UPHONGOLO LOCAL MUNICIPALITY
2024/2025 ANNUAL REPORT

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TABLE OF CONTENTS

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 *"full and regular"* 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 *"what we do"*.
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 "*what we use to do the work*". 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 "w*hat we wish to achieve*".

Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "*what we produce or deliver*". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or 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: *“(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* *(b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.”*

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

VOLUME I

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

My humble greetings to all residents and stakeholders of uPhongolo Local Municipality, I am proud to report that Uphongolo Local Municipality has made significant strides in delivering on our commitment to improve the lives of our residents and enhance the quality of public services. Despite the many challenges we face, our collective dedication to progress and sustainability remains steadfast. On the behalf of uPhongolo Local Municipality Council, I'm honoured to present the 2024/2025 Annual Report for uPhongolo Local Municipality as we reflect on the achievements and challenges of the past year. This document serves as a comprehensive overview of our collective efforts to enhance the life of all residents and visitors in our community. The Annual Report will continue to serve as a compass and provide valuable lessons to the future as we enter our last financial year of the current Council term.

Mandate and Obligations:

The mandate of the uPhongolo Municipal Council is clearly enshrined in the Constitution of the Republic of South Africa Act No. 108 of 1996 Chapter 7, and other key legislations that governs the sphere or tier of local government, thus the report is prepared in line with the relevant legislations (MFMA) and circulars. The 2024/25 Annual Report has been prepared in accordance with the provisions of Section 121 of the Municipal Financial Management Act (MFMA), 56 of 2000, Section 46 of the Local Government Municipal Systems Act (MSA), 32 of 2000 and Circular no 63 of Provincial Treasury, and thereafter approved by the Municipal Council after following all the process prescribed by Section 129 of the MFMA. The uPhongolo Municipality, is 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.

Community engagement

Council remains committed in its commitment to meaningful and continuous engagement with all communities across the Municipality. In this regard, the IDP Process Plan made provision for community participation throughout all planning phases, including the development and review of the IDP.

Key strategic outcomes of the public participation processes included:

- Identification of the real needs of communities within uPhongolo.
- Prioritisation of development challenges.
- Collective development of appropriate and sustainable solutions; and
- Empowerment of communities to actively participate in their own development.

Service delivery focus

An overall assessment of issues raised during the 2024/2025 IDP and Budget roadshows revealed persistent service delivery concerns. Although not listed in order of priority, the most frequently raised needs across included:

- Job creation
- Housing
- Roads
- Water
- Electricity
- Skills development
- Sports grounds
- SMME support
- Bursaries
- Community halls

Our unwavering commitment to addressing these priorities continues to underpin all municipal planning and implementation efforts.

It is a pleasure to report that, following the assessment of the conducted by the MEC Panel, the Municipality achieved an overall Integrated Development Plan (IDP) credibility rating of

84.57%, securing 13th position provincially. This result represents a notable improvement compared to the previous financial year assessment.

Notwithstanding this positive performance, certain sector plans require review and strengthening to further enhance the Municipality's overall performance. Furthermore, the Municipality received two Certificates of Recognition from the MEC for Cooperative Governance and Traditional Affairs in recognition of excellence in the following Key Performance Areas:

(a) Best Quality Financial Viability and Management; and
(b) Best Quality Municipal Transformation and Institutional Development.

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 favourable 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 Pan might be the ideal option to consider and a holistic improvement to our Governance and Oversight capacity concurrently.

Current Challenges:

While we celebrate these successes, we are acutely aware of the challenges that still lie ahead. Addressing development backlogs, managing economic constraints, and tackling poverty remain key priorities.

It is equally important to acknowledge the challenges of unremitting heavy rain falls, overloading our storm water management system resulting in damaged road infrastructure both in Ncotshane Township and Gravel roads in other areas of the Municipality. Revenue collection remains at an unacceptable level, with minimal collection in Ncotshane Township.

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 amid 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 2024-2025 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 5th year of the 5 year- year term of its Mandate, the institution is seriously considering evaluating 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.

The municipality continues to achieve an Unqualified Audit Opinion with less matters of emphasis, which places the municipality in a favourable position to deliver services to our residence.

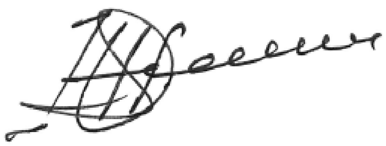
Let us also be mindful of the persistent climate change, negatively impacting on our road infrastructure and storm water drainage system. Our planning and budgeting processes must take into consideration this phenomenon, for us to be able to respond timeously to damaged infrastructure.

Lastly, I plead with our communities to be active citizens by participating in their development through statutory platforms that are IDP Budget Roadshows, Ward Committees, CDW's, War-Rooms and so forth.

I would like to express my sincere gratitude to all Councillors, officials, and the residents of uPhongolo Local Municipality area for their dedication, support, and co-operation, which enable the institution to excel and withstanding all challenges.

Most importantly, I wish to thank the ratepayers, Business people, all stakeholders and individuals who continue to support us, without your commitment and support, the achievements outlined in this report would not have been possible.

Yours sincerely,



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HON. MAYOR – CLLR. J.B. THWALA

UPHONGOLO MUNICIPALITY

1.2 MUNICIPAL MANAGER'S FOREWORD

ACTING MUNICIPAL MANAGER: MR K.W.G NGCOBO

The 2024/25 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 2025.

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 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 landowner.

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 labour 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 2025, the municipality has managed to achieve 53% of the performance target for the year. This is a 5% deterioration when comparing to the performance of the previous year. The performance targets that were not met and of which more work still must be done were 47% of the targets for the year.

Below are Highlights of Institutional Performance as at 30 June 2025:

For the year ended 30 June 2025, the municipality has managed to achieve 53% of the performance targets for that year. This is a 5% improvement when comparing to the performance of the previous year. Performance targets that were not met and of which more work still has to be done were 47% of the targets for the year.

POSITIVE CONTRIBUTORS

- Financial Viability had a 7% improvement overall.

NEGATIVE CONTRIBUTORS

- Municipal Transformation KPA had a 4% decline.
- Good Governance KPA had at 18% decline.
- Cross cutting KPA had a 8% decline.
- The Basic Services KPA had a 0% improvement overall.
- Local Economic Development had a 0% improvement overall.

Overall Performance Highlights for the 2024/2025

No	Achievements
1	• The municipality was able to deliver key infrastructure project including but not limited to 1. 0.7 km gravel road 2. 1 Crèche 3. 2 Sport fields 4. 0.6km Paved Road 5. 604 Smart meters
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 99 meeting were held.
5	• The municipality was able to complete 110 RDP houses
6	• An unqualified audit opinion was received the sixth time in a row.
7	• IDP credibility score of 79.74%.
8	• Own Revenue growth by 7%.
9	• MIG grant spending was at 100% by 30 June 2025.

10	• INEP grant spending was at 100% by 30 June 2025.

Financial position

For the 2024/25 financial year, the municipality remains grant-dependent, with grants accounting for 57.13% of total revenue. This has been a challenge in collecting billable services to the community, with the collection rate sitting at 82.16% while the targeted rate is between 95% and 100%. Although collective measures have been implemented as of the end of the financial year, the results have not been satisfactory. The measures include amnesty for the community and the indigent register, which forms part of the municipality's revenue enhancement strategy.

The outstanding debts are constantly increasing, with the closing balance of R327 964 711, of which R301 341 194 is above 121 days, which makes up 91.88% of the outstanding debts, 4.72% relates to current outstanding debts, and 1.52% relates to 30 days and above; the remaining is 60 days and above but below 120 days. The Department of Cooperative and Traditional Affairs has been engaged in for their assistance with government debts, which is at R14 313 667.29

The municipality continues to hope for the better, aiming to achieve a collection rate of 95% at the latest in the 2025/26 financial year. This has been supported by the initiative to fully implement the revenue enhancement strategy, in which the municipality plans to reduce Ncotshane township's debt and implement the Property Rates Act for communities that have turned residential areas into businesses. Through this initiative, the municipality will be able to focus on maintaining roads in Pongola town, its suburbs, and rural areas.

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,

K.W.G NGCOBO
ACTING MUNICIPAL MANAGER
UPHONGOLO MUNICIPALITY

1.3 MUNICIPAL OVERVIEW

1.3.1 The Municipality briefly

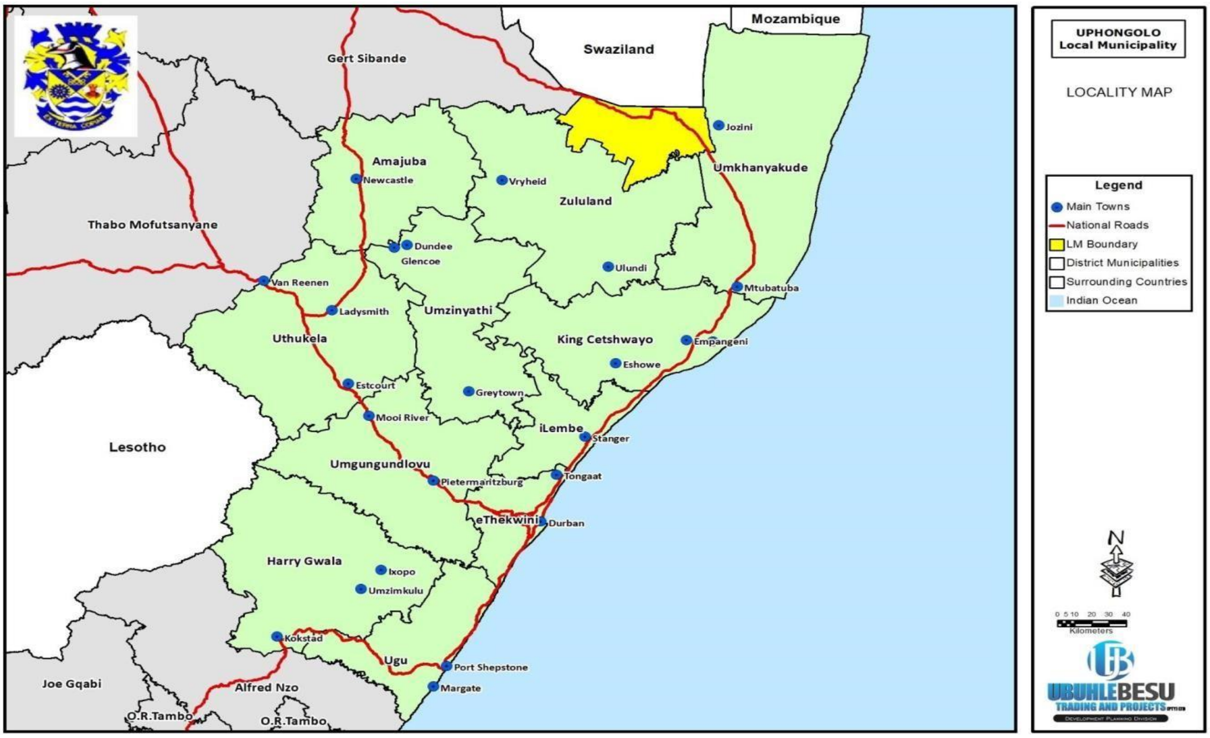
The uPhongolo Local Municipality is a Category B municipality located in the north of the Zululand District in KwaZulu-Natal. It lies adjacent to the Swaziland Border and the Mpumalanga Province Border. It is one of five local municipalities located within Zululand District Municipality (DC26) in KwaZulu-Natal 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 an inclusive socio-economy by providing quality services that yield a better life for all by 2035".

1.3.1.2 Mission Statement

- To develop our Municipal institution and facilitate its transformation.
- To provide infrastructure and other services to all, with emphasis on rural communities, in a sustainable manner.
- To provide a healthy and safe environment that is conducive for investment.
- To develop and support social and economic development initiatives, particularly those focused on the youth and the vulnerable.
- To ensure good governance through leadership excellence and community participation
- To ensure continued sound financial management.
- To ensure effective and efficient Land Use Management, taking cognizance of sound environmental practices.
- To elevate tourism and agriculture as the leading GDP contributors to our economy.

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 budged 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 2024/2025.

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.

1.3.4 The Municipal Strategic Direction

Integrated development planning and its guidelines.

UPhongolo Local Municipality having approved its IDP is currently in the process of a draft for the 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.

During the 2024/2025 financial year Council approved organogram which 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 (ZDM function), and all local 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

In the 2021/22 financial year, the Municipality ushered in a newly elected Council that approved a five-year Integrated Development Plan (IDP) anchored in the principles of cooperative governance. This plan is guided by five strategic pillars: prioritizing communities, ensuring the provision of basic services, promoting good governance, strengthening financial management, and enhancing institutional capacity.

The five-year Council Strategic Plan affirmed a renewed commitment to cooperative governance by clearly outlining a transformed approach and measurable indicators to guide delivery in line with the Council's mandate. In addition, it detailed key municipal strategic interventions and specific actions, supported by five-year performance targets aligned to the Municipality's 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 fulfil this requirement, the Municipality intends to proactively obtain early warning indicators to assess whether the current programmers and projects have, to date, contributed effectively towards the achievement of the Council's five-year strategic objectives and goals. Beyond the planned evaluation, a thorough and holistic assessment will be conducted to enable the Municipality to make informed decisions regarding the potential formulation of a Turnaround Strategy. This strategy is expected to guide and shape a revised approach to service delivery for the remainder of the Council's office terms.

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

1.4 POPULATION AND DEMOGRAPHIC PROFILE

Table 2: Key Demographic Statistics.

Indicator	**uPhongolo Municipality**
Area	3 239 km²
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.%
Age breakdown	0 -14	51.78%
	15 -64	43.93%
	65+	4.29%
Life expectancy	In 1998	65 years
	In 2011	48 years

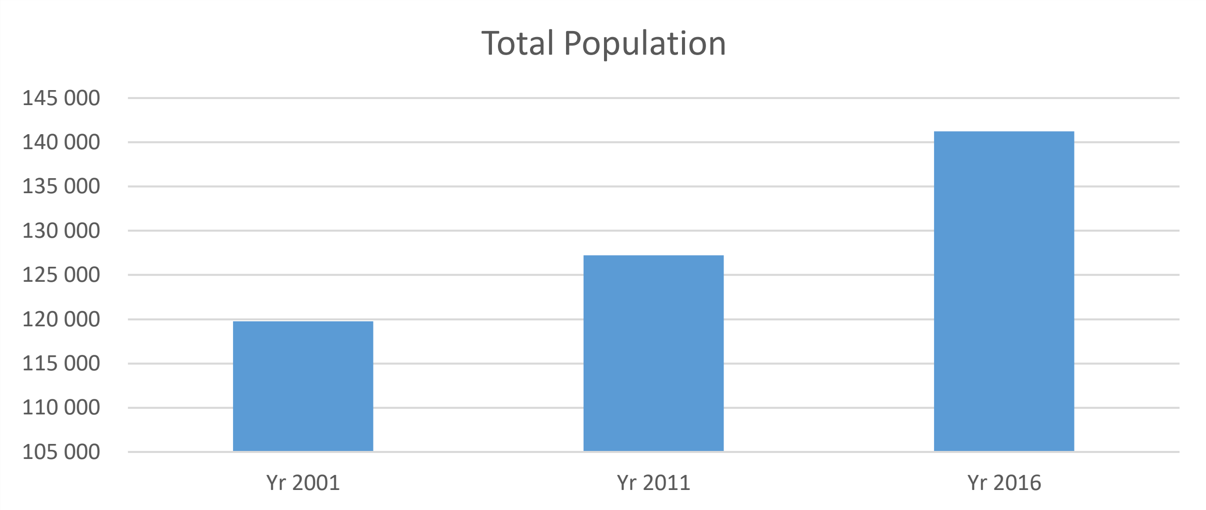
Age breakdown analysis shows a decrease of 12.47% in the 15 to 64 age group meaning that uPhongolo has become a breeding and training ground of the South African labour force were upon attaining qualifications and experience the working age group departs for greener pastures.

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-	8 266	8 097	16364	8 042	8 120	16 162	9 787	9 458	19 245
15-	8 398	8 492	16 890	8 155	7 910	16 065	9 202	9 245	18 447
15-	7 704	8 169	15 873	7 961	7 897	15 858	9 526	9 008	18 534
20-	5 249	5 941	11 190	6 380	7 087	13 467	7 728	8 200	15 928
25-	3 968	4 639	8 607	4 997	5 766	10 762	6 146	6 946	13 092
30-	2 959	3 792	6 751	3 354	3 894	7 247	4 329	4 848	9 177
35-	2 476	3 335	5 811	2 615	3 192	5 806	2 558	2 822	5 380
40-	2 343	3 018	5 361	2 021	2 793	4 814	1 866	2 658	4 524
45-	1 881	2 373	4 254	1 635	2 554	4 188	1 388	2 178	3 566
50-	1 476	1 689	3 165	1 665	2 318	3 983	1 122	1 799	2 921
55-	1 072	1 270	2 342	1 315	1 873	3 188	1 288	1 867	3 155
60-	990	1 471	2 462	970	1 467	2 438	741	1 626	2 367
65-	600	1 085	1 685	613	992	1 605	666	1 223	1 889
70-	479	1 082	1 561	538	1 022	1 560	488	957	1 445
75-	324	480	805	263	685	948	224	643	867
80-	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**		
UPhongolo	1996	2001	2011	1996	2001	2011	1996	2001	2011
Total	97 372	115 384	125 97	15 967	24 814	28 772	6.1	4.6	4.4

Source: Stats SA – Census 2011

HOUSEHOLD DWELLING TYPE

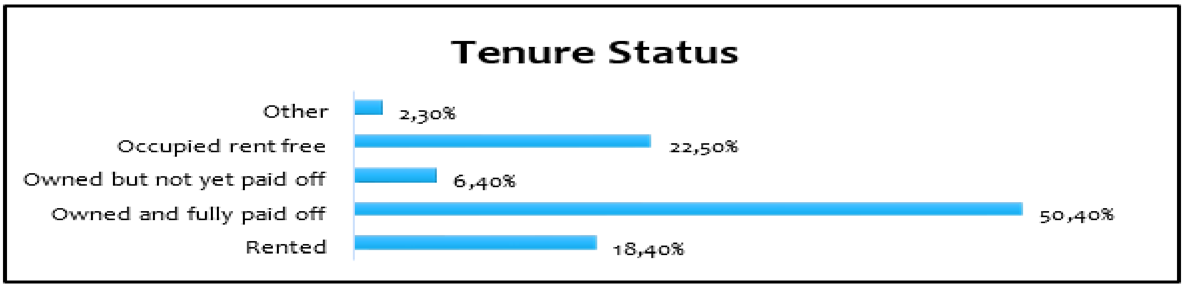
Table 6: Household Dwelling Type

Municipality	**Formal Dwelling**			**Informal Dwelling**			**Traditional Dwelling**		
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

TENURE STATUS

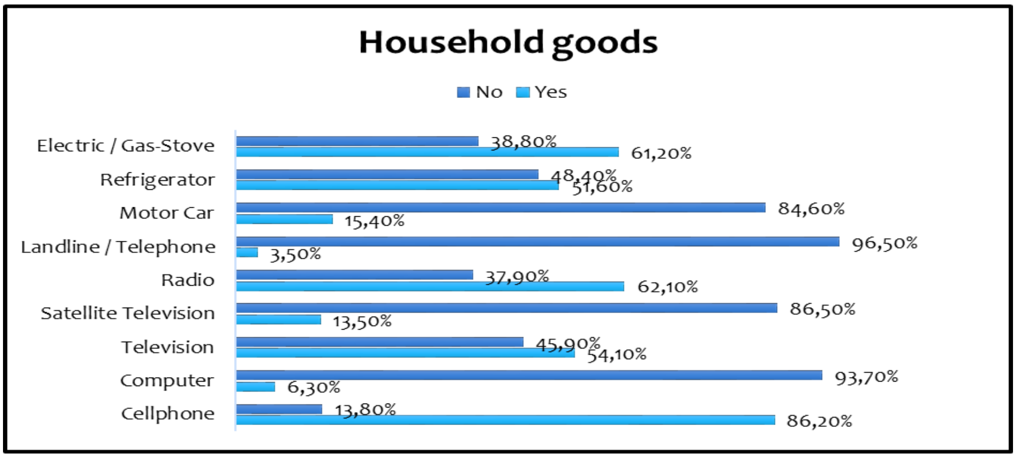
Figure 2: Tenure Status



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		
UPhongolo	1996	2001	2011	1996	2001	2011	1996	2001	2011
Total	7 114	12 151	13 993	15 967	24 814	28 772	44.6	49	48.6

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		
UPhongolo	1996	2001	2011	1996	2001	2011	1996	2001	2011
Total	172	429	475	15 967	24 814	28 772	1.1	1.7	1.7

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 9: 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:

Phongolo 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.

