024	54				1,945,000.00	2,130,373.00	4,331,394.00	Opex-internal	All	Training certificates
Org 2	Corporate Services	Create a balance between employee productivity, welfare and capacity building	A1.1	Develop and Implement a Work Skills Plan	508, 450, 509, 511, 510	Staff & Clir training	Number	Number of Clirs who completed training (NQF rated / Short Courses) against the Skills development plan	29	-	29	29 Councillors who completed training(NQF rated/short courses) by 30 June 2023	15	7 Councillors who completed training(NQF rated/short courses) by 30 June 2024	7 Councillors who completed training(NQF rated/short courses) by 30 June 2024	0		To conduct the skills audit and related personal development plan for Clir and implement the PDP.	1,945,000.00	2,130,373.00	4,331,394.00	Opex-internal	All	Training certificates	
Org 3	Office of the Municipal Manager	Promote quality service delivery through inclusive Performance Management System	A2.1	Cascade PMS to one lower level each year			Number	Number of Organisational performance reports submitted to Council (Council Agenda)	4	4	-	4 Organisational performance reports submitted to Council by 30 June 2023	2	4 Organisational performance reports submitted to Council by 30 June 2024	4 Organisational performance reports submitted to Council by 30 June 2024	2		To develop an activity plan to guide the preparation, review and audit of performance information				Opex-internal	All	Council Agenda	
Org 4	Office of the Municipal Manager	Promote quality service delivery through inclusive Performance Management System	A2.1	Cascade PMS to one lower level each year	1219	Performance/Audit Committee	Number	Number of Performance committee meetings	4	4	-	4 Performance audit committee meetings by 30 June 2023	4	4 Performance audit committee meetings by 30 June 2024	4 Performance audit committee meetings by 30 June 2024	4			200,000.00	200,000.00	36,999.86	Opex-internal	All	Attendance register and minutes of meeting	
Org 5	Office of the Municipal Manager	Promote quality service delivery through inclusive Performance Management System	A2.1	Cascade PMS to one lower level each year			Number	Number of organogram levels performance monitored	1 to 4	1&2	3 to 4	Cascade PMS to top 3 organogram levels by 30 June 2023	1&2	Cascade PMS to top 3 organogram levels by 30 June 2024	Cascade PMS to top 3 organogram levels by 30 June 2024	Level 1 & 2		To conduct best-practice study on cascading PMS and implement it at the Municipality				Opex-internal	All	Signed performance agreements	
Org 6	Corporate Services	To provide an effective and efficient IT and Communication service to all Municipal units	A3.1	Safely provide access to email and internet to improve efficiency in operations.			Number	Number of ICT steering committee meetings held	4	1	3	4 ICT steering committee meetings held by 30 June 2023	4	4 ICT steering committee meetings held by 30 June 2024	4 ICT steering committee meetings held by 30 June 2024	4						Opex-internal	All	Attendance Register and minutes	
Org 7	Corporate Services	To promptly employ a highly effective workforce which is a representative of the Municipality's demographic profile.	A4.1	Apply previously disadvantaged people concepts to address the demographic gaps and past injustices			Number	Number of women appointed in S54, S56 posts or middle mg level	2	0	2	1 Woman appointed in s54,s56 posts or middle management level by 30 June 2023	2	1 Woman appointed in s54,s56 posts or middle management level by 30 June 2024	1 Woman appointed in s54,s56 posts or middle management level by 30 June 2024	3						Opex-internal	All	Appointment letters	

Score card Ref #	Responsible Department	IDP Objectives	IDP Ref No.	Strategy	Msooa Project ref#	Project name (Msooa)	Unit of Measure	Indicator	2021/2022			Prior year		Current year					Total	Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE
									Demand	Baseline	Backlog			Original Annual Target 2023/24	Revised Annual Target 2023/2024	Actual Annual achievement	Performance Status	Measures to improve performance						
												Annual Target 2022/2023	Actual Annual achievement											
	PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS) GOAL 2 : HUMAN RESOURSE DEVELOPMENT																							
	NATIONAL KEY PERFORMANCE AREA : MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT																							
	OUTCOME 9 : DIFFERENTIATED APPROACH TO MUNICIPAL PLANNING AND SUPPORT																							
	BACK TO BASICS: PILLAR 5 - BUILDING CAPABLE LOCAL GOVERNMENT																							
Org 8	Corporate Services	To promptly employ a highly effective workforce which is a representative of the Municipalities demographic profile.	A4.4	All critical posts to be filled within 3 months			Number	Number of vacant posts filled.	22	7	15	22 vacant positions filled by 30 June 2023	36	12 vacant positions filled by 30 June 2024	12 vacant positions filled by 30 June 2024	35						Opex-internal	All	Appointment letters
Org 9	Corporate Services	To promptly employ a highly effective workforce which is a representative of the Municipalities demographic profile.	A4.4	All critical posts to be filled within 3months			Number	Average turn-around time to finalise the appointment (Advertisement to Appointment)	90 days	90 days	-	90 days to finalise the appointment (Advertisement to Appointment) by 30 June 2023	84 (Average)	90 days to finalise the appointment (Advertisement to Appointment) by 30 June 2024	90 days to finalise the appointment (Advertisement to Appointment) by 30 June 2024	119		The fully capacitate the HR unit to enable it to handle the HR processes in a efficient manner				Opex-internal	All	Advert date to appointment date duration calculation per post averaged for all posts
Org 10	Corporate Services	To promptly employ a highly effective workforce which is a representative of the Municipalities demographic profile.	A4.3	Implement retention measures to all critical posts to reduce loss of skills.			%	Vacancy rate kept below 10%	<10%			Vacancy rate kept below 10% by 30 June 2023	31% (average)	Vacancy rate kept below 10% by 30 June 2024	Vacancy rate kept below 10% by 30 June 2024	26%		New organogram approved and to be implemented in line with staff budget during 24/25 year				Opex-internal	All	Organogram vs Payroll report & Calc
Org 11	Corporate Services	To improve Citizens Skills levels and Education	A5.1	Review Bursary Policy and align with government priorities	1177	Community Bursary/ Study assistance	%	% bursary /learnership Budget amount spent	100%	100%	-	95%-100% bursary /learnership Budget amount spent by 30 June 2023	21%	95%-100% bursary /learnership Budget amount spent by 30 June 2024	95%-100% bursary /learnership Budget amount spent by 30 June 2024	156%		Budgeting for the bursary to be revised in 24/25 and to use historic data when budgeting going forward	700,000.00	300,000.00	467,587.10	Opex-internal	All	Expenditure report- S71
Org 12	Corporate Services	Ensure Institutional of Batho Pele Culture and Principles	A6.1	Increase sensitivity of government administrators to the aspirations of citizens through bi-annually			Number	Number of Batho pele awareness campaigns conducted	2	1	1	1 Batho pele awareness campaigns conducted by 30 June 2023	1	1 Batho pele awareness campaigns conducted by 30 June 2024	1 Batho pele awareness campaigns conducted by 30 June 2024	2						Opex-internal	All	Attendance register
Org 13	Office of the Municipal Manager	To Promote Access to Information and Accountability	A7.3	Facilitate compilation of an Annual Report	894	Annual Report preparation	Date	Date draft Annual report submitted.	31-Jan	31-Jan	-	Draft Annual Report for 2022/22 Financial year submitted by 31 January 2023	30-Jan	Draft Annual Report for 2022/23 Financial year submitted by 31 January 2024	Draft Annual Report for 2022/23 Financial year submitted by 31 January 2024	31-Jan			404,832.00	404,832.00	334,634.00	Opex-internal	All	Council resolution
Org 14	Corporate Services	Ensuring compliance with the Occupational Health and Safety Act and Compensation for occupational injuries and diseases	A8.2	Develop Occupational Health and safety Guidelines	518,308	OHS	Number	number of site inspections for OHS Compliance	40	0	40	40 site inspections for OHS compliance by 30 June 2023	41	40 site inspections for OHS compliance by 30 June 2024	40 site inspections for OHS compliance by 30 June 2024	41			497,329.00	497,329.00	- 144,619.18	Opex-internal	All	Inspection form

3.25 *KEY PERFORMANCE AREA 2: Basic Service Delivery*

Score card Ref #	Responsible Department	IDP Objectives	IDP Ref No.	Strategy	Mscosa Project ref#	Project name (Mscosa)	Unit of Measure	Indicator	2021/2022			Prior year		Current year					Total		Source of Funding	Ward	POE	
									Demand	Baseline	Backlog			Original Annual Target 2023/24	Revised Annual Target 2023/2024	Actual Annual achievement	Performance Status	Measures to improve performance	Original Budget	Final Revised Budget for the Year				Actual Budget Spent
												Annual Target 2022/2023	Actual Annual achievement											
	PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS) GOAL 3: HUMAN AND COMMUNITY DEVELOPMENT																							
	NATIONAL KEY PERFORMANCE AREA : BASIC SERVICE DELIVERY & INFRASTRUCTURE																							
	OUTCOME 9 : IMPROVED ACCESS TO BASIC SERVICES																							
	BACK TO BASICS: Pillar 2 - DELIVERING BASIC SERVICES																							
Org 15	Technical Services	Ensure provision of Electricity/alternative energy in a sustainable manner	B1.1	To provide an efficient and cost effective electricity distribution or alternative energy to all mandated areas in Phongolo.	43027	Electricity provision	Number	Number of new consumer units with access to electricity (Eskom aria)	4419	582	3837	150 of new consumer units with access to electricity (Eskom area) by 30 June 2023	Nil (MV line upgrade in progress)	359 of new consumer units with access to electricity (Eskom area) by 30 June 2024	359 of new consumer units with access to electricity (Eskom area) by 30 June 2024	0		To apply for additional funding/grant to complete all pending electrification projects in Q1 of 24/25	15,600,000.00	15,000,000.00	3,240,000.00	DOE	1 & 10	Completion certificate
Org 16	Technical Services	Ensure provision of Electricity/alternative energy in a sustainable manner	B1.1	To provide an efficient and cost effective electricity distribution or alternative energy to all mandated areas in Phongolo.		Electricity provision	Number	Number of existing Households with access to electricity	34228	26286	7942	27069 Households with access to electricity by 30 June 2023	26717	26965 Households with access to electricity by 30 June 2024	26965 Households with access to electricity by 30 June 2024	26717		To engage Department of Electricity and Energy for funding and to also finalise all pending electrification projects					All	Census data plus completed project after
Org 17	Technical Services	Ensure provision of Electricity/alternative energy in a sustainable manner	B1.1	To provide an efficient and cost effective electricity distribution or alternative energy to all mandated areas in Phongolo.		Electricity provision	%	Percentage of Households with access to electricity	100%	85%	15%	79% Households with access to electricity by 30 June 2023	78.1%	79%-80% Households with access to electricity by 30 June 2024	79%-80% Households with access to electricity by 30 June 2024	78.10%		To apply for additional funding/grant to complete all pending electrification projects					All	Census data plus completed project after
Org 18	Community Services	To control waste management including water contamination	B3.3	Ensure that all refuse is timeously removed from source to waste management centre		Refuse collection	Number	Number of Househols with access to refuse removal at least once per week	4364	4114	86	4550 Households with access to refuse removal at least once per week by 30 June 2023	4431	4550 Households with access to refuse removal at least once per week by 30 June 2024	4550 Households with access to refuse removal at least once per week by 30 June 2024	4447		To investigate the possibility of resuming refuse collection at Belgrade with the aim of boosting revenue and access to refuse collection				Opex-internal	All	Billing report or refuse collection report
Org 19	Community Services	To control waste management including water contamination	B3.3	Ensure that all refuse is timeously removed from source to waste management centre		Refuse collection	%	% Households with access to refuse removal at least once per week	15%	14%	1%	15% Households with access to refuse removal at least once per week by 30 June 2023	13%	13%-14% % Households with access to refuse removal at least once per week by 30 June 2024	13%-14% Households with access to refuse removal at least once per week by 30 June 2024	13.0%						Opex-internal	All	Billing report or refuse collection report over census data

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscoa Project ref#	Project name (Mscoa)	Unit of Measure	Indicator	2021/2022			Prior year		Current year					Total	Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE	
									Demand	Baseline	Backlog	Annual Target 2022/2023	Actual Annual achievement	Original Annual Target 2023/24	Revised Annual Target 2023/2024	Actual Annual achievement	Performance Status	Measures to improve performance							
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS) GOAL 3: HUMAN AND COMMUNITY DEVELOPMENT																									
NATIONAL KEY PERFORMANCE AREA : BASIC SERVICE DELIVERY & INFRASTRUCTURE																									
OUTCOME 9 : IMPROVED ACCESS TO BASIC SERVICES																									
BACK TO BASICS: Pillar 2 - DELIVERING BASIC SERVICES																									
Org 20	Planning & Development & LED	To provide safe, adequate and habitable housing that is closer to amenities	B4.2	Improve community standard of living through accelerated development of houses in rural areas through improved intergovernmental relations with the Department of Human Settlements		RDP houses	Number	Number of new housing units completed	100	91	9	300 new RDP housing units completed by 30 June 2023	245	600 new RDP housing units completed by 30 June 2024	200 new RDP housing units completed by 30 June 2024	249						Capex_ grant DHS	3,7,8,12	Progress Report /Completion Certificate	
Org 22	Technical Services	Ensure the optimal use, maintenance and equitable development of communal and Public Facilities	B5.2	Improve Access to Community Amenities and infrastructure	22413	Construction of multipurpose centre	Number	Number of multipurpose centre constructed and completed	2	*	*	1 Multipurpose centre constructed and completed by 30 June 2023	Nil (Progress 30%)	1 Multipurpose centre constructed and completed by 30 June 2024	1 Multipurpose centre constructed and completed by 30 June 2024	Nil (98% Progress)		Project to be monitored regularly and to grant time extension with the proposed completion to be Q1 of 24/25	6,819,060.00	6,173,346.58	6,735,194.00	Capex- MIG	8	Completion certificate/ Project closeout report	
Org 23	Technical Services	Ensure the optimal use, maintenance and equitable development of communal and Public Facilities	B5.2	Improve Access to Community Amenities and infrastructure		Construction of Sport fields	%	% of completion of Nkuzana Sport fields				-	-	-	70% of completion of Nkuzana Sport fields	30%		The PSC will deliberate on challenges and to find a solution that will ensure the project is implemented accordingly. Where progress is not visible, penalty clauses to be implemented by Q1 of 24/25	1,524,074.00	6,041,837.00	4,008,967.00	Capex- MIG		Completion certificate/ Project progress report/ Project closeout report	
Org 24	Technical Services	Ensure the optimal use, maintenance and equitable development of communal and Public Facilities	B5.2	Improve Access to Community Amenities and infrastructure		Stormwater earth lined Channel constructed	Number	meter in length of Stormwater earth lined Channel constructed				-	-	-	647 m of Stormwater earth lined Channel constructed	1500 m				673,978.32	807,688.00	CAPEX- Internal		Completion certificate/ Project progress report/ Project closeout report	
Org 25	Technical Services	Ensure the optimal use, maintenance and equitable development of communal and Public Facilities	B5.2	Improve Access to Community Amenities and infrastructure	63251	road construction	Number	Kms of new Gravel roads constructed	3.8			-	-	3 Kms of new Gravel roads constructed by 30 June 2024	3 Kms of new Gravel roads constructed by 30 June 2024	3 km			3,969,559.00	5,802,167.00	5,259,487.00	Capex- MIG	1	Completion certificate/ Project closeout report	
Org 26	Technical Services	Ensure the optimal use, maintenance and equitable development of communal and Public Facilities	B5.2	Improve Access to Community Amenities and infrastructure	63250 & 22411	Sport Facility construction	Number		3.8			3 Sportfield completed by 30 June 2023	Nil (Ward 8, procurement stage, Ward 9- project on hold, Ward 4- procurement stage)	2 Sportfield completed by 30 June 2024	1 Sportfield completed by 30 June 2024	Nil (89% progress)		Project to be monitored regularly and to grant time extension with the proposed completion to be Q1 of 24/25				capex	8 & 4	Completion certificate/ Project closeout report	
				Number of Sport fields completed																					
																			8,884,219.00	5,061,718.65	7,744,129.00				

3.26 *KEY PERFORMANCE AREA 3: Local Economic Development*

Score card Ref #	Responsible Department	IDP Objectives	IDP Ref No.	Strategy	Mscosa Project ref#	Project name (Mscosa)	Unit of Measure	Indicator	2021/2022			Prior year		Current year					Total		Actual Budget Spent	Source of Funding	Ward	POE
									Demand	Baseline	Backlog			Original Annual Target 2023/24	Revised Annual Target 2023/24	Actual Annual achievement	Performance Status	Measures to improve performance						
												Annual Target 2022/2023	Actual Annual achievement											
	PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS) GOAL 1: INCLUSIVE ECONOMIC GROWTH																							
	NATIONAL KEY PERFORMANCE AREA : LOCAL ECONOMIC DEVELOPMENT																							
	OUTCOME 9 : COMMUNITY WORK PROGRAMME IMPLEMENTED AND CO-OPERATIVES SUPPORTED																							
	BACK TO BASICS: PILLAR 1 - PUTTING PEOPLE FIRST																							
	LOCAL ECONOMIC DEVELOPMENT																							
Org 27	Planning & Development & LED	Create a conducive environment for investing and SMME growth in Phongolo	C 1.3	Provide training to the unemployed communities	465, 22503,	SMMEs support	Number	Number of unemployed people trained on various skills	All unemployed ppl	300	50 unemployed people trained on various skills by 30 June 2023	0	50 unemployed people trained on various skills by 30 June 2024	50 unemployed people trained on various skills by 30 June 2024	56			133,540.00	133,540.00	225,000.00	Opex-internal	All	Attendance Register for attendance	
Org 28	Planning & Development & LED	Increase the number of visitors to uPhongolo through integrated and targeted marketing	C2.2	Tourism promotion and facilitation	22547	Tourism promotion	Number	Number of tourism promotional initiatives to attract more tourists to Pongola.	4	2	2	4 Tourism promotional initiatives to attract more tourists to Pongola by 30 June 2023	4	4 Tourism promotional initiatives to attract more tourists to Pongola by 30 June 2024	4 Tourism promotional initiatives to attract more tourists to Pongola by 30 June 2024	5			106,250.00	106,250.00	80,000.00	Opex-internal	All	Report on the promotion or Attendance Register and Photos
Org 29	Planning & Development & LED	To promote arts and cultural services	C3.1	Development of Arts and Culture Strategy	225542	Cultural	Number	Number of Cultural events held	2	2	1 Cultural events (Reed dance) held by 30 June 2023	1	1 Cultural events (Reed dance) held by 30 June 2024	1 Cultural events (Reed dance) held by 30 June 2024	1			919,642.00	739,301.00	781,401.00	Opex-internal	All	Attendance Register and relevant report/phot	
Org 30	Planning & Development & LED	Creation of sustainable jobs	C 4.1	Create employment opportunities through labour intensive schemes	330	EPWP job creation	Number	No. of jobs created through municipality's LED initiatives including capital projects & EPWP	All unemployed ppl	45	120 jobs created through municipality's LED initiatives including capital projects & EPWP by 30 June 2023	99	120 jobs created through municipality's LED initiatives including capital projects & EPWP by 30 June 2024	79 jobs created through municipality's LED initiatives including capital projects & EPWP by 30 June 2024	94			2,297,000.00	2,169,000.00	2,169,000.00	Opex - Grant DPW	All	Payroll reports	
Org 31	Office of the Municipal Manager	Mitigate the HIV epidemic and promote positive living	C6.3	To develop and implement programmes that target high risk groups	932	HIV/AIDS awareness events	Number	Number of HIV / AIDS events held	4	4	4 HIV / AIDS events held by 30 June 2023	3	4 HIV / AIDS events held by 30 June 2024	4 HIV / AIDS events held by 30 June 2024	1		To prepare a yearly activity plan on all HIV/Aids programs/events to be undertaken and align it with budget for implementation during the 24/25 year	105,300.00	105,300.00	59,435.00	opex - internal	All	Attendance Register, Minutes of meetings, Reports/ Photos	

[illegible]

3.27KEY PERFORMANCE AREA 5: Municipal Financial Viability and Management

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscosa Project ref#	Project name (Mscosa)	Unit of Measure	Indicator	2021/2022			Prior year		Current year					Total		Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE	
									Demand	Baseline	Backlog			Original Annual Target 2023/24	Revised Annual Target 2023/2024	Actual Annual achievement	Performance Status	Measures to improve performance								
												Annual Target 2022/2023	Actual Annual achievement													
	PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS) GOAL 6 : GOVERNANCE AND POLICY																									
	NATIONAL KEY PERFORMANCE AREA : MUNICIPAL FINANCIAL VIABILITY AND MANAGMENT																									
	OUTCOME 9 : IMPROVED MUNICIPAL FINANCIAL AND ADMINISTRATIVE CAPABILITY																									
	BACK TO BASICS: PILLAR 4 SOUND FINANCIAL MANAGMENT																									
	MUNICIPAL FINANCIAL VIABILITY & FINANCIAL MANAGEMENT																									
Org 40	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	DI.1	Develop and implement measures to expand revenue base and generation.			%	% Revenue Growth excluding grants (Period under review's Total own Revenue - previous period's Total own Revenue) / previous period's Total own Revenue) x 100 - year-on-year or quarter-to-quarter	12%	5%	7%	-	-	2%-5% Revenue Growth excluding grants by 30 June 2024	2%-5% Revenue Growth excluding grants by 30 June 2024	10%			123,310,897	125,812,058	133,132,107	Mix sources	All	\$ 71 report table c3 monthly budget statement		
Org 41	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	DI.1	Develop and implement measures to expand revenue base and generation.			%	Actual Operating Revenue / Budget Operating Revenue x 100	95% - 100%	100%	-	95%-100% Actual Operating Revenue over Budgeted Operating revenue by 30 June 2023	97%	95%-100% Actual Operating Revenue over Budgeted Operating revenue by 30 June 2024	95%-100% Actual Operating Revenue over Budgeted Operating revenue by 30 June 2024	96%			315,029,547	333,406,216	324,887,315	Mix sources	All	\$ 71 report table c4 monthly budget statement and table c4		
Org 42	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	DI.2	To control and account for all Municipal expenditure			%	% staff cost over OPEX incurred - Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x100	25% - 40%	40%	-	25 - 40% staff cost over OPEX incurred by 30 June 2023	42%	25 - 40% staff cost over OPEX incurred by 30 June 2024	25 - 40% staff cost over OPEX incurred by 30 June 2024	40%			140,166,259	139,729,826	144,832,774	Mix sources	All	\$ 71 report table c4		
Org 43	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	DI.2	To control and account for all Municipal expenditure			%	% CAPEX BUDGET SPENT - Actual capital Expenditure / Budget Capital Expenditure x 100	95% - 100%	75%	25%	95%-100% CAPEX BUDGET SPENT by 30 June 2023	88%	95%-100% CAPEX BUDGET SPENT by 30 June 2024	95%-100% CAPEX BUDGET SPENT by 30 June 2024	93%		To do follow-up on grants gazetted but not received in June of each year in order to do a special adjustment budget if needed	43,124,000	39,515,005	36,589,161	Mix sources	All	\$ 71 report table c5		
Org 44	Technical Services	To apply good financial management in dealings with municipal finances	DI.2	To control and account for all Municipal expenditure			%	% MIG BUDGET SPENT - Actual MIG Expenditure / MIG Budget Expenditure x 100	95% - 100%	75%	25%	95%-100% MIG BUDGET SPENT by 30 June 2023	100%	95%-100% MIG BUDGET SPENT by 30 June 2024	95%-100% MIG BUDGET SPENT by 30 June 2024	100%			33,173,000	30,954,000	30,954,000	Grant_MIG	All	\$ 71 report table c5		
Org 45	Technical Services	To apply good financial management in dealings with municipal finances	DI.2	To control and account for all Municipal expenditure			%	% Electricity Grant (INEP) BUDGET SPENT - Actual INEP Expenditure / INEP Budget Expenditure x 100	95% - 100%	75%	25%	95%-100% Electricity Grant (INEP) BUDGET SPENT by 30 June 2023	100%	95%-100% Electricity Grant (INEP) BUDGET SPENT by 30 June 2024	95%-100% Electricity Grant (INEP) BUDGET SPENT by 30 June 2024	21.6%		To apply for additional funding/grant to complete all pending electrification projects in Q1 of 24/25	15,600,000	15,000,000	3,240,000	Grant_INEP	8	\$ 71 report table c5		
Org 46	Corporate Services	To apply good financial management in dealings with municipal finances	DI.2	To control and account for all Municipal expenditure	508,450,509,511,510	Staff & Cllr training	%	% of budget spent on implementation of WSP	95% - 100%	75%	25%	95%-100% Work Skills Plan Budget Spent	36.70%	95%-100% Work Skills Plan Budget Spent	95%-100% Work Skills Plan Budget Spent	182.0%		To revise the WSP budget in 24/25 and to use historic data in budgeting for such items in following years	1,945,000.00	2,130,373.00	4,331,394.00	Opex-internal	All	\$ 71 report		
Org 47	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	DI.2	To control and account for all Municipal expenditure			%	% OPEX Budget spent - Actual Operating Expenditure / Budgeted Operating Expenditure x 100	95% - 100%	100%	-	95%-100% OPEX Budget spent by 30 June 2023	105%	95%-100% OPEX Budget spent by 30 June 2024	95%-100% OPEX Budget spent by 30 June 2024	111.0%		Major contributor to overspending is the donation of 21ml to Department of transport. Matter referred to Council for appropriate treatment	296,245,331	323,772,595	359,191,013	Mix sources	All	\$ 71 report table c4		

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscosa Project ref#	Project name (Mscosa)	Unit of Measure	Indicator	2021/2022			Prior year		Current year					Total	Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE	
									Demand	Baseline	Backlog			Original Annual Target 2023/24	Revised Annual Target 2023/2024	Actual Annual achievement	Performance Status	Measures to improve performance							
												Annual Target 2022/2023	Actual Annual achievement												
	PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS) GOAL 6 : GOVERNANCE AND POLICY																								
	NATIONAL KEY PERFORMANCE AREA : MUNICIPAL FINANCIAL VIABILITY AND MANAGMENT																								
	OUTCOME 9 : IMPROVED MUNICIPAL FINANCIAL AND ADMINISTRATIVE CAPABILITY																								
	BACK TO BASICS: PILLAR 4 SOUND FINANCIAL MANAGMENT																								
	MUNICIPAL FINANCIAL VIABILITY & FINANCIAL MANAGEMENT																								
Org 48	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	D1.3	Develop and implement measures to reduce the level of debt owed to the municipality			%	% Collection Rate - (Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100	93%-95%	85%	10%	93%-95% Collection Rate by 30 June 2023	85%	93%-95% Collection Rate by 30 June 2024	93%-95% Collection Rate by 30 June 2024	82%		The debt collector has been appointed and to start collecting in line with our credit control policy from Q1 of 24/25					All	section 71 report	
Org 49	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	D1.3	Develop and implement measures to reduce the level of debt owed to the municipality			%	% of outstanding service debtors to annual revenue from services	0%-26%	200%	-174%	0%-26% of outstanding service debtors to annual revenue from services by 30 June 2023	351%	0%-26% of outstanding service debtors to annual revenue from services by 30 June 2024	0%-26% of outstanding service debtors to annual revenue from services by 30 June 2024	231%		The debt collector has been appointed and to start collecting in line with our credit control policy from Q1 of 24/25					All	section 71 report	
Org 50	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	D1.4	Improve cash and debtors management			Number in months	Cash / Cost Coverage Ratio in Months - ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	1-3 Months	1	2	1-3 Cash / Cost Coverage Ratio in Months by 30 June 2023	0	1-3 Cash / Cost Coverage Ratio in Months by 30 June 2024	1-3 Cash / Cost Coverage Ratio in Months by 30 June 2024	1 Month						All	Section 71 report/ Circular 71 Template report		
Org 51	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	D1.4	Improve cash and debtors management			Number	Debt coverage rate - (Total operating revenue less operating grants)/ Debt service payment	40 x			30 x to 40 times Debt coverage rate by 30 June 2023	87 x	30 x to 40 times Debt coverage rate by 30 June 2024	30 x to 40 times Debt coverage rate by 30 June 2024	Nil		No Debt in place				Opex-internal	All	Expenditure report- 571	
Org 52	Budget and Treasury Office	To enforce a fair and legislatively compliance SCM policy	D2.2	Apply fairness, equitability, competitiveness, transparency & cost effectiveness principles in obtaining goods and services.			Number	Number of Quarterly report on the implementation of SCM policy reported to Council	4	4	-	4 report on the implementation of SCM policy reported to Council by 30 June 2023	2	4 report on the implementation of SCM policy reported to Council by 30 June 2024	4 report on the implementation of SCM policy reported to Council by 30 June 2024	2		To designate one official to be responsible for the preparation of the report starting in Q1 of 24/25				Opex-internal	All	Council resolution noting deviations	
Org 53	Budget and Treasury Office	To budget and report on all Municipal financial transactions according to legislation	D3.1	Ensure that budget is informed by the IDP			Date	Date: Final Budget approved by Council	02-06-2021	31-May	-	Final Budget approved by Council on or before 31 May 2023	31-May	Final Budget approved by Council on or before 31 May 2024	Final Budget approved by Council on or before 31 May 2024	21-May-24						Opex-internal	All	Council resolution on draft and final budget	
Org 54	Corporate Services	To ensure that assets are properly safeguarded, maintained and accounted for in the Municipal records	D4.4	Establish own fleet with effective tracking system			Number	Number of fleet Management report prepared	12	12	-	12 Fleet Management Reports prepared by 30 June 2023	12	12 Fleet Management Reports prepared by 30 June 2024	12 Fleet Management Reports prepared by 30 June 2024	12						Opex-internal	All	Monthly Fleet Report signed by SCM Manager and CFO	

3.28 *KEY PERFORMANCE AREA 4: Good Governance and Public Participation*

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscqa Project ref#	Project name (Mscqa)	Unit of Measure	Indicator	2021/2022			Prior year		Current year					Total						
									Demand	Baseline	Backlog			Original Annual Target 2023/24	Revised Annual Target 2023/2024	Actual Annual achievement	Performance Status	Measures to improve performance							
												Annual Target 2022/2023	Actual Annual achievement												
	PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS) GOAL 6 : GOVERNANCE AND POLICY																								
	NATIONAL KEY PERFORMANCE AREA : GOOD GOVERNANCE, COMMUNITY PARTICIPATION AND WARD COMMITTEE SYSTEMS																								
	OUTCOME 9 : DEEPEN DEMOCRACY THROUGH A REFINED WARD COMMITTEE SYSTEM																								
	BACK TO BASICS: PILLAR 1: PUTTING PEOPLE FIRST & PILLAR 3: GOOD GOVERNANCE																								
	GOOG GOVERNANCE, COMMUNITY PARTICIPATION AND WARD COMMITTEE SYSTEMS																								
Org 55	Office of the Municipal Manager	Promote good governance, accountability and transparency	E1.1	Promotion of effective, timeous, and efficient communication with both internal and external stakeholders			Number	Number of Council meetings held	4	4	-	4 Council Meetings held by 30 June 2023	17	4 Council Meetings held by 30 June 2024	4 Council Meetings held by 30 June 2024	9						Opex-internal	All	Attendance register	
Org 56	Office of the Municipal Manager	Promote good governance, accountability and transparency	E 1.2	Monitor and improve internal Control & risk management processes			Percentage	% Audit plan Implemented or achieved	100%	100%	-	100% Audit plan Implemented or achieved by 30 June 2023	100%	95%-100% Audit plan Implemented or achieved by 30 June 2024	95%-100% Audit plan Implemented or achieved by 30 June 2024	100%						Opex-internal	All	Progress report	
Org 57	Office of the Municipal Manager	Promote good governance, accountability and transparency	E 1.2	Monitor and improve internal Control & risk management processes	703	External audit		Type of audit opinion received - clean audit best, unqualified acceptable) Prior year AFS	Clean audit	qualified	clean/ unqualified	To achieve and maintain a clean or unqualified audit by 30 June 2023	Unqualified	Clean/unqualified Audit Opinion received by 31 December 2023	Clean/unqualified Audit Opinion received by 31 December 2023	Unqualified			1,764,897.00	1,764,897.00	2,134,896.35	Opex-internal	All	Audit report	
Org 58	Office of the Municipal Manager	Placing the primary focus on addressing the needs of communities within the municipality	E 2.2	Ward committees supported and capacitated to ensure functionality	657	Ward Committees	Number	Number of ward committee meetings held	45	42	-	180 ward committee meetings held for the year ended 30 June 2023	180	180 ward committee meetings held for the year ended 30 June 2024	180 ward committee meetings held for the year ended 30 June 2024	180			2640000	2640000	2641500	Opex-internal	1 to 15	Attendance Register	
Org 59	Corporate Services	Placing the primary focus on addressing the needs of communities within the municipality	E 2.4	Monitor customer complaints & provide feed back			Number	Number of report on complaints/ compliments	4	4	-	4 report on complaints/ compliments by 30 June 2023	4	4 report on complaints/ compliments by 30 June 2024	4 report on complaints/ compliments by 30 June 2024	4						Opex-internal	All	Report on public complaints / compliments	
Org 60	Corporate Services	To ensure effective and efficient administration complying with Its Legal Mandates	E4.2	Strengthen Council Oversight through training on Legislation and Policies	508, 450, 509, 511, 510	Staff & Cllr training	Number	Number of Cllrs who attended training (NQF rated / Short Courses) against the Skills development plan	29	27	2	29 Councillors to attending training(NQF rated/short courses) by 30 June 2023	23	7 Councillors to attending training(NQF rated/short courses) by 30 June 2024	7 Councillors to attending training(NQF rated/short courses) by 30 June 2024	0		To conduct the skills audit in 24/25 and develop personal development plan for Cllr and implement the PDP by Q4 of 24/25	1,945,000.00	2,130,373.00	4,331,394.00	Opex-internal	All	Training certificates	

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscosa Project ref#	Project name (Mscosa)	Unit of Measure	Indicator	2021/2022			Prior year		Current year					Total				Source of Funding	Ward	POE
									Demand	Baseline	Backlog			Original Annual Target 2023/24	Revised Annual Target 2023/24	Actual Annual achievement	Performance Status	Measures to improve performance							
												Annual Target 2022/2023	Actual Annual achievement												
	PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS) GOAL 6 : GOVERNANCE AND POLICY																								
	NATIONAL KEY PERFORMANCE AREA : GOOD GOVERNANCE, COMMUNITY PARTICIPATION AND WARD COMMITTEE SYSTEMS																								
	OUTCOME 9 : DEEPEN DEMOCRACY THROUGH A REFINED WARD COMMITTEE SYSTEM																								
	BACK TO BASICS: PILLAR 1: PUTTING PEOPLE FIRST & PILLAR 3: GOOD GOVERNANCE																								
	GOOG GOVERNANCE, COMMUNITY PARTICIPATION AND WARD COMMITTEE SYSTEMS																								
Org 61	Office of the Municipal Manager	To ensure effective and efficient administration complying with its Legal Mandates	E4.3	Development of an organisational strategic planning document	911	Strategic Planning	Date	Date Strategic Planning sessions held	1	1	-	Strategic planning session held on or before 31 March 2023	17-Apr-23	Strategic planning session held on or before 31 March 2024	Strategic planning session held on or before 31 March 2024	17-Mar-24			321,000.00	321,000.00	292,000.00	Opex-internal	All	Attendance register	
Org 62	Office of the Municipal Manager	To promote a municipal governance system that enhances and embraces the system of participatory Governance	ES.1	Facilitate the Functionality of Ward Committees through continuous public participation			Number	Number of ward community meetings held	60	56	4	60 ward community meetings held by 30 June 2023	110	60 ward community meetings held by 30 June 2024	60 ward community meetings held by 30 June 2024	97					Opex-internal	1 to 15	Attendance Register and minutes		
Org 63	Planning & Development & LED	To promote a municipal governance system that enhances and embraces the system of participatory Governance	ES.2	Development of a Credible Integrated Development plan within prescribed legislative guidelines	369	Development and Review of Integrated Development Plan (IDP)	%	% of IDP credibility score obtained from Cogta IDP assessment	*	*	*	70% or > IDP credibility score achieved for the IDP assessment by Cogta by 30 June 2023	79%	70% or > IDP credibility score achieved for the IDP assessment by Cogta by 30 June 2024	70% or > IDP credibility score achieved for the IDP assessment by Cogta by 30 June 2024	85.43%			1,000,000.00	1,995,652.00	1,562,913.00	OPEX-Own funding	All	IDP / Mng Planning & Housing	
Org 64	Office of the Municipal Manager	To promote and foster sound internal and external communication	E6.2	Facilitate functionality of IGR Structures			Number	Number of DDM meetings attended	4	0	4	4 IGR meetings attended by 30 June 2023	0	4 DDM meetings attended	4 DDM meetings attended	1		To attend all DDM meetings for 24/25 with proper invitation, physically or virtually if possible				Opex-internal	All	attendance register/Minutes of meeting	
Org 65	Office of the Municipal Manager	To ensure that the risk maturity of the organisation is at an enabled level	E7.1	Risk assessment annually with implementation, monitoring continuous improvement and on-going review		Risk Assessment	Date	Date of Annual Risk Assessments done (Operational, fraud and IT)	30-Jun	30-Jun	-	Annual risk assessment conducted by 30 June 2023	29-May	Annual risk assesment conducted by 30 June 2024	Annual risk assesment conducted by 30 June 2024	18-Jun-24						Opex-internal	All	Attendance register	

3.29 *KEY PERFORMANCE AREA 6 : Cross-Cutting Interventions*

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Miscoa Project ref#	Project name (Miscoa)	Unit of Measure	Indicator	2021/2022			Prior year		Current year					
									Demand	Baseline	Backlog			Original Annual Target 2023/24	Revised Annual Target 2023/2024	Actual Annual achievement	Performance Status	Measures to improve	
												Annual Target 2022/2023	Actual Annual achievement						
	PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS) GOAL 5 : ENVIRONMENTAL SUSTAINABILITY																		
	NATIONAL KEY PERFORMANCE AREA : CROSS CUTTING INTERVENTION																		
	OUTCOME 9 : SINGLE WINDOW OF CO-ORDINATION ; ACTIONS SUPPORTIVE OF HUMAN SETTLEMENT OUTCOMES																		
	BACK TO BASICS: PILLAR 2 - DELIVERY BASIC SERVICES																		
Org 66	Community Services	Promote the Environment Conservation and management to ensure that adverse environmental impacts is prevented and mitigate	F1.3	To conduct environmental awareness campaigns to communities.			Number	Number of Waste & Environmental Operations/ Awareness	4	0	4	4 Waste and Environmental Management Operations / Awareness by 30 June 2023	4	4 Waste and Environmental Management Operations / Awareness by 30 June 2024	4 Waste and Environmental Management Operations / Awareness by 30 June 2024	4			
Org 67	Planning & Development & LED	Promote the Environment Conservation and management to ensure that adverse environmental impacts is prevented and mitigate	F1.4	Review and enforce Environmental By- laws.		By-law development	Date	Date Environmental Management By-law adopted by Council	*	*	*	Date Environmental Management By-law adopted by Council on or before 30 June 2023	Nil	Date Environmental Management By-law adopted by Council on or before 30 June 2024	Date Environmental Management By-law adopted by Council on or before 30 June 2024	Nil		To engage Cogta for developing and gazetting Q3 of 24/25	
Org 68	Community Services	Provide disaster management and emergency services	F2.1	To develop and implement a disaster management plan and fire services Plan		Conduct and Facilitate Fire and Emergency Drills	Number	Number of fire and rescue inspections conducted in buildings	60	25	35	40 fire and rescue inspections conducted in buildings by 30 June 2023	55	40 fire and rescue inspections conducted in buildings by 30 June 2024	40 fire and rescue inspections conducted in buildings by 30 June 2024	69			
Org 69	Planning & Development & LED	To plan areas for future development and formalisation	F3.1	Review the Spatial Development Plan	53246	Development of SDF	Date	Date SDF is adopted by Council	30-Jun	-	30-Jun	SDF adopted by Council by 30 June 2023	31-May	SDF adopted by Council by 30 June 2024	SDF adopted by Council by 30 June 2024	21-May-24			



CHAPTER FOUR

Organisational Development (Performance Report Part 2)



COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The Corporate & Human Capital Cluster of the eThekweni Municipality consists of different units inclusively under Corporate Services and in line with the strategic context, a review of the existing HRM Strategy is in the pipeline for the 2024/25 Financial period. At the center of the review is the view to confirming the relevance of the key strategic drivers commencing with the vision of the uPhongolo Municipality in line with the Midterm Review agenda. The unit incrementally contributes directly to the attainment of the Municipality's vision which now is due to be revised and aligned to Vision 2035 as necessitated by the long-term Growth and Development Plan of Council. The cluster's value proposition is, "We offer comprehensive human capital services to all our stakeholders in order for the municipality to meet its objectives".

Strategic Intent : A proactive, innovative, efficient and professional business partner providing human capital strategies and interventions to meet the needs of our customers.

Key Objectives

- Organizational Transformation and Effectiveness
- Stakeholder Engagement
- Leadership Effectiveness
- Talent Attraction, Development and Retention

One of the major challenges at the moment is Talent Management in the light of increasing Turnover Rate as well as impact of slow Job Evaluation Results

The organisational structure is reviewed annually and has been set out into six (6) effective departments in order to achieve the Municipality's objectives. There are a number of vacancies that require personnel within the Municipality. These positions cannot be filled currently as they are unfunded. Whereas the Municipality must take cognisance of the threshold of 40% that must not be exceeded for personnel placement in terms of the MFMA.

One major role that the Human Resources is tasked with within the Municipality is to ensure that employees are looked well after and that their morale is enhanced on a continuous basis. The following programs were implemented in the 2023/2024 financial year: -:

Training of employees as per the Council approved Workplace Skills Plan (WSP);

- Employee Wellness and Employee Assistance Program;
- Employee Performance Management.

STAFF COMPLIMENT: The total number of employees at the end of June 2024 financial year was 290 permanent employees including the new appointment. The total number of temporal employees was 130 including the EPWP and traffic wardens (PCP).

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

Introduction

Corporate Services department is responsible for the Human Resources Management-functions which include the following:

- Organizational efficiency and improvement
- Staffing in relation to recruitment, selection and appointments

Staffing in relation to recruitment, selection and appointment

- Various pieces of legislation govern this function and prescribe in detail how tasks must be performed in order to ensure a legal, fair and transparent process that protects the rights of employees or outside candidates who apply for positions.
- A revised organogram was accepted by the two unions at the Local Labour unions after a long consultative process.
- The unfunded posts on the other hand indirectly contribute to the calculated vacancy rate.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Table 88: Employee Totals, Turnover and Vacancies

Employees					
Description	Year – 2022/2023	Year 2023/2024			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Office of the Municipal Manager		26	22	4	15%
Corporate Services		67	53	14	21%
Planning, LED and Housing		10	10	0	0%
Community Services		190	134	56	29%
Technical Services		59	43	16	27%
Budget and Treasury		33	27	6	18%
Totals		393	290	103	26%

Vacancy Rate: The posts for the 2023/2024 financial year were according to the approved organogram for the municipality. The actual positions filled are indicated in table below.

Overall Comments: The major limiting factor is closing the gap in the vacancy rate is the treasury norm of 40% staff cost to OPEX. At the moment, the municipality is at the far end of the norm. The prioritizing of post to be filled is done by Management on regular basis. The revision of organogram with special focus on post with budget will be undertaken to deal with the vacancy rate.

It would be advisable to review the current organogram in the next strategic planning so as to trigger reprioritization of critical posts that could be funded by the Municipality within the remainder of Council Term.

Coupled with this should be conducting a Skills Audit to determine the competencies in place to feed what the Municipality needs and not Departmental needs. This will also strategically effect the correct filling of the vacancies by prioritizing retention of the existing personnel to preserve institutional memory as well as investment made already to capacitate the internal incumbents.

The Recruitment Policy needs to be strengthened and emphasize on Talent Management as a tool for Attraction and Retention.

Table 89: Number of Filled Positions per Functional Level

Vacancy Rate: Year 2023/2024			
Designation	Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
		No.	%
Municipal Manager	1	0	0
CFO	1	0	0
Other S56 Managers (excluding Finance Posts)	4	1	25%
Total	6	1	17%

Turnover Rate: Strategies are in place to improve work performance and reduce turnover. Municipal staff turnover is reflected on the table below.

Overall Comment: Delays in filling post due to legislated processes contribute to the vacancy to-date. Post of Director Planning, Development and LED became vacant after the incumbent accepted the post of Director: Technical Services. The process is underway to fill the Director post.

Table 90: Turnover Rate

TURN-OVER RATE			
Details	Total Appointment (Permanent) as of beginning of Financial Year	Total Temporal Terminations during the Financial Year	Turn-over Rate
Year - 2023/2024	290	13 -Permanent 53 -Temporal	4.5%permanent
*Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year. $13/290 \times 100$			

Turnover Rate: Strategies are in place to improve work performance and reduce turnover. Municipal staff turnover is reflected on the table below.

Overall Comment: The rate is within the targeted norm of 5%. The existing situation is attributable to a variety of underlying causes that may include the organisational climate and the effect of Employee satisfaction. The Employee Satisfaction Survey as a way of Employee engagement has not been conducted by the Municipality over the past two years, thus needing urgent attention. This could combat or reduce the turnover rate and the impact on organisational performance. The Municipality needs to make provision for this in the next final budget.

The HR Strategy update needs to ensure that the Retention Policy and the Talent Management Policy are interlinked.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Section 67 of the MSA states that "A municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures, consistent with any uniform standards prescribed in terms of section 72(l) (c), to ensure fair, efficient, effective and transparent personnel administration in accordance with the Employment Equity Act 1998." This component cites the range of workforce management and progress made in the development of workforce policies and management practices during 2021/2022 financial year.

4.2 MUNICIPAL POLICIES AND BY-LAWS

Whilst 29 policies related to the Institutional Transformation KPA were developed and reviewed, it should be noted that there are some policies that are not yet implemented by the Municipality, which will be implemented once approved by the Council. These Policies were still work in progress by 30 June 2024 and are part of the 2024/25 Policy Review, which will take place during or along with the Annual Strategy review

During the year under review, all the different Directorates reviewed their affected Policies.

Policies per KPA

No	Component or KPA	No of Policies
1	Municipal Transformation and Organizational Development	29 Corporate Services –related policies
2	Information Technology and Communication	
3	Financial Viability	All Budget and Related Policies as well as the SCM Policy
4	Local Economic Development	
5	Basic Service Delivery and Infrastructure Development	
Total		

Below is the detailed schedule of Policies reviewed during 2023/2024 .

Table 91: HR Policies and Plans

Name of Policy	Status and % Completed	Status and % Reviewed	Last Review Date	Status of Adoption	Date Adopted by Council
Records Management Policy	100	100		Adopted	1 June 2023
Scarce & Critical Skills Retention Policy	100	100		Adopted	1 June 2023
Recruitment & Selection Policy	100	100		Adopted	1 June 2023
Learnership Policy	100	100		Adopted	1 June 2023
HIV & AIDS Policy	100	100		Adopted	1 June 2023
Internal Transfer Policy	100	100		Adopted	1 June 2023
Employee Wellness Policy	100	100		Adopted	1 June 2023
Leave Policy	100	100		Adopted	1 June 2023
Annual Leave	100	100		Adopted	1 June 2023
Family Responsibility Leave	100	100		Adopted	1 June 2023
Maternity Leave	100	100		Adopted	1 June 2023
Paternity Leave	100	100		Adopted	1 June 2023
Sick Leave	100	100		Adopted	1 June 2023
Study Leave	100	100		Adopted	1 June 2023
Unpaid Leave	100	100		Adopted	1 June 2023
Subsidized Motor Vehicle Policy	100	100		Adopted	1 June 2023
Skills Development Policy	100	100		Adopted	1 June 2023
Sexual Harassment Policy	100	100		Adopted	1 June 2023
Occupational Health & Safety Policy	100	100		Adopted	1 June 2023
Experiential Training Policy	100	100		Adopted	1 June 2023
Housing Allowance	100	100		Adopted	1 June 2023
Protective Clothing	100	100		Adopted	1 June 2023
Acting Allowance	100	100		Adopted	1 June 2023
Bursary Policy	100	100		Adopted	1 June 2023
Induction Policy	100	100		Adopted	1 June 2023
Internal Transfer	100	100		Adopted	1 June 2023
Probation Policy	100	100		Adopted	1 June 2023
Stuff Appointment	100	100		Adopted	1 June 2023
Termination of Service Policy	100	100		Adopted	1 June 2023

Comments: The PMS Cascading as well as the Political Staff and VIP Protection policies were not finalised as at 30 June 2024, to be adopted by Council in 2025. It is recommended that the Municipality reviews its Business Continuity Plan.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table 92: Injuries, Sickness and Suspensions

Type of Injury	Injury Leave Taken	Employees using Injury Leave	Proportion employees using Sick Leave %	Average Injury Leave per employee	Total Estimated Cost
	Days	No.		Days	R'000
Required Basic Medical Attention Only	0	0	0	0	0
Temporary Total Disablement	0	0	0	0	0
Permanent Disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	0	0	0	0	0

The following inherent challenges still persist within the institution in relation to the above:-

No	Challenges
1	Near – Miss incidents and accidents not recorded nor reported
2	Late reporting of accidents or incidents
6	Lack of awareness of OHS despite different programs and workshops to the staff

a) Mitigation to the Challenges On Injuries

No	Challenges	Interventions
1	Near – Miss incidents and accidents not recorded nor reported	Timeous and complete recording of the incidents and also ensuring close monitoring by OHS Officer
2	Late reporting of accidents or incidents	Timeous and complete recording of the incidents and also ensuring close monitoring by OHS Officer

6	Lack of awareness of OHS despite different programs and workshops to the staff	Intensive Training of Supervisors in different sections and ensure compulsory enforcement of consequence management

Comment: Injury Leave Taken is not a true reflection of the status as is recorded as zero, with the underlying reason for that established to be the manner in which the employees record and classify their own leave in the system when capturing. Most of the injury related leaves have been classified and captured as sick leave.

The distortion has some implications as the risk of more sick leaves draws one towards medical boarding, whilst the reality is injuries. The other negative implication on this reflection may be on the audit side of the leave where the leave could be overstated. The matter needs urgent attention and staff to be trained on the leave module on the system to reduce or prevent further occurrence.

Table 93: Number of Days and Cost of Sick Leave

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	Average sick leave per employee	Estimated Cost
	Days	%	No.	No.	Days	R'000
Lower Skilled (Levels 4-6)						
Highly skilled production (Levels 7-9)	207		24		8.6	221362
Highly skilled supervision (Levels 10-13)	308		118		2.6	
Middle management (Levels 14-17)	123		14		8.7	321827
MM and S57	6		2	5	3	7795
Total	914			290	4.3	297821.79
*Number of employees in post at the beginning of the year						
*Average is calculated by taking in column 2 divided by total employees in column 5						

Comment: The accuracy of the determination of the cost of Sick leave is also impacted by the misstatement of the leave data or statistics as it may not be fully relied on until data cleansing is done on the sick leave. This will need both Corporate Services and Finance to work on.

Table 94: Number and Period of Suspensions

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

Comment: *There were no Suspensions that took place during the period under review*

Table 95: Disciplinary Action Taken on Cases of Financial Misconduct

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary Action Taken	Date Finalized
N/A	N/A	N/A	N/A

Comment: During the year under review there were no new disciplinary cases. All the previously open cases were finalised as they related the years before the 2023/24.

4.4 PERFORMANCE REWARDS

Table 96: Performance Rewards by Gender

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2)	Female				
	Male				
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S57	Female				
	Male				
Total		Nil	Nil	Nil	Nil
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No
Note: MSA 2000 S51(d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).					T 4.4.1

Comment: Performance Management not yet cascaded to lower level staff.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

(a) Background

Section 68 of the MSA requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way. For this purpose, human resource capacity of a municipality must comply with the skill development act (SDA) 1998 and the skills development levies act 20, 1999.

In accordance with the Government: Municipal Finance Management Act, Act 53 of 2003 and National Treasury: Competency Regulations, uPhongolo Municipality's financial competency development is as detailed in Table 4.7.

The skills development act 1998 and municipal systems act, (2000) require employer to supply employees with necessary training in order to develop its human resource capacity.

(b) Highlight s of the Section for the 2023/24 Financial period

The Human Resource Development Unit as is mandated with Human Capital Development through divergent Skills Development interventions has recorded commendable success during the year under review there were learner ship, skills programmes and other short courses, whilst it was not in full scales due to financial challenges. The capacity building interventions also extended to Communities as beneficiaries through SETA funding as strategic partners. This is in direct responses and fulfilling of the Community development mandate which is included in the Council priorities and this is articulated annually in the IDP and operationalized through the WSP. It should ne noted that the Municipality could not deliver some of the intended trainings due to the limitation of internal funding.

One of the most critical programmes that could not be funded which has a direct bearing on the organizational performance capacity is the Management Development Programme to enhance the competencies and capabilities of both Managers and Supervisors.

The Skills Audit is one of the programmes that are in the pipeline for the upcoming period as it could not be done during the 2023/24 financial period.

Councilors are not trained by the Municipality as their capacity building is undertaken by both COGTA and SALGA.

Internships' and In-service Trainings have also been conducted as part of enhancing internal capacity as well as in compliance to Work Readiness and these were funded by various SETAs and other Stakeholders.

Trainings conducted for Communities contributed to the advancement of self-sustainability and reducing the unemployment rate

Training was also conducted for a group of General Workers on the Municipal Finance Management Program and this has yielded positive spinoffs as some have since been employed within the Fire Department

(a) Recognition of Prior Learning

No	Comments
1	Some workers with work experience, however no formal qualifications were awarded bursaries by the Municipality. Categories of the workers subjected to the Recognition of Prior Learning was General Workers from different Departments of the Municipality.
2	The National Skills Fund also is in the process of incentivizing the Municipalities who are investing more on skilling of workers including the lower level class.
3	Based on the results the Department is in the process of identifying other eligible staff within the same category to ensure increased coverage in upskilling the staff.

General Training Programs

No	Comments
1	• Different subsequent trainings conducted with some critical programmes in response to gap analysis as per the 2020/21 Skills Audit. These programs covered different trainings as per WSPs in the different sections and categories. • Competency trainings and compliance has been achieved for all levels with Municipal Regulations as per Treasury.
2	• The Municipality in response to the decision of Council during the Strategic Planning and IDP roadshows, has also responded through a program for the Unemployed Youth, People living with Disability. The aim of the Programme was to make a dent on the interest groups unemployment. Positive spinoffs of the programme include self-employment, entrepreneurs to advance independence to participate in local economic development through the New Venture Creation programme.
3	• The Municipality has also extended its beneficitation through these training programs to Unemployed Graduates in a various qualifications.
4	• The Municipality has also received applications from various Departments of the staff that is due to retire to enrol the on an exit self-sustainability program beyond their pension.

Table 97: Progress Report on Financial Competency Development in uPhongolo Municipality

Skills Matrix														
Management level	Gender	Employee s in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June 2024											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual : End of Year - 1	Actual : End of Year 0	Year 0 Targe t	Actual : End of Year - 1	Actual : End of Year 0	Year 0 Targe t	Actual : End of Year - 1	Actual : End of Year 0	Year 0 Targe t	Actual : End of Year - 1	Actual : End of Year 0 Targe t
MM and s57	Female			5						0	1			1
	Male			5						1	2		1	2
Councillors, senior officials and managers	Female			2						3	3		3	3
	Male			3						4	4		4	4
Technicians and associate professionals *	Female			4						2	2		2	2
	Male			8						8	9		8	9
Professionals	Female			8						6	6		6	6
	Male			6						2	2		2	2
Sub total	Female			19						11	12		11	12
	Male			22						15	17		15	17
Total		0		82	0	0	0	0	0	0	52	58	0	52 58
*Registered with professional Associate Body e.g CA (SA)														7 4.5.1

Table 98: Financial Competency Development for 2023/2024

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	0	0	
Chief financial officer	1	0	1	0	0	1
Senior managers	3	0	3	0	0	
Any other financial officials	0	0	0	0	0	
Supply Chain Management Officials	2		2			
Heads of supply chain management units	0	0		0	0	
Supply chain management senior managers	1	0	1	1	1	1
TOTAL	0	0		1	1	1
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

Table 99: Skills Development Expenditure

Skills Development Expenditure										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2022/2023							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female						10	20	10	20
	Male						20	25	20	25
Legislators, senior officials and managers	Female									
	Male									
Professionals	Female									
	Male									
Technicians and associate professionals	Female									
	Male									
Clerks	Female									
	Male									
Service and sales workers	Female									
	Male									
Plant and machine operators and assemblers	Female									
	Male									
Elementary occupations	Female									
	Male									
Sub total	Female						10	20	10	20
	Male						20	25	20	25
Total		0	0	0	0	0	30	45	30	45
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R
										T4.5.3

Table 100: Training Received During 2023/2024 Financial Year and Development Expenditure

Training	Number of People Trained		Amount
	Females	Males	
Legislators, senior officials and managers: Computer Training	10	19	
Professionals: Recruitment and Selection	5	13	
Municipal Finance Management Programme	11	9	
Clerks: Report Writing	14	1	
Elementary Occupation: Environmental Practice	11	36	
TOTAL	51	78	

4.6 CASCADING OF INDIVIDUAL PERFORMANCE MANAGEMENT TO LOWER LEVELS

The Individual Performance Management System ensures integrated work planning, target setting, performance reporting and feedback.

The individual PMS encourages supervisor and employee engagement, coaching and mentoring, skills transfer and also enhances communication between managers, supervisors and employees. Managers are able to identify skills gaps of employees through this tool.

Challenges still exist in the cascading of PMS to lower levels. The Municipality is in the process of cascading the PMS to all employees that will be rolled out in phases (Phase One: All managers reporting to the Directors/Senior Managers), (Phase Two: Supervisors), (Phase Three: all outstanding levels of employees).

The employees and their respective supervisors are expected to complete and agree to the KPIs and targets based on the individuals job description.

Measures to improve Performance Cascading process will be strengthened with the appointment of a PMS officer

4.7 EMPLOYEE ASSISTANCE AND WELLNES PROGRAMME

The EAP section's core function is to promote and enhance employees' health and wellbeing of all employees in the organisation. The main aim is to help improve the employees overall work performance and service delivery.

The Municipality has got an operational **Employee Wellness Centre** situated within the main historical building of the municipality in the Corporate Services section. The unit aimed at providing health and social being services to aid the personal problems of employees which could impact negatively on the work performance.

Employee Wellness Activities as at 30 June 2024

No	Activity	Date
	Nil	

Table 101: Number of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).		T 4.6.2

Comment: The above state of affairs is as a result of the effects of Job Evaluation results, however none have been effected so far by the Municipality since the results of the Provincial Job Evaluation Committee have not been received yet. The Municipality completed its own internal processes by subjecting all the positions in the organogram to the process. This is also persistently affecting some of the posts to be filled by the Municipality as it impacts on the correct grade and remuneration when advertised. The stalemate is also the hanging reason why all the vacant positions are currently unfunded.