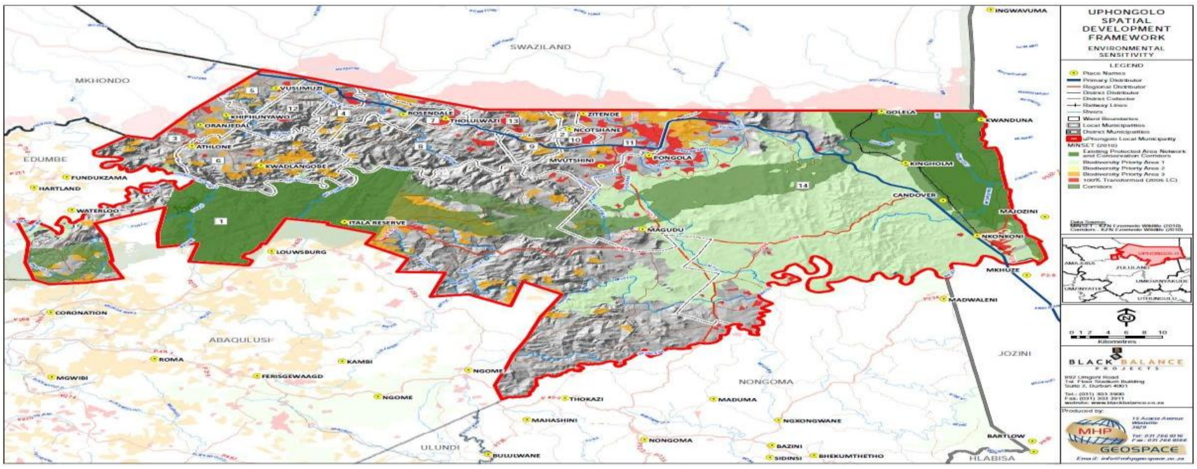
1.4.2 ENVIRONMENTAL OVERVIEW

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



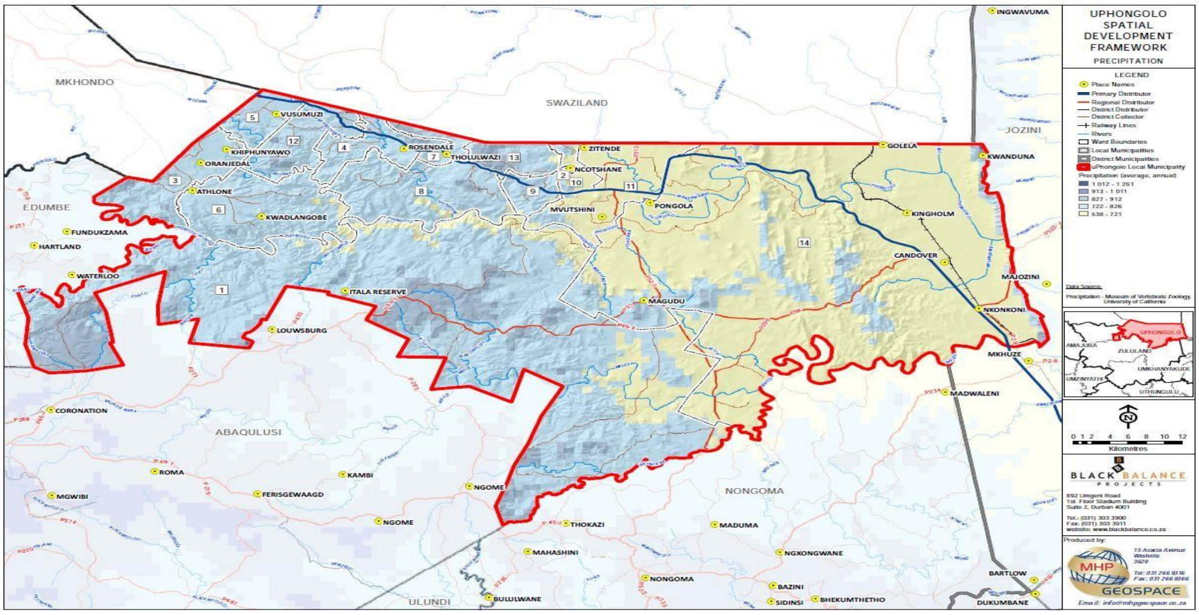
Hydrology: uPhongolo Municipality has a mixture of two “precipitation sectors” which is linked to the varying topography within the municipal area. On average the two sectors average between 722 to 826mm per annum and 538 to 721mm per annum. Selected pockets have a higher average precipitation of 913 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 northwestern 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 102: 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 near 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.

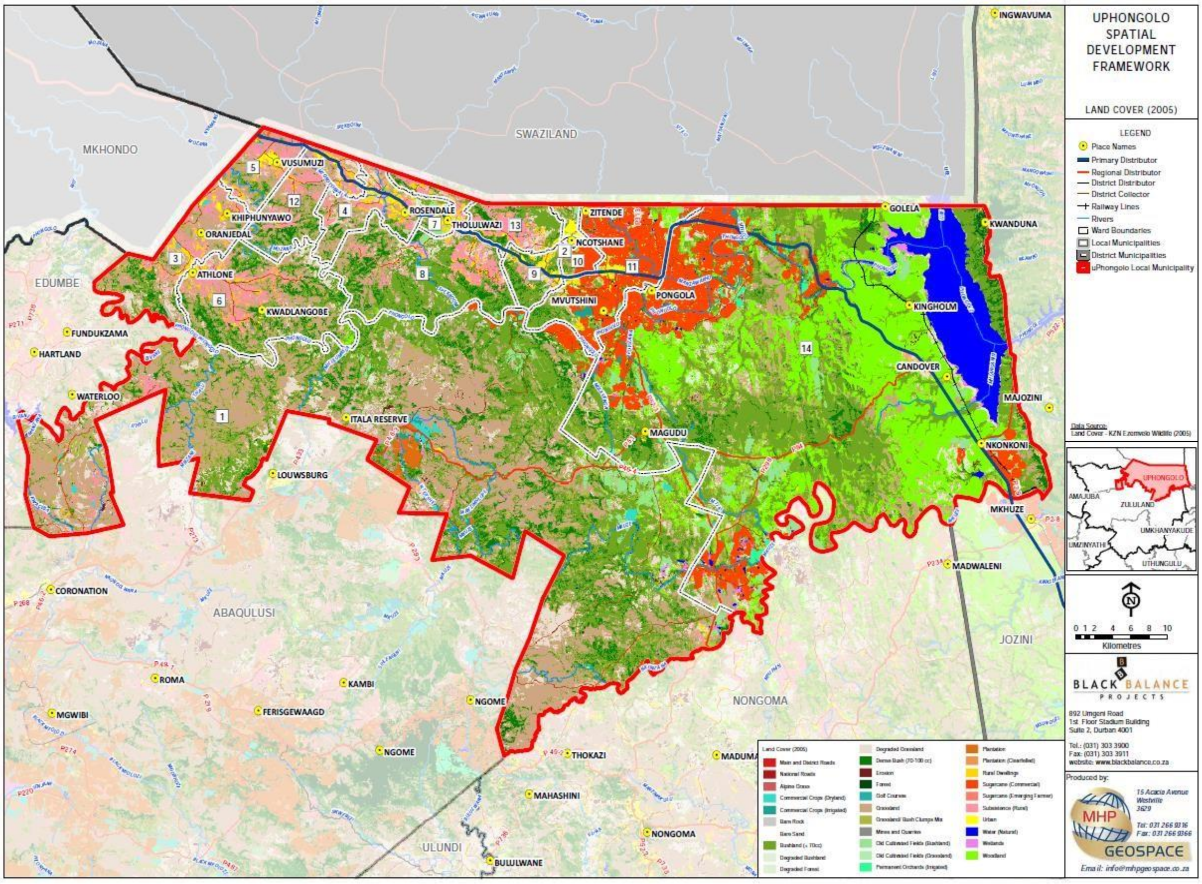
The area in the east of Magudu is characterised by bushlands, whilst the northern parts of the municipal area have a high concentration of commercial sugarcane groupings situated north from Zithende surroundings (north) to all around the Pongola Town. Agriculture: largely located in flat topographic 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.

1.4.7 UPHONGOLO LAND COVER

Map: 3 uPhongolo Land Cover



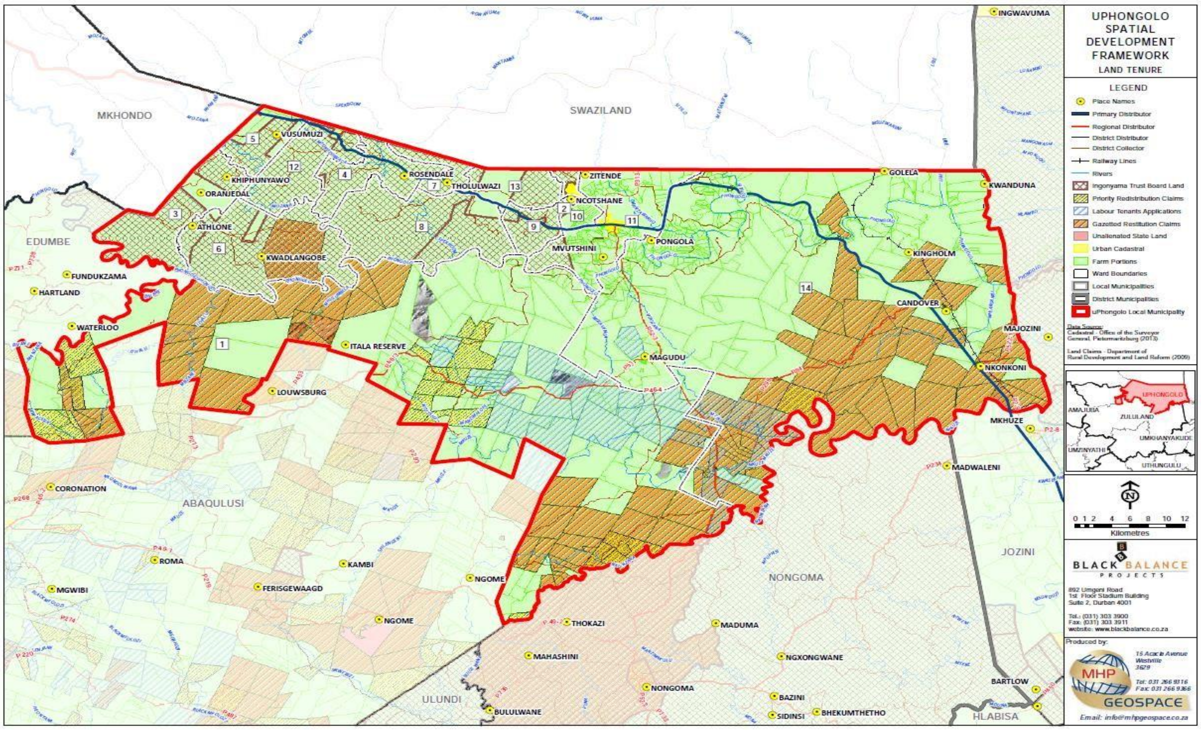
Grazing Land: Grazing land occurs in the form of large tracks of vacant land located between different settlements.

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 were 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.

1.5 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 2024/2025

The Council of uPhongolo Municipality adopted an Organisational Scorecard and Service Delivery and departmental Basic Implementation Plans (SDBIP's) for implementation in 2024/2025 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 2025, the municipality has managed to achieve 53% of the performance targets for that year. This is a 5% regression when comparing to the performance of the previous year. The indicators with good progress of above or equal to 50% of the target was 30% for the year. Performance targets that were not met and of which more work still has to be done were at 16%.

POSITIVE CONTRIBUTORS

Financial Viability had a 7% improvement overall

NEGATIVE CONTRIBUTORS

Municipal Transformation KPA had a 4% decline

Good Governance KPA had at 18% decline

Cross cutting KPA has a 8% decline

The Basic Services KPA had a 7% decline

Local Economic Development had a 0% improvement overall

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 SYSTEM

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.

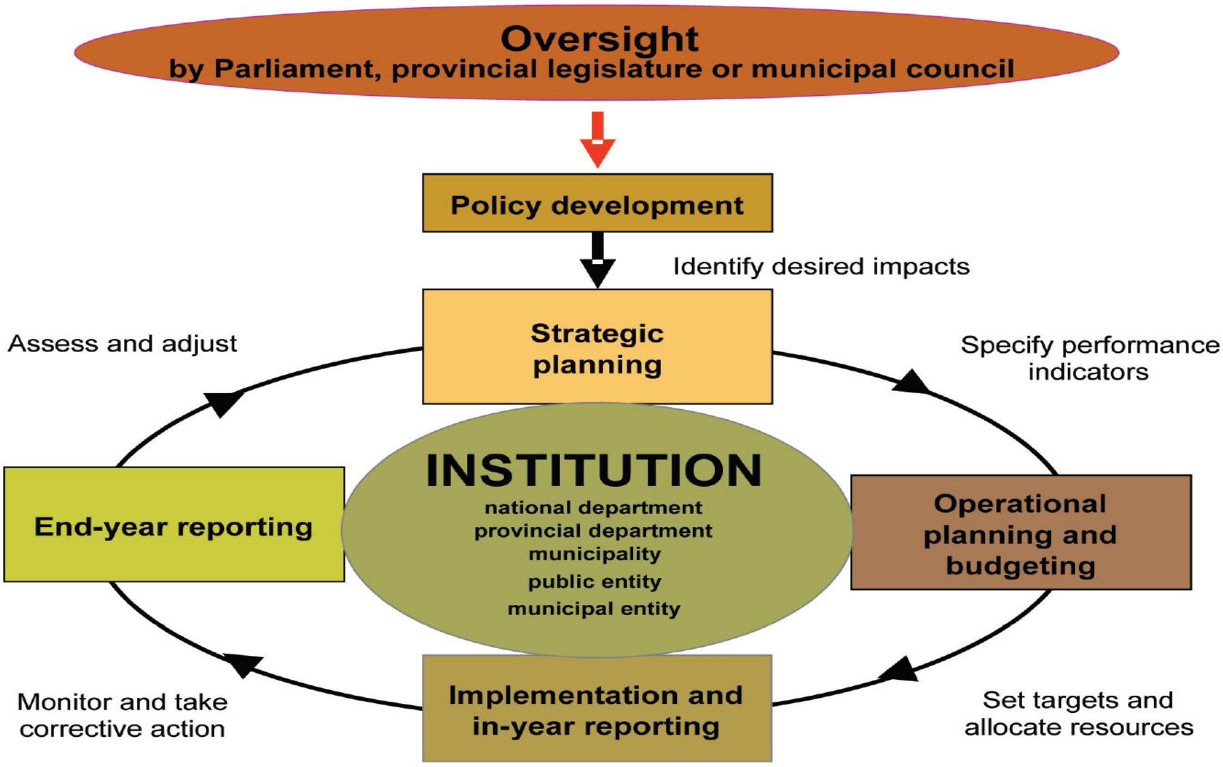
The report on financial performance and non-financial performance that are make public include the following:

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

The high-level process cycle of the Performance Management System can be summarised in

FIGURE 4: THE HIGH-LEVEL PROCESS CYCLE OF THE PERFORMANCE MANAGEMENT SYSTEM

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 2024/2025 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 11: 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 2024/2025

For the year ended 30 June 2025, the municipality has managed to achieve 55% of the performance targets for that year. This is a 3% regression when comparing to the performance of the previous year. The indicators with good progress of above or equal to 50% of the target was 30% for the year. Performance targets that were not met and of which more work still has to be done were at 16%.

POSITIVE CONTRIBUTORS

- Financial Viability had a 7% improvement overall

NEGATIVE CONTRIBUTORS

- Municipal Transformation KPA had a 4% decline
- Good Governance KPA had at 18% decline
- Cross cutting KPA has a 8% decline
- The Basic Services KPA had a 5% decline
- Local Economic Development had a 0% improvement overall

Overall Performance Highlights for the 2024/2025

- The municipality was able to deliver key infrastructure project including but not limited to
  0.7 km gravel road
  1 Crèche
  2 Sport fields
  0.6km Paved Road
  604 Smart meters
- The municipality was able to engage communities through community meetings conducted by ward councillor where a total of 99 meeting was held.
- The municipality was able to complete 110 RDP houses
- An unqualified audit opinion was received the sixth time in a row.
- IDP credibility score of 79.74%
- Own Revenue grow by 7%
- MIG grant spending was at 100% by 30 June 2025

INEP grant spending was at 100% by 30 June 2025

1.5.4.1 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 53%. This a decrease of 4% when comparing to the previous financial year where an achievement of 57% was recorded.

KPI Status	Municipal Transformation				
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Target Exceeded	2	1	2	3	3
Target Met (as planned)	3	5	8	5	5
Target Not Met (with 50% progress)	7	3	3	3	4
Target Not Met (with less than 50% progress)	2	6	2	3	3
Total	**14**	**15**	**15**	**14**	**15**
% Targets met	**36%**	**40%**	**67%**	**57%**	**53%**
% Targets not met	**64%**	**60%**	**33%**	**43%**	**47%**

Performance Highlights for the 2024/2025

- A number of employees were able to complete their qualifications with the assistance of the Municipality; target was 27 and the achievement was 20.
- 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 2
- **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%, currently at 29%

Measures taken to improve Performance

- Cascading PMS process started with the appointment of a PMS officer and approval of policy and implementation plan. Middle management performance agreements signed from July 2025.
- Skills audit for Cllrs to be done and develop the related personal development plan for Cllrs for implementation
- To review the organogram and only include high priority vacant post.
- The Mayoral bursaries' budget to be adjusted based on the historic data on the next adjustment budget and also to issue application advert early in January.

1.5.4.2.KEY PERFORMANCE AREA 2: BASIC SERVICE DELIVERY

The overall score for this KPA is 29% for the year under review, which is a drop of 7% when comparing prior year.

KPI Status	BASIC SERVICE DELIVERY & INFRASTRUCTURE				
	2020/2021	**2021/2022**	**2022/2023**	**2023/2024**	**2024/2025**
Target Exceeded	3	2	1	1	1
Target Met (as planned)	1	4	0	3	3
Target Not Met (with 50% progress)	9	7	6	5	9
Target Not Met (with less than 50% progress)	4	1	3	2	1
Total	**17**	**14**	**10**	**11**	**14**
% Targets met	**24%**	**43%**	**10%**	**36%**	**29%**
% Targets not met	**76%**	**57%**	**90%**	**64%**	**71%**

Performance Highlights for the 2024/2025

- The total of 110 RDP houses was completed
- New gravel road equal to 0.7 km was completed
- 1 Crèche was completed
- 2 Sport fields were completed
- Road paved (0.6 km)
- 604 Smart Meters installed

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.
- Grant funding for electrification project withdraws.
- Project scope changes negatively affect the project completion

Measures taken to improve Performance

- To implement penalty clauses for project delays where necessary
- To upgrade Electricity infrastructure per Eskom's recommendation so that electricity connections can be completed
- To investigate the possibility of resuming refuse collection at Belgrade with the aim of boosting revenue and access to refuse collection

1.5.4.3. KEY PERFORMANCE AREA 3: Local Economic Development

The overall score for the Local Economic Development KPA is at 62%. The overall performance remains the same when comparing to the previous year where 62% of targets were also achieved.

KPI Status	LOCAL ECONOMIC DEVELOPMENT				
	2020/2021	**2021/2022**	**2022/2023**	**2023/2024**	**2024/2025**
Target Exceeded	4	5	2	4	4
Target Met (as planned)	1	1	4	4	4
Target Not Met (with 50% progress)	4	2	4	3	4
Target Not Met (with less than 50% progress)	5	4	4	2	1
Total	**14**	**12**	**14**	**13**	**13**
% Targets met	**36%**	**50%**	**43%**	**62%**	**62%**
% Targets not met	**64%**	**50%**	**57%**	**38%**	**38%**

Performance Highlights for the 2024/2025

- 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
- Training of informal traders above the target

Challenges

- Capacity constrains
- Cash flow challenges to execute Special programmes

Measures taken to improve Performance

- Special Programmes function to be moved to Community Services Department
- Yearly activity Plan for special programs to be developed and aligned with related budget
- EPWP jobs numbers to be aligned with MOU

1.5.4.4 KEY PERFORMANCE AREA 4: Municipal Financial Viability and Management

The overall score for this KPA is 57%. This shows an improvement of 7% when comparing to prior year achievement of 50%.

KPI Status	FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT				
	2020/2021	**2021/2022**	**2022/2023**	**2023/2024**	**2024/2025**
Target Exceeded	1	2	1	1	0
Target Met (as planned)	7	5	6	6	8
Target Not Met (with 50% progress)	5	2	4	3	4
Target Not Met (with less than 50% progress)	2	6	4	4	2
Total	**15**	**14**	**15**	**14**	**14**
% Targets met	**53%**	**47%**	**47%**	**50%**	**57%**
% Targets not met	**47%**	**53%**	**53%**	**50%**	**43%**

Performance Highlights for the 2024/2025

Spending on MIG grant was also at 100%

Spending on INEP grant at 100%

CAPEX within the norm as it was at 98%

Own Revenue growth of 7% is far above the expectation and norm of 2%-5%

Cost coverage ratio was at 1 month by end of financial year which within the norm of 1 to 3 months.

Challenges

- The collection rate at year end was at 87% 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 102% which is above the norm of 95%-100%

Work Skill Plan budget underspent, at 78%

Measures taken to improve Performance

- Filling of vacant posts to be limited to high priority and to also curb overtime and acting allowance
- 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.
- To revise the WSP budget in 25/26 during the adjustment budget period and to use historic data in budgeting for such items going forward

1.5.4.5. KEY PERFORMANCE AREA 5: Good Governance and Public Participation

The overall score is 64%. The achievement under this KPA indicates a decrease of 18% when comparing to the previous financial year.

KPI Status	GOOD GOVERNANCE, COMMUNITY PARTICIPATION AND WARD COMMITTEE SYSTEMS				
	2020/2021	**2021/2022**	**2022/2023**	**2023/2024**	**2024/2025**
Target Exceeded	5	3	4	3	3
Target Met (as planned)	4	4	4	6	4
Target Not Met (with 50% progress)	1	2	2	0	1
Target Not Met (with less than 50% progress)	2	3	1	2	3
Total	12	12	11	11	11
% Targets met	75%	58%	73%	82%	64%
% Targets not met	25%	42%	27%	18%	36%

Performance Highlights for the 2024/2025

- Ward committee members appointed and fully functioning in all 15 wards
- Community meetings conducted by the ward Councillor exceeds the quarterly projections which totalled 99
- Council is meeting as planned and as required by Legislation
- The Annual Risk Assessment was conducted
- IDP credibility score was above the target
- The Municipality was able to maintain unqualified audit opinion or the sixth time in a row

Challenges

- The holding of Inter-Governmental Relations (IGR) meeting was a challenge also during the year
- Training of Cllrs was still a challenge also
- Delays in addressing AG issues per planned timelines

Measures taken to improve Performance

- Training of new Councillors to begin once full skills audit is done
- Audit Action Plan to be Monitored regularly by Internal Audit and reports given to Audit Committee and Council

1.5.4.6. KEY PERFORMANCE AREA 6: Cross-Cutting Interventions

The KPA showed an achievement of 67% of the targets for the year which is a decrease of 8% when comparing to prior year with an achievement of 75%.

KPI Status	CROSS CUTTING INTERVENTIONS				
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Target Exceeded	1	3	2	1	0
Target Met (as planned)	3	1	1	2	4
Target Not Met (with 50% progress)	0	1	0	0	0
Target Not Met (with less than 50% progress)	3	2	1	1	2
Total	7	7	4	4	6
% Targets met	43%	57%	75%	75%	67%
% Targets not met	57%	43%	25%	25%	33%

Performance Highlights for the 2024/2025

- 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.
- Environmental Strategy not developed and implemented

Measures taken to improve Performance

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

1.5.5 SERVICE DELIVERY SHORTFALLS - 2024/2025

Table 13: Service Delivery Shortfalls

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT		
N0.	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 2025/2026, 2026/2027 & 2027/2028 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 to (R200 000 Per Ward),
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 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 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	Unfavourable/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	Increase funding on infrastructure projects and promote black

	on infrastructure investments and skills development.	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	Unfavourable/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 14: 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)				
Water: (above min level)				
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)				
Minimum Service Level and Above sub-total	1 990	1 898	1 576	1 879
Minimum Service Level and Above Percentage	80%	84%	65%	79%
Water: (below min level)				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling	486	486	486	486
No water supply				
Below Minimum Service Level sub-total	486	359	865	486
Below Minimum Service Level Percentage	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 15: Distribution of households by type of toilet facility for 1996, 2001 and 2011

Sanitation Service Delivery Levels				
Description	**2005/06 Outcome**	**2006/07 Outcome**	**2007/08 Outcome**	**2008/09 Actual**
Household (000)				
Sanitation/sewerage: (above minimum level)				
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 mi. Service level)	13	13	15	11
Minimum Service Level and Above sub-total	2 325	2 236	1 851	2 178
Minimum Service Level and Above Percentage	68,9%	59,9%	55,5%	63,1%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	502	952	938	720
Other toilet provisions (below min.service level)	535	535	535	535
No toilet provisions	10	11	12	15
Below Minimum Service Level sub-total	1 047	1 498	1 485	1 271
Below Minimum Service Level Percentage	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)				
Energy: (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%
Energy: (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 2025. The grant funding equated to 57.13% of the municipal revenue. During the 2024/2025 financial year, the grant expenditure was at 100%. The service charges such as refuse as well as property rates contributed 28.53% to the total revenue of the Municipality during the 2024/2025 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 May 2024. 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.

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 2024/5 MTREF, the current ratio is 0.92 :1, 1.08:1 in 2023/24. The norm range is between 1 and 3. The ratio for the 2024/25 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 2025 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 2024/2025 financial year reflects 57.13%.

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 18: Current Ratios over 3 Years

	2022/2023	2023/2024	2024/2025
Current assets/Current liabilities	1.06	1.08	0.92

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 1.08 to 0.92.

Table 19 Cash/Cost Coverage Ratios Over 3 Years

	2022/2023	2023/2024	2024/2025
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 changed when compared to the prior years meaning that the municipality is currently able to meet its obligations to provide basic services or meet its financial commitments.

DEBTOR'S COLLECTION

Table 20: Collection Rate

	2022/2023	2023/2024	2024/2025
Gross debtors closing balance + Billed revenue - Gross debtors opening balance - Bad debts are written off/Billed revenue x 100	82.43%	81.76%	82.16%

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 2024/2025 financial year reflects 34.26% as compared to 2023/2024 which was 34.57% which is slit decrease of 0.30%. The operating expenditure for the current year has increased by 3.02% in comparison to the 2023/2024 financial year.

Table 21: 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	67 024 253		83 581 968	**83 581 968**	**373 083**
Agency Services	1 283 549		1 351 361	**1 351 361**	**67 812**
Interest earned from receivables	2 242 189		1 082 446	**1 082 446**	**(1 159 743)**
Interests earned: current assets	4 566 948		4 461 911	**4 461 911**	**(491 005)**
Licences and permits	1 779 639		1 738 183	**1 738 183**	**(41 456)**
Rental of facilities and equipment	728 998		571 501	**571 501**	**(157 497)**
Operational revenue	4 204 599		8 275 344	**8 275 344**	**3 996 546**
Construction contract revenue	4 474 000		39 751 839	**39 751 839**	**(9 131 188**
Property Rates	48 254 922		48 208 408	**48 208 408**	**(46 514)**
Traffic fines	1 721 859		6 106 506	**6 106 506**	**4 384 647**
Government grants & subsidies	259 238 998		263 944 333	**263 944 333**	**(665)**
Total revenue	**395 519 954**	**461 279 780**	**461 990 800**	**461 990 800**	**711 020**

Table 22: Operating Ratios

Operating Ratios	**2022/2023**	**2023/2024**	**2024/2025**
Detail	%	%	%
Employee Cost	41.53	34.66	36.27
Repairs & Maintenance	2.97	5.29	6.81
Finance Charges & Impairment	1	0.57	0.58

Source: uPhongolo Municipality

The employee-related cost to total operational cost amounts to 36.27%, 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 6.81% 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 0.58% 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 2024/2025, the Electrification grant was not treated at the Capital budget.

Table23: Total Capital Expenditure: Year 2022/2023 to 2024/2025

Total Capital Expenditure: Year 2022/2023 to Year 2024/2025			
	R		
Detail	Year 2022/2023	Year 2023/2024	Year 2024/2025
Original Budget	28 791 087	43 124 000	56 882 783
Adjustment Budget	48 687 580	37 008 592	71 671 254
Actual	43 004 145	36 878 581	76 046 567

Source: uPhongolo Municipality

Capital Expenditure

The variance between the Original Budget vs. the Actual expenditure is 33.69% and the variance between the Adjustment budget vs. the Actual expenditure is 6.10% 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 2024/2025 financial year, the municipality filled most the critical senior management vacancies inclusive of the Director Planning and LED Services. There has been an improvement in the overall municipality vacancy rate as it was at 30% 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 2024/2025 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 was approved by the Council during the 2024/2025 which shows an overview of the municipal administrative structure. The organogram indicates 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, 2023/2024 and 2024/25 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 OVERALL OBSERVATIONS AND COMMENTS ON ORGANIATIONAL PERFORMANCE AND SERVCE DELIVERY (APR)

Contractor Performance management

Contract value greater than R10million (VAT included) which have been awarded or reviewed as part of this report.

Bid Number	***Project Name***	***Name of external Service Provider***	***Consultant***	***Date Contract Awarded***	***Value of project***	***Completion date***	***Comparison with previous year***		***Current Financial Year***		***GOOD***	***Satisfactory***	***POOR***
							Target	***Actual***	***Target***	***Actual***			
2.707/03/23	Construction of ward 8 sportified	Umjantshi Esporweni Trading Enterprise	FMA Consulting	14/08/2024	R 10 861 024, 35	08/08/2025	N/A	N/A	100%	89%		X	
11.584/01/21	Thabzo security Services	Security Service	N/A	26/03/20212	R 26 819 344. 44 for period 36 months	Withdrawn	On-going Project	On-going Project	On-going Project	On-going Project		X	

During the assessment of contract valued more than R10 million, both Umjantshi Esporweni Trading Enterprise and Thabzo security Services score the Satisfactory level.

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 4th 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 10 months to rescue the situation. The 2025/26 Financial period is the last financial 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 21% performance targets achievement and 73.1% Budget spent, the imbalance warrants drastic Service Delivery measures epically 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

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

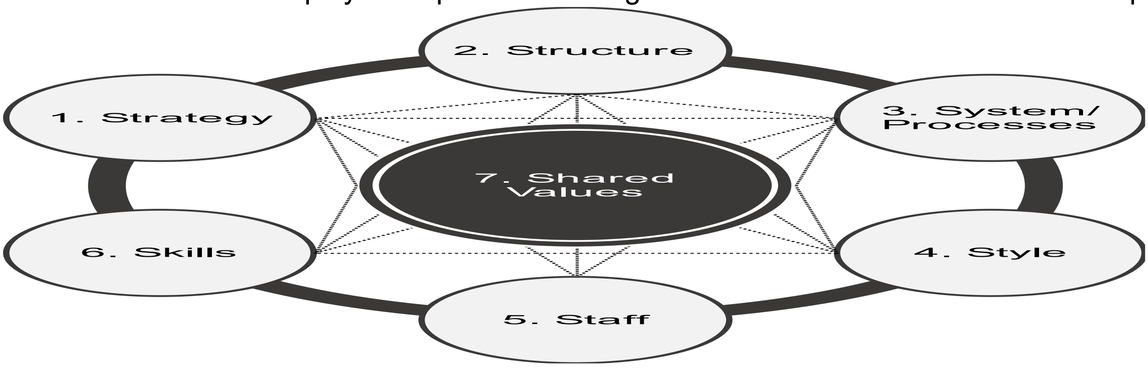
- The Governance and Political Oversight of the Municipality is entrusted to Council, with a functional Executive Committee (EXCO).
- There are functional Section 80 Committees representing the Key Performance Areas in the Municipality.
- The Municipal Council has a functional Municipal Public Accounts 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**.**



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

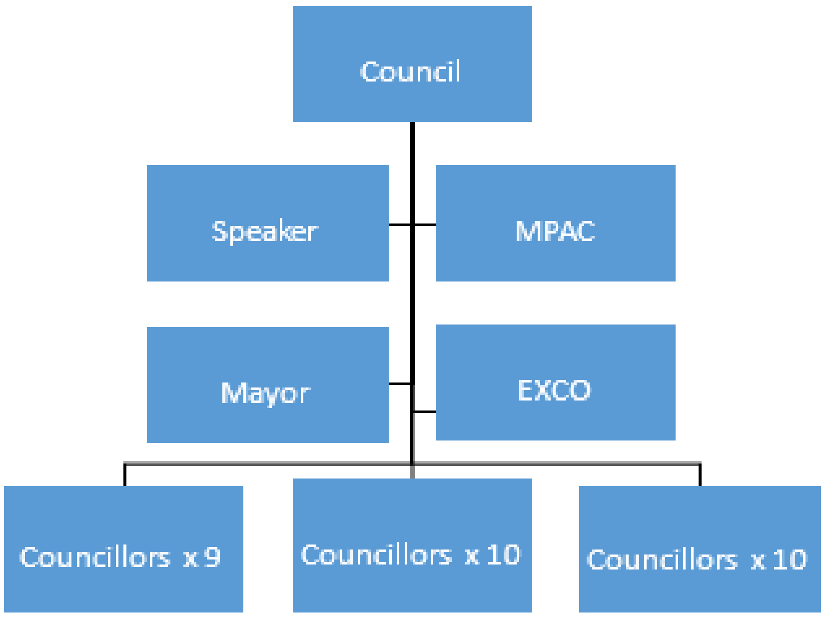
The Municipal Finance Management Act no 56 of 2003 (MFMA) Section 52 (a) states: "The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality".
In terms of section 9 (d) of the Municipal Structures Act 1998, the UPhongolo Local Municipality should have 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 BES Ntshangase

- The Municipal Chief Whip ensures that all Committees of Council quorate through the equitable distribution of Councillors to the 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 administrating 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 Councillors 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:

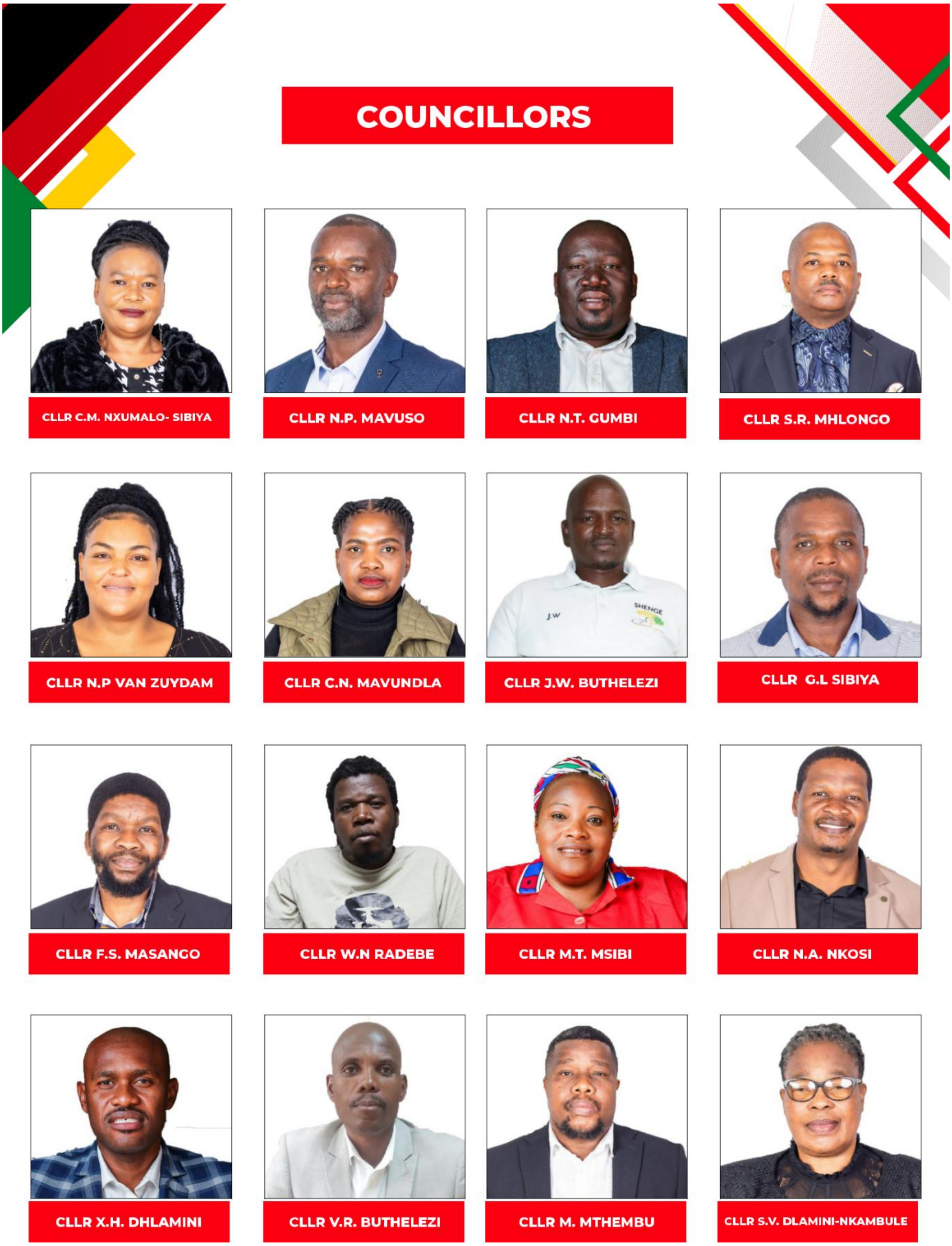
Table 24: Representation of Political Parties

POLITICAL PARTY	NUMBER OF REPRESENTATIVES/COUNCILLORS
Inkatha Freedom Party (IFP)	16
African National Congress (ANC)	9
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

UPHONGOLO LOCAL MUNICIPALITY PR COUNCILLORS 2021-2026



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 25: 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 Bhekinkosi J Thwala	**Mayor**
2	Cllr B E S Ntshangase $	Deputy Mayor
3	Cllr Bhaliya R Shongwe	EXCO member
4	Cllr Sbusiso R Mhlongo	EXCO member
5	Cllr N P van Zuydam	EXCO member

$ since 30 January 2025

Meetings Held by Various Oversight Structures

Structure	No. of Meetings
Ordinary Council	7
Special Council	9
Executive Committee	18
Municipal Public Accounts Committee (MPAC)	8
Special Municipal Public Accounts Committee (MPAC)	3
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 5 (five) 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 26: 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 BM Dlamini –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

2.4 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 envisage 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 affected 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 27: Public Meetings Held

No	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 All 4 quarters
1	**CLLR M MTHEMBU**			**Yes**	**12**	**4**	**5**
	SHABANGU	THEMBANI	FAITH BASED				
	NTSHANGASE	SIMO CLEMENT	BUSINESS				
	BUTHELEZI	NJABULO JAN	EDUCATION				
	VACANT						
	NTSHANGASE	NKOSINATHI HENRY	DISABILITY				
	SHONGWE	THOKOZILE SIBONGILE	SENIOR CITIZENS				
	MYENI	KHULEKANI BHEKI	HEALTH&SOC DEV				
	MTHEMBU	FIKILE NONTOBEKO	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				

No	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 All 4 quarters
	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				

No	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 All 4 quarters
	MAHLABA	NJABULO	YOUTH				
	NDLANGAMANDLA	BANGILE SIPHIWE	EDUCATION				
	KHANYE	BONGANI FORTUNE	SENIOR CITIZENS				
	SIBIYA	DUMISANI SAMUEL	TRANSPORT				
4	**CLLR B J THWALA**			**Yes**	**12**	**4**	**6**
	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				

No	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 All 4 quarters
	MASUKU	VUSI STANFORD	FAITH BASED				
	MTHIMKHULU	PATRICK MDUDUZI	TRADITIONAL				
5	**CLLR N P MAVUSO**			**Yes**	**12**	**4**	**7**
	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				

No	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 All 4 quarters
6	**CLLR X H DHLAMINI**		**YOUTH**	**Yes**	**12**	**4**	**12**
	NHLENGETHWA	SIMISO GIDEON	TRADITIONAL				
	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**	**4**
	KHUMALO	DUMILE SAMUEL	SAFETY & SECURITY				
	SHABANGU	SELBY MDUDUZI	TRADITIONAL				

No	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 All 4 quarters
	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				
	NKWANYANA	KHANYISILE SIZAKELE	DISABILITY				
8	**CLLR S A XULU**			**Yes**	**12**	**4**	**8**
	ZULU	MLAMULI AMON	TRANSPORT				
	MAVUSO	ANELE NTOKOZO	YOUTH				
	MTUNGWA	SILVIA MISIWE	WOMEN				
	FAKUDE	BONGANI LOUIS	EDUCATION				
	NXUMALO	SABELO AARON	PHYSICALLY CHALLENGED				

No	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 All 4 quarters
	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**	**9**
	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				

No	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 All 4 quarters
	BUTHELEZI	SIPHIWE LERATO	SAFETY & SECURITY				
	DLAMINI	DUMISANI NDAWOZONKE	HEALTH &SOCIAL DEV				
	SIYAYA	PHETHENI VERONICA	TRADITIONAL				
10	**CLLR K E NXUMALO**			**Yes**	**12**	**4**	**5**
	THWALA	NONHLANLHA	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				

No	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 All 4 quarters
11	**CLLR Z Z BUTHELEZI**			**Yes**	**12**	**4**	**4**
	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				
	MAFULEKA	SENZO NELSOM	SENIOR CITIZENS				
12	**CLLR M G NDLANGAMANDLA/ CLLR W N RADEBE**			**Yes**	**12**	**4**	**9**

No	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 All 4 quarters
	MOTHA	NELISIWE SWEETNESS	FAITH BASED				
	MNTUNGWA	MHLOMISENI ROBERT	TRADITIONAL				
	SENGWAYO	MELUSI ISRAEL	TRANSPORT				
	MNDEBELE	NYANISO WANDILE	YOUTH				
	MNTUNGWA	BHEKITHEMBA ROVEL	EDUCATION				
	NDLANGAMANDLA	BHEKINKOSI WELCOME	PHYSCALLY CHALLENGED				
	SIMELANE	MMELI JOHHANNES	BUSINESS				
	SIBIYA	PHIWAYINKOSI MAURREN	WOMEN				
	NTSHANGASE	PERSEVERENCE HLONIPHILE	HEALTH & SOCIAL DEV				
	MSIBI	MNYAMA JEREMIAH	SENIOR CITIZENS				
13	**CLLR F S MASANGO**			**Yes**	**12**	**4**	**5**
	THABETHE	NONTOBEKO PATRICIA	YOUTH				

No	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 All 4 quarters
	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**	**4**
	GUMBI	KHULEKANI	BUSINESS				
	MATHENJWA	MLUNGISI VIKINDUKU	YOUTH				
	MATHENJWA	SIYABONGA MPHO	PHYSICALLY CHALLENGED				
	NKOSI	SIZENI	EDUCATION				
	GUMBI	NKOSINATHI BHEKIZENZO	TRANSPORT				

No	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 All 4 quarters
	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**	**12**
	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				

No	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 All 4 quarters
	NKUMANE	SIZWE JUNIOR	PHYSICALLY CHALLENGED				
	MATHABELA	NKOSINATHI BHEKIZENZO	TRANSPORT				
	SIMELANE	SIBONGILE PATIENCE	EDUCATION				
	MALINGA	ZIBONUKULUNGA MARY JANE	WOMEN				

$ Appendix E & F

Summary

3 **01 ward committee meeting per month (12) per ward**
4 **01 Councillor's report top Speaker per Quarter (1) per ward**
5 **Community meetings (At least one per quarter) per ward**
6 **No of established ward committees =15**
7 **Number of ward committee meetings held =12 x15=180(1 per month x 15 wards x12 months)**
8 **Number of reports submitted to the Hon Speaker =4x15=60(1 per quarter x15 wards)- per year 4 per ward**
9 **Total number of community meetings by all 15 wards =98**

2.5.3 IDP PARTICIPATION AND ALIGNMENT

Table 28: 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.

uPhongolo Municipality Council comprised of 29 Councillors during the 2024/2025 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.

2.6.1 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 29: 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 B M Dlamini	Member
Mr BM. Khali	Chairperson (Municipal Manager)
Mr M.C. Mdluli	Risk Management Support
Mr SMM Manqele	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 2025 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 Risks were identified during 2024/25 per key performance area's strategic objectives:

Table 30: Risk Assessment

NO	DESCRIPTION	RATING
1	**Inability to budget & fund the municipal priorities**	Priority 1
2	Failure to provide electricity in an uninterrupted manner	Priority 1
3	inability to maintain and keeping the storm water in a proper working conduction	Priority 1
4	Inability to maintain and keeping the roads, in a proper working condition	Priority 1
5	Inability to keep Plant and Vehicle in proper working condition	Priority 1
6	Inability to keep Plant and Vehicle in proper working condition	Priority 1
7	Inability to provide communities with conducive infrastructure for gathering	Priority 1
8	Inability to enforce compliance with traffic laws	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.

The Municipality was able to do a system vulnerability assessment which detailed all areas that needed further improvement in order to avoid system attacks and failures. Unauthorised access to system was flagged as a priority 1 risk which needed to be attended to urgently taking into account the number of incidents around Municipalities in KZN. The report has detailed recommendations in order to improve the ICT security and such was included in the mitigation plan to be implemented for the year.

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 detects 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 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 cause 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 2024/2025 financial year.

Table 31: Members of the Bid Specification Committee

BID SPECIFICATION COMMITTEE	MEMBERS
Mr MVM Mbatha	Chairperson
Mr H Hlatshwayo	Member
Mr S. Mntungwa	Member /Chairperson
Miss SV Mndaweni	Secretary
Ms M Mchunu	Member
Mrs N R Nsele	Member

Table 32: Members of the Bid Evaluation Committee

BID EVALUATION COMMITTEE	MEMBERS
Mr G. M. Simelane	Chairperson
Ms A. Mncwango	Secretary
Mr NK Gumede	Member
Mr S M Mdluli	Member
Mr S Nkosi	Member
Mrs N R Nsele	Member
Ms M Mchunu	Member
Mr S F Mkhize	Member

Table 33: Members of the Bid Adjudication Committee

BID ADJUDICATION COMMITTEE	MEMBERS
Mr KWG. Ngcobo	Chairperson
Mrs Mkhwanazi	Secretary

Mr MVM Mbatha	Member
Ms SSP Xaba-Nkosi	Member
Mr BCX Dladla	Member
Mr MS Mtshali	Member
Mr B M Dlamini	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 affect this requirement. Below are the specific By-laws that were approved during the 2024/2025 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)
4.	• Traffic By-law (Approved by Council to be Gazetted)
5.	• Street Trading By-Law (Approved by Council to be Gazetted)
6.	• Outdoor Advertising By-Law (Approved by Council to be Gazetted)
7.	• Parks and Open Space By-Law (Approved by Council to be Gazetted)
8.	• Waste Management By-Law (Approved by Council to be Gazetted)

2.10 WEBSITES

The municipal website is in place and operational.