Table 102: Employees Whose Salary Levels Exceed

Employees whose Salary levels exceed the grade determined by Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	N/A	N/A	N/A	N/A

Comment: Municipality complies to Legislation and no salary levels were exceeded

Table 103: Employees Appointed to Posts Not Approved

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
N/A	N/A	N/A	N/A	N/A



CHAPTER FIVE

Financial Performance



COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE

Financial performance of uPhongolo Municipality is analysed using the following 3 main components in this chapter (5) namely:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

5. FINANCIAL PERFORMANCE:

Table 104: Financial Performance of Operational Services

Description	Original Budget	Final Budget	Actual Income & Expenditure	Variance	Actual Income As % Of Final Budget
Financial Performance					
Revenue from exchange transactions					
Service Charges	64 765 187	69 129 493	64 793 783	(4 335 710)	93.72
Agency Services	1 421 824	1 421 824	1 134 948	(286 876)	79.82
Interest earned from receivables	2 360 966	2 360 966	946 050	(1 414 916)	40.07
Interests earned: current assets	1 706 658	4 353 620	4 543 135	189 515	104.35
Licences and permits	2 124 147	2 124 147	1 656 154	(467 993)	77.97
Rental of facilities and equipment	694 947	694 947	517 004	(177 943)	74.93
Operational revenue	1 738 980	4 070 506	9 038 040	4 967 534	172.90
Construction contract revenue	15 600 000	15 000 000	43 076 657	28 076 657	18.78
Total revenue from exchange transactions	90 412 709	99 155 503	83 446 505	26 550 268	84.16
Taxation revenue					
Property Rates	45 253 910	45 253 910	48 135 202	2 881 292	106.37
Traffic fines	3 151 324	3 151 324	1 550 400	(1 600 924)	49.20
Government grants & subsidies	223 232 491	232 105 491	228 564 305	(3 689 203)	98.47
Total revenue from non-exchange transactions	271 637 725	280 510 725	278 249 907	(2 408 835)	99.19
Contributions from reserves					

Total revenue	362 050 434	379 666 228	361 696 412	24 141 433	95.27
Description	Original Budget	Final Budget	Actual Income & Expenditure	Variance	Actual Income As % Of Final Budget
Expenditure					
Employee related costs	(127 585 346)	(128 115 298)	(133 434 924)	(5 319 626)	104.15
Remuneration of councillors	(11 235 894)	(11 614 528)	(11 397 850)	216 678	98.13
Bulk purchases	(41 764 155)	(41 764 155)	(45 062 080)	(3 297 925)	107.90
Debt Impairment	(4 451 722)	(5 585 936)	(24 892 294)	(19 306 358)	229.64
Depreciation and amortization	(24 790 862)	(24 790 862)	(24 994 438)	(203 576)	98.96
Finance costs	(1 554 671)	(1 554 671)	(2 366 883)	(812 212)	152.24
Debtors written-off	-	-	(4 846 952)	(4 846 952)	100.00
Operational Cost	(71 297 464)	(97 303 667)	(102 305 070)	(5 001 403)	103.53
Transfer of Infrastructure asset	0	0	(21 166 354)	(21 166 354)	
Construction contract expenditure	(13 565 217)	(13 043 478)	(43 076 658)	30 033 180)	
Total Expenditure	(296 245 331)	(323 772 595)	(413 543 503)	(89 770 908)	110.94
Surplus/(Deficit)	65 805 103	55 893 633	2 505 399	(53 388 234)	4.48
Fair value adjustments	0	0	10 689 002	10 689 002	100.00

Actuarial losses	0	0	(777 050)	(777 050)	100.00
Gains (loss) on disposal of assets	-	-	493 433	493 433	100.00
Surplus/(Deficit) After Operating Surpluses	65 805 103	56 041 650	817 560	(55 224 090))	23.10
Surplus for the financial year	65 805 103	56 041 650	817 560	(55 224 090))	23.10

5.2 GRANT PERFORMANCE

Table 105: Grant Performance

Grant name	2022/2032	2023/2024			Variance of Final
		Original budget	Adjustment budget	Actual	Spent %
NATIONAL	227 693 783	234 702 350	230 414 000	230 414 000	100.00
Equitable Share	169 597 000	182 291 000	182 291 000	182 291 000	100.00
Municipal Infrastructure Grant	31 889 000	31 514 350	30 954 000	30 954 000	100.00
Integrated National Electrification Programme	4 279 783	15 600 000	15 000 000	3 240 000	21.60
Finance Management Grant	3 000 000	3 000 000	3 000 000	3 000 000	100.00
Expanded Public Works Programme Grant	2 978 000	2 297 000	2 169 000	2 169 000	100.00
Municipal Emergency Housing Grant	15 500 000	0	0	0	0.00
PROVINCIAL	11 052 347	2 475 417	12 069 508	10 150 305	93.74
Human Settlement-Housing Grant	1 640 041	0	0	0	0.00
Community Libraries Grant	508 000	508 000	508 000	508 000	100.00
Provincialization of Libraries Grant	1 964 000	1 964 000	1 964 000	1 964 000	100.00
Integrated Economic Development Plan	727 600	0	275 508	275 508	100.00
Koppie-Allen Guesthouse	675 836	0	0	0	0.00
Belgrade Fitness Centre	5 991 870	0	11 092 000	7 402 797	99.86
Sub Rant Facility Grant	0	0	3 417	0	0.00
	232 216 347	237 174 350	242 483 508	231 080 305	95.30

4 ASSET MANAGEMENT

Table 107: Repairs and Maintenance Expenditure: 2023/2024

	2022/2023	2023/2024			Variance
		Original Budget	Adjustment Budget	Actual	Spent %
Repairs and maintenance expenditure	(13 034 420)	(15 903 346)	(14 552 227)	(22 198 672)	152.54

Asset Management: The capital expenditure to total expenditure ratio was 8.92%. The norm for this ratio ranges between 10%-20%. Although the ratio was above 10%, it doesn't reflect low spending on infrastructure and does not hold potential risk to service delivery. It does hold financial sustainability risk because the infrastructure does not include economic (revenue generating) and social type infrastructure.

Table108: Asset Register as at 30 June 2024

Details	Carrying Amount –	Carrying Amount –	% Change
	30-Jun-2024	30-Jun-2023	
Land	71 302 265	71 302 265	0.00
Buildings	154 576 267	132 959 073	16.26
Infrastructure	107 396 987	136 286 241	-21.20
Solid Waste	4 439 945	4 678 091	-0.05
Other PPE	22 513 632	24 681 358	-8.78
Total PPE	360 534 342	369 963 826	-0.03

The table above indicates that the asset value per asset register decreased by 0.03% between 01 July 2023 and 30 June 2024. The largest growth was in buildings, which had a 16.21% increase.

The repairs and Maintenance ratio was 5.04%. This ratio was below the norm, which is 8%, and indicates that sufficient monies are not being spent on repairs and maintenance to the extent that it could decrease the impairment of useful assets.

The municipality ensured that all previous year fixed asset errors were addressed with the assistance of EAMS Trading, who was appointed to compile the 2023/24 Fixed Asset Register.

The terms of reference included the following:

- Physical verification of all movable assets;
- Physical verification of infrastructure (immovable) assets;
- Review of assets under construction (AUC), analysis of 2023/24 capital expenditure and WIP completed during the 2022/23 financial year;
- Unbundling of infrastructure assets acquired (WIP completed) as required by GRAP17;
- Review of remaining useful lives (RUL) of infrastructure and movables assets;
- Identification and review of possible impairment of infrastructure and movable assets;
- Implementation and review of disposal during the 2023/24 financial year;
- Perform the depreciation charge calculation for the 2023/24 financial year;
- Provide journals, disclosure notes, and annexures in the annual financial statements and accounting policies;
- Respond to all relevant GRAP asset audit queries and
- The net movement in the carrying amount of Property Plant and Equipment

Debtors Management: The collection ratio was 81.26% and below the norm of 95%. This ratio indicates the collection rate, which is the level of payment made by debtors. This indicates that the municipality's revenue collection requires urgent attention, and corrective measures should be implemented.

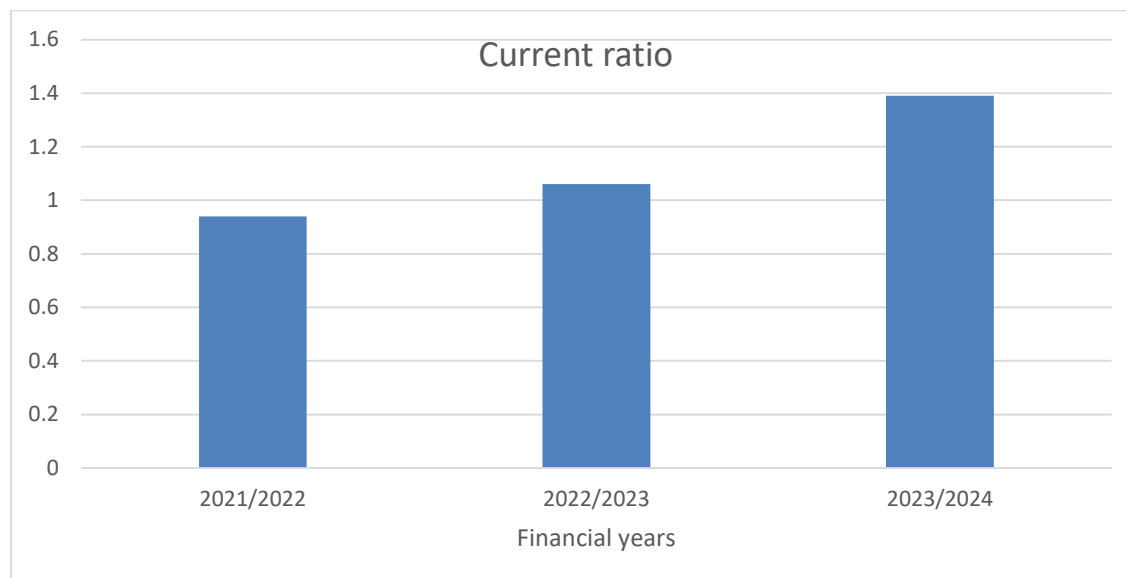
Liquidity Management: The cash /cost coverage ratio indicated the municipality's ability to meet its monthly fixed operational commitments from cash and short-term investments without collecting additional revenue during the month. Our ratio was 1 month, and the norm is 1- 3 months.

The Current Ratio assesses the municipality's ability to pay back its short-term liabilities with its assets: cash, inventory, and receivables.

FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

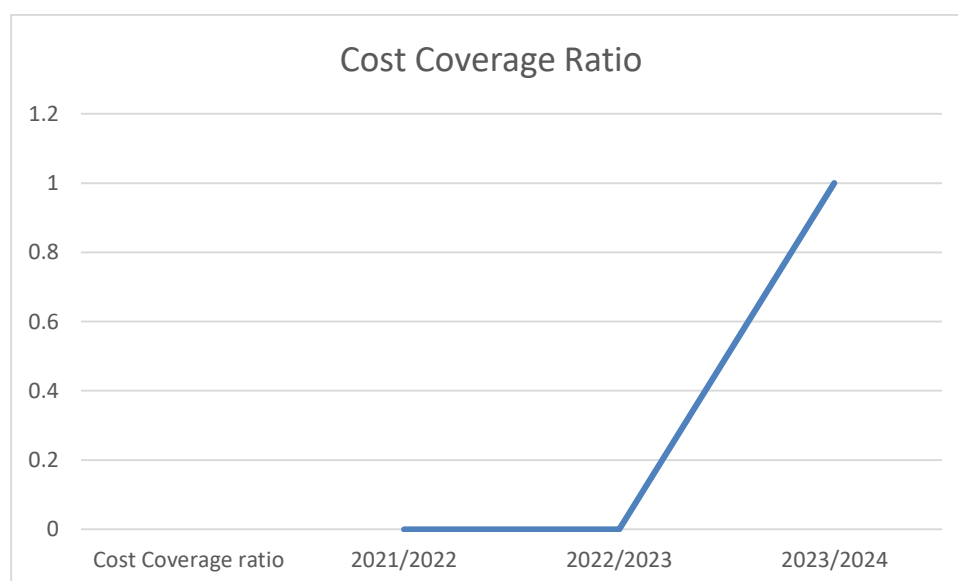
LIQUIDITY RATIO

Figure: Current Ratio



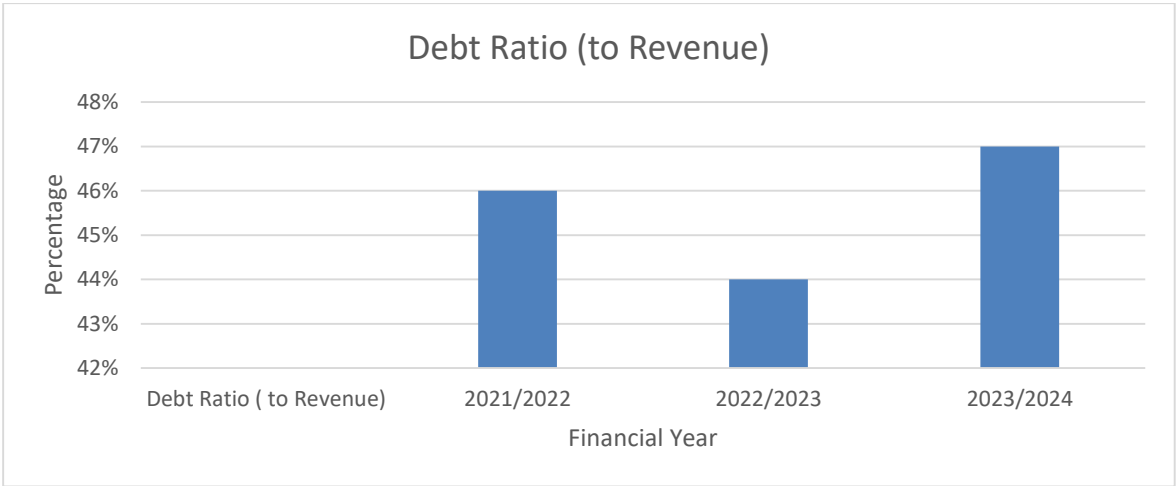
The cash position was achieved with the current ratio of 1.39:1, while it was 1.06:1 in 2022/23, 0.94:1 in 2021/22, and 0.77:1 in 2020/21. The municipality was still facing a poor collection of debtors, which resulted in a huge (5 million) impairment of debtors. However, the municipality is in a position to operate for the foreseeable future.

Figure: Cost Coverage Ratio



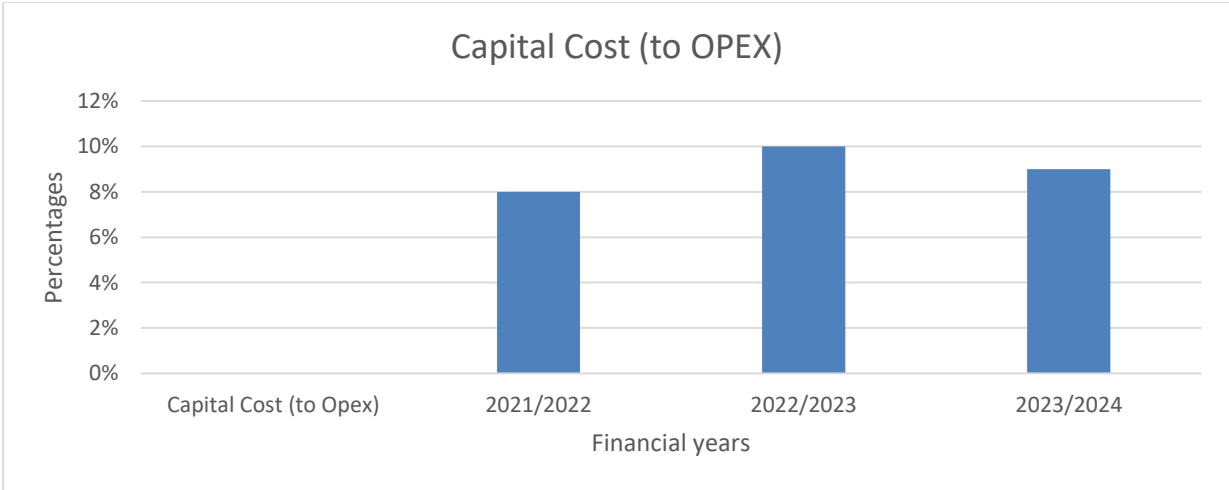
The cost coverage ratio for the year was 1 month in 2023/2024, 0 months in 2022/23, and 0 months in 2021/22. The norm for cash/ cost coverage ratio is 1-3 months. The municipality was still facing cash flow issues due to the slow collection of municipal services.

Figure: Debt Ratio



The debt ratio (to revenue) was at 47% in 2023/2024, while it was 44% in 2022/2023 and 46% in 2021/22. Management applied and influenced sound financial and good governance principles. The norm for cash/ cost coverage ratio is 45% or less.

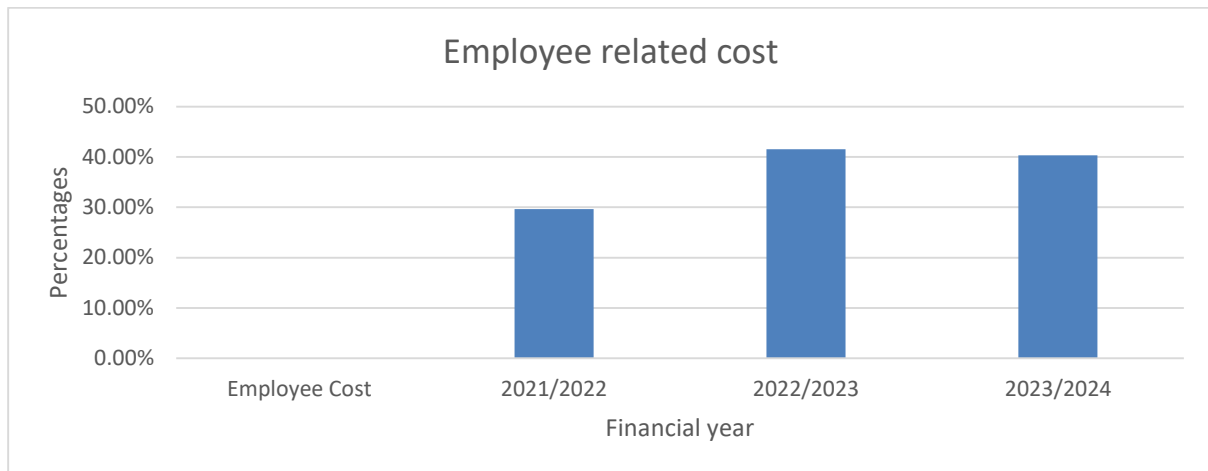
Figure: Capital Cost



The capital cost coverage ratio for 2023/24 was at 9%, 2022/23 was at 10%, and 2021/222 was at 8%. The norm for the capital cost ratio is 6%-8%. The municipality properly maintained the finance charges, by ensuring timely payment of creditors to avoid penalties on late payment.

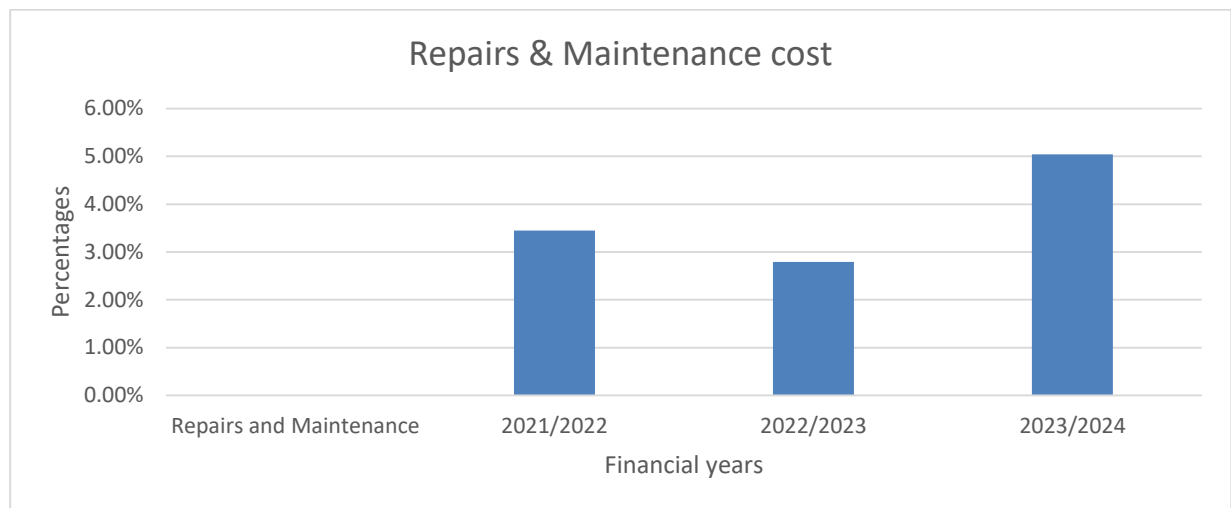
EXPENDITURE MANAGEMENT

Figure: Employee Related Costs



The employee-related cost is sitting at 40.32% for the year, while it was 41.53% in 2022/23 and 29.61% in 2021/22. The norm for the employee-related cost ratio is 25%-40% of the total operational expenditure. The municipality did not properly maintain the staff cost in the 2022/23 financial year.

Figure: Repairs and Maintenance



The repairs and maintenance ratio is sitting at 5.04% in 2023/24, 2.79% in 2022/23, and 3.45% in 2021/22. The norm for repairs and maintenance ratio is 6%-8% of the total net carrying amount of the PPE plus Investment Property. The municipality properly maintains its assets in the 2023/24 financial year.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

During the 2023/2024 financial year, the capital expenditure was 93.15% of the Capital budget. 84.15% was grant-funded, and internal funds funded 15.85%. Capital grants were received from the Municipal Infrastructure Grant (MIG) and the Sports and Recreation Department. Some capital projects were new projects, such as roads, community centers, and sports fields, and were funded by MIG.

CAPITAL EXPENDITURE

About 93.15 of the capital budget was spent during the year under review. Measures and mechanisms have been put in place to address this matter going forward.

SOURCES OF FINANCE

Most of the capital projects are financed with grants received from MIG and Sport grants. The total capital grants received amounted to R30.9 million. Funding for the Plant and motor vehicles is from financial institutions through loans/installment sale agreements. There are no outstanding loans as at 30 June 2024.

BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

The need and cost of backlogs result from migration into and out of an area, the trend towards disaggregation of families into more than one housing unit, and the cost of renewing and upgrading core infrastructure.

Table 109: Service Backlogs as at 30 June 2024

	Service level above minimum standard		Service level below the minimum standard	
	No of Households	%	No of Households	%
		Households		Households
Electricity	30592	73	7 768	17
Refuse	5 563	19.34	1 201	4.17
Water (ZDM)	15026	52%	13746	48%
Sanitation (ZDM)	12334	43%	16438	57%

The municipality's vision is to ensure an inclusive socio-economy by providing quality services that yield a better life for all by 2035. The challenges the community of uPhongolo faces regarding infrastructure and basic services were inherited from the pre-1994 era.

It is a challenge that the municipality has been working hard to overcome, and it is close to addressing some of the backlogs. Electricity has a backlog of less than 15%, which is a good improvement. Other community infrastructure is also being addressed yearly; a list of projects planned for the next three years is below.

BASIC SERVICE AND INFRASTRUCTURE BACKLOGS- OVERVIEW

The municipality's vision is to ensure an inclusive socio-economy by providing quality services that yield a better life for all by 2034. The challenges that the community of uPhongolo faces when it comes to infrastructure and basic services were inherited from the pre-1994 era.

It is a challenge that the municipality has been working hard to overcome and is close to addressing some of the backlogs. Electricity currently has a backlog of less than 15% which is a good improvement. Other community infrastructure is also being addressed on a yearly basis and below is a list of projects planned for the next three years.

Table 110: Projects Planned for the Next Three Years

ITEM DESCRIPTION	APPROVED FINAL BUDGET 2023/24	ESTIMATED BUDGET 2024/25	ESTIMATED BUDGET 2025/256
Infrastructure Assets	27 403 782.61	28 532 217.39	29 708 565.22
Multipurpose Sports Centre in Ward 11	6 206 868.57	-	-
Ward 8 Sportsfield	8 285 739.80	-	-
Ward 8 Multi-Purpose Centre	6 819 060.82	-	-
Kwatengizwe Sports Facility Ward 4	598 408.08	-	-
Mbube/Nkuzane Area Sportfield	1 524 074.33	-	-
Ward 1 Moresson Gravel Roads	3 969 559.02	-	-
MIG Various Projects	-	28 532 217.39	29 708 565.22
Public Safety	1 200 000.00	-	-
Fencing of Traffic Offices	1 200 000.00	-	-

Community Services	300 000.00	-	-	
Community Halls Chairs	100 000.00	-	-	
Corporate Services	527 000.00	-	-	
Desktop and laptops for the advertised posts	210 800.00	-	-	
Replacement of computers of the existing employees	316 200.00	-	-	
Total Capital Budget	29 558 782.61	28 532 217.39	29 708 565.22	

COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS

Table 111: Cash Flow Outcomes

Description	2022/2023		2023/2024	
		Original budget	Adjustment Budget	Actual
Cash flow from operating activities				
Receipts				
Cash receipts from customers and others	93 409 774	94 214 571	99 373 052	109 507 880
Government grants	230 596 930	223 232 491	232 253 508	228 280 667
Interest income	2 449 102	1 706 658	4 353 620	4 543 135
Construction contract revenue	15 600 000	15 000 000	2 817 391	
	326 455 806	334 753 720	345 149 073	326 455 806
Payments				
Employee costs	(124 907 935)	(128 596 374)	(129 101 388)	(132 016 775)
Suppliers	(155 781 108)	(128 432 853)	(153 010 165)	(144 597 696)
Interest paid	(97 199)	(241 837)	(241 837)	(13 832)
Construction contract		(13 565 217)	(13 043 478)	(2 817 392)
Remuneration of Councillors	(11 228 161)	(11 235 894)	(11 614 528)	(11 397 850)
	(292 014 403)	(282 072 175)	(307 011 396)	(290 929 129)
Net cash flow from operating activities	34 441 403	52 681 545	43 968 784	54 287 472
Cash flows from investing activities				
Purchase of property plant and equipment	(37 753 701)	(49 592 600)	(45 402 126)	(36 589 161)
Proceeds from the sale of property plant and equipment		-	-	
Net cash flow from investing activities	(37 753 701)	(49 592 600)	(45 402 126)	(36 589 161)
Cash flows from financing activities				
Movements in long-term loans	(1 255 367)	(964 864)	(964 864)	14 299
Net cash flows from financing activities	(1 255 367)	(964 864)	(964 864)	14 299
Net decrease in cash and cash equivalents	(4 568 516)	2 124 081	(2 398 206)	18 959 779
Cash and cash equivalents and the beginning of the year	10 432 778	2 799 685	5 849 992	5 864 260
Cash and cash equivalents and the end of the year	5 864 260	4 923 766	3 451 786	24 824 039

There was a significant increase in the cash balance at year-end, which amounted to 24.8 million.

This was mainly done through the implementation of a proper creditor payment policy and cash flow projection.

BORROWINGS AND INVESTMENTS

The municipality had a loan with Standard Bank to purchase property, plant and equipment.

Table 112: Actual Cash Held as At Year End

Account Number / Description	Bank Statement Balances	
	30 June 2024	30 June 2023
First National Bank- 62027530858 (Primary Bank Account)	1 008 602	3 527 774
First National Bank-62375342377	-	2 100 586
First National Bank-62377992104	-	11 716
First National Bank-62389585286	9 071	895
First National Bank-62389586507	20	8 223
First National Bank-62404561377	-	132 505
First National Bank-62404287345	3 578 977	-
First National Bank-62658357001	4 428	5 374
First National Bank-62305239718	117 057	4 753
First National Bank-74275780911	27 502	55 247
First National Bank-62596797559	7 052	1 183
First National Bank-62253771896	-	-
First National Bank-62230436405	20 069 340	22
Cash on hand	1 716	1 716
Receipt recognised but not yet reflected on the B/S	274	14 266
Total	24 824 039	5 864 260

The actual cash held at year-end was R24.8 million in the 2023/24 financial year; this shows a decrease of R5.9 million compared to the 2022/23 actual cash held at year-end of R4.7 million.

PUBLIC-PRIVATE PARTNERSHIPS: The Municipality has no Public Private Partnership agreements in place.

COMPONENT D: OTHER FINANCIAL MATTERS

SUPPLY CHAIN MANAGEMENT

The municipality has a fully functioning SCM Unit under the CFO's management. The unit has 5 officials. All the SCM Committees have been established and are functioning properly in implementing the SCM.

GRAP COMPLIANCE

The municipality has fully implemented the Standards of GRAP (Generally Recognised Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from any standards. The municipality appointed EAMS Trading to assist with the asset register to ensure that it complies 100% with GRAP requirements for this financial year.



CHAPTER SIX

Auditor General's Report





AUDITOR-GENERAL
SOUTH AFRICA

AUDITOR'S REPORT

uPhongolo Local Municipality

2023-24

Date: 30 November 2024

**Report of the auditor-general to the KwaZulu-Natal Provincial Legislature
and the council of uPhongolo Local Municipality**

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the uPhongolo Local Municipality set out on pages 360 to 456, which comprise statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of uPhongolo Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of 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 matter

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material Impairment – Receivables From Exchange And Statutory Receivables From Non-Exchange Transactions

7. As disclosed in note 3 to the financial statements, receivables from exchange transactions were impaired by a total of R140,21 million (2022-23: R129,76 million) as the recoverability of these debts was doubtful.
8. As disclosed in note 4 to the financial statements, statutory receivables from non-exchange transactions were impaired by a total of R161,81 million (2022-23: R147,38 million) as recoverability of these debts was doubtful.

Electricity losses

9. As disclosed in note 31 of the financial statements, electricity distribution losses of 28% (2022-23: 21%) amounting to R12,31 million (2022-23: R7,69 million) were incurred during the year under review. These losses are due to technical losses and illegal connections.

Restatement of corresponding figures

10. As disclosed in note 47 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Other matter

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

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

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

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14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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

Report on the audit of the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area	Page numbers	Purpose
KPA 2: Basic service delivery and infrastructure	[228]- [230]	Provide access to comprehensive basic services and infrastructure

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

20. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets and measures taken to improve performance

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

22. I did not identify any material findings on the reported performance information for the selected key performance area.