Table 34: 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 2023) 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 2024/2025	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 1May 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 35: Public Satisfaction on Municipal Service

Satisfaction Surveys Undertaken during: Year 2024/2025				
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	2024/2025	All Wards	Partial – Challenge with Roads
(a) Municipality	Complaints/ Compliments Register	2024/2025	All municipal wards	Satisfaction
(b) Municipal Service Delivery	IDP Public Participations and Ward	2024/2025	All municipal wards	Satisfaction

	Committee Meetings			
(c) Mayor	IDP Public Participations/ Complaints/ Compliments Register	2024/2025	All municipal wards	Satisfaction
Satisfaction with:				
(a) Refuse Collection	None	2024/2025	None	Satisfaction
(b) Road Maintenance	IDP Public Participations/ Complaints/ Compliments Register	2024/2025	All municipal wards	Partial/ Inadequate
(c) Electricity Supply	IDP Public Participations/ Complaints/ Compliments Register	2024/2025	All municipal wards	Better
(d) Information supplied by municipality to the public	IDP Public Participations/ Complaints/ Compliments Register	2024/2025	All municipal wards	Inadequate
(e) Opportunities for consultation on municipal affairs	IDP Public Participations	2024/2025	All municipal wards	Inadequate
*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 2025
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 36: Members of the MPAC

Details	*Designation*
Cllr J.B.Ngema	Chairperson
Cllr B E S Ntshangase @	Member
Cllr M G Ndlangamandla (Deceased 12/01/2025)	Member
Cllr N P Mavuso	Member
Cllr C N Mavundla	Member
Cllr N T Gumbi	Member
Cllr J.W. Buthelezi	Member
Cllr M P Mafuleka	Member

@ until 30 January 2025

(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 with other Policies by 30th May 2025.

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

The MPAC works with Internal Audit and Audit Committee on some aspects such as the review of the AFS and conducting of Investigations. This is as per the guidelines and the working relations with other Assurance providers.

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.

(h) MPAC Oversight Meetings - 2024/25

During the 2024/2025 financial year under review, the Committee held 6 meetings

Nature of Meeting	No. of Meetings
Municipal Public Accounts Committee (MPAC)	8
Special Municipal Public Accounts Committee (MPAC)	3

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 Bhekinkosi J Thwala	(Chairperson)
2.	Cllr M T Msibi	Member

3.	Cllr X H Dhlamini	Member
4.	Cllr B E S Ntshangase	Member
5.	Cllr B R Shongwe	Member
6.	Cllr Z S Khumalo	Member
7,	Cllr V R Buthelezi	Member

(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 Bhekinkosi J Thwala	(Chairperson)
2.	Cllr G L Sibiya	Member
3.	Cllr N A Nkosi	Member
4.	Cllr V R Buthelezi	Member
5.	Cllr Cynthia N Mavundla	Member
6.	Cllr Z Z Buthelezi	Member
7.	Cllr B E S Ntshangase	Member
8.	Cllr C M Nxumalo-Sibiya	Member

(d) Development Planning & LED Services Portfolio Committee

No.	Member	Role
1.	Cllr B J Thwala	(Chairperson)
2.	Cllr M G Ndlangamandla (deceased 12/01/2025)	Member
3.	Cllr N P Mavuso	Member
4.	Cllr Z B Motha	Member
5.	Cllr T A Ntshangase	Member
6.	Cllr J W Buthelezi #	Member

(e)Technical Services

No.	Member	Role
1.	Cllr B J Thwala	(Chairperson)
2.	Cllr N P Mavuso	Member
3.	Cllr F S Masango	Member
4	Cllr L S Ntshangase	
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 uPhongolo 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).

2.14.1Role of the Audit and Performance Audit Committee

The role of the Audit and Performance Audit Committee is to assist the uPhongolo 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 37: Audit and Performance Committee Meetings Held

Meetings Held	Dates
Quarter 1	26-Aug-24
Quarter 2	29-Oct-24
	18-Dec-24
Quarter 3	31-Mar-25
Quarter 4	27-Jun-25

2.14.4 Members of the Audit and Performance Audit Committee

The uPhongolo Council appointed Four (4) independent, external members and as at 30 June 2025, the active members were as listed in the table below.

Table 38: 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 2024/25 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 2025, 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	*Performance Management*
Risk Management	*Effective Governance*
Review of the financial statements	*Compliance with Legislation*
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 2024/2025
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 2024/25

Annual Operational Plan Status

The three-year risk based 2024/2025 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

The 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 management pro 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 implement ability of the assurance recommendations with the aim of strengthening Performance and advancing Good Governance in the 2024/25 financially year.
- Management to ensure that the assurance provided by Internal Audit is effectively embraced so to ensure performance. Management to ensure that risks are mitigated through the recommendations from reports of internal audit to improve the Risk man

CHAPTER THREE

Service Delivery Performance (Performance Report Part 1)

CHAPTER 3

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 on the 14th June 2024 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 2024/2025 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 2024/2025 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 started with middle management having signed performance agreements. 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.

3.2 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.

3.2.1 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 39: 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 40: 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 41: 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	

3.2.2 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**

3.2.3 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, Bhekuzulu, 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.

3.2.4 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.

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.

3.2.5 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.

3.3 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.

3.3.1 Provision of Sanitation Services

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

Table 42: 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 Sa

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

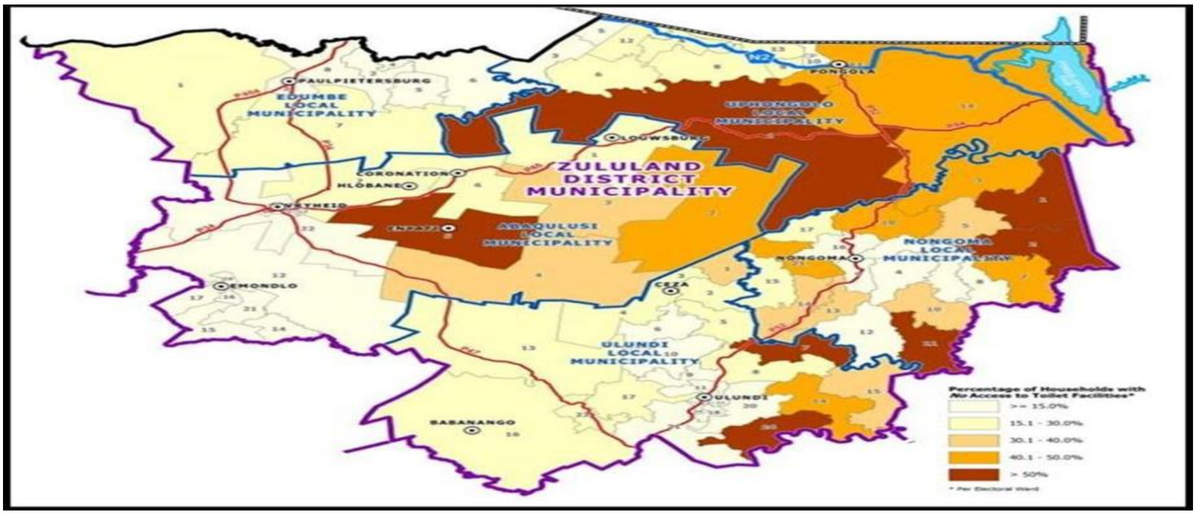
There has been a dramatic increase between 1996 and 2001 and again between 2001 and 2011 in the number of households who had access to flush or chemical toilets or pit latrines. However, there were still some 31,272 households who indicated that it had no access to toilet facilities. This constituted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

Source: Census 2011 Municipal Re

sanitation Facilities (STATSSA)

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	1239	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

3.3.2 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 43: 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 Serviced	**%**	**Households Serviced**	**%**	**Households Serviced**	**%**	**Households 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%

- **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).

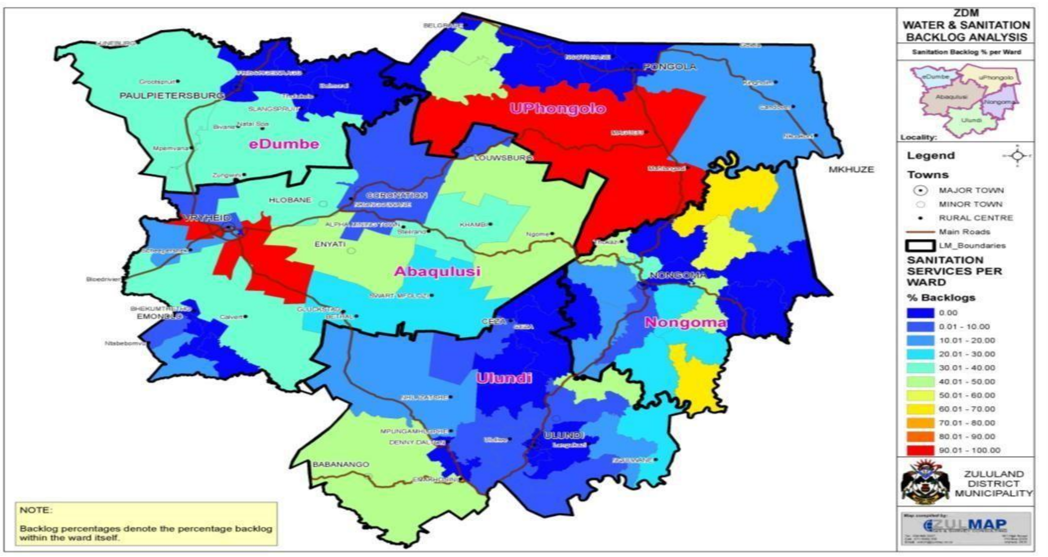
Table 44: Sanitation Backlogs

	Inadequate (Excl. Infills/Replacements)	VIP RDP	Septic tank RDP	Waterborne >RDP	TOTALS
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.

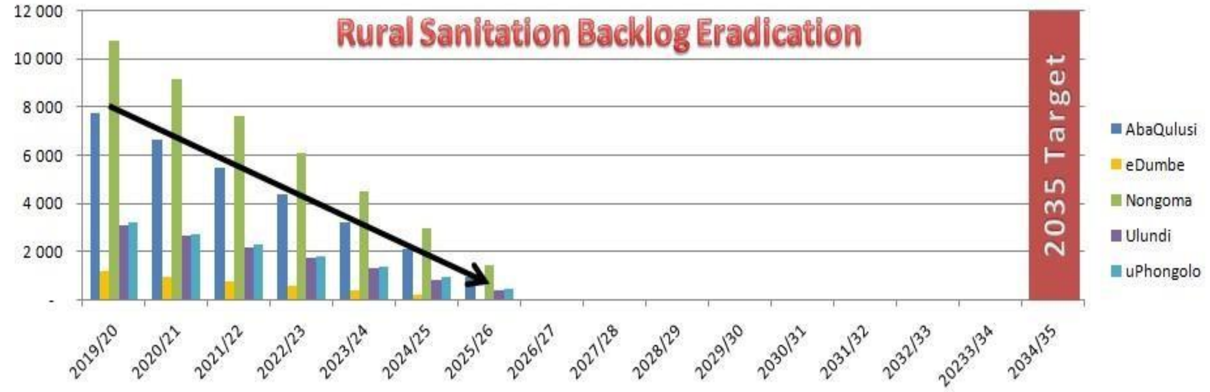
Map 6: Sanitation Backlog



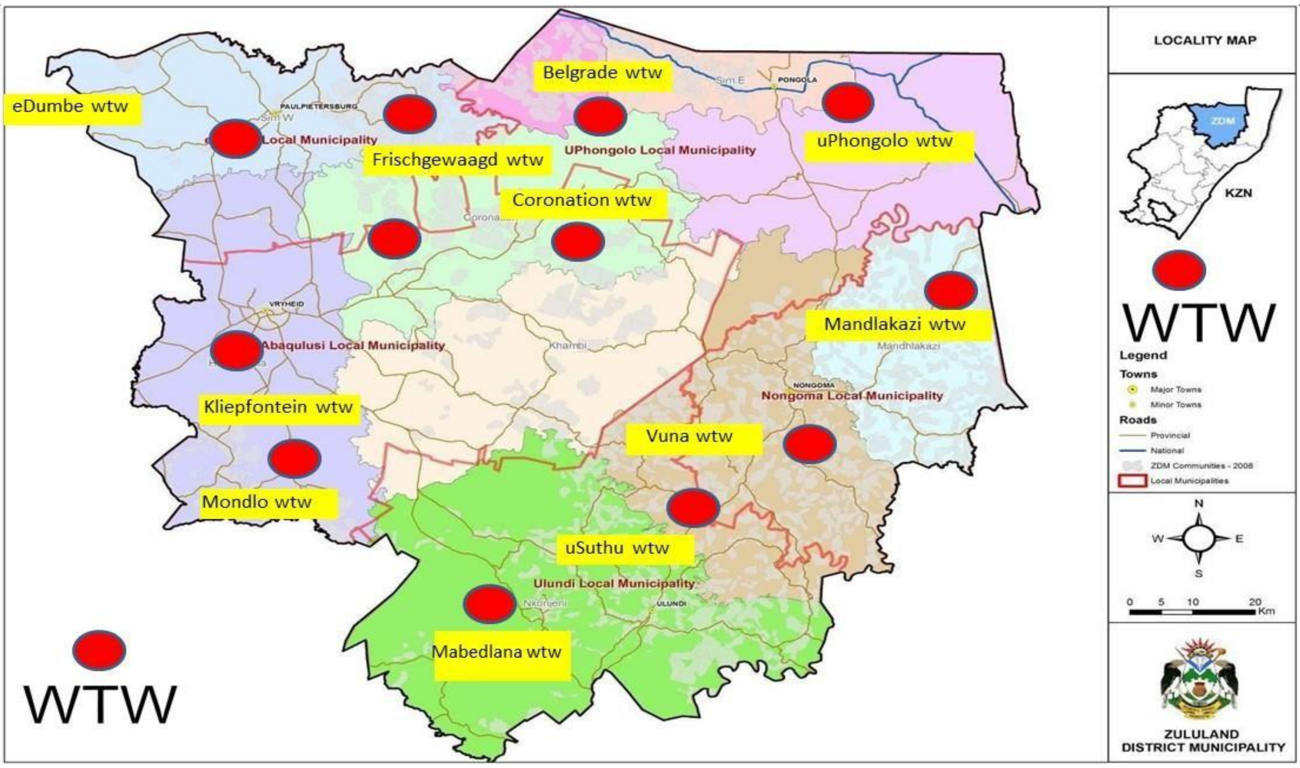
Source: ZDM WSDP, 2020

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 45: 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 electricity has been drafted for implementation in 2024/2025. To avoid infrastructure break-down, the maintenance plan is followed throughout the year. It is however noted that some break-down did take place during year which necessitated that they be attended to in order to avoid extended down-time.

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 46: 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 47: INEP Projects

Electrification Projects (INEP)	Adjusted Budget 2020/2021	2021/2022	2022/2023	2023/2024	**2024/2025**	**2025/2026**
	7 000 000	**15 000 000**	**8 000 000**	**15 000 000**	**4 474 000**	**11 400 000**
Ntshiyangibone & Ereyini Ward 11 & 05	7 000 000	-	-			
Esigungwini Electrification Ward 11	-	15000 000	-			
Madanyini, Mboloba, Sdakeni & Deckville Ward 09, 10, 02, 07 & 15	-	-	8 000 000			

Kwampondo,Mngomane & Emanesini Ward 01, 09 & 07					4 474 000	
Ongane-Gumtete phase 2& Emoyeni-Ophondweni phase2 Ward 1 & 4						11 400 000
Klipwaal, emvunyaneni, Mavithi & Mdiyane Ward 04, 06, 11 & 03	-	-	-			

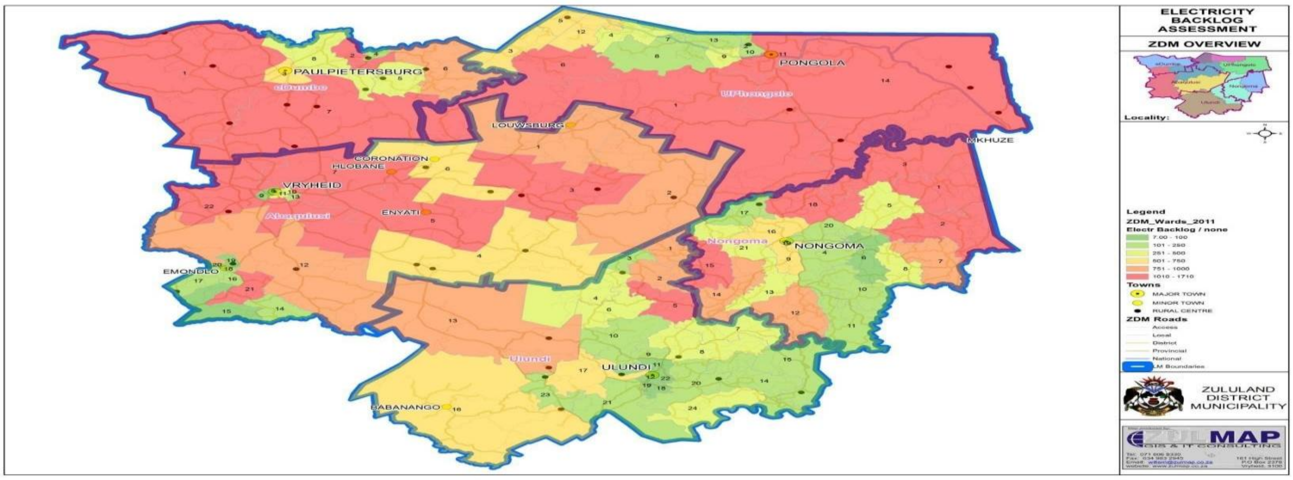
3.4.5 Electricity/Energy Backlogs

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.

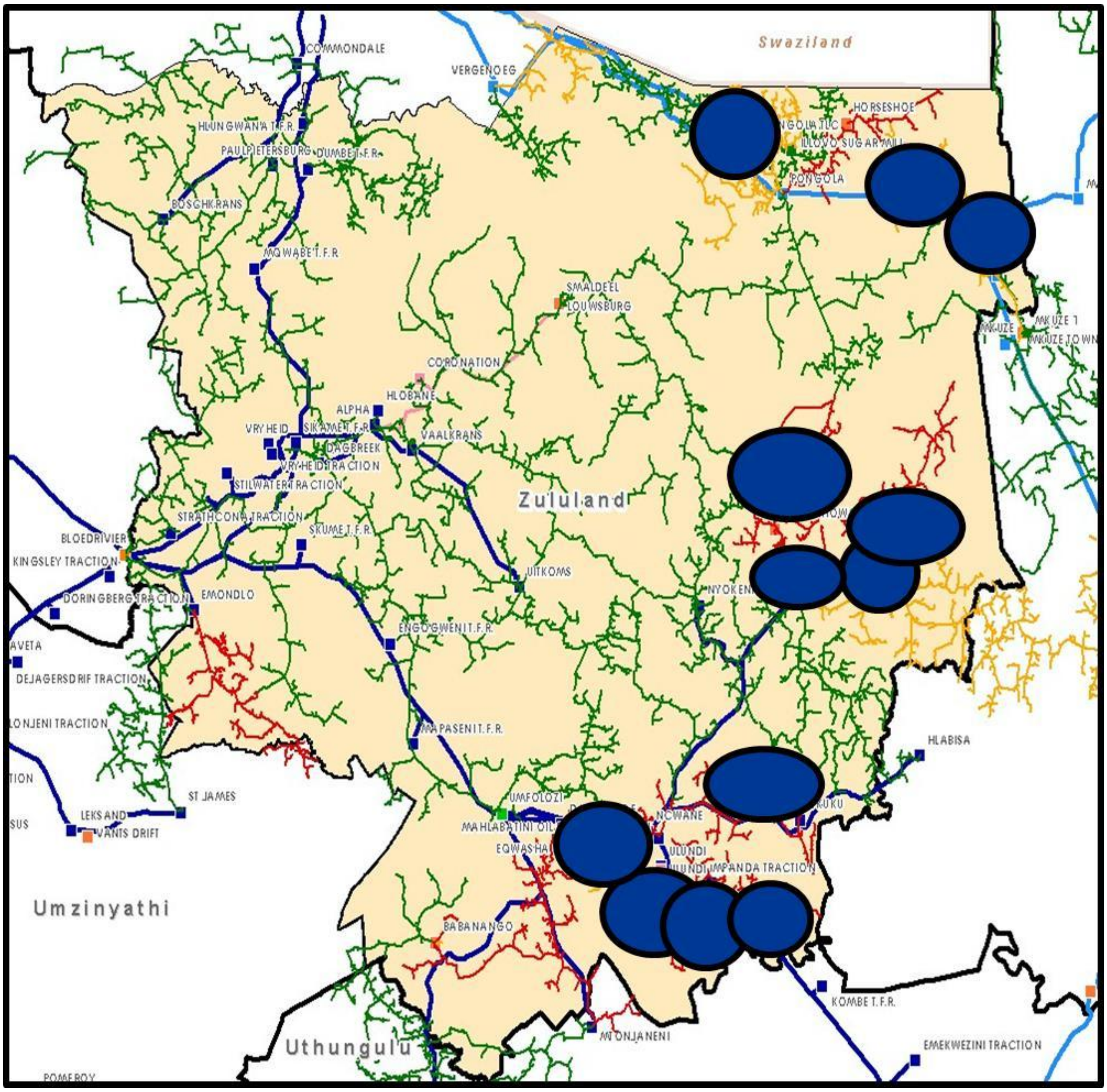
Table 48: Energy Backlogs Per Municipality

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 49: 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	

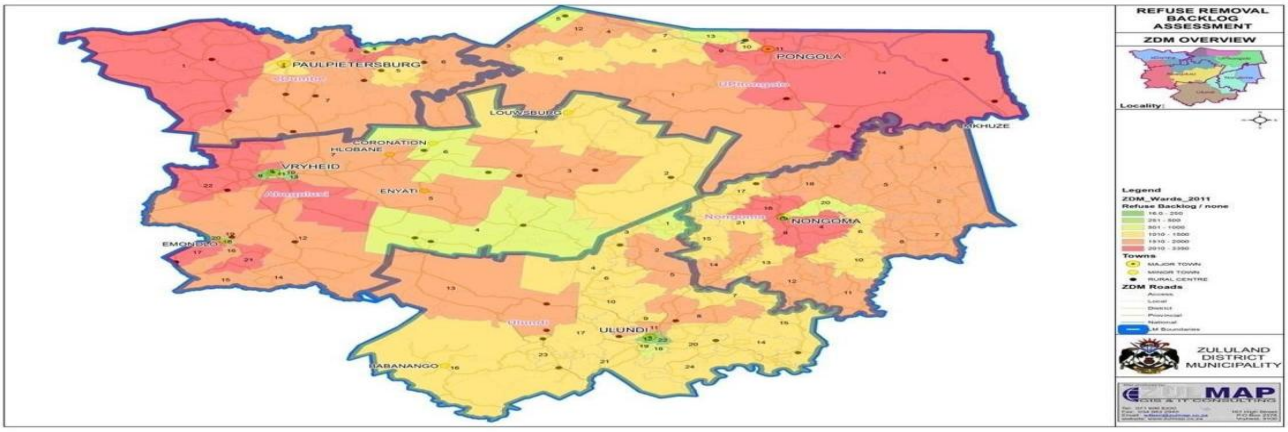
Table 50: Refuse Removal Backlogs Per Municipality

REFUSE LM	Total Households	No of H/H with refuse removal	No of H/H Backlog	% Backlog per
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, 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 51: Waste Produced and Collected

Area	Tons per Week
Belgrade	6 tons/week
uPhongolo	25 tons/day
Townships & Sugar Mill	3 tons/week

3.5.7 SOLID WASTE CHALLENGES

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

3.5.8 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.

3.6.1HOUSING 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 of Housing Sector Plan in the 2022/2023 financial year.

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.

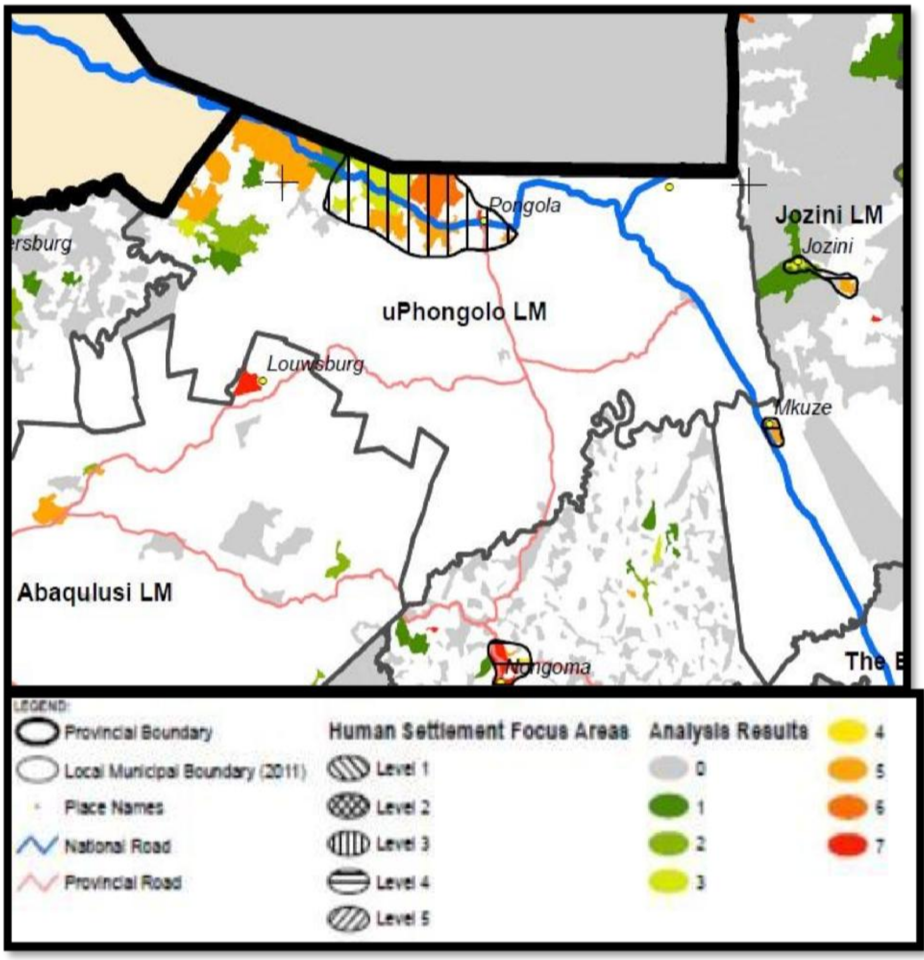
3.6.3 HOUSING SECTOR PLAN

The reviewed uPhongolo Municipality Housing Sector Plan 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



The KZN Human Settlements Master Spatial 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. The proposed human settlement investment focus areas are as indicated in the map aside.

Source: uPhongolo Municipality Housing Sector Plan, March 2020

3.6.4 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.

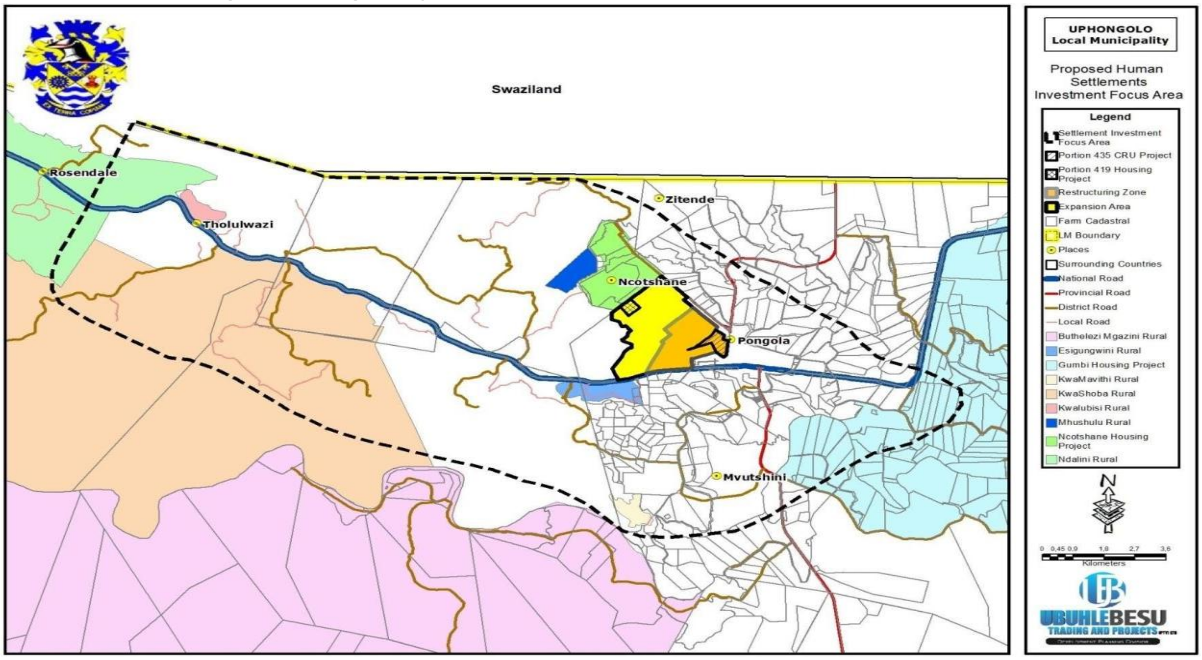
The guidelines include the following:

- 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.

3.6.5 Existing and Planned Housing Projects

Map 12: Existing Housing Projects



Source: uPhongolo Municipality Housing Sector Plan, March 2020

The table below provides the municipality's human settlements development strategies. Development strategies provide a practical way of providing solutions to the identified priority or problem issues. The development strategies below are linked with the existing problems and the desired human settlements development objectives. To enable the best choice of solution, the development strategies have to be guided by the guiding principles enshrined in the housing policy and legislation and are congruent with the national and provincial human settlements strategies, projects, targets and priorities.

Table 52: 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:

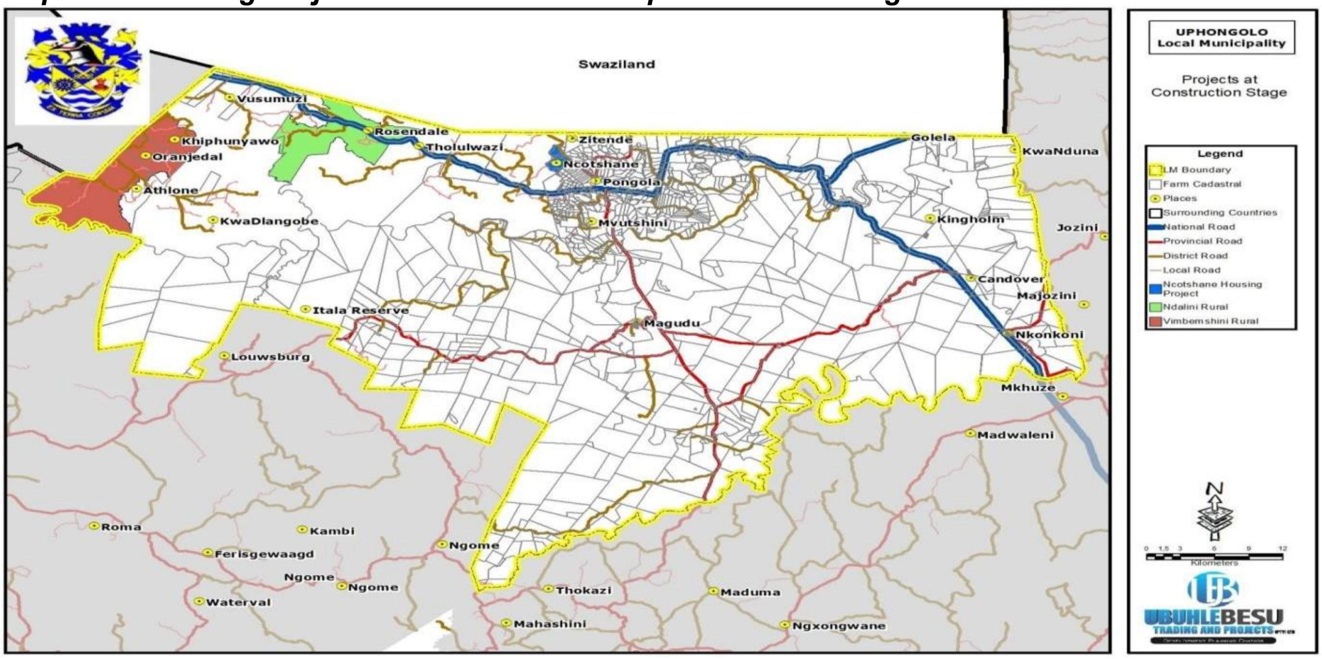
- To provide integrated, functional residential development that is complemented necessary social and economic amenities.
- The provision of tenure: The provision of tenure basically involves a Township Establishment process, which includes designing the layout, drafting the application and submitting 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 53: Projects at Construction / Implementation Stage

PROJECT NAME	NO. OF UNITS	WARD	PROGRAMME	ESTIMATED BUDGET	2025/26
KwaLubisi Rural Housing Project	500	7 & 8	Rural Housing	R55 473 500,00	✓
Ndalini Rural Housing Project	1000	4, 7, 8 & 12	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	✓
Nkosentsha RHP	1000	6	Rural Housing Project		✓
KwaShoba RHP	1000	15	Rural Housing Project		✓
Mkhwakhweni RHP	1000	13	Rural Housing Project		✓

Map 13: Indicating Projects at Construction/Implementation Stage



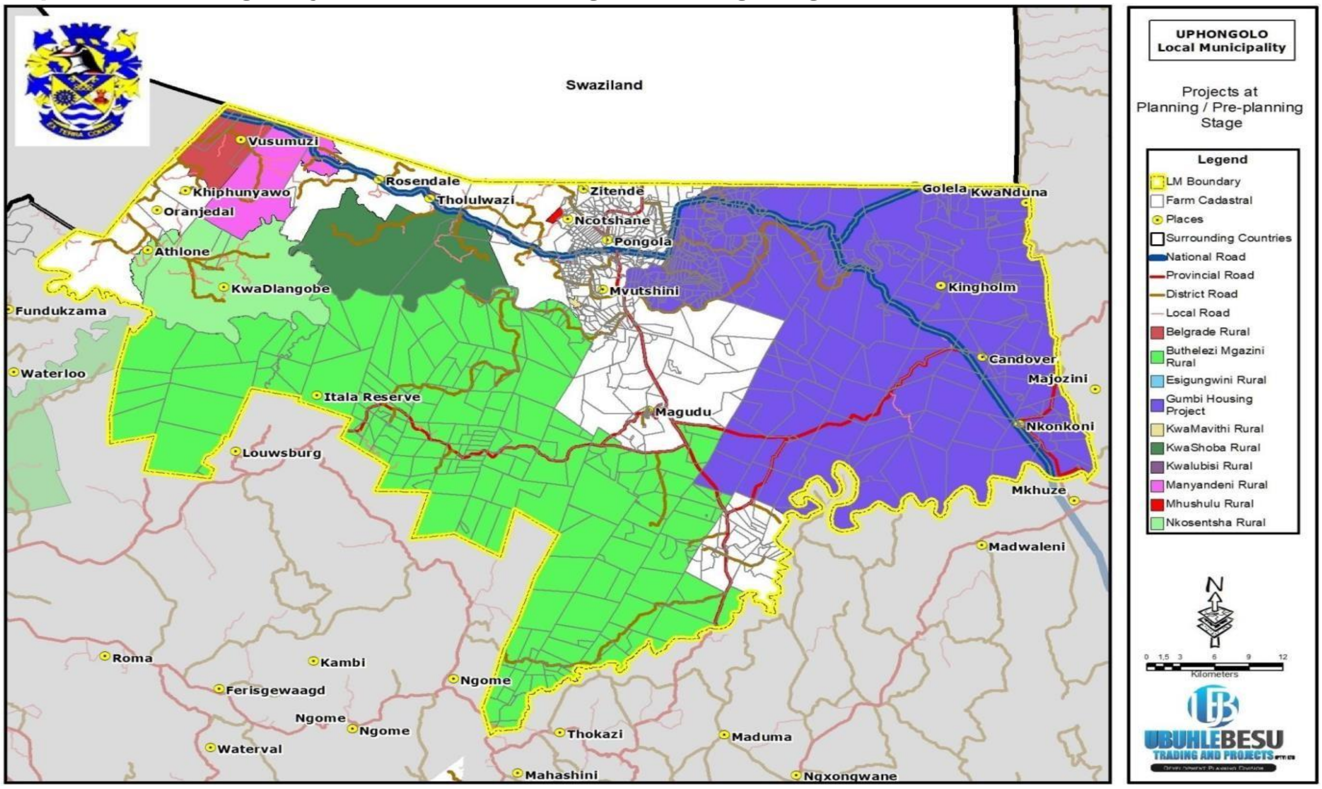
Source: uPhongolo Municipality Housing Sector Plan, March 2020

Table 54: 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	✓	✓
Buthelezi/Mgazini Rural Housing Project	1000	1	Rural Housing	R110 947 000,00	✓	✓
Manyandeni Rural Housing Project	1000	12	Rural Housing	R110 947 000,00	✓	✓
Mdonini Rural Housing Project	250	9	Rural Housing	R27 736 750,00	✓	✓
Mahlangosi Rural Housing Project	686	14	Rural Housing	R76 109 642,00	✓	✓
					✓	✓
Mboloba Rural Housing Project	500	10	Rural Housing	R55 473 500,00	✓	✓
Mavithi Rural Housing Project	**500**	**11**	**Rural Housing**	**R55 473 500,00**	✓	✓

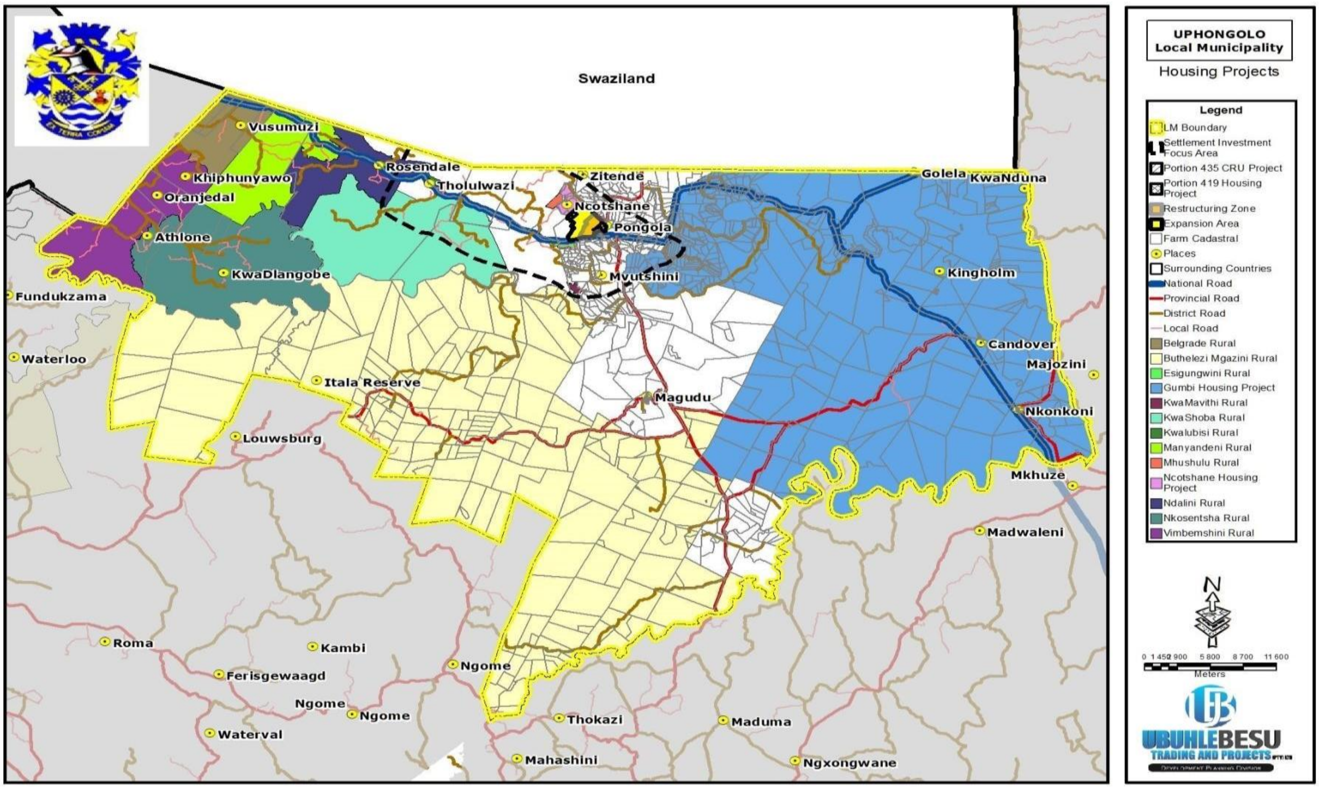
Table 66: Indicating Pipeline Projects

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

3.6.6 LEVEL OF SERVICES AND BACKLOGS

The uPhongolo Municipality Housing Vision:

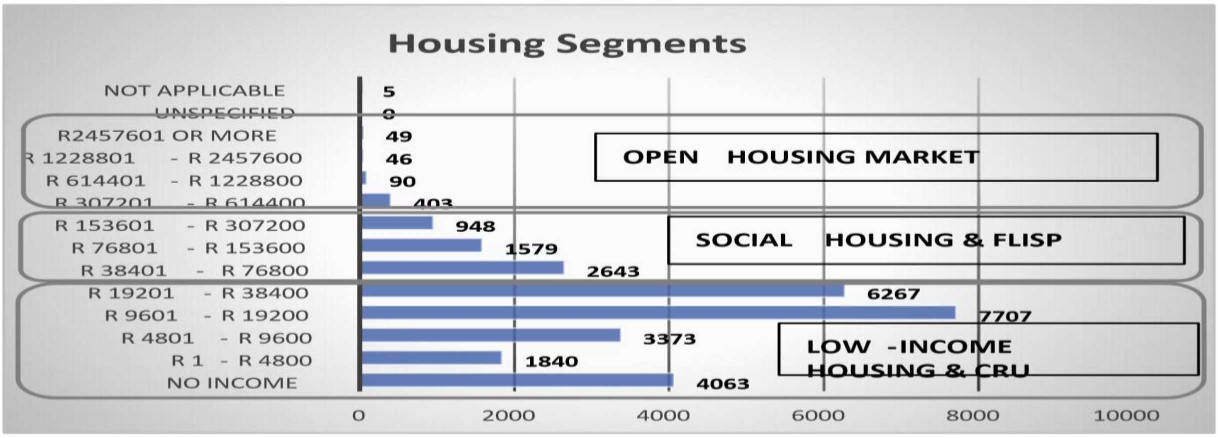
"To have uPhongolo residents housed in sustainable settlements by improving quality of household life."

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).

3.6.7 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.

3.6.8UPHONGOLO 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 55: Housing Backlog

WARD	DWELLING CATEGORY							
	TOTAL NUMBER OF HOUSEHOLDS	**FORMAL**	**TRADITIONAL**	**INFORMAL**	**CARAVA /TENT & OTHER**	**ESTIMATED BACKLOG (BASED ON DWELLING TYPE)**	**SUBSIDY ELIGIBILITY – INCOME < R 3 500.00 (LOW INCOME HOUSING & CRU)**	**SUBSIDY ELIGIBILITY – INCOME > R3 500 BUT < R22 000 (FLISP & SOCIAL HOUSING)**
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

3.6.9 MECHANISM FOR COORDINATION OF HOUSING DEVELOPMENTS

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 56: 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 Local 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 57: uPhongolo Municipality Housing Forums Meetings Held in 2024/2025

Month	uPhongolo LM
February	12/02/2025
May	12/05/2025
August	11/08/2025
November	10/11/2025

3.6.9.1 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.

COMPONENT C: ROAD TRANSPORT

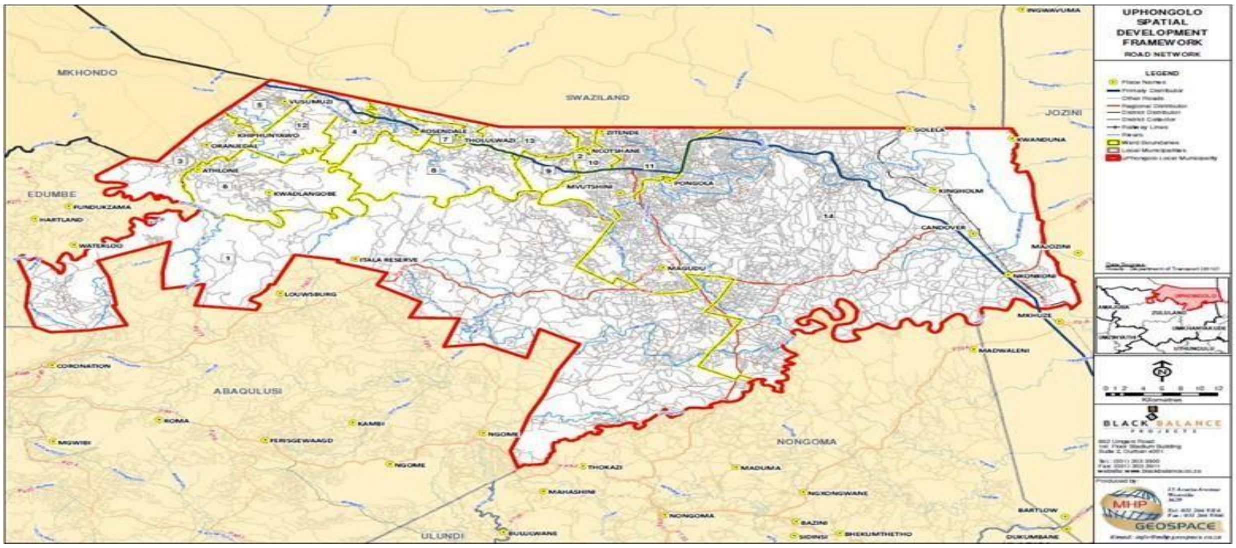
3.7 ROAD AND INFRASTRUCTURE

3.7.1 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.