Other matter

23. I draw attention to the matters below.

Achievement of planned targets

24. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements and measures taken to improve performance.
25. 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 reasons for any underachievement of targets and measures taken to improve performance are included in the annual performance report on pages 224 to 241.

KPA 2: Basic service delivery and infrastructure

<i>Targets achieved: 36%</i> <i>Budget spent: 72%</i>		
Key indicators not achieved	Planned target	Reported achievement
Org 15: Number of new consumer units with access to electricity (Eskom area)	359	0
Org 16: Number of existing Households with access to electricity	26965	26717
Org 17: Percentage of Households with access to electricity	79% – 80%	78.1%
Org 18: Number of Households with access to refuse removal at least once per week	4550	4447
Org 22: Number of multipurpose centres constructed and completed	1	98%
Org 23: % of completion of Nkunzana Sport fields	70%	30%
Org 26: Number of Sport fields completed	1	89%

Report on compliance with legislation

26. 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.
27. 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.
28. 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.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

30. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
31. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R90,76 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 of the budget relating to non-cash items.
32. Reasonable steps were not taken to prevent irregular expenditure amounting to R220 545 as disclosed in note 53 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the municipal supply chain management regulations.

Annual financial statements

33. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of receivables, property plant and equipment,

construction contract revenue and expenditure, segment information, disclosures and the cash flow statement identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Utilisation of conditional grants

34. Performance in respect of programmes funded by the Department of Mineral Resources and Energy was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 5 of 2023).

Consequence management

35. Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information in the annual report

36. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
37. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
38. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
39. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, 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

-
40. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
41. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
42. The accounting officer did not exercise adequate oversight responsibility regarding compliance with legislation relating to expenditure management.
43. Senior management did not implement adequate review and monitoring controls to support credible and reliable financial reporting.

Material irregularities

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

Status of previously reported material irregularities

Overpayment to a contractor for Emkhiwaneni sports field project

45. The municipality did not comply with Section 65(2)(a) of the MFMA which requires that the accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal, and payment of funds.
46. The contractor on the Emkhiwaneni Sport Field in ward 9 was overpaid by an amount of R4,51 million. This overpayment is included in the construction costs incurred to 30 June 2022. The reported stage of completion of the project did not agree with costs incurred until 17 August 2021, as work that had been paid for, at that point in time, had either not commenced or was not complete. The payment for work that had not yet been performed by the contractor was assessed as amounting to R4,51 million.
47. The accounting officer was notified of the material irregularity on 15 February 2023 and invited to make a written submission on actions taken or to be taken to address the matter.
48. The following actions have been taken in addressing the matter:
- Senior officials were subjected to an internal disciplinary process, initiated on 14 December 2021, with the municipal manager and chief

financial officer resigning before the process could be completed, on 23 March 2022.

- The matter was reported to the South African Police Services and the civil proceedings for recovery for the expenditure from the parties involved in the irregular transactions highlighted are in progress with a final demand being issued to the contractor on 19 June 2024.

49. I will follow up on the implementation of the actions during my next audit.

Unauthorised use of the Integrated National Electrification Grant

50. The municipality did not comply with section 65(2)(a) of the MFMA which requires that the accounting officer must take all reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorization, withdrawal, and payment of funds.

51. Two payments were made to a supplier on 31 August 2021 for two invoices submitted for payment totalling R3,34 million. The invoices related to non-existent projects in ward 4 and the cost of a voltage regulator that was charged for by the supplier but not delivered to the ward 8 project.

52. The accounting officer was notified of the material irregularity on 15 February 2023 and invited to make a written submission on actions taken or to be taken to address the matter.

53. The following actions have been taken in addressing the matter:

- Senior officials were subjected to an internal disciplinary process, initiated on 14 December 2021, with the municipal manager and chief financial officer resigning before the process could be completed, on 23 March 2022.
- The matter was reported to the South African Police Services and civil proceedings for recovery for the expenditure from the parties involved in the irregular transactions were initiated by council on 14 December 2021.

54. The municipality subsequently negotiated a settlement agreement with the supplier, dated 11 September 2024, with the debt to be repaid to the municipality over a period of time. The first payment, in terms of this agreement, was made to the municipality on 30 September 2024.

55. The accounting officer has taken appropriate actions to address the material irregularity and the material irregularity is resolved.

Auditor-General

Pietermaritzburg

30 November 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

1.1.1 Auditor-general's responsibility for the audit

1.1.1.1 Professional judgement and professional scepticism

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

1.1.1.2 Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my

opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

1.1.1.3 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.

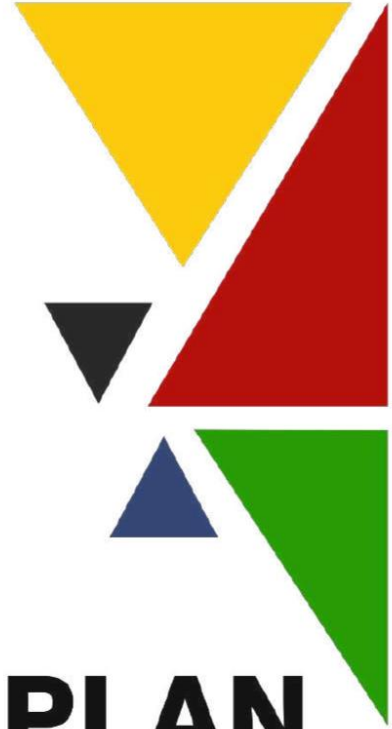
I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

1.1.2 Compliance with legislation – selected legislative requirements

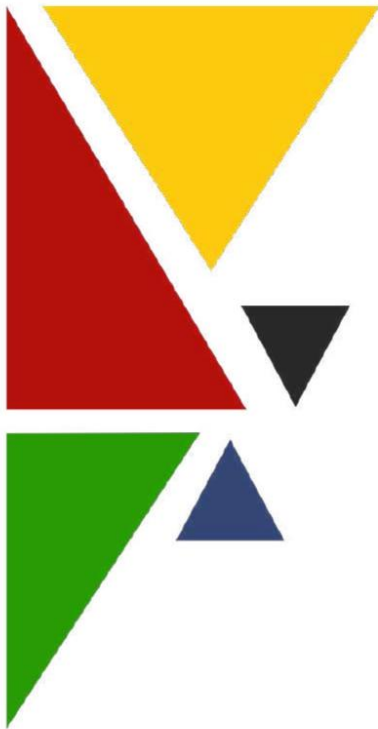
The selected legislative requirements are as follows:

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, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), Sections: 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), Sections: 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 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), 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), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations: 38(1)(g)(iii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1)

Legislation	Sections or regulations
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), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), Sections: 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 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), 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)



AG ACTION PLAN



Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
1	Audit Report, Par 10	As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements. 2. Management will ensure that the annual financial statements are adequately reviewed by management (first level assurance). 3. Management will ensure that the annual financial statements are submitted to internal audit unit and audit committee for review (second level assurance). 4. Management to appoint timeously the service provider to assist with financial statements review.	1. 30/04/25 2. 14/08/25 3. 15/08/25 4. 30/06/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date / Completion Date	Status	Audit Internal Review
2	Audit Report, Par 7 & 8	As disclosed in note 4 to the financial statements, statutory receivables from non-exchange transactions were impaired by a total of R161,8 million (2022-23: R147,37 million) as recoverability of these debts was doubtful. As disclosed in note 3 to the financial statements, receivables from exchange transactions were impaired by a total of R140,2 million (2022-23: R129,7million) as the recoverability of these debts was doubtful.	Compliance	1. Revenue Management	CFO/ FM/ Revenue Accountant	1. Management will implement debt collection incentives to encourage debt collection. 2. Management to request the KZN Cogta intervention on government debt. 3. Management to continue with the indigent write-off	1. 30/04/25 2. 30/04/25 3. 30/06/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
3	Audit Report, Par 9	As disclosed in note 31 of the financial statements, electricity distribution losses of 28% (2022-23: 21%) amounting to R12,30 million (2022-23: R7.68 million) were incurred during the year under review. These losses are due to technical losses and illegal connections.	Compliance	1. Electricity Management 2. Revenue Management	Director or Technical Services/ CFO / Manager Electricity/ FM	1. Management to implement the smart meter system and replace all old meters. 2. Management to do smart meter/ monitoring audit every month. 3. Smart meters installed will detect tempering and power losses. 4. Meter audits were done, the tempering customers will be fined as per municipality policy. 5. Management to ensure that all bulk customers are connected to the correct CT ratios for measurements.	1. 28/02/25 2. 28/02/25 3. 28/02/25 4. 30/06/2025 5. 31/05/2025 4. 31/05/2025	Partially resolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
						6. Management to replace the old MV/LV Cables.			
4	Audit Report, Par 30	Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.	Compliance	Expenditure Management	All HOD's / FM/ Expenditure Accountant	1. Invoices to be submitted to one email, so they can be brought to the attention of expenditure section timeously. 2. All payment documents received by Finance Department to date stamped and registered on payment tracking register for monitoring.	1. 31/03/25 2. 31/03/25 3. 31/01/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
						3. Review payment tracking register on a regular basis to identify payments that are due for payments.			
5	Audit Report, Par 32	Reasonable steps were not taken to prevent irregular expenditure amounting to R 13 832 as disclosed in note 53 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by noncompliance with supply chain management regulations.	Compliance	Supply Chain Management	MM/ CFO/ SCM Manager	1. The contract register will be updated on monthly bases to review all contracts reaching expiry date. 2. Essential services will be procured timeously to avoid contract extensions on existing contract.	28/02/25 30/06/25	Partially resolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date / Completion Date	Status	Audit Internal Review
6	Audit Report, Par 31	Reasonable steps were not taken to prevent unauthorised expenditure amounting to R90.76 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 the transfer of infrastructure asset, overspending on general expenditure and debt impairment.	Compliance	Budget Monitoring	MM/ CFO/ Budget Manager	1. Management will block all unfunded votes on the system and make virement where budget estimates slightly exceed invoice amount. 2. Management will investigate the nature of unauthorised expenditure and develop reasonable consequence management actions.	31/03/25 30/04/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date / Completion Date	Status	Audit Internal Review
7	MR, Par 38	Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R256 132, as disclosed in note 53 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 incurred on overdue accounts.	Compliance	Expenditure Management	MM/ CFO/ FM	1. Invoices to be submitted to one email, so they can be brought to the attention of expenditure section timeously. 2. All payment documents received by Finance Department to date stamped and registered on payment tracking register for monitoring. 3. Review payment tracking register on a regular basis to identify payments that are due for payments. 4. Management will investigate the nature of the fruitless expenditure and develop	1. 31/03/25 2. 31/03/25 3. 30/04/25 4. 30/04/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date / Completion Date	Status	Audit Internal Review
						reasonable consequence management actions.			
8	MR, Par 19	Debtors with long outstanding balances were not properly considered for impairment.	Compliance	Financial Statements	CFO/ FM/ Accountant Revenue	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
						the annual financial statements are submitted to internal audit unit and audit committee for review (second level assurance).			
9	MR, Par 19	Landfill site asset was not depreciated.	Compliance	Financial Statements	CFO/ FM/ Accountant Assets	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
						are submitted to internal audit unit and audit committee for review (second level assurance).			
10	MR, Par 19	The line item in the cash flow statement was not calculated properly.	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements are submitted to internal audit	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
						unit and audit committee for review (second level assurance).			
11	MR, Par 19	Assets not correctly allocated between segments.	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
						are submitted to internal audit unit and audit committee for review (second level assurance).			
12	MR, Par 19	Direct payments made by the respective department for the housing projects were not recognised.	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
						are submitted to internal audit unit and audit committee for review (second level assurance).			
13	MR, Par 19	Asset not recognised in respect of adjusting subsequent event.	Compliance	Financial Statements	CFO/ FM	1. Management will recognised subsequent event as and when it is practical to do so.	1. 30/04/25 2. 31/05/25 3. 30/06/25	Resolved	
14	MR, Par 19	Completed project was not transferred and capitalised from WIP at year end.	Compliance	Financial Statements	CFO/ FM/ Accountant Assets	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
						timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements are submitted to internal audit unit and audit committee for review (second level assurance).			
15	Audit Report, Par 34	43. The municipality did not complete an evaluation of performance in respect of programmes funded by the INEP grant within two months of the end of the financial year, as required by section 12(5) of Dora. This will be reported in the audit report.	Compliance	Financial Statements	Direct or Technical/ Manager Electricity	1. The INEP evaluation report will be completed and submitted to DMRE 15 days before the due date going forward.	1. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
16	MR, Par 69	No evidence was provided that the Municipal manager satisfied himself that the candidate met the relevant qualification requirements of the post.	Compliance	HR Management	MM/ Direct or Corporate/ HR Manager	1. Management to only consider candidate that meet the post requirements going forward.	1. 28/02/25	Partially resolved	
17	MR, Par 69	Position not advertised	Compliance	HR Management	MM/ Direct or Corporate/ HR Manager	1. Management to advertise the HR trainees post going forward.	1. 28/02/25	Partially resolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date / Completion Date	Status	Audit Internal Review
18	MR Annexure D, Category B	Variances noted between Segment trial balance and AFS Disclosure for Segment Reporting	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements are submitted to internal audit unit and audit committee for review (second level assurance).	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date / Completion Date	Status	Audit Internal Review
19	MR Annexure D, Category B	Receipts and payments relating to housing projects not recognised	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements are submitted to internal audit unit and audit committee for review (second level assurance).	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
20	MR Annexure D, Category B	Debtors age analysis, ageing and interest allocation does not agree to the AFS submitted for audit	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements are submitted to internal audit unit and audit committee for review (second level assurance).	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date / Completion Date	Status	Audit Internal Review
21	MR Annexure D, Category B	VAT incorrectly claimed on ineligible tax invoice and VAT incorrectly claimed on 'motor car	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements are submitted to internal audit unit and audit committee for review (second level assurance).	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
22	MR Annexure D, Category B	VAT accounting policy noted in the AFS does not agree to accounting treatment applied	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements are submitted to internal audit unit and audit committee for review (second level assurance).	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Audit Internal Review
23	MR Annexure D, Category B	Discrepancies noted with the VAT reconciliation	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements are submitted to internal audit unit and audit committee for review (second level assurance).	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date / Completion Date	Status	Audit Internal Review
24	MR Annexure D, Category B	Contingent liabilities omitted from the AFS	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements are submitted to internal audit unit and audit committee for review (second level assurance).	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date / Completion Date	Status	Audit Internal Review
25	MR Annexure D, Category B	Disclosure in the AFS cannot be agreed to the Approved Budget	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements are submitted to internal audit unit and audit committee for review (second level assurance).	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date / Completion Date	Status	Audit Internal Review
26	MR Annexure D, Category B	MFMA Disclosure discrepancies noted	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements. 2. Management to provide GRAP training to officials responsible for AFS. 3. Management to appoint timeously the service provider to assist with financial statements review. 4. Management will ensure that the annual financial statements are submitted to internal audit unit and audit committee for review (second level assurance).	1. 30/04/25 2. 14/08/25 3. 30/06/25 4. 15/08/25	Unresolved	



APPENDICES



APPENDIX -A- : COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

Councillor	Gender	Affiliation	Ward/PR
Cllr Velephi M Sikhosana <i>(replaced by Cllr VR Buthelezi)</i>	Female	IFP	02
Cllr Kwenzakakufani E Nxumalo	Male	IFP	10
Cllr Bhekinkosi J Thwala	Male	IFP	04
Cllr Benson E S Ntshangase	Male	IFP	09
Cllr Joseph B Ngema	Male	DA	PR
Cllr Bhaliya R Shongwe	Male	IFP	PR
Cllr Nelisiwe P Van Zuydam	Female	ANC	PR
Cllr Sbusiso R Mhlongo	Male	IFP	PR
Cllr Mthatshelwa Mthembu	Male	IFP	01
Cllr Cynthia N Mavundla	Female	IFP	03
Cllr Ndukisebandla P Mavuso	Male	IFP	05
Cllr Thembokuhle A Ntshangase	Male	IFP	07
Cllr Sipho A Xulu	Male	IFP	08
Cllr Zuzile Z Buthelezi	Female	IFP	11
Cllr Mthokozeni G Ndlangamandla	Male	IFP	12
Cllr Fano S Masango	Male	IFP	13
Cllr Mxolisi P Mafuleka	Male	IFP	14
Cllr Phumzile Masuku <i>(replaced by Cllr LS Ntshangase)</i>	Female	IFP	15
Cllr Thulebuka D Buthelezi <i>(replaced by Cllr JW Buthelezi)</i>	Male	IFP	PR
Cllr Xolani H Dhlamini	Male	ANC	06
Cllr Nkosinathi T Gumbi	Male	ANC	PR
Cllr Nqompo A Nkosi	Male	ANC	PR

Cllr Zamokuhle B Motha	Male	ANC	PR
Cllr Zanele S Khumalo	Female	ANC	PR
Cllr Nkosingiphile G Ncube	Female	ANC	PR
Cllr Celiwe M Nxumalo-Sibiya	Female	ANC	PR
Cllr Mthethephi T Msibi	Female	EFF	PR
Cllr Sindisiwe V Dlamini-Nkambule	Female	NFP	PR
Cllr Great L Sibiya	Male	NFP	PR
Cllr V R Buthelezi	Male	IFP	02
Cllr J W Buthelezi	Male	IFP	PR
Cllr L S Ntshangase	Male	IFP	15

	07 July 2023 (Spcl)	07 August 2023 (Spcl)	28 August 2023	12 Sept 2023 (Spcl)	02 Oct 2023 (Spcl)	29 Nov 2023	31 Jan 2024	28 Feb 2024	28 March 2024	21 May 2024	10 June 2024 (Spcl)	13 June 2024 (Spcl)	21 June 2024 (Spcl)	28 June 2024	Total
Cllr Velephi M Sikhosana	✓	✓	✓	✓	✓										05
Cllr Kwenzakakufani E Nxumalo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Cllr Bhekinkosi J Thwala	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Cllr Benson E S Ntshangase	✓	✓	✓	x	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	12
Cllr Joseph B Ngema	✓	x	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12
Cllr Bhaliya R Shongwe	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Cllr Nelisiwe P Van Zuydam	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	x	✓	✓	x	11
Cllr Sbusiso R Mhlongo	✓	x	✓	x	✓	✓	✓	✓	✓	✓	x	✓	✓	x	11
Cllr Mthatshelwa Mthembu	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	13
Cllr Cynthia N Mavundla	✓	✓	✓	✓	x	✓	✓	✓	✓	x	✓	✓	x	✓	11
Cllr Ndukisebandla P Mavuso	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Cllr Thembokuhle A Ntshangase	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Cllr Sipho A Xulu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Cllr Zuzile Z Buthelezi	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
Cllr Mthokozeni G Ndlangamandla	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	13
Cllr Fano S Masango	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	13
Cllr Mxolisi P Mafuleka	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	13
Cllr Phumzile Masuku	✓	✓	✓	✓	✓	✓	x	x	✓						06
Cllr Thulebuka D Buthelezi	✓	✓	✓	x											03
Cllr Xolani H Dhlamini	x	✓	✓	✓	✓	✓	x	✓	✓	✓	X	✓	✓	x	11
Cllr Nkosinathi T Gumbi	✓	✓	✓	x	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	12
Cllr Nqompo A Nkosi	x	✓	✓	✓	x	✓	x	✓	✓	✓	✓	✓	✓	x	10
Cllr Zamokuhle B Motha	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Cllr Zanele S Khumalo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	13

Cllr Nkosingiphile G Ncube	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	x	x	✓	11
Cllr Celiwe M Nxumalo-Sibiya	✓	✓	✓	✓	✓	✓	x	✓	✓	x	✓	x	✓	✓	11
Cllr Mthethephi T Msibi	x	✓	✓	x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Cllr Sindisiwe V Dlamini-Nkambule	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	13
Cllr Great L Sibiya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Cllr J W Buthelezi					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Cllr V R Buthelezi								✓	✓	x	✓	✓	✓	✓	06
Cllr L S Ntshangase														✓	01

Appendix B-1: Record of Attendance at Council Meetings for 2022/2023																			
Councillor Details	28 July 2022 (Spcl)	23 August 2022 (Spcl)	31 August 2022	08 Sept 2022 (Spcl)	21 Sept 2022 (Spcl)	26 Oct 2022 (Spcl)	05 Dec 2022	22 Dec 2022 (Spcl)	30 Jan 2023 (Spcl)	02 Feb 2023	07 Feb 2023	14 Feb 2023 (Spcl)	27 Feb 2023	17 Mar 2022 (Spcl)	30 Mar 2023	31 May 2023	13 June 2023 (Spcl)	28 June 2023	Total
Cllr Velephi M Sikhosana	X	✓	✓	✓	x	✓	X	x	x	x	x	X	x	x	✓	✓	✓	✓	08
Cllr Kwenzakakufani E Nxumalo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	18
Cllr Bhekinkosi J Thwala	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	18
Cllr Benson E S Ntshangase	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	17
Cllr Joseph B Ngema	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	17
Cllr Bhaliya R Shongwe	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	18
Cllr Nelisiwe P Van Zuydam	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	x	X	x	✓	✓	x	x	✓	13
Cllr Sbusiso R Mhlongo	✓	✓	✓	x	✓	✓	✓	x	✓	✓	x	X	x	x	✓	✓	✓	✓	12
Cllr Mthatshelwa Mthembu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	18
Cllr Cynthia N Mavundla	✓	✓	✓	✓	x	✓	✓	x	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	15
Cllr Ndukisebandla P Mavuso	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	18
Cllr Thembokuhle A Ntshangase	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	17
Cllr Sipho A Xulu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	18
Cllr Zuzile Z Buthelezi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	x	✓	✓	✓	16
Cllr Mthokozeni G Ndlangamandla	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	17
Cllr Fano S Masango	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	17
Cllr Mxolisi P Mafuleka	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	17
Cllr Phumzile Masuku	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	17
Cllr Thulebuka D Buthelezi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	17

Cllr Xolani H Dhlamini	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	17
Cllr Nkosinathi T Gumbi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	17
Cllr Nqompo A Nkosi	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	17
Cllr Zamokuhle B Motha	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	18
Cllr Zanele S Khumalo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	18
Cllr Nkosingiphile G Ncube	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	18
Cllr Celiwe M Nxumalo-Sibiya	✓	✓	✓	✓	✓	✓	✓	x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	16
Cllr Mthethephi T Msibi	✓	x	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	x	x	✓	✓	✓	14
Cllr Sindisiwe V Dlamini-Nkambule	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	17
Cllr Great L Sibiya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	18

APPENDIX B-2: RECORD OF ATTENDANCE-EXCO MEETINGS FOR 2023/2024

Councillor Details	28 July 2023	24 Aug 2023	24 Sept 2024	31 Oct 2023	23 Nov 2023	29 Nov 2023 (Spcl)	24 Jan 2024	30 Jan 2024 (Spcl)	22 Feb 2024	27 Feb 2024 (Spcl)	20 Mar 2024	28 Mar 2024 (Spcl)	30 Apr 2024	16 May 2024	11 June 2024 (Spcl)	21 June 2024	TOTAL
Cllr Velephi M Sikhosana	✓	✓	✓	✓													04
Cllr Bhokinkosi J Thwala	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	16
Cllr Bhaliya R Shongwe	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	16
Cllr Sbusiso R Mhlongo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	16

Cllr N P van Zuydam	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	x	x	x	✓	11

APPENDIX B-3: RECORD OF ATTENDANCE- CORPORATE SERVICES PORTFOLIO COMMITTEE MEETINGS FOR 2023/2024

Councillor Details												TOTAL
Cllr Velephi M Sikhosana	✓	✓	✓	✓	x	✓	X	x	✓	✓	x	07
Cllr Bhekinkosi J Thwala	✓	✓	✓	✓	x	✓	✓	✓	✓	✓	✓	10
Cllr Bhaliya R Shongwe	x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	09
Cllr Z S Khumalo	x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓	09
Cllr X H Dhlamini	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	10
Cllr J B Ngema	✓	✓	✓	✓	✓	✓	✓	x				07

CLlr B E S Ntshangase	✓	✓	✓	✓	✓	✓	✓	X	✓	x	✓	09
CLlr M T Msibi									✓	✓	x	02

**APPENDIX B-4: RECORD OF ATTENDANCE- PLANNING, HOUSING AND LOCAL
ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE MEETINGS FOR
2023/2024**

Councillor Details	17/07/2 023	22/08/2 023	26/09/2 023	23/10/2 023	15/11/2 023	21/02/20 24	13/03/20 24	17/04/20 24	05/05/20 24	13/06/202 4	TOTAL
CLlr V M Sikhosana	√	√	√	√	√						05
CLlr B J Thwala	√	√	x	√	√	√	√	√	√	√	09
CLlr M G Ndlangamandla	√	x	√	x	√	√	√	x	x	√	06
CLlr N P Mavuso	√	√	√	x	√	x	√	√	√	√	08
CLlr Z B Motha	√	√	√	x	√	x	√	√	√	√	08
CLlr T D Buthelezi	x										03
CLlr T A Ntshangase	√	√	√	√	√	√	x	x	√	√	08

CLlr J W Buthelezi				√	x	√	√	√			04

APPENDIX B-5: RECORD OF ATTENDANCE- TECHNICAL SERVICES PORTFOLIO COMMITTEE MEETINGS FOR 2023/2024											
Councillor Details	14/07/2023	22/08/2023	26/09/2023	23/10/2023	15/11/2023	21/02/2024	14/03/2024	17/04/2024	09/05/2024	13/06/2024	TOTAL
CLlr B J Thwala	√	√	x	√	√	√	√	√	√	√	09
CLlr N P Mavuso	x	√	√	√	√	x	√	√	√	√	08
CLlr F S Masango	√	x	√	x	√	x	√	x	√	√	06
CLlr P Masuku	√	√	x	√	√						04
CLlr S A Xulu	√	√	√	x	√	√	x	x	√	√	07
CLlr N G Ncube	√	√	√	√	√	√	√	√	x	x	08

CLlr S Mhlongo	√	√	√	√	√	√	x	√	√	√	09

APPENDIX B-6: RECORD OF ATTENDANCE- COMMUNITY SERVICES PORTFOLIO COMMITTEE MEETINGS FOR 2023/2024											
Councillor Details	12/07/2023	17/08/2023	19/09/2024	24/10/2023	17/11/2023	06/02/2024	12/03/2024	03/04/2024	29/05/2024	25/06/2024	TOTAL
											04
CLlr B R Shongwe	√	√	√	√	√	√	√	√	√	√	10
CLlr C N Mavundla	√	x	√	√	x	√	x	√	x	√	06
CLlr M Mthembu	√	x	√	√	√	x	√	x	x	√	06
CLlr M P Mafuleka	√	√	x	√	√	√	x	√	√	√	06
CLlr N P van Zuydam	√	x	√	x	√	x	x	√	x	√	05

CLlr S V Dlamini- Nkambule	x	√	x	x	√	√	√	√	√	√	07
CLlr N T Gumbi	√	√	√	√	√	x	√	√	√	x	08

PENDIX B-7: RECORD OF ATTENDANCE- FINANCE PORTFOLIO COMMITTEE MEETINGS FOR 2023/2024

Councillor Details	20 July 2023	18 Aug 2023	21 Sept 2023	26 Oct 2023	16 Nov 2023	19 Jan 2024	21 Feb 2024	14 March 2024	25 Apr 2024	13 May 2024	13 June 2024	TOTAL
CLlr Velephi M Sikhosana	√	√	√	√	√							05
CLlr Bhekinkosi J Thwala	√	√	x	√	√	√	√	√	√	√	√	10
CLlr Cynthia N Mavundla	√	x	x	√	√	√	√	√	x	√	x	11
CLlr Z Z Buthelezi	x	√	√	√	√	√	x	√	√	√	√	09
CLlr B E S Ntshangase	√	x	√	√	√	x	√	√	√	√	√	09

Cllr C M Nxumalo-Sibiya	√	x	√	x	√	x	√	√	x	x	x	05
Cllr G L Sibiya	√	√	√	√	√	√	√	√	√	√	√	11
Cllr N A Nkosi	√	√	√	√	x	x	√	√	x	x	√	07
Cllr V R Buthelezi								x	√	x	√	02

APPENDIX B-8: RECORD OF ATTENDANCE- MPAC PORTFOLIO COMMITTEE MEETINGS FOR 2023/2024										
Councillor Details										TOTAL
Cllr M T Msibi	x	√	√	x	x	√	√			
Cllr N T Gumbi	√	x	√	x	√	√	√	√	x	04
Cllr N P Mavuso	x	√	√	√	√	√	√	√	x	04
Cllr T D Buthelezi	√	√	√	√	√	√	√	x	√	03

CLlr M G Ndlangamandla	√	√	√	x	x	√	√	x	√	04
CLlr C N Mavundla	X	x	√	√	√	√	√	√	√	04
CLlr B E S Ntshangase	√	√	√	√	√	√	√	x	√	03
CLlr J B Ngema								√	√	

APPENDIX G: REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE TO THE COUNCIL OF UPHONGOLA MUNICIPALITY FOR THE 2023/24 FINANCIAL YEAR

The uPhongola Municipality's Audit and Performance Audit Committee (AUDCOM) is pleased to present their report to the Council for the year ended 30 June 2024.

Audit and Performance Audit Committee Mandate

The uPhongola Municipality established an Audit Committee in terms of section 166 of the Municipal Finance Management Act (MFMA) and section 14(2)(c) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations). Consideration has also been given to Circular No. 65 issued by the National Treasury in November 2012 as well as the recommendations contained in the King Report on Governance for South Africa 2016 (King IV).