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.

3.7.2 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 58: Estimated Roads Needs Per Municipality (ZDM Rural Roads Asset Management System [RRAMS])

Local Municipality (Rmill)	Type General Condition	Total length (km)	Estimated replacement value (Rmill)	Short-term intervention cost (Rmill)	Long-term intervention cost
Abaqulusi	Paved 87% poor to very poor	398.2	802.9	15.82	616.27
	Unpaved Fair to very poor	392		0.808	29.32

eDumbe 50% poor to very poor	**Paved**	**36.1**	**86.9**	**2.81**	**25.2**
	Unpaved Fair to very poor	163.1		0.336	10.21
uPhongolo	Paved 44% poor to very poor	43.79	112.4	5.65	32.65
	Unpaved Fair to very poor	236.6		0.495	17.11
Nongoma	Paved 50% Poor to very poor	14.7	33.2	1.46	7.78
	Unpaved Fair to very poor	420.5		0.813	31.01
Ulundi	Paved 50% Poor to very poor	91.2	199.9	7.08	50.19
	Unpaved Fair to very poor	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

3.7.3 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 59: Estimated Roads Needs Per Municipality

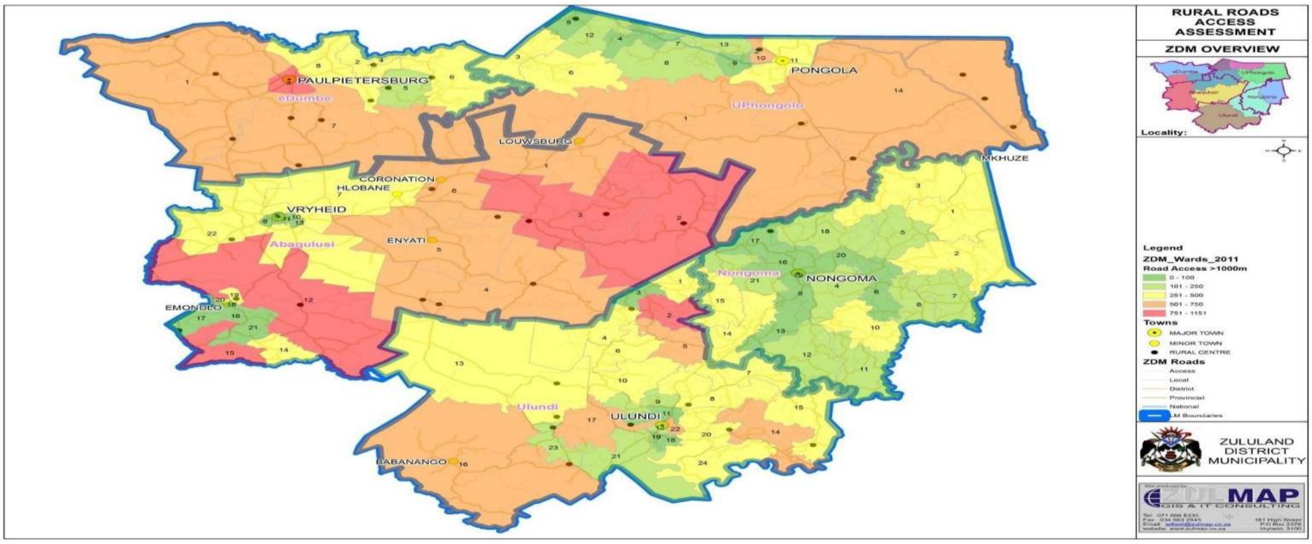
ROADS	Total Households	No of H/H with road access	No of H/H Backlog	% per LM
KZN263: Abaqulusi	**43,299**	**35,044**	**8,255**	**19.07%**
KZN261: eDumbe	**16,138**	**12,498**	**3,640**	**22.56%**
KZN262: uPhongolo	**28,772**	**24,904**	**3,868**	**13.44%**
KZN265: Nongoma	**34,341**	**30,320**	**4,021**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

Total	157,748	129,597	28,151	17.85%

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



3.7.4 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.

3.7.5 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.

3.8 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:

3.8.1 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.

3.8.2 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.

3.8.2.1 Major Projects Completed

Major projects being undertaken by the section consists of:

uPhongolo Spatial Development Framework (SDF) Review: The SDF review was conducted in 2024/2025 financial year and was duly compiled in terms of Section 26(e) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). 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. The SDF was finalised and approved by Council in May 2025 and it formed part of the IDP document which was submitted to Cogta. 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.

3.8.3 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 storm-water 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.

3.8.3.1 Building Control Statistics

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

Table 60: Applications for Land Use Development

Applications for Land Use Development			
Detail	**Formalisation of Townships**	**Rezoning**	**Building Control**
	2024/2025	**2024/2025**	**2024/2025**
Planning applications received	N/A	9	38
Determination made in year of receipt	N/A	0	
Applications withdrawn	N/A	0	2
Applications outstanding at year end	N/A	5	8

During **2024/2025**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.

3.8.4 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.

3.8.4.1 Service Statistics

Table 61: Service Statistics - Land Use Planning & Surveying

Service Statistics – Land Use Planning and Surveying	
Applications	**2024/2025**
Simultaneous rezoning and subdivision (inclusive of township establishment)	0
Rezoning	1
Consent Uses	12
Temporary Departures	0
Removal of restrictive Title conditions	0
Amendment of Conditions of Approval	0
Farm Subdivisions	0
Urban Subdivisions	0
Exempted Subdivisions	0
Consolidations	4
Homeowners Association Constitution approval/amendments	0
Zoning determinations	48
Extension-of-time	0
Site Development plan approvals	9
House Shops	
Departures	0
Building Plans approved	12

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.

3.9 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.

3.9.1 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

3.9.2 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.

3.9.3 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 63 job opportunities were created in 2024/2025 financial year. The number has decrease when comparing to prior years, this is due to the decrease in the EPWP grant which is used to pay for all EPWP staff. In 2024/25 the EPWP grant received was R 1 990 000 while the prior year, R 2 169 000 was received. This represent a decrease of 8.25%.

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 62: Job creation through EPWP Projects

Job creation through Expanded Public Works Programme (EPWP) Projects	
Details	Number of Jobs created through EPWP Projects
2024/2025	63
2023/2024	94

3.9.4 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.

3.9.4.1 Tourism Achievements

Below are some of the highlights the Municipality achieved during the 2024/2025 financial year:

- Provision LED and Tourism Events and platforms were held in collaboration with uPhongolo Municipality and sector departments;
- Facilitated business support.

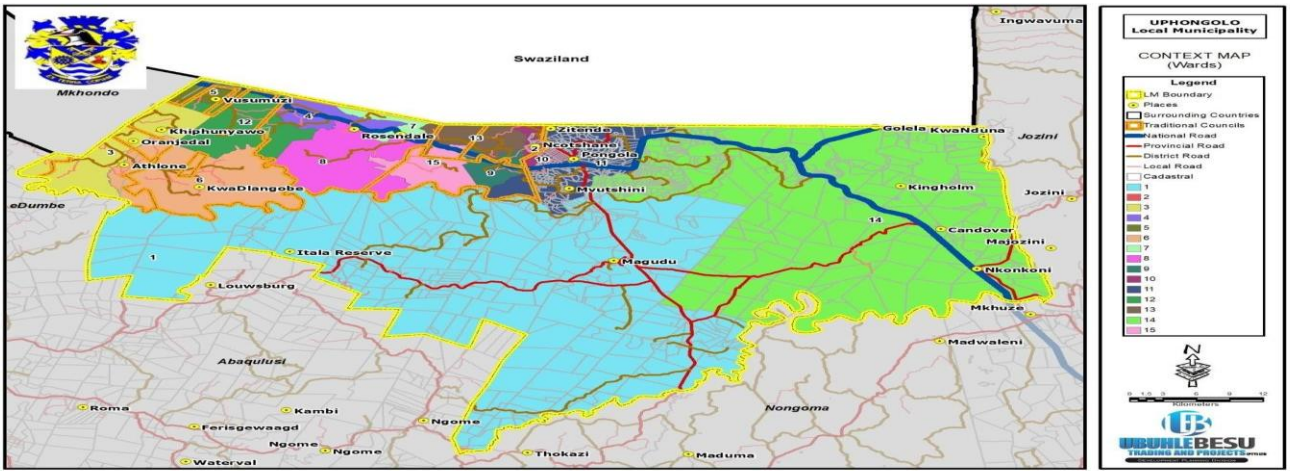
3.9.4.2 Tourism Challenges

- 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.

3.10 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.

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, quite 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 publics meeting and gaming purposes.

Holiday programs: These programs are conducted during school holidays to keep kids out of the streets fun activities such 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 63: Service Statistics for Libraries

2023/2024

LIBRARY ACTIVITIES	Q1	Q2	Q3	Q4	Total
Library promotions	1	1	3	1	6
New memberships	84	20	62	80	246
Circulation	987	390	803	1039	3219
Information awareness	3	3	3	3	12
Computer users	849	562	1196	723	3330
Computer trainings	1	1	1	1	4
Books exchange	1	1	1	1	4

2024/2025

LIBRARY ACTIVITIES	Q1	Q2	Q3	Q4	Total
Library promotions	1	1	1	3	6
New memberships	40	35	113	70	258
Circulation	834	538	960	1281	3613
Information awareness	3	3	3	3	12
Computer users	821	568	763	741	2893
Computer trainings	1	1	1	1	4
Books exchange	0	0	1	1	2

3.10.1 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.

3.11 CEMETERIES AND CREMATORIA

uPhongolo Local Municipality has existing cemetery sites situated at Pongola town and Ncotshane. 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.

3.11.1

The status, Backlogs, Needs and Priorities

In line with the information provided above, the status of cemeteries in uPhongolo Municipality is currently dire situation; however, the municipality has identified the land to cater for cemeteries and the process is on the tender stage. The table below shows the breakdown of the land needs as per the 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.

3.12 COMMUNITY HALLS, FACILITIES AND THUSONG CENTRES

uPhongolo Municipality is providing full ownership and access control through bookings and applies an approved annual tariff by council to the following three community halls. The responsible section is implementing a developed & approved Community Halls Usage Policy that's annually reviewed and lacks gazette and community awarenesses. Normally the community halls are hired by community members and government departments for various functions and activities, namely: Wedding Ceremonies, Funeral Services, Community Meetings, Church Services, Workshops and Training Sessions, Sports, Political & Business events.

- Magudu Community Hall in Ward 1
- Belgrade Community Hall in Ward 5
- Ncotshane Community Hall in Ward 10

The following three halls are also managed by uPhongolo Municipality and provides access control although they are not yet included in the approved municipal tariffs because of no General Assistants allocated for cleaning service, not yet connected with water and electricity. Only security guards have this year been allocated.

- Candover Community Hall in Ward 14

- Princess Ladlula Community Hall in Ward 13
- Waterbus Community Hall in Ward 4

uPhongolo Municipality successfully completed the construction of the following community halls that were left without security guards, no General Assistants to provide cleaning service, without water & electricity installation, as results of that community members are starting to destroy buildings and stilling of chairs & tables.

- Mashobane Community Hall in Ward 6
- Manyandeni Community Hall in Ward 12
- Ntshiyangibone Community Hall in Ward 11
- Mboloba Mini Hall in Ward 10

The following community hall is still under construction and estimated for completion before end of June 2026. It is recommended for inclusion in the municipal tariffs to be approved by council that will commence on the 01st July 2026.

- Godlwayo Multi-Purpose Hall in Ward 8

The total number of five community halls are not part of the uPhongolo Municipal Assets and they were constructed by Zululand District Municipality and were not handed over, currently they are being managed and controlled by respective traditional leaders without security guards and cleaners.

- Prince Bekayiphi Community Hall in Ward 3
- Sthambi Community Hall in Ward 7
- KwaGumbi Community Hall in Ward 14
- KwaShoba Community Hall in Ward 15
- kwaMsibi Community Hall in Ward 3

The following community hall was constructed by uPhongolo Municipality and left without its completion during the term 2011 – 2016 as a result of the shortage of funds. It was 75% completion and now community members are starting to vandalise the building.

- Madanyini Community Hall in Ward 9

The following community hall is situated in Pongola Town and currently not managed & controlled by the uPhongolo Municipality because of the long period lease agreement that was done by the old government before 1996.

- Phongolo Golf Club in Ward 11.

The Belgrade Thusong Services Centres is one-stop facilities that provide opportunities to access a compendium of government services to surrounding communities. The construction of the centre was done by uPhongolo Municipality, completed and launched in the year 2014 with funding support from COGTA. The centre was created to serve the entire Zululand District Municipality and to allocate with office space to various departments and organizations that provide service delivery to the surrounding communities. Currently the centre has accommodated the following tenants: National Youth Development Agency, Department of Social Development, Lifeline Foundations, Modular Library Service, SAPS, Department of Justice & Constitutional Development and Municipal Administrations.

Currently the centre receives a continuous support and assistance from COGTA to ensure on-going functionality and sustainability of the centre, through regular monitoring and evaluations that are conducted in quarterly meetings, monthly statistics and updating the support plan of the centre towards service delivery implementation.

The challenges facing the Belgrade Thusong Centre is that of NO willingness from tenants to pay for the monthly rental fee as per approved municipal tariffs. uPhongolo Municipality has to engage further tenants in to signing the Lease Agreements/MOU and negotiate for payments. The other challenge affecting the operations of all tenants is the shortage of network providers in the area (Vodacom & Telcom).

Belgrade settlement is situated approximately 50km west from uPhongolo and one of uPhongolo nodes that provide some minimal services to six traditional authorities which are located far from Pongola town, namely: Mavuso tribe, Msibi tribe, Sibiya tribe, Ndlangamandla tribe, Mahlobo tribe and Ntshangase tribe. The following government departments & centres are located within Belgrade area and they providing services to the above tribes and complement with the Thusong Centre, which are department of transport, department of agriculture, Schools, local clinic, community hall, fruit & vegetable flea market centre, multi-purpose fitness centre under construction, restaurants & hardware shops and accommodation facilities.

3.12.1 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 Centre.

3.12.2 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.

3.13 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.

3.14 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.

3.14.1Service Statistics

Table 64: Environmental Management - Service Statistics

Environmental Management Service Statistics	
Description	**2024/2025**
Environmental Education and Awareness Events	4
Environmental Applications commented on	0
Land Use Applications commented on	27
Noise Exemptions issued	0
Noise Complaints attended to	0
Air Pollution Incidents attended to	0
Pollution Incidents attended to	54

We had conducted 4 Environmental Education and Awareness Events in the financial year 2024/25. The other 6 below KPIS are for the Planning and Housing section not under community services

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.

3.15 TRAFFIC, LICENSING AND LAW ENFORCEMENT

During 2024/2025 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.

3.15.1Service Statistics

Table 65: Traffic, Licensing and Law Enforcement Service Data

Traffic, Licensing and Law Enforcement Service Data		
Details	**2023/2024 Actual**	**2024/2025 Actual**
Number of traffic accidents attended to	137	64
Number of bylaw infringements attended	0	0
Number of traffic officers in the field on an average day	10	18
and Law Enforcement Service Data		
Details	**2023/2024** **Actual**	**2024/25** **Actual**
Number of traffic officers on duty on an average day	17	18

3.15.2Service 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.

3.16 FIRE AND DISASTER MANAGEMENT

3.16.1 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 operates after hours, being on standby, responding to all incidents in the municipal area immediately with targeted, predetermined response times.
- uPhongolo Municipality facilitates the accredited and professional firefighting training to all appointed Fire Service personnel. The continuous training objective is intended to improve the skills and development of the firefighting personnel in order to provide a professional service to the communities that inhabit the Municipality. During the 2024/2025 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 18 schools and 5 clinics 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 7 am and 4 pm 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.

3.16.2 Service Statistics

Table 66: Fire Service Data

Fire Service Data	
Detail	**2024/2025 Actual**
Total fires attended to in the year	22
Total of other incidents attended to in the year	166
Average turnout time – urban areas (minutes)	10 mins
Average turnout time – rural areas	50 mins
Firefighters in post at year end	9
Total fire appliances at year end	

Table 67: Fire Safety – Activities/Inspections

Fire Safety Activities/Inspections	
Description	**2024/2025 Actual**
Fire safety inspections	52
Lectures and demonstrations (awareness campaigns)	45
Building plans scrutinised and approved	11
Events Management and risk visits	14

The following training was conducted and attended by fire service personnel:

3.16.3Disaster Management

The municipality provides relief services to fire victims by distributing food parcels and blankets. During the 2024/2025 period, blankets and food parcels were handed out.

3.16.4Service Delivery Levels

The fire service aims to attend to all emergencies within the prescribed attendance times as indicated in the table above (depicting fire, safety activities, or inspections).

3.16.5 Challenges:

The disaster section has some challenges that hinder their daily performance, which include:

- Shortage of staff
- No Respond vehicles
- No relief materials

COMPONENT H: SPORT AND RECREATION

INTRODUCTION

The sports activities and programmes fall under the Special Programmes in the community services department, and all the sports programmes were implemented.

3.17 SPORT GROUNDS AND HALLS

Sports fields and halls in uPhongolo were utilised for different recreational activities and for different sports codes.

3.17.1Service 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).

3.18 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 J.B. Thwala, 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.

3.18.1 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 68: Service Statistics for the Executive and Council

Structure	No. of Meetings 2024/2025
Ordinary Council	7
Special Council	9
Executive Committee	18
Municipal Public Accounts Committee (MPAC)	8
Special Municipal Public Accounts Committee (MPAC)	3
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

3.18.2 Service Delivery Levels

All agendas are distributed at least three calendar days before a meeting and in the case of minutes within five working days after the meeting was held.

3.18.3 Major Projects Completed

All Councillors were issued with electronic devices.

3.19 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 key functional areas identified and linked to financial sustainability are revenue enhancement, credit control measures, and expenditure management.

The ratios for revenue collection 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 global economic conditions have also affected consumers' ability to pay, and most are still recovering from the recessionary trends of the past few years.

3.19.1 Service Statistics

Table 69: Debt Recovery

Debt Recovery							
Serial No.			R'000				
	Revenue Service		2023/2024			2024/2025	
		Billed	Collected	% Collection Rate	Billed	Collected	% Collection Rate
Column Ref.	A	E	F	G	E	F	G
1	Property Rates	R48 135 202	R42 358 978	88%	R48 208 408	R32 204 572	75%
2	Electricity	R 53 395 362	R51 793 501	95%	R 71 577 441	R69 430 089	97%
3	Water	-	-	-	-	-	-
4	Sanitation	-	-	-	-	-	-
5	Refuse	R11 398 421	R4 217 416	37%	R12 004 527	R8 043 033	67%
	Totals	**R112 928 985**	**R98 369 895**	**87%**	**R131 790 376**	**R109 677 694**	**83.22%**

3.19.2 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 with the set service standards.

CAPITAL EXPENDITURE

The municipality has spent 100% of the final adjustments budget on infrastructure projects for the year under review. Capital projects listed below with budget and actual expenditure

Table 70: Capital Expenditure 2024/2025- Financial Services

	Capital Expenditure 2024/2025: Financial Services				
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	SCM Storage Container	R0.00	R215 090	R215 090	R0.00
2	Other Capital Asset	R0.00	R86 957	R86 957	R0.00
	Total Capital Expenditure	**R0.00**	**R302 047**	**R302 047**	R0.00

3.19.3 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 71: Total Revenue and Expenditure: Financial Services (Procurement Services Excluded)

Total Revenue and Expenditure: Financial Services (Procurement Services Excluded)						
Serial No.	Description	2023/2024 Actual Results	2024/2025			
			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	R353 505 022	395 519 954	461 279 780	461 990 800	711 020
2	Total Operating Revenue	R353 505 022	(330 180 702)	(396 148 510)	(426 871 758)	(30 723 248)
3	Employee related costs	R134 286 407	(145 244 163)	(144 536 590)	(144 600 745)	(64 155)
4	Remuneration of councillors	R5 925 865	(12 231 252)	(12 668 381)	(11 592 749)	1 075 632
5	Bulk purchases	R1 903 663	(47 068 202)	(48 005 559)	(55 233 237)	(7 227 678)
6	Inventory consumed	R29 296 635	(17 822 662)	(25 365 242)	(29 585 831)	(4 220 589)
7	Debt Impairment	R25 510 276	(5 859 647)	(5 859 647)	(13 551 151)	(7 691 504)
8	Depreciation and amortization	R13 034 420	(26 005 614)	(26 005 614)	(35 151 595)	(9 145 981)
9	Finance costs	R59 828 847	(1 630 850)	(1 630 850)	(2 481 341)	(850 491)
10	Operating lease	R323 335 907	(2 270 451)	(3 722 819)	(4 981 386)	(1 258 567)
11	Contracted services	R353 505 022	(29 742 368)	(39 140 140)	)32 353 384)	6 786 756
	Debtors written-off		-	-	(5 398 382)	(5 398 382)
	Operational Cost		(38 415 058)	(40 797 076)	(50 036 996)	(9 239 920)
	Construction contract		(3 890 435)	(48 416 592)	(39 751 839)	8 664 753

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 December 2024. The Workplace Skills Plan and Annual Report were also submitted in April 2025.

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.

3.19.1 Service statistics

Table 72: Service Statistics for Human Resources Services

Submission Date	To	Document
22nd April annually	LGSETA	Workplace Skills Plan
22nApril 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
14th January annually	Department of Labour	Employment Equity Report
Monthly	Dep. of Local Government	Municipal Finance Management Programme Report

3.19.2 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 2024/2025 the ICT Unit made significant progress to improve governanc5 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.

3.19.3 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.

3.19.4 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.

3.19.5 Staffing and Functionality

The unit is fully functional with a total number of 5 officials, with 1 vacancy for a Information Security Officer.

No	Post Description	No as per Organogram	Filled or Vacant
1	ICT Manager	1	Filled
2	Information Security Officer	0	Vacant
3	IT Technicians	3	Filled
4	Helpdesk Support	1	Filled
TOTAL		5	

COMMENT: Below are some of the ICT-related services that the Municipality has outsources 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

3.19.6 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.

3.19.7 ICT Governance

The Municipality has got a functional ICT Steering Committee which is constituted by 9 members, chaired by the Accounting Officer and at tines 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.

3.19.8 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 done in 2024/25.
- 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 2025/26 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 Assessment

3.19.9 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.

3.19.10 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 and aligned with the SALGA regulations. 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.

3.19.11 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.

3.20 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.

3.20.1 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.

3.21 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.

3.21.1 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.

3.22 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.

3.22.1 Major Projects Completed

A normal risk assessment for the Municipality was conducted and that included a risk mitigation plan.

3.23 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 efficiency and reporting requirements.