Role of the Audit and Performance Audit Committee

The role of the Audit and Performance Audit Committee is to assist the uPhongola Municipality and officials in achieving their strategic goals and objectives, by helping to maintain effective internal controls; effective risk management, accurate financial reporting and corporate governance principles, compliance with applicable legal and regulatory requirements, and other such duties as may be directed by the Council and the Accounting Officer.

The Audit and Performance Audit Committee does not assume the functions of management which remain the responsibility of the Accounting Officer, Council and the delegated officials.

Members and attendance at meetings

The uPhongola Council appointed Four (4) independent, external members as 30 June 2023 which which are Mr BB Mdletshe (Chairperson) with effect from 12 August 2021, Mrs NT Mkhwanazi with effect from 4 June 2019, Mr VV Sibiya and Mr PL Buthelezi with effect from 8 March 2022. Members have attended scheduled meeting during their period in line with their respective appointment dates.

The Audit and Performance Audit Committee meetings were held on the following date

- 29 August 2023 attended by Mr BB Mdletshe, Mr VV Sibiya and Mr PL Buthelezi.
- 08 December 2023 attended by Mr BB Mdletshe, Mr VV Sibiya and Mr PL Buthelezi.
- 27 March 2024 attended by Mr BB Mdletshe, Mrs NT Mkhwanazi, Mr VV Sibiya and Mr PL Buthelezi.
- 28 June 2024 attended by Mr BB Mdletshe, Mrs NT Mkhwanazi, Mr VV Sibiya and Mr PL Buthelezi.

Key Senior Management positions were filled during the year under review which created stability in the Municipality and improved support to the audit and performance audit committee.

Audit Committee Responsibility

The legal responsibilities of Audit and Performance Audit Committee are set out in terms of section 166 of the MFMA and operate within the terms of the Audit and Performance Audit Committee Charter as approved by the Council.

In the conduct of its duties, the Audit and Performance Audit Committee has performed the following statutory duties relating to the year ended 30 June 2024:

1. Reviewed internal financial controls and internal audit

The internal audit function was in-sourced and it was operational for the financial year, successfully completed the majority of the approved audit plan. The Audit and Performance Audit Committee noted and appreciated the work done by the in-sourced Internal Audit Unit. During the period under review the Internal Audit Charter and Internal Audit Plan was approved by Audit and Performance Audit Committee.

The internal audit plan for 2023/2024 took into consideration the critical risks of the operations of the Municipality, addressed the findings of the Auditor-General and Internal Audit from the audit of the previous financial year, and was prepared for a period of 3 years.

Internal audit reports included recommendations to improve internal controls together with agreed management action plans to resolve the issues reported on. Areas of concern with a high risk rating were discussed with management and the risks were verified with various departments. Audit and Performance Audit Committee recommended that management and Internal Audit focus on addressing the root causes of the issues highlighted, and that they ensure that an implementation date and responsible person is included in the management response.

The Audit and Performance Audit Committee expressed concern at the number of instances where audit findings were repeated, particularly with regards to Performance Management. The Audit and Performance Audit Committee appreciated the improvement in obtaining management comments on some of the Internal Audit reports and urged management to continue co-operating with Internal Audit. The Audit and Performance Audit Committee urged management to continue providing detailed responses to audit findings which clearly outline corrective action to be taken with clear timelines.

The Audit and Performance Audit Committee reviewed and commented on the audit action plans for 2023/24 to address internal as well as external audit findings. The Committee monitored management progress against this plan on a quarterly basis and the Internal Audit provided independent assurance on completed action plans. The Audit and Performance Audit Committee will continue to monitor progress against the plan in response to audit findings at each of its future meetings.

Management is required to implement appropriate systems of internal controls and/or corrective action to address the identified weaknesses and possible irregularities. Although there are controls in place, the existing systems and procedures require enhancement and continued monitoring in particular IT, Fleet and Traffic Management.

The Audit and Performance Audit Committee has expressed concern that the internal control environment is not yet fully effective to ensure clean administration, based mainly on the internal and external audit findings as well as the inadequate progress made to implement corrective actions.

2. Risk Management

Internal Audit does not assume the functions, systems and processes of risk management but assists Council and management in the monitoring of risk management in the Municipality, through its own assurance processes and the progress of the different departments in the Municipality in managing their risk.

Risk management is the identification, assessment, and prioritization of risks and the application of resources to minimize, monitor, and control the probability and/or impact of the risks.

The Audit and Performance Audit Committee is responsible for oversight of the internal and external auditors as well as financial reporting. Because the assessment of internal controls over financial reporting is risk-based, the Audit and Performance Audit Committee is responsible for overseeing management's risk framework and policies and discussing the Municipality's key risk exposures with management.

As part of the annual risk review, management identified current controls that may be in place to mitigate risks identified, as well as possible action plans to be implemented to improve the mitigation of risk. These risks were logged onto a risk register, which formed the basis of the risk based internal audit plan approved by Audit and Performance Audit Committee.

Audit and Performance Audit Committee noted the updated risk registers and the establishment of the Municipal Risk Management Committee and expressed its appreciation for the effort made in progressing this function. Audit and Performance Audit Committee recommended that the external Risk Chairperson or Champion be employed by the municipality. During the FY 2023/24 at its meetings the Audit and Performance Audit Committee made suggestions that each Municipal Department identifies their Departmental Risk Champion to assist the Directors in managing the risk at Departmental level.

3. Review of the financial statements

The financial statements for the financial year ending 30 June 2024 were prepared and submitted to the Auditor General on the 31st August 2022. Meeting was held to review draft AFS 2023/24 but we could not confirm that they were in line with the applicable GRAP standards and guidance contained

in various MFMA circulars and current legislation. The Audit and Performance Audit Committee evaluated the unaudited financial statements for reasonableness, completeness and accuracy and considered the efficiency and effectiveness of internal controls over the preparation and reporting. The Audit and Performance Audit Committee also considered an Internal Audit report on the review of the financials and all supporting working papers as per MFMA circular 50.

4. *The credibility, reliability and accuracy of financial reporting and information as well as accounting policies*

Regular management reports were reviewed by the Audit and Performance Audit Committee. These included debtors age analyses, income and expenditure reports, budget and variance reports and mid-year interim financial statements. Audit and Performance Audit Committee agreed to follow the MFMA calendar with regards to Sec 52(d) and Section 72 reports. Several pertinent matters were raised with management who in turn furnished satisfactory answers. In many instances suggestions, recommendations, and/or requests from the Audit and Performance Audit Committee were implemented by management.

Information furnished by the Internal Audit and Management has allowed the Audit and Performance Audit Committee to form an opinion that the Municipality's system of internal financial control was effective and formed a basis for the preparation of reliable financial statements. However, the Municipality's system of internal financial controls and reporting is not yet fully effective and there is room for improvement to achieve overall clean administration.

Some of the key challenges for the Municipality continue to be:

- Debt collection;
- Electricity losses;
- Irregular, fruitless and wasteful expenditure and the investigation thereof. The overall consequence management is not yet evident, and Audit and Performance Audit Committee recommends that Council take action;
- Supply Chain Management.
- Traffic Management
- Asset Management

5. *Performance Management*

The Audit and Performance Audit Committee also serves as the Performance Audit Committee. Internal Audit reviewed the Municipality's performance and tabled reports at all ordinary meetings of Audit and Performance Audit Committee. The Audit and Performance Audit Committee noted with concern the shortcomings highlighted in the Internal Audit reports and urged management to address them. Audit and Performance Audit Committee commended the municipality on completing the evaluation of the performance of the Sec 57 employee and Audit and Performance Audit Committee

is pleased that the reviews for the 2023/2024 financial year were completed by the end of the financial year..

The Audit and Performance Audit Committee is of the view that the monitoring function of the Performance Management System could improve and Executive Directors must take ownership of their scorecards. The Audit and Performance Audit Committee noted the filling of the key positions of Section 56/7 employees during the financial year and it looks forward to improved performance of the Municipality as a result.

6. *Effective Governance*

The Audit and Performance Audit Committee fulfils an oversight role regarding the Municipality's governance processes. It is responsible for ensuring that the internal audit function is independent and has the necessary resources, standing and authority to enable it to discharge its duties. Furthermore, it oversees cooperation between the internal and external auditors, and serves as a link between the Council and these functions.

The internal and external auditors have unlimited direct access to the Audit and Performance Audit Committee, primarily through its Chairperson. The Mayor and the Chairperson of the Municipal Public Accounts Committee (MPAC), and representatives from COGTA, Provincial Treasury and the Auditor-General have a standing invitation to attend Audit and Performance Audit Committee meetings. The Audit and Performance Audit Committee is not aware of any matters referred to them by Council.

7. *Compliance with Legislation*

The Audit and Performance Audit Committee has noted instances of non-compliance with policies and procedures, MFMA and SCM Regulations, and these have been brought to the attention of management. The progress to move to full compliance by means of comprehensive checklists will be monitored on a quarterly basis.

8. *Key issues dealt with and recommendations*

- Management should continue ensuring that credible, reliable and accurate financial and performance information is submitted on a timely basis to the Audit and Performance Audit Committee for review. In this regard the Municipal Manager should ensure that Audit and Performance Audit Committee agenda packs contain complete, credible and accurate information, including interim Financial Statements.
- Although internal controls are in place, the Audit and Performance Audit Committee requested that there must be consequences for non-adherence with internal controls and non-compliance with laws and regulations.
- The Municipal Manager should ensure that recommendations of internal and external audit are implemented as per the action plans and report on progress on a quarterly basis. This should assist to obtain a clean audit.
- The Council should monitor progress of the performance against planned objectives on a monthly basis to improve on the actual achievements based on adequate supporting documentation.

- To ensure combined assurance the resolutions of management meetings, MPAC meetings, Council meetings and those of Audit and Performance Audit Committee should be standard agenda items of meetings of any of the structures above.

9. Conclusion

The Audit and Performance Audit Committee confirms its commitment to assist Council to make significant progress towards clean administration and also wishes to thank Council and management for its support, and the teams from internal and external audit for their contributions.

On behalf of the Audit and Performance Audit Committee



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Mr BB Mdletshe (Chairperson)

Audit and Performance Audit Committee

APPENDIX G: AUDIT COMMITTEE REPORT AND RECOMMENDATIONS 2023/2024

Date of Audit Committee Meeting	Audit Committee Recommendations during year 2023/2024 Financial Period	Recommendations Implemented (yes/no)
29-Aug-23	The Accounting Officer/Director Community Services had to provide the status of resolving the disputes with the service provider of the electronic traffic management system to enable the municipality to access the system as well as the records thereof. Furthermore the matter be made a standing item in all Audit Committee Meeting until the issue is resolved	Yes
	The audit committee recommended that the Internal Audit unit to check whether the two vehicles that could not be physically verified as per fleet management audit report are registered under the municipality in the Traffic section. The reason provided for such vehicle to be unverifiable during the audit were as follows: I. Vehicle written off but still appearing on FAR II. Truck that was sent to empangeni for repairs	Yes
08-Dec-23	The Audit Committee recommended that the CFO should provide a root cause for the excessive electricity losses which was at 23% (as at 31 October 2023) which exceeded the minimum threshold they further recommended that he should provide managements' action plan to keep the electricity losses under control.	Yes
	The in-year reporting to be provided by Technical services rather than targets being shifted to the last quarter to enable ongoing monitoring of progress on projects.	No
26-Jun-23	The Audit Committee recommended that the municipality must have performance targets where they have total control on their implementation.	No
	The Audit Committee advised that MSCOA must be the standing item on all Manco meetings	No
	The Audit Committee recommended that proper planning (procurement and cashflow management) to be done in order to avoid shortages of materials/inventory to provide basic service delivery.	No
	The Audit Committee recommended that the open source training to be also considered which are available online at no cost in instances where alternate training cannot be attended due to budgetary constraints.	No

	The Audit Committee recommended that the finance system must have embedded controls to ensure that it limits budget over expenditure which ultimately results in unauthorised expenditure.	No

APPENDIX H: LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO DURING YEAR 2023/2024)				
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Contract Value
Ezinhle Supplies & Constructors	Construction Of Ward 8 Multi-Purpose Centre	10-Nov-22	9-Nov-23	15 970 487,67
Dlv Project Managers/Hia International Security	Construction Of Emergency Housing Project	1-Nov-22	31-May-23	15 362 510,79
Afi Consult	Belgrade Bus Road Phase 2	8-Jul-22	30-May-23	11 844 467,94
Sizowakha Security And Cleaning Services	Vip Security Services	1-Dec-22	30-Nov-25	6 036 120,00
Emalangen Technologies	Installation of Network Infrastructure and Data Solutions	1-Jul-22	30-Jun-25	4 185 646,88
Isando Strutural Engineering	Institutional Technical Capacity Support For Infrastructure Projects	25-Aug-22	31-Aug-25	3 376 200,00
SITA	Commercial Printing, Service Desk, Incident and Management, Incident Management,	1-Jul-22	30-Jun-25	2 636 061,27
Lateral Unision Insurance Brokers	Short Term Insurance	11-Oct-22	10-Oct-25	2 614 006,55
Fma Engineers	Ward 8 Multi-Purpose Centre	10-Nov-22	9-Nov-23	2 281 878,53
Zondi & Associates	Panel To Render Legal Services	1-Jul-22	30-Jun-25	2 212 521,64
Bpg Mass Appraisal	Valuation Roll	1-Mar-23	30-Jun-29	1 978 475,00
Mbalizama	Rehabilitation Of Klasie Havenga Street	15-Mar-23	15-Jun-23	1 199 814,55
Zuma & Partners Incorporate	Panel To Render Legal Services	1-Jul-22	30-Jun-25	1 198 681,60
Hlela Attorneys	Panel To Render Legal Services	1-Jul-22	30-Jun-25	1 144 539,34
Bi Infrastructure	Designing And Maintained Landfill Site	5-May-23	30-Jun-23	1 000 000,00
Ntwenhle Business Venture	Ncotshane Stormwater Drainage, Area 5	21-Apr-23	20-Oct-23	849 611,52
Inkazimulo Consulting	Sourcing of Funds And Provisioning of Training And Development Services	8-Aug-22	31-Jul-23	480 127,17
Sengwayo	Panel to Render Legal Services	1-Jul-22	30-Jun-25	427 789,51
Sparks & Ellis	Traffic Uniforms	27-Feb-23	26-Feb-26	383 976,95
Ntombela Fw Attorneys	Disciplinary Hearing	1-Jul-22	31-Oct-22	340 370,00

APPENDIX I: PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO DURING 2023/24

					R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2023/24
N/A	N/A	N/A	N/A	N/A	N/A
					<i>TH.2</i>

Disclosures of Financial Interests			
Period 1 July 2023 to 30 June of Year 2024 (Current Year)			
Position	Name	Description of Financial interests*	
Mayor	Cllr B J Thwala	Cars: Toyota Fortuner R900 000 Golf R300 000), House R850 000	
EXCO	Cllr K E Nxumalo	Remuneration as an educator, House R300 000.00	
	Cllr B R Shongwe	Taxi business R50 000.00, House R400 000.00	
	Cllr N P Van Zuydam	Mahlangosi Pty Ltd, Ideas Investment – R50 000, Ideas Investment R00	
	Cllr S R Mhlongo	Phuthuma shares, Sasol Khanyisa shares, Southern Ambition 296 cc, Njomane multi service, residential site ext4, Bus Site, residential site B2068.	
Councillor	Cllr V.R Buthelezi	Remuneration as an educator, House R4000 000, Car NP 200 R170 000	
	Cllr BES Ntshangase	Land/ Property Nil remuneration	
	Cllr F S Masango	House R250 000	
	Cllr M T Msibi	House R200 000.00	
	Cllr L.S Ntshangase	Land R250 000, House R250 000	
	Cllr S V Dlamini - Nkambule	House R790 000.00, Land R1000 000	
	Cllr Z B Motha	Mbizi 1934 Mvulane trading pty ltd R30 000,	
	Cllr Z Z Buthelezi	Nil	
	Cllr C N Mavundla	Remuneration as an educator, House R3000 000	
	Cllr X H Dhlamini	Hect project pty ltd R00	
	Cllr M Mthembu	House R200 000	
	Cllr J B Ngema	Remuneration as an educator	
	Cllr N A Nkosi	House R200 000	
	Cllr T A Nshangase	Remuneration as an educator, House R800 000, Cars: Mercedes R500 000, Corsa R70 000, Golf R40 000	
	Cllr C M Nxumalo - Sibiya	Remuneration as an educator, House R550 000	
	Cllr J L Sibiya	Nil	
	Cllr S A Xulu	House R100 000.00	
	Cllr N T Gumbi	Mnothondaba Pty Ltd - 100%- Remuneration/income R00, Mavuma Pty Ltd- 100%- Remuneration/income R00, Black calf Pty Ltd R00	
	Cllr Z S Khumalo	Nil	
	Cllr N G Ncube	Remuneration as an educator	
	Cllr N P Mavuso	Nil	
	Cllr M P Mafuleka	Nil	

	Cllr M.G Ndlangamandla	Nil
	Cllr J W Buthelezi	Nil
Municipal Manager	Mr M B Khali	Nil
Chief Financial Officer	Mr K W G Ngcobo	Nedbank/MTN shares R20 Khuleh 28 Pty Ltd R10 000, Land/ property Lot59 Palm 57 Impela street huiten heights nil remuneration
Director	Mr M V M Mbatha	Amabuatho 2 Construction and plant hire - 50% R00, House R1000 000.00
Director	Miss S S P Xaba	Methabisi trading - Nil income/remuneration, Nozikhumbuzo trading - Nil income/remuneration
Director	Mr B C X Dladla	Nil
<i>* Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A T J</i>		

APPENDIX K1 – REVENUE PERFORMANCE BY VOTE

Revenue Performance by Vote						
R' 000						
Vote Description	Year 2022/2023	Current: Year 2023/2024			Year 2023/2024 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Executive & Council	14 966 033,00	14 978 967,00	16 987 284,00	22 065 272,34	0,32	0,23
Municipal Manager	23 354 095,00	20 102 103,00	17 413 386,00	22 618 748,50	0,11	0,23
Budget and Treasury	65 763 128,00	60 838 304,00	69 432 041,00	33 224 742,41	-0,83	-1,09
Property Services	14 178 587,00	15 078 501,00	11 750 149,00	15 108 815,01	-	-
Corporate Services	31 025 184,00	39 156 308,00	40 961 687,00	53 691 307,48	0,27	0,24
Community & Social Services	24 108 837,00	25 937 106,00	28 192 070,00	36 245 310,40	0,28	0,22
Housing	-	-	-	-	-	-
Sport & Recreation	9 786 559,00	4 223 665,00	14 319 896,00	13 569 311,62	0,69	-0,06
Public Safety	35 216 375,00	22 265 759,00	21 486 410,00	25 457 566,47	0,13	0,16
Planning & Development	59 552 958,00	62 690 029,00	59 227 264,00	76 953 429,69	0,19	0,23
Road Transport	11 068 115,00	13 957 639,00	13 623 220,00	17 135 783,01	-	-
Electricity	49 970 362,00	72 446 094,00	72 024 858,00	71 717 871,17	-0,01	-0,00
Waste Management	11 722 872,00	9 127 501,00	13 319 428,00	14 785 241,46	0,38	0,10
Other	2 796 380,00	1 236 074,00	1 064 168,00	1 382 278,46	0,11	0,23
Total Revenue by Vote	353 509 485,00	362 038 050,00	379 801 861,00	403 955 678,00	1,63	0,49

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3

T K.1

APPENDIX K2 - REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	Year 2022/2023	Year 2023/2024			Year 2023/2024 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	45 570 560,00	45 253 910,00	45 253 910,00	48 135 202,00	0,06	0,06
Service Charges - electricity revenue	45 695 926,00	55 839 246,00	56 018 010,00	53 395 362,00	-0,05	-0,05
Service Charges - water revenue	-	-	-	-	-	-
Service Charges - sanitation revenue	-	-	-	-	-	-
Service Charges - refuse revenue	10 820 849,00	8 925 941,00	13 111 483,00	11 398 421,00	0,22	-0,15
Service Charges - other	-	-	-	-	-	-
Rentals of facilities and equipment	500 849,00	694 947,00	694 947,00	517 004,00	-0,34	-0,34
Interest earned - external investments	2 449 102,00	1 706 658,00	4 353 620,00	4 543 135,00	0,62	0,04
Interest earned - outstanding debtors	828 482,00	2 360 966,00	2 360 966,00	946 050,00	-1,50	-1,50
Dividends received	-	-	-	-	-	-
Fines	1 267 434,00	3 151 324,00	3 151 324,00	1 550 400,00	-1,03	-1,03

Licences and permits	1 718 051,00	2 017 232,00	2 017 233,00	1 656 154,00	-0,22	-0,22
Agency services	828 482,00	1 421 824,00	1 421 824,00	1 134 948,00	-0,25	-0,25
Transfers recognised - operational	195 869 050,00	191 718 141,00	206 866 158,00	191 755 208,00	0,00	-0,08
Other revenue	1 579 437,25	1 845 895,00	4 177 420,00	9 038 040,00	0,80	0,54
Gains on disposal of PPE	10 094 842,75	-	-	493 433,00	-	-
Actuarial Gain	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	317 223 065,00	314 936 084,00	339 426 895,00	324 563 357,00	0,03	-0,05
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						T K.2

APPENDIX L: CONDITIONAL GRANTS EXCLUDING MIG

Conditional Grants: excluding MIG						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
CAPITAL CONDITIONAL GRANTS						
<i>Municipal Infrastructure Grant</i>	31 514 350	29 295 350	29 295 350			
<i>Integrated National Electrification Programme Grant</i>	15 600 000	15 000 000	3 240 000	78%	-	CONDITIONS SPECIFIED ON THE AFS
<i>Sub-Rank Facility Grant (ROLL OVER)</i>	-	3 417	-	#DIV/0!	-	CONDITIONS SPECIFIED ON THE AFS
<i>Belgrade Fitness Centre</i>	-	11 092 000	7 402 797	#DIV/0!		CONDITIONS SPECIFIED ON THE AFS
OPERATIONAL CONDITIONAL GRANTS						
<i>Finance Management Grant</i>	3 000 000	3 000 000	3 000 000	0%	-	CONDITIONS SPECIFIED ON THE AFS
<i>Provincialisation of Libraries Grant</i>	1 964 000	1 964 000	1 964 000	0%	-	CONDITIONS SPECIFIED ON THE AFS
<i>Library Community Services Grant</i>	508 000	508 000	508 000	0%	-	CONDITIONS SPECIFIED ON THE AFS
<i>Expanded Public Works Programme Grant</i>	2 297 000	2 169 000	2 169 000	6%	-	CONDITIONS SPECIFIED ON THE AFS
<i>Koppie-Allien Guest House</i>	-	-	-	#DIV/0!	-	CONDITIONS SPECIFIED ON THE AFS
<i>Human Settlement</i>	-	-	40 259 266	#DIV/0!	-	CONDITIONS SPECIFIED ON THE AFS
<i>Municipal Emergency Housing Grant</i>	-	-	-	#DIV/0!		CONDITIONS SPECIFIED ON THE AFS
<i>Integrated Spatial Development Economic Plan</i>	-	275 508	727 600	#DIV/0!		CONDITIONS SPECIFIED ON THE AFS
Total	54 883 350	63 031 767	87 838 413	-60%	-	
<i>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</i>						T L

APPENDIX M1 – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year 2022/2023	Year 2023/2024			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
Capital expenditure by Asset Class							
Infrastructure - Total	19 534	3 970	6 476	6 067 174,90	27 407	28 539	–
Infrastructure: Road transport - Total	19 534	3 970	6 476	6 067 174,90	27 407	28 539	–
<i>Roads, Pavements & Bridges</i>	11 272 303	3 969 559	5 802 167	5 259 487,39	27 407 087	28 538 826	0
<i>Storm water</i>	8 261 219	0	673 976	807 687,51			
Infrastructure: Electricity - Total	–	–	–	–	–	–	–
<i>Generation</i>							
<i>Transmission & Reticulation</i>	0	0	0	–	0	0	0
<i>Street Lighting</i>							
Infrastructure: Water - Total	–	–	–	–	–	–	–
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	–	–		–	–	–	–
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	–	–	–	–	–	–	–
<i>Waste Management</i>					0		
<i>Transportation</i>			0		0	0	
<i>Gas</i>							
<i>Other</i>							
Community - Total	16 803	25 589	33 039	30 521 986,10	9 769	16 481	–
<i>Parks & gardens</i>					0		
<i>Sportsfields & stadia</i>	4 350 253	23 434 224	29 317 268	26 828 977,96	0	8 881 739	0
<i>Swimming pools</i>							
<i>Community halls</i>	6 953 554				712 145	330 355	0
<i>Libraries</i>					0		
<i>Recreational facilities</i>	0	0	0		0		
<i>Fire, safety & emergency</i>					0		
<i>Security and policing</i>							
<i>Buses</i>							
<i>Clinics</i>							
<i>Museums & Art Galleries</i>							

Cemeteries					0	0	0
Social rental housing							
Other	5 499 125	2 155 000	3 721 592	3 693 008,14	9 056 522	7 268 696	0
Table continued next page							

Table continued from previous page							
Capital Expenditure - New Assets Programme*							
R '000							
Description	Year 2021/2022	Year 2022/2023			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
Capital expenditure by Asset Class							
Heritage assets - Total	17 320	14 073	16 700	19 533 521,93	27 407	28 539	–
Buildings	15 528 154	6 733 129	10 515 230	11 272 302,79	27 407 087	28 538 826	
Other	1 791 793	7 339 861	6 184 925	8 261 219,14			
Investment properties - Total	–	–	–	–	–	–	–
Housing development	0	0	0				
Other	0	0					
–							
Other assets	17 833	12 898	26 981	11 303 807,13	712	9 212	–
General vehicles	12 477 527	1 476 671	19 925 353	4 350 252,74	0	8 881 739	
Specialised vehicles							
Plant & equipment	5 355 229	11 421 427	7 055 739	6 953 554,39	712 145	330 355	0
Computers - hardware/equipment					0		0
Furniture and other office equipment	0	0	0	–	0		0
Abattoirs					0		
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)					0	0	
Other							
	6 901 769	1 820 000	7 980 435	5 499 125,39	9 056 522	7 268 696	
Agricultural assets	–	–		–	–	–	–
List sub-class							
Biological assets	–	–		–	–	–	–

List sub-class							
Intangibles	-	-	-	-	-	-	-
Computers - software & programming	0	0		-			
Other (list sub-class)				-			
Total Capital Expenditure on new assets	71 489	56 530	83 196	67 426 490,06	65 295	82 771	-
Specialised vehicles	-	-		-	-	-	-
Refuse	0						
Fire	0						
Conservancy	0						
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year 2019/2020	Year 2020/2021			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/2022	2022/2023	2023/2024
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport - Total	-	-		-	-	-	-
Roads, Pavements & Bridges	-				0	0	0
Storm water					0	0	0
Infrastructure: Electricity - Total	-	-		-	-	-	-
Generation							
Transmission & Reticulation	-						
Street Lighting							
Infrastructure: Water - Total	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	-	-		-	-	-	-

<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-	-	-	-	-	-
<i>Waste Management</i>	0				0		
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<u>Community</u>	-	-	-	-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls					0	0	0
Libraries					0	0	
Recreational facilities					0	0	0
Fire, safety & emergency						0	
Security and policing						0	
Buses						0	
Child care facilities					0	0	0
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<u>Heritage assets</u>	-	-	-	-	-	-	-
Buildings							
Other							
<i>Table continued next page</i>							
<i>Table continued from previous page</i>							
Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<u>Capital expenditure by Asset Class</u>							
<u>Investment properties</u>	-	-		-	-	-	-
Housing development							
Other							
<u>Other assets</u>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							

Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<u>Agricultural assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							
<u>Biological assets</u>	-	-		-	-	-	-
<i>List sub-class</i>							
<u>Intangibles</u>	-	-		-	-	-	-
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on renewal of existing assets	-	-		-	-	-	-
<u>Specialised vehicles</u>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							T M.2

APPENDIX N – CAPITAL PROGRAMME BY PROJECT: 2023/24

Capital Programme by Project: Year 2023/2024						
						R
Capital Project	Ward	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
MUNICIPAL MANAGER 1						
FURNITURE AND COMPUTERS				-	#DIV/0!	#DIV/0!
COUNCIL'S EXPENSES 2			1 928 968	1 928 968		
VIP Vehicles		-				
ELECTRICITY 30						
Transformer						
Cable locator				-		
TRAFFIC						
Fencing of Traffic Offices		1 200 000	998 102	499 382	-100%	-140%
Speed Cameras		128 000	-		#DIV/0!	#DIV/0!
Fire Arms		200 000	267 523	390 900	32%	49%
SPORT & RECREATION 20						
Sport Facilities		-		-	#DIV/0!	#DIV/0!
Belgrade Fitness Center			9 645 217	6 464 750		
CORPORATE SERVICES 4						
Desktop and laptops for the advertised posts		210 800	210 800	489 262	57%	57%
Replacement of computers of the existing employees		316 200	316 200	533 994		
TECHNICAL SERVICES						
MIG Projects		27 403 783	25 474 217	25 474 217		
Stormwater			673 976	807 688		
COMMUNITY SERVICES 13						
Community Halls Chairs		100 000	-	-		
Total		29 558 783	39 515 003	36 589 161	-8%	19%

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

uPHONGOLO Local Municipality

Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity	Municipality in as per Section 1 of the Local Government: Municipal Structures Act read with section 155 (1) of the Constitution of the Republic of South Africa
Nature of business and principal activities	Provision of electricity and waste management and general services
Members of Council	
Mayor	Cllr BJ Thwala
Speaker	Cllr KE Nxumalo
EXCO Member	Cllr BR Shongwe
EXCO Member	Cllr SR Mhlongo
EXCO Member	Cllr NP Van Zuydam
Chief Whip	Cllr BES Ntshangase
MPAC Chair	Cllr JB Ngema
Other Councillors	Cllr MB Mthembu
	Cllr SA Xulu
	Cllr MP Mafuleka
	Cllr NP Mavuso
	Cllr MG Ndlangamandla
	Cllr CN Mavundla
	Cllr ZS Khumalo
	Cllr ZZ Buthelezi
	Cllr TA Ntshangase
	Cllr NG Ncube
	Cllr CM Nxumalo-Sibiya
	Cllr NT Gumbi
	Cllr GL Sibiya
	Cllr SV Dlamini-Nkambule
	Cllr JW Buthelezi
	Cllr FS Masango
	Cllr NA Nkosi
	Cllr ZB Motha
	Cllr MT Msibi
	Cllr VR Buthelezi
	Cllr XH Dhlamini
	Cllr LS Ntshangase
Grading of local authority	Grade 2
Municipal Manager	Mr MB Khali
Chief Finance Officer (CFO)	Mr KWG Ngcobo
Registered office	61 Martin Street Pongola 3170

uPHONGOLO Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Postal address	PO Box 191 Pongola 3170
Bankers	First National Bank
Auditors	Auditor-General South Africa
Attorneys	Zuma & Partners Incorporated, Zondi & Associates Inc and Sengwayo Attorneys Incorporated

uPHONGOLO Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Index

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

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
UIF	Unemployment Insurance Fund
WCA	Workmens Compensation Annuity
SDL	Skills Development Levy
UIFW	Unauthorized, Irregular, Fruitless and Wasteful

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.