3.24 COMPONENT K: ANNUAL PERFORMANCE REPORT (APR) 2024/25

3.24.1 KEY PERFORMANCE AREA 1: Municipal Institutional Development and Transformation

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscoa Project ref#	Project name (Mscoa)	Unit of Measure	Indicator	2022/2023 Demand	Baseline	Backlog	Prior year Annual Target 2023/2024	Actual Annual achievement	Current year Original Annual Target 2024/25	Revised & Final Annual Target 2024/25	Actual Annual achievement	Performance Status	Measures to improve performance	Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE
	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 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 & Cllr training	Number	Number of staff who Completed training (NQF rated / Short Cources)	70	38	32	40 Staff members who completed training(NQF rated/short courses) by 30 June 2024	54	40 Staff members to attending training (NQF rated/short courses) by 30 June 2025	20 Staff members who completed training(NQF rated/short courses) by 30 June 2025	27			2,336,084.32	1,967,484.76	Opex-internal	All	Traning 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 & Cllr training	Number	Number of Cllrs who completed training (NQF rated / Short Courses) against the Skills development plan	29	-	29	7 Councillors who completed training(NQF rated/short courses) by 30 June 2024	0	7 Councillors who completed training(NQF rated/short courses) by 30 June 2025	7 Councillors who completed training(NQF rated/short courses) by 30 June 2025	0		To conduct skills audit and develop relevent training program for Cllrs	300,000.00	195,223.04	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 2024	2	4 Organisational performance reports submitted to Council by 30 June 2025	4 Organisational performance reports submitted to Council by 30 June 2025	3		To prepare and present performance management report on quarterly basis to Council			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 2024	4	4 Performance audit committee meetings by 30 June 2025	4 Performance audit committee meetings by 30 June 2025	4			198,342.00	90,334.43	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 2024	Level 1 & 2	Cascade PMS to top 3 organogram levels by 30 June 2025	Cascade PMS to top 3 organogram levels by 30 June 2025	Level 1 & 2		To finalise the performance agreement for middle management in Q1 of 25/26			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 imporve efficiancy in operations.			Number	Number of ICT steering committee meetings held	4	1	3	4 ICT steering committee meetings held by 30 June 2024	4	4 ICT steering committee meetings held by 30 June 2025	4 ICT steering committee meetings held by 30 June 2025	3		Schedule of meetings to be issued early in the year and to follow it			Opex-internal	All	Attendance Register and minutes
Org 7	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 imporve efficiancy in operations.			Number	Number of Softwares Licences renewed (Anti-virus, Ms Office, Firewall,Team viewer, Sage, Autocad, Zoom)							7 Softwares Licences renewed (Anti-virus, Ms Office, Firewall,Team viewer, Sage, Autocad, Zoom) by 30 June 2025	7			1,911,385.91	1,959,360.29	Opex-internal	All	Invoices & licenses/reports/corresponda nce
Org 8	Corporate Services	To promptly employ a highly effective workforce which is a representative of the Municipalities 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 mng level	2	0	2	1 Woman appointed in s54,s56 posts or middle management level by 30 June 2024	3	1 Woman appointed in s54,s56 posts or middle management level by 30 June 2025	1 Woman appointed in s54,s56 posts or middle management level by 30 June 2025	2					Opex-internal	All	Appointment letters

									2022/2023			Prior year		Current year								
Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscoa Project ref#	Project name (Mscoa)	Unit of Measure	Indicator	Demand	Baseline	Backlog	Annual Target 2023/2024	Actual Annual achievement	Original Annual Target 2024/25	Revised & Final Annual Target 2024/25	Actual Annual achievement	Performance Status	Measures to improve performance	Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE
	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 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 3 months			Number	Number of vacant posts filled.	22	7	15	12 vacant positions filled by 30 June 2024	35	5 vacant positions filled by 30 June 2025	5 vacant positions filled by 30 June 2025	17					Opex-internal	All	Appointment letters
Org 10	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 2024	119	90 days to finalise the appointment (Advertisement to Appointment) by 30 June 2025	90 days to finalise the appointment (Advertisement to Appointment) by 30 June 2025	100		Recruitment process to be planned at start of year and monitored			Opex-internal	All	Advert date to appointment date duration calculation per post averaged for all posts
Org 11	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 2024	26%	Vacancy rate kept below 10% by 30 June 2025	Vacancy rate kept below 10% by 30 June 2025	29%		Organogram to be revised and only have limited vacant post			Opex-internal	All	Organogram vs Payroll report & Calc
Org 12	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 2024	156%	95%-100% bursary /learnership Budget amount spent by 30 June 2025	95%-100% bursary /learnership Budget amount spent by 30 June 2025	83%		Bursary adverts to be issued early in the year before school open	775,000.00	608,652.79	Opex-internal	All	Expenditure report - S71
Org 13	Corporate Services	Ensure Institutional of Batho Pele Culture and Principles	A6.1	Increase sensitivity of government administrators to the aspirations of citizens			Number	Number of Batho pele awareness campaings conducted	2	1	1	1 Batho pele awareness campaings conducted by 30 June 2024	2	1 Batho pele awareness campaings conducted by 30 June 2025	1 Batho pele awareness campaings conducted by 30 June 2025	1					Opex-internal	All	Attendance register
Org 14	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 2022/23 Financial year submitted by 31 January 2024	31-Jan	Draft Annual Report for 2023/24 Financial year submitted by 31 January 2025	Draft Annual Report for 2023/24 Financial year submitted by 31 January 2025	30-Jan-25			208,000.00	208,000.00	Opex-internal	All	Council resolution
Org 15	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 2024	41	40 site inspections for OHS compliance by 30 June 2025	40 site inspections for OHS compliance by 30 June 2025	40			234,570.00	217,470.00	Opex-internal	All	Inspection form

3.24.2 KEY PERFORMANCE AREA 2: Basic Service Delivery

									2022/2023			Prior year		Current year									
Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscoa Project ref#	Project name (Mscoa)	Unit of Measure	Indicator	Demand	Baseline	Backlog	Annual Target 2023/2024	Actual Annual achievement	Original Annual Target 2024/25	Revised & Final Annual Target 2024/25	Actual Annual achievement	Performance Status	Measures to improve performance	Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE
	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 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.	43027	Electricity provision	Number	Number of new consumer units with access to electricity (Eskom area)	4419	582	3837	359 of new consumer units with access to electricity (Eskom area) by 30 June 2024	0	276 new consumer units with access to electricity (Eskom area) by 30 June 2025	73 new consumer units with access to electricity (Eskom area) by 30 June 2025	Nil		To implement the recommendations of ESKOM of upgrading network line so that more electricity connections to be done	3,576,000.00	3,576,000.00	DOE	1 & 10	Completion certificate
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	Number	Number of existing Households with access to electricity	34228	26286	7942	26965 Households with access to electricity by 30 June 2024	26717	26965 Households with access to electricity by 30 June 2025	26790 Households with access to electricity by 30 June 2025	26717		To implement the recommendations of ESKOM of upgrading network line so that more electricity connections to be done			Mix sources	All	Census data plus completed project after
Org 18	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%-80% Households with access to electricity by 30 June 2024	78.10%	79%-80% Households with access to electricity by 30 June 2025	78.2%-80% Households with access to electricity by 30 June 2025	78.10%		To implement the recommendations of ESKOM of upgrading network line so that more electricity connections to be done			Mix sources	All	Census data plus completed project after
Org 19	Technical Services	Ensure provision of Electricity/alternative energy in a sustainable manner	B1.3	Develop a rapid response team in-house to diagnose and solve electrical faults and prevent loss thereof	IA07280	Smart Meter installation	Number	Number of Smart Meters Installed							600 Smart Meters Installed by 30 June 2025	604			7,820,040.00	7,820,040.00	Opex-internal	All	Invoices & Project report
Org 20	Technical Services	Ensure provision of Electricity/alternative energy in a sustainable manner	B1.3	Develop a rapid response team in-house to diagnose and solve electrical faults and prevent loss thereof	IA07320	Mini-substation	Number	Number of Mini-substations installed							1 Mini-substation installed by 30 June 2025	1			1,538,565.22	1,538,565.22	Opex-internal	All	Invoices & Project report
Org 21	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 2024	4447	4550 Households with access to refuse removal at least once per week by 30 June 2025	3600 Households with access to refuse removal at least once per week by 30 June 2025	3512		To research the possibility of extending refuse collection services to rural areas			Opex-internal	All	Billing report or refuse collection report
Org 22	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%	13%-14% Households with access to refuse removal at least once per week by 30 June 2024	13.0%	13%-14% % Households with access to refuse removal at least once per week by 30 June 2025	10.5%-11 % Households with access to refuse removal at least once per week by 30 June 2025	10.3%		To research the possibility of extending refuse collection services to rural areas			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	2022/2023 Demand	Baseline	Backlog	Prior year Annual Target 2023/2024	Actual Annual achievement	Current year Original Annual Target 2024/25	Revised & Final Annual Target 2024/25	Actual Annual achievement	Performance Status	Measures to improve performance	Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE
	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 23	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	200 new RDP housing units completed by 30 June 2024	249	200 new RDP housing units completed by 30 June 2025	40 new RDP housing units completed by 30 June 2025	110					Capex_ grant DHS	3,7,8,12	Progress Report /Completion Certificate
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	1185	Construction of Early Childhood development centres	Number	Number of Creche constructed and completed	2	*	*			2 Creche constructed and completed by 30 June	2 Creche constructed and completed by 30 June	1		To implement penalties for delays that are not related to nature/weather. Contract termination to be recommended for delays after issuing of warning	3,354,998.87	4,793,776.31	Capex-MiG	11	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 km	2 Kms of new Gravel roads constructed by 30 June 2025	2 Kms of new Gravel roads constructed by 30 June 2025	0.7 Km		To implement penalties for delays that are not related to nature/weather. Contract termination to be recommended for delays after issuing of warning	2,556,642.86	4,327,689.78	Capex-MiG	1 &9	Completion certificate/Project progress report/ 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	Number of Sport fields completed	3.8			1 Sportfield completed by 30 June 2024	Nil (89% progress)	3 Sportfield completed by 30 June 2025	3 Sportfield completed by 30 June 2025	2		To implement penalties for delays that are not related to nature/weather. Contract termination to be recommended for delays after issuing of warning	14,557,237.38	14,564,623.45	Capex - MIG & other	8, 1 & 10	Completion certificate/Project progress report/ Project closeout report
Org 27	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	Number of Multipurpose Sport fields Phase 2 completed	1					1 Multipurpose Sportfield Phase 2 completed by 30 June 2025	1 Multipurpose Sportfield Phase 2 completed by 30 June 2025	Nil (92% progress)		To implement penalties for delays that are not related to nature/weather. Contract termination to be recommended for delays after issuing of warning	9,172,638.43	9,120,065.49	Capex - MIG & other	11	Completion certificate/Project progress report/ Project closeout report
Org 28		Ensure the optimal use, maintenance and equitable development of communal and Public Facilities	B5.2	Improve Access to Community Amenities and infrastructure		Sport Facility construction	Number	Number of phases Completed for the Belgrade Fittness center	1	0	1				Phase 1 & 2 completed for the Belgrade Fittness center by 30 June 2025	completed phase 1 & 2A at 86% progress (2B & 2C not commenced)		Project progress to be monitored regularly	20,434,782.61	20,434,188.91	Capex_Sport grant	5	Completion certificate/Project progress report/ Project closeout report
Org 29	Technical Services	Ensure the optimal use, maintenance and equitable development of communal and Public Facilities	B5.2	Improve Access to Community Amenities and infrastructure		Tar/paved road	Number in Km	Km/ m of roads paved							0.6Km of road paved by 30 June 2025	0.6Km			6,385,371.98	6,973,370.28	Capex-MIG	11	Completion certificate/Project progress report/ Project closeout report

3.24.3 KEY PERFORMANCE AREA 3: Local Economic Development

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscoa Project ref#	Project name (Mscoa)	Unit of Measure	Indicator	2022/2023 Demand	2022/2023 Baseline	2022/2023 Backlog	Prior year: Annual Target 2023/2024	Prior year: Actual Annual achievement	Current year: Original Annual Target 2024/25	Current year: Revised & Final Annual Target 2024/25	Current year: Actual Annual achievement	Current year: Performance Status	Current year: Measures to improve performance	Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE
	PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS) GOAL 1: INCLUSIVE ECONOMIC GROWTH																						
	NATIONAL KEY PERFORMANCE AREA : LOCAL ECONOMIC DEVELOPMENT																						
	OUTCOME 9 : COMMINITY WORK PROGRAMME IMPLEMENTED AND CO-OPERATIVES SUPPORTED																						
	BACK TO BASICS: PILLAR 1 - PUTTING PEOPLE FIRST																						
	LOCAL ECONOMIC DEVELOPMENT																						
Org 30	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 informal trader people trained on various skills	All unemployed ppl	300		50 unemployeed people trained on various skills by 30 June 2024	56	50 unemployeed people trained on various skills by 30 June 2025	50 informal trader people trainined on various skillsby 30 June 2025	67			-	6,012.33	Opex-internal	All	Attendance Register for attendance
Org 31	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 2024	5	4 Tourism promotional initiatives to attract more tourists to Pongola by 30 June 2025	4 Tourism promotional initiatives to attract more tourists to Pongola by 30 June 2025	7					Opex-internal	All	Report on the promotion or Attendance Register and Photos
Org 32	Community Services	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 2024	1	1 Cultural events (Reed dance) held by 30 June 2025	1 Cultural events (Reed dance) held by 30 June 2025	1			971,763.90	971,763.90	Opex-internal	All	Attendance Register and relevant report/photos
Org 33	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		79 jobs created through municipality's LED initiatives including capital projects &EPWP by 30 June 2024	94	79 jobs created through municipality's LED initiatives including LED capital projects by 30 June 2025	79 jobs created through municipality's LED initiatives including LED capital projects by 30 June 2025	63		Resignations during the year to be filled	1,990,000.00	1,990,000.00	Opex_ Grant DPW	All	Payroll reports
Org 34	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 2024	1	4 HIV / AIDS events held by 30 June 2025	4 HIV / AIDS events held by 30 June 2025	0		Special Programme function to move to Community Services Department	-	-	opex - internal	All	Attendance Register, Minutes of meetings, Reports/ Photos
Org 35	Office of the Municipal Manager	Mitigate the HIV epidemic and promote positive living	C6.2	Participate in Sukhuma sakhe programs		Sukuma Sakhe co-ordination	Number	Number of Local Task Team (LTT) meeting conducted	10	4	6	10 Local Task Team (LTT) meeting conducted by 30 June 2024	10	10 Local Task Team (LTT) meeting conducted by 30 June 2025	10 Local Task Team (LTT) meeting conducted by 30 June 2025	8		Schedule of meetings to be developed and followed during the year			opex - internal	All	Attendance register/ Minutes of meeting
Org 36	Office of the Municipal Manager	Ensure needs of Special groups are addressed	C7.1	Develop and implement projects targeting the special groups.	899	Eldertly Support & events	Number	Number of elderly supported basic necessities	150			150 elderly supported basic necessities by 30 June 2024	186	150 elderly supported basic necessities by 30 June 2025	150 elderly supported basic necessities by 30 June 2025	150			325,714.50	201,529.00	opex - internal	All	Attendance register/ Report

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscoa Project ref#	Project name (Mscoa)	Unit of Measure	Indicator	2022/2023 Demand	Baseline	Backlog	Prior year Annual Target 2023/2024	Actual Annual achievement	Current year Original Annual Target 2024/25	Revised & Final Annual Target 2024/25	Actual Annual achievement	Performance Status	Measures to improve performance	Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE
	PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS) GOAL 1: INCLUSIVE ECONOMIC GROWTH																						
	NATIONAL KEY PERFORMANCE AREA : LOCAL ECONOMIC DEVELOPMENT																						
	OUTCOME 9 : COMMINITY WORK PROGRAMME IMPLEMENTED AND CO-OPERATIVES SUPPORTED																						
	BACK TO BASICS: PILLAR 1 - PUTTING PEOPLE FIRST																						
	LOCAL ECONOMIC DEVELOPMENT																						
Org 37	Office of the Municipal Manager	Ensure needs of Special groups are addressed	C7.1	Develop and implement projects targeting the special groups.	899	Elderly Support & events	Number	Number of elderly programmes/activities conducted	2			2 elderly programmes /activities conducted by 30 June 2024	1	2 elderly programmes /activities conducted by 30 June 2025	2 elderly programmes /activities conducted by 30 June 2025	1		Special Programme function to move to Community Services Department	325,714.50	201,529.00	opex - internal	All	Attendance register/ Minutes of meeting
Org 38	Community Services	Ensure needs of Special groups are addressed	C7.1	Develop and implement projects targeting the special groups.	944	Women & Children	Number	Number of Women programmes /activities conducted	3			2 Women programmes /activities conducted by 30 June 2024	1	2 Women programmes /activities conducted by 30 June 2025	1 Women programmes /activities conducted by 30 June 2025	1			333,700.00	337,700.00	opex - internal	All	Attendance register/ Minutes of meeting/ Report
Org 39	Community Services	Ensure needs of Special groups are addressed	C7.1	Develop and implement projects targeting the special groups.	944	Women & Children	Number	Number of Children e programmes /activities conducted	1			2 Children programmes /activities conducted by 30 June 2024	1	2 Children programmes /activities conducted by 30 June 2025	2 Children programmes /activities conducted by 30 June 2025	2			333,700.00	337,700.00	opex - internal	All	Attendance register/ Minutes of meeting/ Report
Org 40	Community Services	Ensure needs of Special groups are addressed	C7.1	Develop and implement projects targeting the special groups.	895	People living with Disability	Number	Number of programmes /activities conducted for People with Disability	2			4 programmes /activities conducted for People with Disability by 30 June 2024	1	4 programmes /activities conducted for People with Disability by 30 June 2025	4 programmes /activities conducted for People with Disability by 30 June 2025	3		Special Programme function to move to Community Services Department	325,714.50	87,560.00	opex - internal	All	Attendance register/ Minutes of meeting/ Report
Org 41	Community Services	To ensure Safer, effective and efficient system for all	C9.2	Efficient vehicles and driver licensing services.		Issuing of Learner Drivers License	Number	Number of Learners License Examined	768			880 Learners Licence Examined by 30 June 2024	1395	880 Learners Licence Examined by 30 June 2025	1080 Learners Licence Examined by 30 June 2025	1541					Opex-internal	All	Register, License-PRO Reports and Monthly Report
Org 42	Community Services	To ensure Safer, effective and efficient system for all	C9.3	Monitor and assess driver fitness and Vehicle roadworthiness through Road blocks		Conduct Multi Disciplinary Road Blocks	Number	Number of Multi-Disciplinary Roadblocks	65	65	0	20 Multidisciplinary Road Block by 30 June 2024	33	20 Multidisciplinary Road Block by 30 June 2025	20 Multidisciplinary Road Block by 30 June 2025	32					Opex-internal	All	Register, Road block Reports

3.24.4 KEY PERFORMANCE AREA 5: Municipal Financial Viability and Management

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscoa Project ref#	Project name (Mscoa)	Unit of Measure	Indicator	2022/2023			Prior year		Current year					Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE
									Demand	Baseline	Backlog	Annual Target 2023/2024	Actual Annual achievement	Original Annual Target 2024/25	Revised & Final Annual Target 2024/25	Actual Annual achievement	Performance Status	Measures to improve performance					
	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 43	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	D1.1	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 Tota owl Revenue) x 100 - year-on-year or quarter-to-quarter	12%	5%	7%	2%-5% Revenue Growth excluding grants by 30 June 2024	10%	2%-5% Revenue Growth excluding grants by 30 June 2025	2%-5% Revenue Growth excluding grants by 30 June 2025	7%			148,451,752.38	158,821,722	Mix sources	All	S 71 report table (c3 monthly budget statement
Org 44	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	D1.1	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 2024	96%	95% -100% Actual Operating Revenue over Budgeted Operating revenue by 30 June 2025	95% -100% Actual Operating Revenue over Budgeted Operating revenue by 30 June 2025	99.80%			415,972,752.38	462,517,894	Mix sources	All	S 71 report table (c4 monthly budget statement and table c4
Org 45	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	D1.2	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 2024	40%	25 - 40% staff cost over OPEX incurred by 30 June 2025	25 - 40% staff cost over OPEX incurred by 30 June 2025	44.00%		Only limited post to be filled in 25/26 and overtime and acting allowances to be monitored	159,061,758.83	156,193,494	Mix sources	All	S 71 report table c4
Org 46	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	D1.2	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 2024	93%	95%-100% CAPEX BUDGET SPENT by 30 June 2025	95%-100% CAPEX BUDGET SPENT by 30 June 2025	98%			71,671,253.68	- 75,800,373	Mix sources	All	S 71 report table c5
Org 47	Technical Services	To apply good financial management in dealings with municipal finances	D1.2	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 2024	100%	95%-100% MIG BUDGET SPENT by 30 June 2025	95%-100% MIG BUDGET SPENT by 30 June 2025	100%			40,695,999.94	40,696,000	Grant_MIG	All	S 71 report table c5
Org 48	Technical Services	To apply good financial management in dealings with municipal finances	D1.2	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 2024	21.6%	95%-100% Electricity Grant (INEP) BUDGET SPENT by 30 June 2025	95%-100% Electricity Grant (INEP) BUDGET SPENT by 30 June 2025	100%			3,576,000.00	3,576,000	Grant_INEP	8	S 71 report table c5
Org 49	Corporate Services	To apply good financial management in dealings with municipal finances	D1.2	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	182.0%	95%-100% Work Skills Plan Budget Spent	95%-100% Work Skills Plan Budget Spent	78%		24/25 expenditure trends to be used to forecast 25/26 and 26/27 budget	2,336,084.32	1,967,484.760	Opex-internal	All	S 71 report
Org 50	Budget and Treasury Office	To apply good financial management in dealings with municipal finances	D1.2	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 2024	111.0%	95% -100% OPEX Budget spent by 30 June 2025	95% -100% OPEX Budget spent by 30 June 2025	102%		24/25 expenditure trends to be used to forecast 25/26 and 26/27 budget	396,148,510.43	412,250,606	Mix sources	All	S 71 report table c4

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscoa Project ref#	Project name (Mscoa)	Unit of Measure	Indicator	2022/2023 Demand	Baseline	Backlog	Prior year Annual Target 2023/2024	Actual Annual achievement	Current year Original Annual Target 2024/25	Revised & Final Annual Target 2024/25	Actual Annual achievement	Performance Status	Measures to improve performance	Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE
	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 51	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 2024	82%	93% -95% Collection Rate by 30 June 2025	93% -95% Collection Rate by 30 June 2025	87%		Debt write-off to be undertaken after application for indigent benefits have been finalised			Mix sources	All	section 71 report
Org 52	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 2024	231%	0% -26% of outstanding service debtors to annual revenue from services by 30 June 2025	0% -26% of outstanding service debtors to annual revenue from services by 30 June 2025	134%		Debt write-off to be undertaken after application for indigent benefits have been finalised			Mix sources	All	section 71 report
Org 53	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 2024	1 Month	1 - 3 Cash / Cost Coverage Ratio in Months by 30 June 2025	1 - 3 Cash / Cost Coverage Ratio in Months by 30 June 2025	1 Month					Mix sources	All	Section 71 report/ Circular 71 Template report
Org 54	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 2024	Nil	30 x to 40 times Debt coverage rate by 30 June 2025	30 x to 40 times Debt coverage rate by 30 June 2025	Nil (no current debt)					Opex-internal	All	Expenditure report - S71
Org 55	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 2024	2	4 report on the implementation of SCM policy reported to Council by 30 June 2025	4 report on the implementation of SCM policy reported to Council by 30 June 2025	2		To prepare and present scm report on quarterly basis to Council			Opex-internal	All	Council resolution noting deviations
Org 56	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	31-May	31-May	-	Final Budget approved by Council on or before 31 May 2024	21-May-24	Final Budget approved by Council on or before 31 May 2025	Final Budget approved by Council on or before 31 May 2025	27-May-25					Opex-internal	All	Council resolution on draft and final budget
Org 57	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 2024	12	12 Fleet Management Reports prepared by 30 June 2025	12 Fleet Management Reports prepared by 30 June 2025	12					Opex-internal	All	Monthly Fleet Report signed by SCM Manager and CFO