I MB Khali, acknowledges that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the me to meet these responsibilities, I have 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.

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

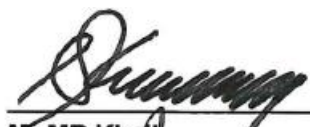
I have reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on its clients and grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The External Auditors are responsible for independently auditing and reporting on the municipality's annual financial statements. The annual financial statements will be examined by the municipality's external auditors.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 360 to 456 , were approved by the accounting officer on 30th of August 2024 and were signed on its behalf by:



Mr MB Khali
Municipal Manager

uPHONGOLO Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand

	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Cash and cash equivalents	2	24 824 039	5 864 260
Receivables from exchange transactions	3	13 480 301	13 952 009
Statutory receivables from non-exchange transactions	4	8 934 817	16 607 899
VAT receivable	5	-	3 804 726
Other current assets	6	750 000	-
		47 989 157	40 228 894
Non-Current Assets			
Investment property	7	75 910 000	65 220 998
Property, plant and equipment	8	360 534 342	369 963 826
Heritage assets	9	70 945	70 945
Intangible assets	10	502 778	747 117
Other non-current assets	6	1 250 000	-
		438 268 065	436 002 886
Non-Current Assets		438 268 065	436 002 886
Current Assets		47 989 157	40 228 894
Total Assets		486 257 222	476 231 780
Liabilities			
Current Liabilities			
Consumer deposits	11	2 856 306	2 842 007
Trade and other payables from exchange transactions	12	37 158 511	32 320 319
Trade and other payables from non-exchange transactions	13	3 418	287 056
Provisions: current portion	14	2 126 935	1 685 218
Employee benefits obligation - current portion	15	289 109	265 262
Long service award - current portion	16	492 030	506 343
VAT payable	5	1 526 029	-
		44 452 338	37 906 205
Non-Current Liabilities			
Provisions: non-current portion	14	10 919 711	9 366 024
Employee benefit obligation: non-current portion	15	2 401 865	2 308 136
Long service award: non-current portion	16	6 444 914	5 430 577
Other financial liabilities	17	341 542	341 542
		20 108 032	17 446 279
Non-Current Liabilities		20 108 032	17 446 279
Current Liabilities		44 452 338	37 906 205
Total Liabilities		64 560 370	55 352 484
Net Assets		421 696 852	420 879 296
Accumulated surplus		421 696 852	420 879 296
Total Net Assets		421 696 852	420 879 296

uPHONGOLO Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand

Note(s)

2024

2023
Restated*

Revenue

Revenue from exchange transactions

Service charges	18	64 793 783	56 516 775
Agency services	19	1 134 948	948 852
Interest earned from receivables	20	946 050	828 482
Interest earned from call accounts	21	4 543 135	2 449 102
Licenses and permits	22	1 656 154	1 718 051
Rental of facilities and equipment	23	517 004	500 849
Operational revenue	24	9 038 040	5 387 349
Construction contracts revenue	25	43 076 657	52 749 029
Total revenue from exchange transactions		125 705 771	121 098 489

Revenue from non-exchange transactions

Taxation revenue

Property rates	26	48 135 202	45 570 560

Transfer revenue

Fines, Penalties and Forfeits	27	1 550 400	1 681 100
Government grants & subsidies	28	228 564 305	232 155 470

Total revenue from non-exchange transactions		278 249 907	279 407 130

Total revenue		403 955 678	400 505 619

Expenditure

Employee related costs	29	(133 434 924)	(124 087 557)
Remuneration of councillors	30	(11 397 850)	(11 228 161)
Bulk purchases	31	(45 062 080)	(35 985 209)
Debt Impairment	32	(24 892 294)	(5 925 865)
Depreciation, amortisation and impairment	33	(24 994 438)	(25 770 480)
Finance costs	34	(2 366 883)	(1 903 663)
Debtors written off	35	(4 846 952)	(11 811 690)
Operational costs	36	(102 305 070)	(102 364 465)
Transfer of infrastructure asset	37	(21 166 354)	-
Construction contract expenditure	25	(43 076 658)	(52 749 028)

Total expenditure		(413 543 503)	(371 826 118)

Operational surplus/ (deficit)		(9 587 825)	28 679 201

Fair value adjustments	38	10 689 002	1 743 618

Actuarial losses	39	(777 050)	(3 804 909)

Gains (losses) on disposal of assets and liabilities		493 433	(350 698)

10 405 385	(2 411 989)

Surplus for the year	817 560	26 267 512

uPHONGOLO 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
Opening balance as previously reported	397 895 608	397 895 608
Adjustments		
Prior year adjustments 47	(3 282 439)	(3 282 439)
Balance at 01 July 2022	394 613 169	394 613 169
Surplus for the year	26 267 512	26 267 512
Total changes	26 267 512	26 267 512
Restated* Balance at 01 July 2023	420 879 296	420 879 296
Surplus for the year	817 560	817 560
Total changes	817 560	817 560
Balance at 30 June 2024	421 696 852	421 696 852

uPHONGOLO 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		109 507 880	93 409 774
Grants		228 280 667	224 844 035
Interest income		4 543 135	2 449 102
Construction contract revenue		2 817 391	5 752 895
		345 149 073	326 455 806
Payments			
Employee costs		(131 712 166)	(124 907 935)
Suppliers		(144 597 696)	(150 028 213)
Finance costs		(13 832)	(97 199)
Remuneration of councillors		(11 397 850)	(11 228 161)
Construction contract expenditure		(2 817 391)	(5 752 895)
		(290 538 935)	(292 014 403)
Net cash flows from operating activities	40	54 610 138	34 441 403
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(36 878 581)	(37 754 577)
Proceeds from sale of property, plant and equipment	8	1 213 923	-
Net cash flows from investing activities		(35 664 658)	(37 754 577)
Cash flows from financing activities			
Movement in liability		14 299	(1 255 367)
Net increase/(decrease) in cash and cash equivalents		18 959 779	(4 568 516)
Cash and cash equivalents at the beginning of the year		5 864 260	10 432 776
Cash and cash equivalents at the end of the year	2	24 824 039	5 864 260

uPHONGOLO 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	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	64 765 187	4 364 306	69 129 493	64 793 783	(4 335 710)	Ref to note 56
Agency services	1 421 824	-	1 421 824	1 134 948	(286 876)	
Interest earned from receivables	2 360 966	-	2 360 966	946 050	(1 414 916)	
Interest from call accounts	1 706 658	2 646 962	4 353 620	4 543 135	189 515	
Licences and permits	2 124 147	-	2 124 147	1 656 154	(467 993)	
Rental of facilities and equipment	694 947	-	694 947	517 004	(177 943)	
Operational revenue	1 738 980	2 331 526	4 070 506	9 038 040	4 967 534	
Construction contract revenue	15 600 000	(600 000)	15 000 000	43 076 657	28 076 657	
Total revenue from exchange transactions	90 412 709	8 742 794	99 155 503	125 705 771	26 550 268	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	45 253 910	-	45 253 910	48 135 202	2 881 292	
Fines, Penalties and Forfeits	3 151 324	-	3 151 324	1 550 400	(1 600 924)	
Transfer revenue						
Government grants & subsidies	223 232 491	9 021 017	232 253 508	228 564 305	(3 689 203)	
Total revenue from non-exchange transactions	271 637 725	9 021 017	280 658 742	278 249 907	(2 408 835)	
Total revenue	362 050 434	17 763 811	379 814 245	403 955 678	24 141 433	
Expenditure						
Employee related costs	(127 585 346)	(529 952)	(128 115 298)	(133 434 924)	(5 319 626)	
Remuneration of councillors	(11 235 894)	(378 634)	(11 614 528)	(11 397 850)	216 678	
Bulk purchases	(41 764 155)	-	(41 764 155)	(45 062 080)	(3 297 925)	
Debt Impairment	(4 451 722)	(1 134 214)	(5 585 936)	(24 892 294)	(19 306 358)	
Depreciation and amortisation	(24 790 862)	-	(24 790 862)	(24 994 438)	(203 576)	-
Finance costs	(1 554 671)	-	(1 554 671)	(2 366 883)	(812 212)	
Debtors written-off	-	-	-	(4 846 952)	(4 846 952)	
Operational expenditure	(71 297 464)	(26 006 203)	(97 303 667)	(102 305 070)	(5 001 403)	
Transfer of infrastructure asset	-	-	-	(21 166 354)	(21 166 354)	
Construction contract expenditure	(13 565 217)	521 739	(13 043 478)	(43 076 658)	(30 033 180)	
Total expenditure	(296 245 331)	(27 527 264)	(323 772 595)	(413 543 503)	(89 770 908)	

uPHONGOLO Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Operating deficit	65 805 103	(9 763 453)	56 041 650	(9 587 825)	(65 629 475)
Fair value adjustments	-	-	-	10 689 002	10 689 002
Actuarial losses	-	-	-	(777 050)	(777 050)
Gains (losses) on disposal of capital assets	-	-	-	493 433	493 433
	-	-	-	10 405 385	10 405 385
Surplus before taxation	65 805 103	(9 763 453)	56 041 650	817 560	(55 224 090)
Surplus for the year	65 805 103	(9 763 453)	56 041 650	817 560	(55 224 090)

uPHONGOLO 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	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Cash and cash equivalents	4 923 766	(1 471 926)	3 451 840	24 824 039	21 372 199	Ref to note 56
Receivables from exchange transactions	15 199 824	301 759	15 501 583	13 480 301	(2 021 282)	
Statutory receivables from non-exchange transactions	18 048 397	(1 134 214)	16 914 183	8 934 817	(7 979 366)	
VAT receivable/(payable)	3 522 133	3 884 684	7 406 817	-	(7 406 817)	
Other current assets	-	-	-	750 000	750 000	
	41 694 120	1 580 303	43 274 423	47 989 157	4 714 734	
Non-Current Assets						
Investment property	65 234 055	-	65 234 055	75 910 000	10 675 945	
Property, plant and equipment	400 132 027	(3 608 995)	396 523 032	360 534 342	(35 988 690)	
Heritage assets	70 945	-	70 945	70 945	-	
Intangible assets	1 472 293	-	1 472 293	502 778	(969 515)	
Other current and non-current assets	-	-	-	1 250 000	1 250 000	
	466 909 320	(3 608 995)	463 300 325	438 268 065	(25 032 260)	
Total Assets	508 603 440	(2 028 692)	506 574 748	486 257 222	(20 317 526)	
Liabilities						
Current Liabilities						
Consumer deposits	2 988 200	-	2 988 200	2 856 306	(131 894)	
Other financial liabilities	982 346	-	982 346	-	(982 346)	
Trade and other payables from exchange transactions	16 165 275	6 059 995	22 225 270	37 158 511	14 933 241	
Trade and other payables from non-exchange transactions	-	-	-	3 418	3 418	
VAT payable	1 519 726	679 565	2 199 291	1 526 029	(673 262)	
Provisions: current portion	304 065	-	304 065	2 126 935	1 822 870	
Employee benefits obligation - current	-	-	-	289 109	289 109	
Long service award - current portion	-	-	-	492 030	492 030	
	21 959 612	6 739 560	28 699 172	44 452 338	15 753 166	

uPHONGOLO 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	Reference
Figures in Rand						
Non-Current Liabilities						
Provisions: non-current portion	9 143 552	-	9 143 552	10 919 711	1 776 159	
Employee benefit obligation: non-current portion	2 201 846	-	2 201 846	2 401 865	200 019	
Long service award	5 961 587	-	5 961 587	6 444 914	483 327	
Other financial liabilities	346 051	-	346 051	341 542	(4 509)	
	17 653 036	-	17 653 036	20 108 032	2 454 996	
Total Liabilities	39 612 648	6 739 560	46 352 208	64 560 370	18 208 162	
Net Assets	468 990 792	(8 768 252)	460 222 540	421 696 852	(38 525 688)	
Accumulated surplus	468 990 792	(8 768 252)	460 222 540	421 696 852	(38 525 688)	

uPHONGOLO 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	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	94 214 571	5 158 481	99 373 052	109 507 880	10 134 828	Ref to note 56
Grants	223 232 491	9 021 017	232 253 508	228 280 667	(3 972 841)	
Interest income	1 706 658	2 646 962	4 353 620	4 543 135	189 515	
Construction contract revenue	15 600 000	(600 000)	15 000 000	2 817 391	(12 182 609)	
	334 753 720	16 226 460	350 980 180	345 149 073	(5 831 107)	
Payments						
Employee related costs	(128 596 374)	(505 014)	(129 101 388)	(131 712 166)	(2 610 778)	
Suppliers	(128 432 853)	(24 577 312)	(153 010 165)	(144 597 696)	8 412 469	
Finance costs	(241 837)	-	(241 837)	(13 832)	228 005	
Construction contract expenditure	(13 565 217)	521 739	(13 043 478)	(2 817 391)	10 226 087	
Remuneration of Councillors	(11 235 894)	(378 634)	(11 614 528)	(11 397 850)	216 678	
	(282 072 175)	(24 939 221)	(307 011 396)	(290 538 935)	16 472 461	
Net cash flows from operating activities	52 681 545	(8 712 761)	43 968 784	54 610 138	10 641 354	
Cash flows from investing activities						
Purchase of property, plant and equipment	(49 592 600)	4 190 474	(45 402 126)	(36 878 581)	8 523 545	
Proceeds from sale of property, plant and equipment	-	-	-	1 213 923	1 213 923	
Net cash flows from investing activities	(49 592 600)	4 190 474	(45 402 126)	(35 664 658)	9 737 468	
Cash flows from financing activities						
Movement in liabilities	(964 864)	-	(964 864)	14 299	979 163	
Net increase/(decrease) in cash and cash equivalents	2 124 081	(4 522 287)	(2 398 206)	18 959 779	21 357 985	
Cash and cash equivalents at the beginning of the year	2 799 685	3 050 307	5 849 992	5 864 260	14 268	
Cash and cash equivalents at the end of the year	4 923 766	(1 471 980)	3 451 786	24 824 039	21 372 253	

uPHONGOLO Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

Figures in Rand

Note(s)

2024

2023

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

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

The municipality changes an accounting policy only if the change:

(a) Is required by a standard of GRAP or

(b) Results in the financial statements providing reliable and more relevant information about the effects of transaction, other events or conditions on the performance or cash flow.

The following GRAP standards have been approved and effective to the municipality:

GRAP 1 Presentation of Financial Statements

GRAP 2 Cash Flow Statements

GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

GRAP 4 The effects of Changes in Foreign Exchange Rates

GRAP 5 Borrowing costs

GRAP 9 Revenue from Exchange Transactions

GRAP 10 Financial Reporting in Hyperinflationary Economies

GRAP 11 Construction Contracts

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events After Reporting Date

GRAP 16 Investment Property

GRAP 17 Property, Plant and Equipment

GRAP 18 Segment Reporting

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

GRAP 20 Related Party Disclosures

GRAP 21 Impairment of Non-cash-generating Assets

GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)

GRAP 24 Presentation of Budget Information in Financial Statements

GRAP 25 Employee Benefits

GRAP 26 Impairment of Cash-Generating Assets

GRAP 31 Intangible Assets

GRAP 34 Separate Financial Statement

GRAP 103 Heritage Assets

GRAP 104 Financial Instruments

GRAP 108 Statutory Receivables

GRAP 109 Accounting by Principals and Agents

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE.

The following GRAP standards have been issued but are not yet effective and have not been adopted early by the municipality:

GRAP 1 Presentation of Financial Statements - effective date not yet stated

GRAP 103 Heritage Assets - effective date not yet stated

GRAP 104 Financial Instruments (amendments) - effective date 1 April 2025

Impact on the municipality's financial statements once implemented:

uPHONGOLO Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.1 Basis of preparation (continued)

Management has considered all of the foregoing GRAP standards issued but not yet effective and effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality and all values are rounded to the nearest rand.

1.3 Going concern assumption

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

1.4 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:

Trade receivables

The municipality assesses its financial instruments 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.

Depreciation/Amortization and Impairment testing

As described in the accounting policy disclosure relating to PPE and intangible assets with definite useful lives, the municipality depreciates/amortises the aforementioned assets over their estimated useful lives, taking into account the residual values of the assets at the end of their useful lives. The useful lives and residual values of the assets are based on industry knowledge.

The depreciation/amortization period and the depreciation/amortization method for intangibles assets are reviewed at each reporting date.

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 municipality assesses at each reporting dates whether there is any indications of impairment. If any such indications exists, the municipality conducts an impairment test.

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 14 - Provisions.

Useful lives and residual value of Property, Plant and Equipment (PPE) and Intangible assets

The municipality assesses at each reporting date whether there is any indication that the municipality expectations on 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.

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Employee benefits

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

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

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

1.5 Investment property

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

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

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

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the 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.

Fair value

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

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

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or services potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

uPHONGOLO Local Municipality

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land		Indefinite
Landfill site	Straight-line	20-25 years
Buildings		
• Parkhomes	Straight-line	05-10 years
• Residential	Straight-line	10-33 years
• Ablutions	Straight-line	25-50 years
• Car ports	Straight-line	15-30 years
• Community halls	Straight-line	25-50 years
• Testing centre	Straight-line	25-50 years
• Libraries	Straight-line	25-50 years
• Sport fields	Straight-line	25-50 years
• Creches	Straight-line	24-50 years
• Store rooms	Straight-line	25-30 years
Electricity		
• Cables	Straight-line	25-45 years
• Panels	Straight-line	03-14 years
• Fencing	Straight-line	10-25 years
• High mast lights	Straight-line	15-25 years
• Overheads lines	Straight-line	20-30 years
• Meters	Straight-line	20-30 years
• Substation equipment indoors	Straight-line	30-40 years
• Substation equipment outdoors	Straight-line	20-30 years

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Significant Accounting Policies

1.6 Property, plant and equipment (continued)

• Switchgears	Straight-line	20-30 years
• Substation	Straight-line	20-30 years
• Transformers	Straight-line	25-50 years
Roads		
• Traffic calming	Straight-line	10-30 years
• Road barriers	Straight-line	10-30 years
• Kerb & channels	Straight-line	40-50 years
• Roads asphalt surfaces	Straight-line	30-50 years
• Roads asphalt surfaces	Straight-line	10-22 years
• Roads gravel surfaces	Straight-line	03-25 years
• Pedestrians footpaths	Straight-line	13-30 years
• Roads streetlights	Straight-line	25-40 years
• Traffic lights	Straight-line	15-20 years
• Traffic signs	Straight-line	05-15 years
• Culverts	Straight-line	25-40 years
• Drains concrete	Straight-line	25-50 years
• Roads	Straight-line	10-20 years
Furniture and fittings		
• Air conditioners	Straight-line	03-30 years
• Office equipment	Straight-line	05-30 years
• Other furniture	Straight-line	05-30 years
• Paintings, sculptures and ornaments	Straight-line	05-10 years
Transport assets		
• Motor vehicles	Straight-line	04-30 years
• Trailers & accessories	Straight-line	05-30 years
• Trucks	Straight-line	05-30 years
Other machinery and equipment		
• Audio visual equipment	Straight-line	05-30 years
• Domestic equipment	Straight-line	03-30 years
• Electric wire and power distribution	Straight-line	03-12 years
• Farm or agricultural equipment	Straight-line	05-33 years
• Gardening equipment	Straight-line	02-33 years
• Irrigation equipment	Straight-line	10-15 years
• Kitchen appliances	Straight-line	05-25 years
• Medical and allied equipment	Straight-line	05-25 years
• Photographic equipment	Straight-line	05-10 years
• Radio equipment	Straight-line	05-25 years
• Roads equipment	Straight-line	03-30 years
• Security equipment	Straight-line	05-30 years
• Survey equipment	Straight-line	03-12 years
• Telecommunication equipment	Straight-line	05-11 years
• Workshop equipment	Straight-line	05-30 years
Computer equipment		
• Computer hardware	Straight-line	04-25 years
• Computer network	Straight-line	05-10 years
Solid waste disposal		
• Bins containers	Straight-line	10-15 years

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.

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Significant Accounting Policies

1.6 Property, plant and equipment (continued)

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.

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Significant Accounting Policies

1.6 Property, plant and equipment (continued)

The municipality assesses at each reporting dates whether there is any indications of impairment. If any such indications exists, the municipality conducts an impairment test.

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

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

1.7 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

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.

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.

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.

Significant Accounting Policies

1.8 Intangible assets (continued)

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Licenses	Straight-line	02-30 years
Computer software	Straight-line	02-30 years

Intangible assets are 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 intangible assets is included in surplus or deficit when the asset is derecognised.

The municipality assesses at each reporting dates whether there is any indications of impairment. If any such indications exists, the municipality conducts an impairment test.

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.

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Significant Accounting Policies

1.9 Heritage assets (continued)

Derecognition

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

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

1.10 Financial instruments

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

A financial asset is:

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

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

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

Classification

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

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

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

Class	Category
Long-term loans	Financial liability measured at amortised cost
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities.

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities.

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost

uPHONGOLO Local Municipality

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Significant Accounting Policies

1.10 Financial instruments (continued)

- Financial instruments at cost

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises a financial asset only when:

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

- derecognise the asset; and

- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

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Significant Accounting Policies

1.10 Financial instruments (continued)

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

uPHONGOLO Local Municipality

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Significant Accounting Policies

1.10 Financial instruments (continued)

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.11 Statutory receivables from non-exchange transactions

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.

Significant Accounting Policies

1.11 Statutory receivables from non-exchange transactions (continued)

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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.

Significant Accounting Policies

1.11 Statutory receivables from non-exchange transactions (continued)

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

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

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

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

Derecognition

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

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

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

1.12 Tax

The uPhongolo Local municipality is exempt from tax in terms of section 10(1)(a) of the Income Tax Act.

1.13 Leases

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

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

Finance leases - 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.

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Significant Accounting Policies

1.13 Leases (continued)

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.

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.

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.

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

Operating leases - lessee

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

1.14 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

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

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

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

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

Significant Accounting Policies

1.14 Construction contracts and receivables (continued)

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

The municipality recognise the revenue for construction contract as and when the conditions as per the memorandum of agreement has been met.

1.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

1.16 Impairment of cash-generating assets

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

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

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

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

A cash-generating unit is the smallest identifiable group of assets 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.

Significant Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Designation

Asset are designated as non-cash-generating or cash-generating based on the municipality's objective of using the asset. Asset can either be used with the objective of generating a commercial return or delivering services.

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

Identification

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

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

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

1.17 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.

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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1.16 Impairment of cash-generating assets (continued)

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

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

Significant Accounting Policies

1.17 Accounting by principals and agents (continued)

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

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

Recognition

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

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

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

1.18 Employee benefits

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employee.

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

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

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

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

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

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

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

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

Short-term employee benefits (Employees and Councillors)

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

Short-term employee benefits include items such as:

- wages, salaries and social contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;

Significant Accounting Policies

1.18 Employee benefits (continued)

- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

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

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

Post-employment benefits

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

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

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

Defined contribution plans

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

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

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

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

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

- estimated future salary increases
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either
- those changes were enacted before the reporting date; or

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Significant Accounting Policies

1.18 Employee benefits (continued)

- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

Retirement Funds

The municipality contributes towards retirement benefits of its employees to the following funds:

The Natal Joint Municipal Pension Fund;
Government Employees Pension Fund;
Municipal Gratuity Fund;
Municipal Employee Pension Fund;
Super Annuation Fund; and
KwaZulu Natal Retirement Fund.

Post employment medical care benefit.

The municipality provides post-retirement medical care benefits by subsidising the medical aid contributions to retired employees and their legitimate spouses. The entitlement of post-medical benefits is based on employees remaining in service up to the retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over the period of employment. Post employment medical care benefits are accounted for in accordance to GRAP 25.

1.19 Provisions and contingencies

Provisions are recognised when:

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

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

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.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

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1.20 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.21 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

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

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

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1.21 Revenue from exchange transactions (continued)

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 in surplus or deficit using the effective interest rate method.

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

1.22 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

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Significant Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

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.

Property rates

The municipality recognises property rates in terms of the Municipal Property Rates Act and the municipal rates policy.

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met. The taxable event for property tax is the passing of the date on which the tax is levied.

Transfers

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

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

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

Government grants

Grants and donations received, or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is no corresponding liability in respect of the related conditions. Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, the liability is transferred to revenue as and when the conditions attached to the grant are met.

Unconditional grants are recognised as revenue in full when the asset is recognised, at an amount equal to their fair value of the asset received.

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.

1.23 Investment income

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

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1.24 Borrowing costs

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

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

1.25 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003).

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

1.26 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.

1.27 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 excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the statement of financial performance.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned before year end and/or before the finalisation of financial statements must also be recognised appropriately recognised in the irregular expenditure register. In such an instance, no further actions also required with the exception of updating the note to the financial statement.

Irregular expenditure that was incurred and identified during the current financial year and for which will be condoned at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.28 Segment information

A segment is an activity of an entity:

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- 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.

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1.28 Segment information (continued)

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.

Identification of segment

The municipality is organised and reports to management on the basis of three major functional areas: Finance & Admin, Community & Public Safety and Planning & Development. The segments were organised around the type of goods and services delivered. Management uses these same segments for determining strategic objectives. Supporting services segment was aggregated for reporting purposes.

The identification of these segments is consistent with the functional classification of local government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

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.

Separate financial and other relevant information on geographical areas in which the municipality operates is not available. The necessary information is not available and the cost to develop it would be excessive.

Aggregated segments

Support services segment was aggregated as a practical limit has been reached beyond which segment information becomes too detailed. Management is of the view that such additional detailed segments are not useful and relevant.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Finance & administration	Provision of support services
Community & public safety	Provision of community facilities, refuse removal & protection services
Planning & development	Economic and infrastructure development

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.

Information about geographical areas

The municipality's operations are in the KwaZulu-Natal Province.

Separate financial and other relevant information on geographical areas in which the municipality operates is not available. The cost to develop the necessary information would be excessive.

1.29 Budget information

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

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1.29 Budget information (continued)

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

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.

Reasons were provided for variance more than 5%, as these were considered material.

1.30 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities under the control of Council are considered to be related parties.

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.

Only transactions with related parties that are not at arm's length or not in the ordinary course of business are disclosed.

1.31 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.

1.32 Value Added Tax

Recognition of asset and liability

The municipality accounts for VAT on the accrual basis. The municipality is liable to account for VAT at the standard rate (15%) in terms of section 7(1)(a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.33 Impairment of non-cash-generating assets

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

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

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

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

Significant Accounting Policies

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

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

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

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

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

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

Useful life is either:

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

Designation

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

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

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

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

Identification

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

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

Value in use

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

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

Depreciated replacement cost approach

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

Significant Accounting Policies

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

Redesignation

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

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2. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 717	1 717
Bank balances	1 008 600	3 527 774
Short-term deposits	23 813 722	2 334 769
	24 824 039	5 864 260

The municipality had the following bank accounts

Account number	Bank statement balances		Cash book balances	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
FNB - 62027530858 - Primary account	1 008 602	3 527 774	1 008 602	3 527 774
FNB - 62375342377 - Call account	-	2 100 586	-	2 100 586
FNB - 62377992104 - Call account	-	11 716	-	11 716
FNB - 62389585286 - Call account	9 071	895	9 071	895
FNB - 62389586507 - Call account	20	8 223	20	8 223
FNB - 62404561377 - Call account	-	132 505	-	132 505
FNB - 62404287345 - Call account	3 578 977	-	3 578 977	-
FNB - 62658357001 - Call account	4 428	5 374	4 428	5 374
FNB - 62305239718 - Call account	117 057	4 753	117 057	4 753
FNB - 74275780911 - Call account	27 502	55 247	27 502	55 247
FNB - 62230436405 - Call account	20 069 340	22	20 069 340	22
FNB - 62596797559 - Call account	7 052	1 183	7 052	1 183
FNB - 62253771896 - Call account	-	-	-	-
Cash on hand	-	-	1 716	1 716
Receipt recognised but not yet reflecting on the B/S	-	-	274	14 266
Total	24 822 049	5 848 278	24 824 039	5 864 260

Restricted cash balances

Government grants & subsidies	3 418	287 056
This funds are restricted for utilisation on Sub Rank. Refer to note 12.		

3. Receivables from exchange transactions

Gross balances

Electricity	17 388 083	15 087 051
Refuse	131 607 722	124 455 433
Other	4 696 861	4 168 182
	153 692 666	143 710 666

Less: Allowance for impairment

Electricity	(7 056 593)	(6 641 437)
Refuse	(129 527 786)	(120 457 861)
Other	(3 627 986)	(2 659 359)
	(140 212 365)	(129 758 657)

Net balance

Electricity	10 331 490	8 445 614
Refuse	2 079 936	3 997 572
Other	1 068 875	1 508 823
	13 480 301	13 952 009

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3. Receivables from exchange transactions (continued)

Electricity

Current (0 -30 days)	8 602 151	9 344 378
31 - 60 days	2 204 046	306 987
61 - 90 days	669 990	267 330
91 - 120 days	468 438	223 523
121 - 365 days	5 443 459	4 944 833
	17 388 084	15 087 051

Refuse

Current (0 -30 days)	1 014 931	2 955 620
31 - 60 days	1 068 428	1 242 925
61 - 90 days	997 220	1 238 790
91 - 120 days	983 677	1 228 038
121 - 365 days	127 543 466	117 790 060
	131 607 722	124 455 433

Other

Current (0 -30 days)	55 731	30 383
31 - 60 days	(42 816)	525 715
61 - 90 days	(271 444)	106 928
91 - 120 days	123 409	67 054
121 - 365 days	4 831 981	3 438 102
	4 696 861	4 168 182

Reconciliation of allowance for impairment

Balance at beginning of the year	(129 758 657)	(138 241 447)
Contributions to allowance	(10 453 708)	8 482 790
	(140 212 365)	(129 758 657)

Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2024, R2 662 929 (2023: R3 198 485) were past due but not impaired.

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

Electricity	1 441 309	1 205 121
Refuse	1 095 602	646 301
Other	126 018	1 347 063

4. Statutory receivables from non-exchange transactions

Fines	14 695 458	13 794 181
Property rates	156 053 906	150 189 679
Impairment-Property Rates	(148 547 194)	(135 171 852)
Impairment-Traffic Fines	(13 267 353)	(12 204 109)
	8 934 817	16 607 899

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4. Statutory receivables from non-exchange transactions (continued)

Property rates: Ageing

Current (0-30 days)	3 850 993	9 180 408
31-60 days	3 026 273	2 502 910
61-90 days	2 344 337	2 352 304
91-120 days	2 053 017	2 341 174
121 + days	144 779 285	133 812 883
	156 053 905	150 189 679

Traffic fines: Ageing

Current (0-30 days)	144 700	699 750
31-60 days	105 700	-
61-90 days	82 100	-
91-120 days	158 400	-
121+ days	14 204 558	13 094 431
	14 695 458	13 794 181

Statutory receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2024, R7 887 540 (2023: R7 118 834) were past due but not impaired.

The total amounts past due but not impaired is as follows:

Property rates	7 887 540	7 118 834

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

Opening balance	(147 375 961)	(132 967 306)
Current year contribution to allowance	(14 438 586)	(14 408 655)
	(161 814 547)	(147 375 961)

Statutory receivables general information

Transaction(s) arising from statute

Traffic fines

The two types of traffic fines that are issued are:

- 1) Traffic fines issued in terms of the Administrative Adjudication of Road Traffic Offences Act (AARTO Act).
- 2) Traffic fines issued in terms of the Criminal Procedures Act.

Property rates

The Municipal Property Rates Act No. 06 of 2004 governs property rates billed. The Act regulates, the power of the municipality to impose rates on properties; to exclude certain properties from rating in the national interest; to make provisions for the municipality to implement a transparent and fair system of exemptions, reductions and rebates through the municipalities rating policy, making provisions for fair and equitable valuation methods of properties; to make provisions for objections and appeals.

Determination of transaction amount

Traffic fines

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4. Statutory receivables from non-exchange transactions (continued)

Traffic fines are issued in terms of the AARTO Act by way of notices to offenders which specify the value of the fine that must be paid, along with any discount that can be applied if the fine is paid within a specific period of time.

Traffic fines issued in terms of the Criminal Procedures Act are usually issued by way of notice to offenders, and can:

(a) indicate the value of the fine to be paid, and that certain reductions could be made to the value of the fine payable and how, or the circumstances under which, such reductions can be applied, or

(b) indicate that the offender must appear in Court on a specified date (in these instances, the value of the fine may or may not be indicated but this is often only determined after a separate legal process).

Property rates

Property rates are levied in terms of the municipality's property rates policy, which is aligned to the Municipal Property Rates Act No. 6 of 2004.

The amount of rates levied by the municipality on properties, is the amount in the Rand

a) On the market value of the property;

b) In the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value as contemplated in section 17(1)(a) of the Municipal Property Rates Act of 2004 or on such a lower percentage as the minister determines in terms of section 17(4) of the Municipal Property Rates Act of 2004;

c) In the case of property to which section 17(1) (h), of the Municipal Property Rates Act of 2004, applies on the market value of the property less the amount stated in that section, or on such amount as the Minister may determine

Refer to Note 26 for rate randage.

5. VAT receivable/(payable)

VAT Receivable	-	3 804 726
VAT Payable	(1 526 029)	-
	(1 526 029)	3 804 726

The municipality accounts for VAT on the accrual basis. The municipality is liable to account for VAT at the standard rate of 15% in terms of Section 7(1)(a) of the VAT Act in respect of goods or services, except where supplies are specifically zero rates in terms of Section 11, exempted in terms of Section 12 of the VAT Act. The municipality accounts for VAT on monthly basis.

6. Other current and non-current assets

Other current and non-current assets

Current portion of the fruitless and wasteful expenditure recovery	750 000	-
Non-current portion of the fruitless and wasteful expenditure recovery	1 250 000	-
	2 000 000	-

The fruitless and wasteful expenditure of R3 343 140.48 relating to payments made to TJM Consulting was investigated by MPAC through municipal attorneys and reached a settlement agreement of recovering R2 000 000 payables to municipality until 01 February 2027.

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7. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Vacant land	75 910 000	-	75 910 000	65 220 998	-	65 220 998

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Vacant land	65 220 998	10 689 002	75 910 000

Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Vacant land	63 477 380	1 743 618	65 220 998

Pledged as security

No investment property were pledged as security.

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

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7. Investment property (continued)

Details of valuation

The effective date of the valuations was Friday, 30 June 2024. The valuations were performed by an independent valuer, Candice Cooper, of BPG Mass Appraisals (Pty) Ltd. BPG Mass Appraisals (Pty) Ltd are not connected to the municipality and have recent experience in location and category of the investment property being fair valued.

The valuation was based on open market value for existing use.

These assumptions are based on current market conditions.

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8. 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	71 359 065	-	71 359 065	71 359 065	-	71 359 065
Buildings	200 738 323	(46 162 056)	154 576 267	173 917 532	(40 958 460)	132 959 072
Infrastructure	235 146 202	(127 749 215)	107 396 987	249 873 981	(113 587 740)	136 286 241
Solid Waste Infrastructure	9 125 406	(4 685 461)	4 439 945	8 796 528	(4 118 437)	4 678 091
Other Property, Plant and Equipment	54 404 933	(31 642 855)	22 762 078	56 073 027	(31 391 670)	24 681 357
Total	570 773 929	(210 239 587)	360 534 342	560 020 133	(190 056 307)	369 963 826

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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Project handed over	Change in estimates	Depreciation	Impairment loss	Total
Land	71 359 065	-	-	-	-	-	-	71 359 065
Buildings	132 959 072	26 820 791	-	-	-	(3 993 150)	(1 210 446)	154 576 267
Infrastructure	136 286 241	6 594 316	(52 480)	(21 166 354)	-	(14 160 787)	(103 949)	107 396 987
Solid Waste Infrastructure	4 678 091	-	-	-	328 879	(567 025)	-	4 439 945
Other Property, Plant and Equipment	24 681 357	3 463 474	(625 517)	-	-	(4 757 236)	-	22 762 078
	369 963 826	36 878 581	(677 997)	(21 166 354)	328 879	(23 478 198)	(1 314 395)	360 534 342

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Change in estimates	Depreciation	Impairment loss	Total
Land	71 359 065	-	-	-	-	-	71 359 065
Buildings	118 347 424	20 064 660	(117 953)	-	(4 163 032)	(1 172 027)	132 959 072
Infrastructure	137 580 709	13 140 009	-	-	(14 215 163)	(219 314)	136 286 241
Solid Waste Infrastructure	5 942 402	866 932	-	(1 615 471)	(515 772)	-	4 678 091
Other Property, Plant and Equipment	26 179 217	3 682 976	(232 745)	-	(4 495 513)	(452 578)	24 681 357
	359 408 817	37 754 577	(350 698)	(1 615 471)	(23 389 480)	(1 843 919)	369 963 826

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8. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	36 387 491	42 261 178	78 648 669
Additions/capital expenditure Capitalised	6 594 317 (15 968 213)	26 820 795 (787 030)	33 415 112 (16 755 243)
Transferred to DoT	(21 166 354)	-	(21 166 354)
	5 847 241	68 294 943	74 142 184

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8. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Total
Opening balance	23 152 551	22 314 471	45 467 022
Additions/capital expenditure	13 234 940	20 064 660	33 299 600
Asset disposal	-	(117 953)	(117 953)
	36 387 491	42 261 178	78 648 669

Expenditure incurred to repair and maintain property, plant and equipment

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

Municipal buildings	992 091	722 047
Infrastructure maintenance	13 928 027	10 272 495
Fleet & other assets	7 278 555	2 039 877
	22 198 673	13 034 419

Projects taking longer to complete:

1. Construction of Emkhiwaneni sportfield ward 09 - carrying value (R6 3328 113)

The project was halted and referred to the municipal attorneys for investigation which resulted in an impairment of R3 942 910. It was suspected that the actual work done and the cumulative expenditure did not correlate.

2. Emgome (Emdonini) community hall ward 9 - carrying value (R91 892)

The project was halted and impaired by an amount of R265 674 to take into account the deterioration on the structure. The service provider could not finish the project.

3. Ncotshane stormwater project 3 channel located in Mlenje Street - carrying value (R300 229)

4. Ncotshane stormwater project 4 stormwater outlet rehabilitation - carrying value (R104 025)

5. Ncotshane stormwater project 6 cutt-off channel - carrying value (R714 033)

6. Ncotshane stormwater project 1C upgrade main underground system - carrying value (R411 394)

7. Pongola municipal workshop (Technical) full view fencing - carrying value (R145 185)

8. Fencing of Ncotshane cemetery - carrying value (R154 289)

9. Fencing of Pongola cemetery - carrying value (R110 327)

10. Paving zcc to simunye roads

11. Sports field kwathengizwe in ward 9

12. Feasibility studies

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

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9. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Work of arts	23 996	-	23 996	23 996	-	23 996
Other Heritage Assets	46 949	-	46 949	46 949	-	46 949
Total	70 945	-	70 945	70 945	-	70 945

Reconciliation of heritage assets 2024

	Opening balance	Total
Work of arts	23 996	23 996
Other Heritage Assets	46 949	46 949
	70 945	70 945

Reconciliation of heritage assets 2023

	Opening balance	Total
Work of arts	23 996	23 996
Other Heritage Assets	46 949	46 949
	70 945	70 945

Pledged as security

No heritage assets pledged as security.

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10. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 524 048	(2 021 270)	502 778	2 958 065	(2 210 948)	747 117

Reconciliation of intangible assets - 2024

	Opening balance	Disposals	Amortisation	Total
Computer software	747 117	(42 493)	(201 846)	502 778

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	1 284 222	(537 105)	747 117

Pledged as security

No intangible assets pledged as security.

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

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11. Consumer deposits

Electricity	2 856 306	2 842 007

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12. Trade and other payables from exchange transactions

Trade payables	10 954 860	5 402 242
Retentions	10 791 114	9 192 471
Staff leave accrual	8 842 287	7 310 438
Payroll deductions	344 317	3 742 417
Bonus	3 975 773	3 488 937
Debtors with credit balance	2 250 160	3 183 814
	37 158 511	32 320 319

13. Trade and other payables from non-exchange transactions

Trade and other payables from non-exchange transactions comprises of:

Unspent conditional grants and receipts

Sport Development Grant	-	8 130
Sub Rank Facility Grant	3 417	3 417
Integrated Spatial Economic Development Grant	-	275 508
	3 418	287 056

14. Provisions

Reconciliation of provisions: 2024

	Opening Balance	Additions	Change in provision	Current year interest	Other change in provision	Total
Non current: Environmental rehabilitation	9 366 024	-	328 879	1 352 703	(127 895)	10 919 711
Current: Environmental rehabilitation	1 352 703	-	-	-	127 895	1 480 598
Current: Bonuses	332 515	313 822	-	-	-	646 337
	11 051 242	313 822	328 879	1 352 703	-	13 046 646

Reconciliation of provisions: 2023

	Opening Balance	Additions	Change in provision	Current year interest	Other change in provision	Total
Non current: Environmental rehabilitation	9 879 576	-	(1 615 471)	1 227 311	(125 392)	9 366 024
Current: Environmental rehabilitation	1 227 311	-	-	-	125 392	1 352 703
Current: Bonuses	177 724	154 791	-	-	-	332 515
	11 284 611	154 791	(1 615 471)	1 227 311	-	11 051 242

Non-current liabilities	10 919 711	9 366 024
Current liabilities	2 126 935	1 685 218
	13 046 646	11 051 242

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Bonus provision: The bonus provision is to provide for performance bonuses of the section 55 & 56 employees. Performance bonuses are paid one year in arrears as the assessment of eligible employee takes place after year end.

Rehabilitation of landfill Site: The rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal at the time of closure. The value of the provision is based on the present value of the expected future costs to rehabilitate the site.

Rehabilitation costs were calculated based on the following assumptions:

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14. Provisions (continued)

Assumptions

Consumer price inflation (CPI)		6.51	7.39%
	%		
Discount rate		11.94%	12.62%
Net discount rate		5.10%	4.87%
		-	-

The landfill site is 5 hectares and area expected to be rehabilitated is 3 hectares. The estimated closure date is 15 September 2034. The municipality has an obligation to rehabilitate the landfill site at the end of the usage period of 10 years. The value of the provision is created for the rehabilitation of the current operation site at the future estimated time for closure. The value of the provision is based on the expected future cost to rehabilitate the discount back to the reporting date at the cost of capital, which is 5.10%. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which a municipality incurs as a consequence of having used the property during a particular period for landfill purpose. The municipality estimates the useful life and makes assumption as to the useful life of the assets, which influence the provision for future costs.

15. Employee benefit obligations

Defined benefit plans - General information

Medical Benefits

An actuarial valuation has been performed by One Pangaea & Solutions to ascertain the municipality's liability in respect of the benefits to eligible beneficiaries who were employed by the municipality on the old conditions of service and have already retired.

The actuarial valuation is performed every year.

2024	Opening balance	Service cost	Interest cost	Movement in benefit payments	Actuarial (gain)/loss over the financial year	Total
Non-current portion	2 308 136	-	288 743	(303 844)	108 830	2 401 865
Current portion	265 262	-	-	23 847	-	289 109
	2 573 398	-	288 743	(279 997)	108 830	2 690 974
2023	Opening balance	Service cost	Interest cost	Movement in benefit payments	Actuarial (gain)/loss over the financial year	Total
Non-current portion	3 196 154	-	338 639	(548 770)	(677 887)	2 308 136
Current portion	-	-	-	265 262	-	265 262
	3 196 154	-	338 639	(283 508)	(677 887)	2 573 398
Carrying value						
Opening balance					(2 573 398)	(3 196 154)
Interest costs					(288 743)	(338 639)
Benefits paid					279 997	262 744
Actuarial (gain)/loss					(108 830)	698 651
					(2 690 974)	(2 573 398)

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15. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Interest cost	(288 743)	(338 639)
Actuarial (gain)/loss	(108 830)	698 651
	(397 573)	360 012

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.20%	11.83%
Health care cost inflation	7.33%	8.08%
Change in the mortality assumption	7.26%	7.13%
Consumer price inflation	5.83%	6.58%
Net discount rate	3.61%	3.47%
1% increase discount rate in employer's accrued liability	2 506 417	2 391 841
1% increase in the discount rate	6.86%	7.06%
1% decrease discount rate in employer's accrued liability	2 901 884	2 781 565
1% decrease in the discount rate	7.84%	6.59%
1% increase medical inflation rate in employer's accrued liability	2 922 413	2 800 869
1% decrease in the medical inflation rate	8.60%	7.80%
1% decrease medical inflation rate in employer's accrued liability	2 486 086	2 372 692
1% increase in the medical inflation rate	7.61%	8.84%

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

	2024	2023	2022	2021	2020
Present value of funded obligations	2 690 974	2 573 398	3 196 154	2 090 106	1 972 225
	2 690 974	2 573 398	3 196 154	2 090 106	1 972 225

Benefits

The municipality has been unsuccessful in obtaining the necessary information to support proper defined plan accounting due to restrictions imposed by the multi employer plan. As a result of the restrictions, some of the entities defined benefit plans have not been treated as defined contribution plans as defined by GRAP 25, but are rather accounted for as defined contributions plans. This is in line with the GRAP 25 exemption which states that where information required for proper defined benefit plan accounting is not available in respect of multi employer state plans, these should be accounted for as defined contributions plan.

Pension benefits

The municipality's personnel are members of one of the pension funds listed below:

- KwaZulu Natal Joint Municipal Pension Fund.
- KwaZulu Retirement Fund
- Municipal Gratuity Fund
- Municipal Employees Pension Fund
- Government Employees Pension Fund
- Super Annuation Fund

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15. Employee benefit obligations (continued)

As the aforementioned funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore, disclosure of further details such as actuarial assumptions cannot be attributed to any specific municipality and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained, the funds are all treated as defined contribution plans, an independent valuer carries out a statutory valuation of the NJMPF on a triennial basis and interim valuation on an annual basis.

Super Annuation fund : The interim valuation carried out on the Super Annuation Fund as at March 2016 reflected the following:

-The memorandum account in respect of the pensioners was fully funded.

-The ability in respect of active members was 100% funded.

Retirement and Provident Fund: The latest statutory valuation on the Retirement/Provident Fund (defined contribution) as at 30 June 2024 revealed the following: The memorandum account in respect of the pensioners was fully funded.

The ability in respect of active members was 100% funded.

16. Long service award

Employee who achieve 05 years' service has a choice of 05 days paid leave (once off) or encashment of leave.

Employee who achieve 10 years' service has a choice of 10 days paid leave (once off) or encashment of leave.

Employee who achieve 15 years' service has a choice of 20 days paid leave (once off) or encashment of leave.

Employee who achieve 20 years' service has a choice of 30 days paid leave (once off) or encashment of leave.

Employee who achieve 25 years' service has a choice of 30 days paid leave (once off) or encashment of leave.

Employee who achieve 30 years' service has a choice of 30 days paid leave (once off) or encashment of leave.

Employee who achieve 35 years' service has a choice of 30 days paid leave (once off) or encashment of leave.

Employee who achieve 40 years' service has a choice of 30 days paid leave (once off) or encashment of leave.

Employee who achieve 45 years' service has a choice of 30 days paid leave (once off) or encashment of leave.

The above-mentioned leave is granted in addition to the annual leave entitlement and maximum accumulated granted in terms of the National Conditions of Service. The leave may be taken, converted to cash fully or partially or accumulated. The leave is only applicable to those employees who have achieved the stated years of service after the effective date of these conditions.

The provision is an estimate of the long service award based on the monthly salaries rate at 30 June 2024. It has been assumed that the staff turnover rate will be insignificant based on historical data.

The valuation of the liability was performed in line with GRAP 25: Employee benefits, by One Pangea Expertise and Solutions as at 30 June 2024.

The actuarial valuation is performed every year.

2024	Opening balance	Service cost	Interest cost	Benefit payment	Actuarial (gain)/ loss	Total
Non-current portion	5 430 577	595 728	711 605	(961 216)	668 220	6 444 914
Current portion	506 343	-	-	(14 313)	-	492 030
	5 936 920	595 728	711 605	(975 529)	668 220	6 936 944

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16. Long service award (continued)

2023	Opening balance	Service cost	Interest cost	Benefit payment	Actuarial (gain)/ loss	Total
Non-current portion	1 969 502	158 270	240 514	(1 441 269)	4 503 560	5 430 577
Current portion	-	-	-	506 343	-	506 343
	1 969 502	158 270	240 514	(934 926)	4 503 560	5 936 920

Changes in the present value of the long-service obligation are as follows:

Opening balance	(5 936 920)	(1 969 502)
Service cost	(595 728)	(158 270)
Interest cost	(711 605)	(240 514)
Benefit payment	975 529	934 926
Actuarial (gain)/ loss	(668 220)	(4 503 560)
	(6 936 944)	(5 936 920)

Net expense recognised in the statement of financial performance

Service cost	(595 728)	(158 270)
Interest cost	(711 605)	(240 514)
Actuarial (gain)/ loss	(668 220)	(4 503 560)
	(1 975 553)	(4 902 344)

Principal actuarial assumption used

Discount rate	10.66%	12.52%
Salary inflation rate	6.50%	8.14%
Net discount rate	3.91%	4.05%

1% increase discount rate on employer's accrued liability	6 532 415	5 584 815
1% increase in the salary increase rate	7 404 040	6 343 822
1% decrease discount rate in employer's accrued liability	7 389 915	6 330 883
1% decrease in the salary increase rate	6 513 751	5 568 132

17. Other financial liabilities

Other financial liabilities	341 542	341 542

Non-current liabilities

Designated at fair value	341 542	341 542

18. Service charges

Service charges - Electricity	53 395 362	45 695 926
Service charges - Waste Management	11 398 421	10 820 849
	64 793 783	56 516 775

19. Agency services

NPA Motor fees	1 134 948	948 852

The municipality is the party to a principal-agent arrangement.

Department of Transport

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19. Agency services (continued)

The agreement requires the municipality to perform all the testing functions on behalf of the department which consist of driving licence test center functions. The municipality is an agent to the agreement as they are responsible for performing testing functions (testing functions, learners, vehicle registration, etc) on behalf of the Department. Thus a principal agent arrangement exist. The municipality is the agent in term of GRAP 109.

The municipality is an agent

The aggregate amount of revenue recognised as a result of functions performed is R1 134 948 (2023: R948 852).

Department of Tourism

The municipality was required to upgrade the Koppie-Allen Guesthouse used for booking by tourist visiting uPhongolo territory. This grant is accounted for in terms of GRAP 109, therefore the expenditure and revenue is not recognised in the books of the municipality.

Koppie-Allen guesthouse funding

Balance unspent at the beginning of the year	-	675 836
Conditions met	-	(675 836)
	-	-

20. Interest earned from receivables

Interest earned from receivables	946 050	828 482

21. Interest earned from call accounts

Interest earned from call accounts

Primary bank account	111 124	303 712
Short-term investments and call accounts	4 432 011	2 145 390
	4 543 135	2 449 102

22. Licences and permits

Licences and permits	1 656 154	1 718 051

23. Rental of facilities and equipment

Rental of facilities	517 004	500 849

24. Operational revenue

Electricity connection and reconnections fees	108 402	161 581
Tender document fees	19 346	13 869
Certificate clearance and validation	27 340	1 878
Dumping fees	16 961	18 744
Other Revenue	4 088 700	2 632 744
CETA Refunds	671 245	424 816
KZN Transport Refunds	2 106 046	1 133 717
Cleanest town award	-	1 000 000
Fruitless and wasteful expenditure recovered	2 000 000	-
	9 038 040	5 387 349

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25. Construction contract

Construction contract revenue

Integrated national electrification programme	2 817 391	4 112 855
Human Settlement Grant	40 259 266	48 636 173
	43 076 657	52 749 028

Construction contract expenditure

Integrated national electrification programme	2 817 391	4 112 855
Human Settlement Grant	40 259 266	48 636 174
	43 076 657	52 749 029

Construction contract narrations

Integrated National Electrification Programme Grant

The purpose of the grant is to address the electrification backlog of permanently occupied dwellings and the installation of bulk infrastructure in order to improve quality of supply. Some conditions of this grant were not met, hence funds were withheld by funder due to slow spending on agreed projects as at the 30th of June 2024. This grant is accounted for in terms of GRAP 11. The transactions for this grant are disclosed exclusive of VAT as per National Treasury guidelines.

Balance unspent at the beginning of the year	-	449 783
Current-year allocation	15 000 000	8 200 000
Conditions met - transferred to revenue	(3 240 000)	(4 729 783)
Funds withheld by funder	(11 760 000)	(3 920 000)
	-	-

Human Settlement Grant

This grant relates to the implementation and provision of housing projects to the needy communities. There were no conditions to be met as there were no funds received in the current year. This grant is accounted for in terms of GRAP 11. The housing projects payment were paid directly to the implementing agent. No funds were received or paid by the municipality.

Balance unspent at the beginning of the year	-	759 111
Current-year receipts	-	880 930
Conditions met - transferred to revenue	-	(1 640 041)
	-	-

26. Property rates

Rates received

Residential	13 081 945	12 242 162
Commercial	15 139 452	15 048 123
Public benefits organisations	624 841	593 427
Agricultural property	6 744 643	6 420 324
Vacant land	779 117	872 506
Public services purposes	12 455 184	11 757 220
Public services infrastructure	191 439	181 815
Property reduction rebate	(881 419)	(1 545 017)
	48 135 202	45 570 560

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26. Property rates (continued)

Property rates randages

Residential Property	0.01893700	0.01798381
Business and Commercial Property	0.02367119	0.02247976
Industrial property	0.02367119	0.02247976
Vacant Land	0.02367119	0.02247976
Agricultural Property	0.00473424	0.00449595
Mining Property	0.02367119	0.02247976
Unauthorized Development	0.05681086	0.05395143
Public Service Infrastructure	0.00473424	0.00449595
Public Benefit Organisation	0.00473424	0.00449595
Public Service Purpose	0.02367119	0.02247976

Valuations

Residential	841 028 000	832 973 000
Commercial	649 809 000	647 999 000
Public benefits organisations	572 759 800	574 259 800
Small holdings and farms	1 430 049 000	1 433 699 000
Other	229 162 000	229 625 000
Public services purposes	42 175 500	42 175 500
	3 764 983 300	3 760 731 300

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2024. Rebates of R60 000.00 are granted to residential and 30% to public services infrastructure. Rates are levied on a monthly basis on property owners.

Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

27. Fines, Penalties and Forfeits

Traffic Fines	1 550 400	1 681 100

28. Government grants & subsidies

Operating grants

Equitable share	182 291 000	169 597 000
Expanded Public Works Programme Grant	2 169 000	2 978 000
Financial Management Grant	3 000 000	3 000 000
Provincialisation of Libraries Grant	1 964 000	1 964 000
Community Libraries Services Grant	508 000	508 000
Municipal Infrastructure Grant	1 547 700	1 594 450
Integrated Spatial Development Economic Plan	275 508	727 600
Municipal Emergency Housing Grant	-	15 500 000
	191 755 208	195 869 050

Capital grants

Municipal Infrastructure Grant	29 406 300	30 294 550
Sport Development Grant	7 402 797	5 991 870
	36 809 097	36 286 420
	228 564 305	232 155 470

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28. Government grants & subsidies (continued)

Equitable Share

Current-year receipts	182 291 000	169 597 000
Conditions met - transferred to revenue	(182 291 000)	(169 597 000)
	-	-

No conditions had to be met for this grant in the financial year.

Expanded Public Works Programme Grant

Current-year receipts	2 169 000	2 978 000
Conditions met - transferred to revenue	(2 169 000)	(2 978 000)
	-	-

The Expanded Public Works Programme is a special performance based incentive provided to municipalities that contribute to the employment creation efforts of the EPWP through the employment of previously unemployed people. The conditions of this grant have been met. No funds were withheld or surrendered as at the 30th of June 2024.

Financial 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 and support reforms in financial management by building capacity to implement the Municipal Finance Management Act. The conditions of this grant have been met. No funds were withheld or surrendered as at the 30th of June 2024.

Provincialisation of Libraries Grant

Current-year receipts	1 964 000	1 964 000
Conditions met - transferred to revenue	(1 964 000)	(1 964 000)

The purpose of this grant is to subsidise operational costs associated with libraries. The conditions of this grant have been met. No funds were withheld or surrendered as at the 30th of June 2024.

Community Libraries Services Grant

Current-year receipts	508 000	508 000
Conditions met - transferred to revenue	(508 000)	(508 000)
	-	-

This grant is used to pay salaries for Cyber Cadets and subsidise operational costs associated with libraries. The conditions of this grant have been met. No funds were withheld or surrendered as at the 30th of June 2024.

Municipal Infrastructure Grant

Current-year receipts	1 658 650	1 594 450
Conditions met - transferred to revenue	(1 658 650)	(1 594 450)
	-	-

This grant is used to pay salaries for PMU staff and subsidise operational costs associated with PMU support. The conditions of this grant have been met. No funds were withheld or surrendered as at the 30th of June 2024.

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28. Government grants & subsidies (continued)

Integrated Spatial Development Economic Plan

Balance unspent at beginning of year	275 508	1 003 108
Conditions met - transferred to revenue	(275 508)	(727 600)
	-	275 508

The purpose of this grant is to develop an Integrated Spatial Development Plan for the municipality. The conditions of this grant have been met. No funds were withheld or surrendered as at the 30th of June 2024.

Municipal Emergency Housing Grant

Current-year receipts	-	15 500 000
Conditions met - transferred to revenue	-	(15 500 000)
	-	-

The purpose of this grant is provide emergency housing to the community of uPhongolo. No conditions were met in the current year as no funds were received.

Municipal Infrastructure Grant

Current-year receipts	29 295 350	30 294 550
Conditions met - transferred to revenue	(29 295 350)	(30 294 550)
	-	-

This grant is used to construct basic municipal infrastructure to provide basic services for the benefit of the community within the municipal boundaries. The conditions of this grant have been met. No funds were withheld or surrendered as at the 30th of June 2024.

Sport Development Grant

Balance unspent at beginning of year	8 130	6 000 000
Current-year receipts	7 394 667	-
Conditions met - transferred to revenue	(7 402 797)	(5 991 870)
	-	8 130

The grant intends to promote and develop the sport and recreational activities in the municipality. The conditions of this grant have been met. No funds were withheld or surrendered as at the 30th of June 2024.

Sub-Rank Facility Grant

Balance unspent at beginning of year	3 417	3 417

The purpose of this grant is to construct the Sub-Rank Facility in Pongola Town. The conditions of this grant were not met (refer to note 13). No Funds were withheld or surrendered as at 30th of June 2024.

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29. Employee related costs

Basic Salaries and wages	89 740 452	83 895 209
Once-off allowance	168 958	77 333
Performance and other bonus	6 460 731	5 829 182
Medical aid	4 446 141	3 848 736
UIF	661 902	662 497
WCA	-	1 029 311
SDL	1 098 972	1 049 481
Standby allowance	1 181 583	1 222 718
Leave provision	3 142 030	2 638 146
Shift allowance	185 511	92 799
Remote allowance	195 727	152 629
Pension and provident fund	12 342 869	10 215 542
Car allowances	8 808 597	7 441 891
Overtime	2 157 593	3 397 651
Long-service awards	595 728	158 270
Acting allowances	632 482	888 176
Cellphone allowance	1 510 240	1 385 199
Housing benefits	63 985	62 730
Industrial Council	41 423	40 057
	133 434 924	124 087 557

Remuneration of Municipal Manager: MB Khali

Annual remuneration	1 108 994	1 061 252
Allowances	385 160	394 478
Leave payout	-	85 219
Contributions to UIF, medical, pension fund & SDL	16 347	15 523
One off Gratuity	20 340	-
	1 530 841	1 556 472

Remuneration of former Municipal Manager: WM Nxumalo

Annual remuneration	-	11 596
Allowances	-	15 255
Leave payout	-	249 757
Contributions to UIF, medical, pension fund & SDL	-	2 813
	-	279 421

Remuneration of Chief Financial Officer: KWG Ngcobo

Annual remuneration	897 657	715 835
Allowances	376 706	312 633
Contributions to UIF, medical, pension fund & SDL	11 436	9 123
One off Gratuity	10 170	-
	1 295 969	1 037 591

Remuneration of former Chief Financial Officer: JV Nkosi

Annual remuneration	-	10 698
Allowances	-	15 255
Leave payout	-	255 311
Contributions to UIF, medical and pension fund	-	2 813
	-	284 077

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29. Employee related costs (continued)

Remuneration of former acting Chief Financial Officer: SF Mkhize

Acting allowance	-	15 403
Other allowances	-	28 800
	-	44 203

Remuneration of former Director Planning and Economic Development: MVM Mbatha

Annual remuneration	615 618	868 523
Allowances	251 825	390 796
Contributions to UIF, medical and pension fund	10 402	11 464
Leave days payouts	227 885	-
One off Gratuity	20 340	-
	1 126 070	1 270 783

Mr. MVM Mbatha resigned as the Director Planning & Economic Development on the 01st of March 2024 as he was appointed as the Director Technical Services on the same date.

Remuneration of former Director Community Services: BA Mkhonza

Annual remuneration	-	488 178
Allowances	-	39 275
Leave payout	-	95 284
Contributions to UIF, medical and pension fund	-	5 923
	-	628 660

Remuneration of former Acting Director Corporate Services: SSP Xaba

Annual remuneration	-	24 264
Allowances	-	27 168
	-	51 432

Remuneration of Director Corporate Services: SSP Xaba

Annual remuneration	892 142	243 384
Allowances	376 486	106 295
Contributions to UIF, medical and pension fund	12 176	3 351
One off Gratuity	5 817	-
	1 286 621	353 030

Remuneration of Director Community Service: BCX Dladla

Annual remuneration	892 142	243 384
Allowances	376 486	106 295
Contributions to UIF, medical and pension funds	12 146	3 329
One off Gratuity	5 817	-
	1 286 591	353 008

Remuneration of former Director Technical Services: M Buthelezi

Annual remuneration	39 345	209 978
Allowances	14 400	91 706
Contributions to UIF, medical and pension fund	947	2 909

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29. Employee related costs (continued)

Leave days payouts	34 942	-
One off Gratuity	4 773	-
	94 407	304 593

Remuneration of former Acting Director Technical Services: GM Simelane

Acting allowance	-	24 264
Other allowance	-	32 353
	-	56 617

Remuneration of Director Technical Services: Mr. MVM Mbatha

Annual Remuneration	294 924	-
Other Allowance	125 397	-
Contribution to SDL	3 797	-
	424 118	-

Mr. Mbatha was appointed as Director Technical Services from the 01st of March 2024.

30. Remuneration of councillors

2024	Basic Salary	Other benefits	
Mayor	414 995	26 450	441 445
Deputy Mayor	752 871	57 385	810 256
Speaker	317 958	159 870	477 828
Chief Whip	298 092	152 996	451 088
MPAC Chair	383 820	53 694	437 514
Executive Committee	993 640	359 822	1 353 462
Other Councillor's	5 551 295	1 874 962	7 426 257
	8 712 671	2 685 179	11 397 850

2023	Basic Salary	Other benefits	
Mayor	915 386	53 789	969 175
Deputy Mayor	528 999	49 926	578 925
Speaker	310 367	148 888	459 255
Chief Whip	282 081	142 382	424 463
MPAC Chair	325 571	111 838	437 409
Executive Committee	908 320	317 532	1 225 852
Other Councillors	5 458 367	1 674 716	7 133 083
	8 729 091	2 499 071	11 228 162

In-kind benefits

Municipality has 29 Councillors, both Mayor and Deputy Mayor are full-time Councillors. The Speaker and the Executive Committee Members are part-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor resigned on the of December 2023, since then the Deputy Mayor has been Acting on Mayor's position.

The Mayor, Deputy Mayor and Speaker each have the use of separate council owned vehicles for official duties.

The Mayor, Deputy Mayor and Speaker each have full-time contracted bodyguards.

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31. Bulk purchases

Electricity - Eskom	45 062 080	35 985 209
Electricity losses		
Units purchased	25 318 008	23 333 619
Units sold	(18 280 352)	(18 333 544)
Total loss	7 037 656	5 000 075
Electricity losses in Rands comprises of:		
Electricity losses	12 308 915	7 686 015
Percentage Loss:		
Electricity losses	28%	21%

The municipality purchased 25 318 008 units(2023: 23 333 619 units) from Eskom and unit sold was 18 280 352 (2023: 18 333 544) to customers. This represents a loss of 7 037 656 units (2023: 5 000 075) which equates to R12 308 915 (2023: R7 686 015) and translates to a percentage of 28% (2023: 21%) electricity losses as a result of technical losses and illegal connections

32. Debt impairment

Contributions to debt impairment provision	24 892 294	5 925 865

33. Depreciation, amortisation and impairment

Depreciation	23 478 198	23 389 481
Impairment	1 314 395	1 843 919
Amortisation	201 845	537 105
	24 994 438	25 770 505

34. Finance costs

Penalties on late payment	13 832	97 199
Landfill - capitalised	1 352 703	1 227 311
Actuarial interest cost	1 000 348	579 153
	2 366 883	1 903 663

35. Debtors written-off

Debtors written-off	4 846 952	11 811 690

The municipality developed and approved the indigent register. Above-mentioned debtors were written-off after being assessed as indigent household and some were provided with an amnesty programme.

36. Operational costs

Advertising	285 319	484 788
Auditors remuneration	2 134 896	2 068 872
Bank charges	91 716	187 331
Consulting and professional fees	1 469 521	406 962
Entertainment	12 307	578 912
EPWP & Town Beautification	195 660	209 469

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36. Operational costs (continued)

Insurance	1 141 286	999 770
IT Audit	128 800	492 800
License fees	2 510 229	2 189 943
Fuel and oil	4 312 067	6 090 927
Printing and stationery	860 338	890 032
Public participation	3 828 674	1 399 064
Repairs and maintenance	22 198 672	13 034 420
Research and development costs	1 879 205	1 403 926
Contracted services	29 986 972	29 312 722
Subscriptions and membership fees	1 217 090	1 328 626
Telephone and fax	2 754 851	955 017
Training	1 550 505	2 243 256
Travel - local	7 176 785	3 945 861
Refuse	659 078	1 204 567
Ward Committee stipend	2 641 500	2 622 000
Other expenses	15 269 599	30 315 200
	102 305 070	102 364 465

37. Transfer of infrastructure asset

Transfer of infrastructure asset

Belgrade Bus Route	21 166 354	-

On the 04th of March 2021 the municipality entered into agreement with the KZN Department of Transport to upgrade the Belgrade Bus Route for the benefit of the community and as per community demand. The municipality was responsible for the costs incurred, the required upgrade of D1844 from its intersection with District Road D1867 at KM 0+000 to KM 2+000 upgrade has been completed and transferred to the KZN Department of Transport.

38. Fair value adjustments

Investment property (Fair value model)	10 689 002	1 743 618

39. Actuarial losses

Gains/ (losses) from a change in fair value from employee benefit obligations	(108 830)	698 651
Losses from a change in fair value from long service awards	(668 220)	(4 503 560)
	(777 050)	(3 804 909)

40. Cash generated from operations

Surplus	817 560	26 267 512
Adjustments for:		
Depreciation and amortisation	24 994 438	25 770 480
Fair value adjustments	(10 689 002)	(1 743 618)
(Gain)/ loss on sale of capital assets	(493 433)	350 698
Actuarial interest cost	1 000 348	579 153
Actuarial losses	777 050	3 804 909
Finance cost capitalised	1 352 703	(1 227 311)
Transfer of infrastructure assets	21 166 354	-
Other non-cash items	-	(108 217)
Change in estimates	-	(1 615 471)
Changes in working capital:		
Net receivables from exchange transactions	471 708	(187 035)

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36. Operational costs (continued)

Net receivables from non-exchange transactions

7 673 082

(391 082)

Unspent conditional grant

(283 638)

(8 604 199)

Trade payables from exchange transactions

4 838 192

(9 398 458)

Net VAT payable/ (receivables)

5 330 752

(2 167 251)

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40. Cash generated from operations (continued)

Movements in LSA	(379 801)	3 967 418
Movement in environmental rehabilitation	-	(388 160)
Movement in bonuses	313 822	154 791
Movement in PEMA	(279 997)	(622 756)
Movement in other assets	(2 000 000)	-
	54 610 138	34 441 403

41. Operating lease commitments

Present value of minimum lease payments due

- within one year	3 434 904	3 567 907
- in second to fifth year inclusive	287 300	3 424 879
	3 722 204	6 992 786

42. Auditors' remuneration

Fees	2 134 896	2 068 872

43. Commitments

2023/2024

	Community Assets	Infrastructure Assets	Machinery & Other Assets	Total
Commitments for the acquisition of property, plant and equipment	-	-	7 945 140	7 945 140
Commitments to construct or develop property, plant and equipment	18 242 927	7 656 983		25 899 910
	18 242 927	7 656 983	7 945 140	33 845 050

2022/2023

	Community Assets	Infrastructure Assets	Machinery & Other Assets	Total
Acquisition of property, plant and equipment	-	-	185 100	185 100
Construction or development of property, plant and equipment	13 493 015	7 976 943	-	21 469 958
	13 493 015	7 976 943	185 100	21 655 058

This committed expenditure relates to property, plant and equipment and will be financed by available retained surpluses, existing cash resources, funds internally generated and grants transfers etc.

Commitments are disclosed exclusive of VAT.

44. Contingencies

Contingent liabilities

Bongani Sielency Qwabe suing the municipality	100 000	87 830

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40. Cash generated from operations (continued)		
Contingent assets		
Elam investments-payment made for accommodation during SALGA games	-	164 840
Sehla JV/ Litigation recovery	4 513 647	4 513 647
	4 513 647	4 678 487

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45. Related parties

Relationships

Councillors

Senior Managers

Refer to Remuneration of Councillors note 29

Refer to Employee Related Costs note 28

There were no related party transactions that were not at arms length during the financial period.

46. Change in estimate

Property, plant and equipment

During the current financial year, the municipality performed the conditional assessments on assets and valuation on landfill site. With assets that were nearing their useful lives or that had impairment indicators, the remaining useful life was adjusted to take into account the current situation. The result of adjustment in change in expected depreciation. In the current year, the depreciation increase/ decreased by R793 791 and in future years the depreciation will increase/ decrease by the same amount.

The result of adjustment was as result of a change in expected rehabilitation costs. In the current year, the provision for landfill site decreased by R328 879 and it is impracticable to estimate the future implication of this change in estimate.

47. Prior-year adjustments

Presented below are those items that have been affected by prior-year adjustments:

Statement of financial position

2023

	As previously reported	Correction of error	Restated
Accummulated surplus on 01st of July 2022	397 895 608	(3 282 439)	394 613 169
Property, plant and equipment	373 463 252	(3 499 427)	369 963 825
Trade and other payables from exchange transactions	32 139 272	181 047	32 320 319

The adjustment on accumulated surplus relates to the depreciation on landfill site asset not accounted for in the previous years and unrecognised liability for Dumazulu which subsequently increased the trade and other payables from exchange transaction.

Statement of financial performance

2023

	As previously reported	Correction of error	Restated
Construction contracts revenue	5 752 895	46 996 133	52 749 028
Depreciation, amortisation and impairment	25 372 447	398 033	25 770 480
Construction contract expenditure	5 752 895	46 996 133	52 749 028

Construction contract revenue adjustment was due to housing projects payments made directly by department of human settlement to implementing agents not recognised in the municipal revenue and expenditure.

Depreciation, amortisation and impairment adjustment was due to depreciation of landfill site asset not recognised.

Cash flow statement

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47. Prior-year adjustments (continued)

2023

	As previously reported	Reclassification	Restated
Cash flow from operating activities			
Grants	230 596 930	(5 752 895)	224 844 035
Suppliers	(155 781 108)	5 752 895	(150 028 213)
Construction contracts revenue	-	5 752 895	5 752 895
Construction contracts expenditure	-	(5 752 895)	(5 752 895)

The above adjustments in cashflow statement relates to construction contracts receipts and payments made that were classified under grants and payments.

Other notes disclosure

	As previously reported	Correction of error	Restated
Commitments	61 312 703	(39 657 645)	21 655 058
Unauthorised expenditure	32 450 790	46 996 133	79 446 923
Pension and Medical Aid Deductions	2 068 227	(670 065)	1 398 162

Commitments adjustment of was due to INEP projects accounted as per GRAP 11 while previously accounted by GRAP 17.

Unauthorised expenditure adjustment of was due to housing projects payments made by department of human settlement directly to implementing agents not considered in the municipal budget.

Pension and medical aid deduction adjustment was due to non-recognition of medical aid payment made in June.

48. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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48. Risk management (continued)

Consumer deposits	2 856 306	2 842 007
Trade payables from exchange transactions	37 158 511	32 320 319
	40 014 817	35 162 326

The municipality objective when managing its capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for members and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the municipality consist of debt, which includes borrowings (excluding derivative financial liabilities) disclosed in note 13 and 16, cash and cash equivalents in note 10 and equity as disclosed in statement of financial position. There are no externally imposed capital requirements. There have been no changes on what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements for the previous year.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Cash and cash equivalents	24 824 039	5 864 260
Receivables from exchange transactions	13 480 301	13 952 009
Statutory receivables from non-exchange transactions	8 934 817	16 607 899

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

49. 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.

In assessing the going concern, management noted some regression on ratios. However, the management is comfortable with the municipality's ability to continue operating as a going concern.

The following measures are being implemented by management to improve the municipality's cash flow going forward:

- Implementation of cost cutting measures
- Strict monitoring of the credit control and debt collection policy

Although there are some negative financial indicators, the municipality continues to adopt the going concern assumption as it is management's view that the municipality will continue to operate in its present form for the foreseeable future .

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50. Events after the reporting date

Some of the UIFW expenditure as per below notes was written-off by Council on the 30th of August 2024.

The fruitless and wasteful expenditure of R3 343 140.48 relating to payments made to TJM Consulting reached a settlement agreement of recovering R2 000 000.00, and R1 343 140.48 was written-off by Council on the 07th of November 2024.

51. Unauthorised expenditure

Opening balance as previously reported	79 446 923	77 328 898
Employee related costs	5 319 626	1 890 497
Remuneration of Councillors	-	424 884
Bulk purchases	3 297 925	738 222
Debt impairment	19 306 358	-
Depreciation and amortisation	203 576	-
Finance cost	812 212	427 242
Debtors written-off	4 846 952	11 811 690
Operational expenditure	5 001 403	7 469 611
Transfer of infrastructure asset	21 166 354	-
Construction contract expenditure	30 033 180	52 749 028
Actuarial losses	777 050	3 585 051
Loss on disposal of capital assets	-	350 698
Less: Amount written-off by Council	(32 450 790)	(77 328 898)
Closing balance	137 760 769	79 446 923

The above unauthorised expenditure within the votes was as a result of year-end accounting transactions exceeding the allocated budget. This unauthorised expenditure will be tabled in the adjustment budget when the annual report is tabled in accordance with Section 23(6) of the budget and reporting regulations.

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52. Fruitless and wasteful expenditure

Opening balance as previously reported	7 957 779	8 483 565
Add: Current year	13 832	100 593
Less: Recoverable amount	(2 000 000)	-
Less: Amount written-off by Council	(1 443 697)	(626 379)
Closing balance	4 527 914	7 957 779

The fruitless and wasteful expenditure incurred during the current year has been presented to the Council. Investigation was conducted for prior years fruitless and wasteful expenditure, some were written-off as irrecoverable while some are under the process of recovering.

Fruitless and wasteful expenditure relates to interest, penalties on late payments and invalid payments made.

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Interest on late payments	Reported to Council	13 832	30 543
SARS penalty on incorrect refunds	Reported to Council	-	70 050
		13 832	100 593

53. Irregular expenditure

Opening balance as previously reported	15 199 051	68 461 705
SCM processes not followed	220 545	732 248
Less: Amount written-off by Council	(660 008)	(53 994 902)
Closing balance	14 759 588	15 199 051

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Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	
SCM processes not followed	220 545	732 248

The figures reported above are inclusive of VAT. Investigation is being conducted for the current and prior years irregular expenditure.

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54. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	1 333 626	-
Current year subscription / fee	-	1 338 626
Amount paid - current year	-	(5 000)
	1 333 626	1 333 626

Audit fees

Opening balance	-	-
Current year subscription / fee	2 134 896	2 379 976
Amount paid - current year	(2 134 896)	(2 379 976)
	-	-

PAYE and UIF

Opening balance	1 497 083	1 391 383
Current year subscription / fee	21 611 725	20 462 410
Amount paid - current year	(23 220 708)	(20 356 710)
	(111 900)	1 497 083

Pension and Medical Aid Deductions

Opening balance	1 398 162	1 710 594
Current year subscription / fee	27 089 181	22 712 045
Amount paid - current year	(28 439 615)	(23 024 477)
	47 728	1 398 162

VAT

VAT receivable/ (payables)	(1 526 029)	3 804 726

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.:

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr SR Mhlongo	15 451	218 591	234 042
Cllr CN Nxumalo-Sibiya	1 956	58 264	60 220
Cllr BES Ntshangase	895	32 602	33 497
Cllr CN Mavundla	2 259	1 027	3 286
Cllr JB Ngema	671	8 690	9 361
Cllr MP Mafuleka	1 601	58 820	60 421
Cllr KE Nxumalo	631	-	631
	23 464	377 994	401 458

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54. Additional disclosure in terms of Municipal Finance Management Act (continued)

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr SR Mhlongo	14 780	202 904	217 684
Cllr CN Nxumalo-Sibiya	1 717	67 167	68 884
Cllr BES Ntshangase	638	30 174	30 812
Cllr CN Mavundla	1 933	13 258	15 191
Cllr JB Ngema	638	24 038	24 676
Cllr MP Mafuleka	395	13 180	13 575
Cllr KE Nxumalo	599	-	599
	20 700	350 721	371 421

55. Deviation from supply chain management regulations

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 annual financial statements.

Section 36 Deviations

SCM Regulation36(1)(a)(i)-Emergency	1 293 268	1 021 655
SCM Regulation36(1)(a)(ii)-Single provider only	196 932	332 084
SCM Regulation36(1)(a)(v)-Impractical to follow the procurement processes	2 317 574	600 324
	3 807 774	1 954 063

56. Budget differences

Material differences between budget and actual amounts

Reason were provided for variance more than 5%, as these were considered material.

Statement of Financial Performance:

Revenue

Service charges: The budget was based on the mid-year assessment which indicated an increase in services charges as at December 2023 which then resulted in the budgeted amount being overstated

Agency fees: The decrease is due to lower demand.

Interest earned from receivables: Collection rate increased and incentives that were provided.

Licenses and permits: The decrease is due to lower demand.

Rental of facilities and equipments: The budget was based on the Mid-year assessment which indicated an increase in rental of facilities as at December 2023 which then resulted in the budgeted amount being overstated.

Operational revenue: The increase is due to LG SETA grant inkind.

Contruction contract: Some of the funds gazetted were held by the funder.

Property rates: The budget was based on the Mid-year assessment, and the impact of the supplymentary valuation roll which was still being objected by residents which then resulted in the budgeted amount being understated.

Fines, penalties and forfeits: The decrease is due improvement on compliance with road regulations.

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56. Budget differences (continued)

Expenditure

Bulk purchases: The budget considered the impact of loadshedding, which was then stopped resulting in more cost being incurred due to demand.

Debt impairment: The impairment of traffic fines increased as a result of fines withdrawals and SOR.

Finance costs: The amount includes interest costs from actuarial valuation and interest from landfill site provision.

Debtors written-off: The budget was understated, as there were incentives that were provided during the financial year.

Transfer of infrastructure asset: The transfer of asset to the department, budget was not budgeted for.

Construction contract expenditure: Some funds gazetted were held by the funder.

Fair value adjustment: The fair value adjustment was not budgeted for.

Actuarial losses: The actuarial losses were not budgeted for.

Gains on disposal of capital assets: The gains on disposal of capital assets were not budgeted for.

Statement of Financial Position

Assets

Cash and cash equivalents: This was due to the increase on interest from call accounts and improvement in debt collection.

Receivable from exchange: Less payments were received than anticipated.

VAT receivable/(payable): The budget did not consider the output VAT from construction contract.

Other current assets: The other current assets were not budgeted for.

Investment property: The fair value adjustment was not budgeted for.

Property, plant, and equipment: The transfer of asset to the department, budget was not budgeted for.

Intangible assets: The budget was overstated.

Other non-current assets: The other non-current assets were not budgeted for.

Liabilities

Payables from exchange transaction: Some invoices were submitted late.

Long service awards (current): The budget was understated.

Employee benefits obligation (current): The budget was understated.

Provision (non-current): The budget was understated.

Statement of cash flows

Sale of goods and services: This was to the implementation of the revenue enhancement strategy.

Grants: This was because the INEP grant was withheld.

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56. Budget differences (continued)

Interest income: This was a result of change in investment strategy and improvement on debt collection rate.

Cash and cash equivalents: This was due to the increase on interest from call accounts and improvement in debt collection.

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57. Segment information

2024

	Finance & Admin	Community & Public Safety	Planning & Development	Total
Revenue				
Revenue from exchange transactions				
Service charges	-	11 398 421	53 395 362	64 793 783
Agency services	-	1 134 948	-	1 134 948
Interest earned from receivables	946 050	-	-	946 050
Interest earned from call accounts	4 543 135	-	-	4 543 135
Licences and permits	32 199	1 623 955	-	1 656 154
Rental of facilities and equipments	517 004	-	-	517 004
Operational revenue	8 884 865	-	153 174	9 038 039
Construction contract	-	40 259 266	2 817 391	43 076 657
Revenue from non-exchange transactions	-	-	-	-
Property rates	48 135 200	-	-	48 135 200
Fines, penalties and forfeits	-	1 550 400	-	1 550 400
Grants and subsidies	110 691 811	47 239 502	70 632 992	228 564 305
Fair value adjustment	10 689 002	-	-	10 689 002
Gain on disposal of capital assets	493 433	-	-	493 433
Total segment revenue	184 932 699	103 206 492	126 998 919	415 138 110

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Expenditure

Employee related costs	51 055 811	56 534 609	25 844 501	133 434 921
Remuneration of Councillors	11 397 850	-	-	11 397 850
Bulk purchases	-	-	45 062 080	45 062 080
Debt impairment	14 343 969	10 133 169	415 156	24 892 294
Depreciation and amortisation	3 906 556	4 760 838	16 327 043	24 994 437
Finance costs	1 014 180	1 352 703	-	2 366 883
Debtors written-off	2 209 056	2 637 896	-	4 846 952
Operational costs	60 319 337	8 452 214	33 533 521	102 305 072
Transfer of infrastructure asset	-	-	21 166 354	21 166 354
Construction contract expenditure	-	40 259 266	2 817 391	43 076 657
Actuarial losses	-	-	777 050	777 050
Total segment expenditure	144 246 759	124 130 695	145 943 096	414 320 550
Total segmental surplus/(deficit)				817 560

Assets

Current assets	-	-	-	-
Cash and cash equivalents	24 824 039	-	-	24 824 039
Receivables from exchange transactions	1 068 875	2 079 936	10 331 491	13 480 302
Statutory receivables from non-exchange transactions	7 506 712	1 428 105	-	8 934 817
Other current asset	750 000	-	-	750 000
Non-current assets	-	-	-	-
Investment property	75 910 000	-	-	75 910 000
Property, plant and equipments	30 172 326	129 265 598	201 096 418	360 534 342
Heritage assets	70 945	-	-	70 945
Intangible assets	502 778	-	-	502 778
Other non-current assets	1 250 000	-	-	1 250 000
Total assets	142 055 675	132 773 639	211 427 909	486 257 223
Additions to non-current assets				36 878 581
Total additions				36 878 581

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Liabilities

Current liabilities

Consumer deposits

Trade and other payables from exchange transactions

Trade and other payables from non-exchange transactions

Provision: current portion

Employee benefits obligation: current

Long service award: current

VAT payable

Non current liabilities

Provision: non-current portion

Employee benefits obligations: non-current

Long service awards: non-current

Other financial liabilities

Total segment liabilities

-	-	-	-
696 105	-	2 160 200	2 856 305
26 367 397	-	10 791 114	37 158 511
3 324	-	95	3 419
646 337	1 480 598	-	2 126 935
289 109	-	-	289 109
492 030	-	-	492 030
1 526 029	-	-	1 526 029
-	-	-	-
-	10 919 711	-	10 919 711
2 401 865	-	-	2 401 865
6 444 914	-	-	6 444 914
341 542	-	-	341 542
39 208 652	12 400 309	12 951 409	64 560 370

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	Finance & Admin	Community & Public Safety	Planning & Development	Total
Revenue				
Revenue from exchange transactions	-	-	-	-
Service charges	-	10 820 849	45 695 926	56 516 775
Agency services	-	948 852	-	948 852
Interest earned from receivables	828 482	-	-	828 482
Interest earned from call accounts	2 449 102	-	-	2 449 102
Licences and permits	-	1 718 051	-	1 718 051
Rental of facilities and equipment	-	500 849	-	500 849
Operational revenue	4 204 855	998 859	183 635	5 387 349
Construction contracts	-	48 636 174	5 752 895	54 389 069
Fair value adjustments	1 743 618	-	-	1 743 618
Revenue from non-exchange transactions	-	-	-	-
Government grants & subsidies	103 903 065	59 790 563	68 461 842	232 155 470
Property rates	45 570 560	-	-	45 570 560
Fines, penalties & forfeits	-	1 681 100	-	1 681 100
Total segment revenue	158 699 682	125 095 297	120 094 298	403 889 277
Municipality's revenue				403 889 277
Expenditure				
Employee related costs	51 348 469	50 603 621	22 135 467	124 087 557
Remuneration of councillors	11 228 161	-	-	11 228 161
Depreciation, amortisation and impairment	4 545 722	3 639 174	17 585 584	25 770 480
Finance costs	676 352	1 227 311	-	1 903 663
Debt Impairments	2 919 821	2 864 032	142 012	5 925 865
Debt written-off	-	11 811 690	-	11 811 690
Bulk purchases	-	-	35 985 209	35 985 209
Operational Cost	58 125 599	21 453 287	22 785 579	102 364 465
Construction contract expenditure	-	48 636 174	5 752 895	54 389 069
Actuarial losses	3 804 909	-	-	3 804 909
Loss on disposal of capital assets	350 698	-	-	350 698
Total segment expenditure	132 999 731	140 235 289	104 386 746	377 621 766
Total segmental surplus/(deficit)				26 267 511

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56. Segment information (continued)

Assets

Current assets	-	-	-	-
Cash and cash equivalents	5 864 260	-	-	5 864 260
Receivables from exchange transactions	1 508 823	3 997 572	8 445 614	13 952 009
Statutory receivables from non-exchange transactions	15 017 827	1 590 072	-	16 607 899
VAT Receivable (Payable)	3 804 726	-	-	3 804 726
Non-current assets	-	-	-	-
Investment property	65 220 998	-	-	65 220 998
Property, plant & equipment	66 282 518	105 082 910	198 598 398	369 963 826
Heritage assets	70 945	-	-	70 945
Intangible assets	747 117	-	-	747 117
Total segment assets	158 517 214	110 670 554	207 044 012	476 231 780
Additions to non-current assets				37 754 576
Total additions				37 754 576

Liabilities

Current liabilities	-	-	-	-
Consumer deposits	2 842 007	-	-	2 842 007
Payables from exchange transactions	23 127 848	-	9 192 471	32 320 319
Payables from non-exchange transactions	-	-	287 056	287 056
Provisions: current	332 515	1 352 703	-	1 685 218
Employee benefits obligation - current portion	265 262	-	-	265 262
Long service award- current portion	506 343	-	-	506 343
Non-Current Liabilities	-	-	-	-
Provisions: non-current portion	-	9 366 024	-	9 366 024
Employee benefit obligation: non-current portion	2 308 136	-	-	2 308 136
Long-service award: non-current portion	5 430 577	-	-	5 430 577
Other financial liabilities	341 542	-	-	341 542
Total segment liabilities	35 154 230	10 718 727	9 479 527	55 352 484

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56. Segment information (continued)