3.24.5 KEY PERFORMANCE AREA 4: Good Governance and Public Participation

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscoa Project ref#	Project name (Mscoa)	Unit of Measure	Indicator	2022/2023			Prior year		Current year					Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE
									Demand	Baseline	Backlog	Annual Target 2023/2024	Actual Annual achievement	Original Annual Target 2024/25	Revised & Final Annual Target 2024/25	Actual Annual achievement	Performance Status	Measures to improve performance					
	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 58	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 2024	9	4 Council Meetings held by 30 June 2025	4 Council Meetings held by 30 June 2025	16					Opex-internal	All	Attendance register
Org 59	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%	-	95%-100% Audit plan Implemented or achieved by 30 June 2024	100%	95%-100% Audit plan Implemented or achieved by 30 June 2025	95%-100% Audit plan Implemented or achieved by 30 June 2025	43%		Audit Action Plan to be monitored reguIary by Internal Audit Unit and reported to Audit Committee and Council			Opex-internal	All	Progress report
Org 60	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, unquilified acceptable) Prior year AFS	Clean audit	qualified	clean/ unqualified	Clean/unqualified Audit Opinion received by 31 December 2023	Unqualified	Clean/unqualified Audit Opinion received by 31 December 2024	Clean/unqualified Audit Opinion received by 31 December 2024	Unqualified Audit Opinion			2,224,682.94	2,230,887	Opex-internal	All	Audit report
Org 61	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 2024	180	180 ward committee meetings held for the year ended 30 June 2025	180 ward committee meetings held for the year ended 30 June 2025	180			2,640,000.00	2,643,000	Opex-internal	1 to 15	Attendance Register
Org 62	Corporate Services	Placing the primary focus on addressing the needs of communities within the municipality	E 2.4	Monitor customer complains & provide feed back			Number	Number of report on complaints/ compliments	4	4	-	4 report on complaints/ compliments by 30 June 2024	4	4 report on complaints/ compliments by 30 June 2025	4 report on complaints/ compliments by 30 June 2025	4					Opex-internal	All	Report on public complains / compliments
Org 63	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	taff & Cllr trainir	Number	Number of Cllrs who attended training (NQF rated / Short Courses) against the Skills development plan	29	27	2	7 Councillors to attending training(NQF rated/short courses) by 30 June 2024	0	7 Councillors to attending training(NQF rated/short courses) by 30 June 2025	7 Councillors to attending training(NQF rated/short courses) by 30 June 2025	0		Skills Audit to be and relevent training programme to be provided to Cllrs	300,000.00	195,223	Opex-internal	All	Training certificates
Org 64	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	trategic Plannin	Date	Date Strategic Planning sessions held	1	1	-	Strategic planning session held on or before 31 March 2024	17-Mar-24	Strategic planning session held on or before 31 March 2025	Strategic planning session held by 30 April 2025	5-8 May 2025		Logistical arrangments to be done early in the year in preparation of the strategic planning session	334,184.00	536,030	Opex-internal	All	Attendance register

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscoa Project ref#	Project name (Mscoa)	Unit of Measure	Indicator	2022/2023 Demand	Baseline	Backlog	Prior year Annual Target 2023/2024	Actual Annual achievement	Current year Original Annual Target 2024/25	Revised & Final Annual Target 2024/25	Actual Annual achievement	Performance Status	Measures to improve performance	Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE
	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 58	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 2024	9	4 Council Meetings held by 30 June 2025	4 Council Meetings held by 30 June 2025	16					Opex-internal	All	Attendance register
Org 59	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%	-	95%-100% Audit plan Implemented or achieved by 30 June 2024	100%	95%-100% Audit plan Implemented or achieved by 30 June 2025	95%-100% Audit plan Implemented or achieved by 30 June 2025	43%		Audit Action Plan to be monitored regulary by Internal Audit Unit and reported to Audit Committee and Council			Opex-internal	All	Progress report
Org 60	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, unquilified acceptable) Prior year AFS	Clean audit	qualified	clean/ unqualified	Clean/unqualified Audit Opinion received by 31 December 2023	Unqualified	Clean/unqualified Audit Opinion received by 31 December 2024	Clean/unqualified Audit Opinion received by 31 December 2024	Unqualified Audit Opinion			2,224,682.94	2,230,887	Opex-internal	All	Audit report
Org 61	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 2024	180	180 ward committee meetings held for the year ended 30 June 2025	180 ward committee meetings held for the year ended 30 June 2025	180			2,640,000.00	2,643,000	Opex-internal	1 to 15	Attendance Register
Org 62	Corporate Services	Placing the primary focus on addressing the needs of communities within the municipality	E 2.4	Monitor customer complains & provide feed back			Number	Number of report on complaints/ compliments	4	4	-	4 report on complaints/ compliments by 30 June 2024	4	4 report on complaints/ compliments by 30 June 2025	4 report on complaints/ compliments by 30 June 2025	4					Opex-internal	All	Report on public complains / compliments
Org 63	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	taff & Clr trainin	Number	Number of Cllrs who attended training (NQF rated / Short Courses) against the Skills development plan	29	27	2	7 Councillors to attending training(NQF rated/short courses) by 30 June 2024	0	7 Councillors to attending training(NQF rated/short courses) by 30 June 2025	7 Councillors to attending training(NQF rated/short courses) by 30 June 2025	0		Skills Audit to be and relevent training programme to be provided to Cllrs	300,000.00	195,223	Opex-internal	All	Training certificates
Org 64	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	trategic Plannin	Date	Date Strategic Planning sessions held	1	1	-	Strategic planning session held on or before 31 March 2024	17-Mar-24	Strategic planning session held on or before 31 March 2025	Strategic planning session held by 30 April 2025	5-8 May 2025		Logistical arrangments to be done early in the year in preparation of the strategic planning session	334,184.00	536,030	Opex-internal	All	Attendance register

3.24.6 KEY PERFORMANCE AREA 6: Cross-Cutting Interventions

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscoa Project ref#	Project name (Mscoa)	Unit of Measure	Indicator	2022/2023			Prior year		Current year					Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE
									Demand	Baseline	Backlog	Annual Target 2023/2024	Actual Annual achievement	Original Annual Target 2024/25	Revised & Final Annual Target 2024/25	Actual Annual achievement	Performance Status	Measures to improve performance					
	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 65	Office of the Municipal Manager	To promote a municipal governance system that enhances and embraces the system of participatory Governance	E5.1	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 2024	97	60 ward community meetings held by 30 June 2025	60 ward community meetings held by 30 June 2025	99					Opex-internal	1 to 15	Attendance Register and minutes
Org 66	Planning & Development & LED	To promote a municipal governance system that enhances and embraces the system of participatory Governance	E5.2	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 2024	85.43%	70% or > IDP credibility score achieved for the IDP assessment by Cogta by 30 June 2025	70% or > IDP credibility score achieved for the IDP assessment by Cogta by 30 June 2025	79.74%			920,442.49	1,200,616	OPEX-Own funding	All	IDP / Mng Planning & Housing
Org 67	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 DDM meetings attended	1	4 DDM meetings attended by 30 June 2025	4 DDM meetings attended by 30 June 2025	2		To develop schedule of meeting and follow it			Opex-internal	All	attendance register
Org 68	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 assesment conducted by 30 June 2024	18-Jun-24	Annual risk assesment conducted by 30 June 2025	Annual risk assesment conducted by 30 June 2025	21-27 May 2025					Opex-internal	All	Attendance register

Score card Ref #	Responsible Department	IDP Objectives	IDP REF No.	Strategy	Mscoa Project ref#	Project name (Mscoa)	Unit of Measure	Indicator	2022/2023			Prior year		Current year					Final Revised Budget for the Year	Actual Budget Spent	Source of Funding	Ward	POE
									Demand	Baseline	Backlog	Annual Target 2023/2024	Actual Annual achievement	Original Annual Target 2024/25	Revised & Final Annual Target 2024/25	Actual Annual achievement	Performance Status	Measures to improve performance					
	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 OUTCOME																						
	BACK TO BASICS: PILLAR 2 - DELIVERY BASIC SERVICES																						
Org 69	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 2024	4	4 Waste and Environmental Management Operations / Awareness by 30 June 2025	4 Waste and Environmental Management Operations / Awareness by 30 June 2025	4					Opex-internal	All	Attendance Register/Report and Photos
Org 70	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 2024	Nil	Date Environmental Management By-law adopted by Council on or before 30 June 2025	Date Environmental Management By-law adopted by Council on or before 30 June 2025	Nil		To engage Dept of EDTEA for assistance with the by-law			Opex-internal	All	IDP / Mng Planning & Housing
Org 71	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.		Environmental strategy	Date	Date Environmental Strategy is finalised and presented to Portfolio Committed							Environmental Strategy is finalised and presented to Portfolio Committed on or before 30 June 2025	Nil		To develop and present strategy with assistance from KZN EDTEA			Opex-internal	All	Council Resolution & approved Environmental strategy
Org 72	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 Ermegency 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 2024	69	40 fire and rescue inspections conducted in buildings by 30 June 2025	50 fire and rescue inspections conducted in buildings by 30 June 2025	52					Opex-internal	All	Reports
Org 73	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 2024	21-May-24	SDF adopted by Council by 30 June 2025	SDF adopted by Council by 30 June 2025	27-May-25			300,000.00	282,100.00	Opex-internal	All	Council Resolution & approved SDF
Org 74	Planning & Development & LED	Implementation of SPLUMA	F4.4	Ensure effective GIS system.		GIS Strategy	Date	Date GIS Strategy is finalised and presented to Portfolio Committed	30-Jun	-	30-Jun				GIS Strategy is finalised and presented to Portfolio Committed on or before 30 June 2025	31-Mar-25			299,650.00	299,650.00	Opex-internal	All	Council Resolution & approved GIS strategy

CHAPTER FOUR

Organisational Development (Performance Report Part 2)

CHAPTER 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

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

The Corporate Services of the uPhongolo Municipality consists of different units including Human Capital management and these are 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 centre 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.

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 74: Employee Totals, Turnover and Vacancies

DESCRIPTION	APPROVED POST NO	EMPLOYEES NO	VACANCIES NO
Office of the Municipal Manager	27	20	7
Corporate Services	77	55	22
Planning, LED and Housing	18	10	8
Community Services	217	138	79
Technical Services	75	54	21
Budget and Treasury	36	29	7
Totals	450	306	144

Vacancy Rate: The posts for the 2024/2025 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 75: Number of Filled Positions per Functional Level

DESIGNATION	TOTAL APPROVED POSTS NO	VACANCIES (TOTAL TIME THAT VACANCIES EXIST USING FULLTIME EQUIVALENTS	VACANCIES (AS A PROPORTION OF TOTAL POSTS IN EACHE CATEGORY %
MUNICIPAL MANAGER	1	0	0
CFO	1	0	0
OTHER S56 MANAGERS (EXCLUDING FINANCE POSTS)	4	0	0
TOTAL	6	0	0

Turnover Rate: Strategies are in place to improve work performance and reduce turnover. Municipal staff turnover is reflected on the table below.

Overall Comment: During the financial 24/25 the institution had been able to fill all the critical position.

Table 76: Turnover Rate

DETAILS	TOTAL APPOINTMENT (PERMANENT AS OF BEGINNING OF FINANCIAL YEAR	TERMINATUINS DURING THE FINANCIAL YEAR
YEAR 2024/2025	306	PERMANENT – 08
		TEMPORAL - 05

Turnover Rate: The turnover rate is 2.6% for permanent employees.. 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(I) (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 2024/2025 financial year.

4.2 MUNICIPAL POLICIES AND BY-LAWS

A total of 29 policies related to the Institutional Transformation KPA were developed and reviewed. These Policies were approved by Council by 30 June 2024 for implementation in 2024/25. All policy within Financial Viability are required to be approved together with the Budget for the year. All such policies were therefore approved with the budget by 30 June 2024 for implementation in 24/25.

During the year under review, all the different Directorates reviewed their affected Policies.

Table 77: 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 2024/2025.
Table 78: HR Policies and Plans

NAME OF POLICY	DATE ADOPTED BY COUNCIL
1. RECRUITMENT AND SELECTION POLICY	10-Jun-24
2. SUBSISTENCE AND TRAVELLING POLICY	10-Jun-24
3. ACTING ON HIGHER POSITION POLICY	10-Jun-24
4. DRESS CODE POLICY	10-Jun-24
5. LEAVE AND ATTENDANCE POLICY	10-Jun-24
6. EXIT MANAGEMENT POLICY	10-Jun-24
7. REMUNERATION POLICY	10-Jun-24
8. PERFORMANCE MANAGEMENT POLICY	10-Jun-24
9. OCCUPATIONAL HEALTH AND SAFETY POLICY	10-Jun-24
10. EMPLOYEE WELNESS POLICY	10-Jun-24
11. FLEET MANAGEMENT POLICY	10-Jun-24
12. OVERTIME POLICY	10-Jun-24
13. SUBSTANCE ABUSE POLICY	10-Jun-24
14. TRAINING AND DEVELOMENT POLICY	10-Jun-24
15. EXTERNAL FINANCIAL ASSISTANCE POLICY	10-Jun-24
16. INTERNAL FINANCIAL ASSISTANCE POLICY	10-Jun-24
17. SCHEDULE 2 CODE OF CONDUCT POLICY	10-Jun-24
18. RETENTION POLICY	10-Jun-24
19. SEXUAL HARASSMENT POLICY	10-Jun-24
20. SCARCE SKILLS POLICY	10-Jun-24
21. SUCCESSION PLANNING POLICY	10-Jun-24
22. WORK RELATED FUNCTION POLICY	10 JUNE 2024

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 79: Injuries, Sickness and Suspensions

Type of Injury	Injury Leave Taken Days	Employees using Injury Leave No.	Proportion employees using Sick Leave %	Average Injury Leave per employee Days	Total Estimated Cost 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 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 way 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 80: Number of Days and Cost of Sick Leave

	DAYS OF SICK LEAVE	**NUMBER OF EMPLOYEES**	**ESTIMATED COST**
LOWER SKILLED (LEVELS 4-6	244	17	SICK LEAVE REPORT IS ATTACHED WITH FIGURES
HIGHLY SKILLED PRODUCTION (LEVELS 7-9)	148	23	
HIGHLY SKILLED SUPERVISION (LEVELS 10-13)	453	39	
MIDDLE MANAGEMENT (LEVELS 14 – 17)	132	18	
MM AND S57	8	3	
TOTAL	985	100	

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 81: Number and Period of Suspensions

POSITISION	**NATURE OF ALLEGED MISCONDUCT**	**DATE OF SUSPENSION**	**DETAILS OF DESCLIPLINARY ACTION TAKEN, OR STATUS OF CASE AND REASONS WHY NOT FINALISED**	**DATE FINALISED**
Municipal Manager	Misconduct	11-Apr-25	The case is handled by Independent Investigator appointed by the Municipality.	The case is currently ongoing

Comment: There were no Suspensions that took place during the period under review

The Municipal Manager was suspended on the 11 of April 2025 and the case refer or handled by the independent investigator.

Table 82: Disciplinary Action Taken on Cases of Financial Misconduct

POSITION	NATURE OF ALLEGED MISCONDUCT AND RAND VALUE OF ANY LOSS TO THE MUNICIPALITY	DISCIPLINARY ACTION TAKEN	DATE FINALISED
Nil			

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 2024/25.

4.4 PERFORMANCE REWARDS

Table 83: 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 2024/25 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 2024/25 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 beneficiation 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 84: Progress Report on Financial Competency Development in uPhongolo Municipality

Skills Matrix														
Management level	**Gender**	**Employees in post as at 30 June Year 0**	**Number of skilled employees required and actual as at 30 June 2025**											
			Learnerships			**Skills programmes & other short courses**			**Other forms of training**			**Total**		
		No.	**Actual: End of Year -1**	**Actual: End of Year 0**	**Year 0 Target**	**Actual: End of Year -1**	**Actual: End of Year 0**	**Year 0 Target**	**Actual: End of Year -1**	**Actual: End of Year 0**	**Year 0 Target**	**Actual: End of Year -1**	**Actual: End of Year 0**	**Year 0 Target**
MM and s57	Female		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)**														*T 4.5.1*

Table 85: Financial Competency Development for 2024/25

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**

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

Table 86: 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 2024/2025**							
			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				R65 000					
	Male									
Legislators, senior officials and managers	Female				R182 000					
	Male									
Professionals	Female	5			R143 000	R120 045				
	Male	10								
Technicians and associate professionals	Female	8								
	Male	6			R156 000					
Clerks	Female				R117 000					
	Male									
Service and sales workers	Female	5			R312 000	R259 999				
	Male	16								
Plant and machine operators and assemblers	Female	8			R195 000	R99 705				
	Male	33								
Elementary	Female				R130 000					

occupations	Male									
Sub total	Female									
	Male									
Total		0	0	0	R 1 300 000	0				
***% and *R value of municipal salaries (original budget) allocated for workplace skills plan.**									**%***	*R

Table 87 : Training Received During 2024/2025 Financial Year and Development Expenditure

Training	Number of People Trained		Amount
	Females	**Males**	
Mid-Management/Professionals: Excel Training	5	10	R120 045.00
Skilled Technicians/Junior :Public Finance and Municipal Administration	8	6	R440 0000
Skilled Technicians/Junior : Fire-arm Training	5	16	R259 999.00
Semi-skilled: First-aid Level 2	8	33	R99 705.00
TOTAL			

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 2025

No	Activity	Date
Nil	**Nil**	

Table 88: 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 (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	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 89: 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 90: 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

CHAPTER 5

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

5.1. FINANCIAL PERFORMANCE:

Table 91: 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	67 024 253	83 208 885	83 581 968	373 083	**100.45**
Agency Services	1 283 549	**1 283 549**	1 351 361	67 812	**105.28**
Interest earned from receivables	2 242 189	**2 242 189**	1 082 446	**(1 159 743)**	**48.28**
Interests earned: current assets	4 566 948	**4 952 916**	4 461 911	**(491 005)**	**90.09**
Licences and permits	1 779 639	**1 779 639**	1 738 183	**(41 456)**	**97.67**
Rental of facilities and equipment	728 998	**728 998**	571 501	**(157 497)**	**78.4**
Operational revenue	4 204 599	**4 278 798**	8 275 344	**3 996 546**	**193.4**
Construction contract revenue	4 474 000	**48 883 027**	39 751 839	**(9 131 188**	**81.32**
Fair Value Adjustments	-	**-**	2 917 000	**2 917 000**	**100**
Total revenue from exchange transactions	**86 304 175**	**147 358 001**	**143 731 553**	**(3 626 448)**	**97.54**
Taxation revenue					
Property Rates	48 254 922	48 254 922	48 208 408	**(46 514)**	**99.9**
Traffic fines	1 721 859	1 721 859	6 106 506	**4 384 647**	**354.65**
Government grants & subsidies	259 238 998	**263 944 998**	263 944 333	**-665**	**100**
Total revenue from non-exchange transactions	**309 215 779**	**313 921 779**	**318 259 247**	**4 337 468**	**101.38**
Contributions from reserves					
Total revenue	**395 519 954**	**461 279 780**	**461 990 800**	**711 020**	**100.15**

Description	**Original Budget**	**Final Budget**	**Actual Income & Expenditure**	**Variance**	**Actual Income As % Of Final Budget**
Description	Original Budget	Final Budget	Actual Income & Expenditure	Variance	**Actual Income As % Of Final Budget**
Expenditure					
Employee related costs	(145 244 163)	(144 536 590)	(144 600 745)	**(64 155)**	**100.04**
Remuneration of councillors	(12 231 252)	(12 668 381)	(11 592 749)	**1 075 632**	**91.51**
Bulk purchases	(47 068 202)	(48 005 559)	(55 233 237)	**(7 227 678)**	**115.06**
Inventory consumed	(17 822 662)	(25 365 242)	(29 585 831)	**(4 220 589)**	**116.64**
Debt Impairment	(5 859 647)	(5 859 647)	(13 551 151)	**(7 691 504)**	**231.26**
Depreciation and amortization	(26 005 614)	(26 005 614)	(35 151 595)	**(9 145 981)**	**135.17**
Finance costs	(1 630 850)	(1 630 850)	(2 481 341)	**(850 491)**	**152.15**
Operating lease	(2 270 451)	(3 722 819)	(4 981 386)	**(1 258 567)**	**133.81**
Contracted services	(29 742 368)	(39 140 140)	(33 213 579)	**5 926 561**	**82.66**
Debtors written-off	-	-	(5 398 382)	**(5 398 382)**	**100**
Operational Cost	(38 415 058)	(40 797 076)	(52 930 576)	**(12 133 500)**	**122.65**
Construction contract	(3 890 435)	(48 416 592)	(39 751 839)	**8 664 753**	**82.1**
Actuarial gains/(losses)	-	-	(929 870)	**(929 870)**	**100**
Gains/(losses) on disposal of capital assets	-	-	(1 223 252)	**(1 223 252)**	**100**
Total Expenditure	**(330 180 702)**	(396 148 510)	**(430 625 533)**	**(34 477 023)**	**107.76**
Surplus/(Deficit) before tax	**65 339 252**	73 294 677	31 365 267	**(41 929 410)**	**47.91**
Surplus for the financial year	**65 339 252**	73 294 677	31 365 267	**(41 929 410)**	**47.91**

5.2 GRANT PERFORMANCE

Table 92: Grant Performance					
Grant name	2023/2024	2024/2025			Variance of Final
		Original budget	Adjustment budget	Actual	Spent %
NATIONAL	**230 414 000**	**244 372 800**	**237 864 000**	**237 864 00**	**100**
Equitable Share	182 291 000	192 178 000	192 178 000	192 178 000	100
Municipal Infrastructure Grant	30 954 000	42 730 800	40 696 000	40 696 000	100
Integrated National Electrification Programme	3 240 000	4 474 000	3 576 000	3 576 000	100
Finance Management Grant	3 000 000	3 000 000	3 000 000	3 000 000	100
Expanded Public Works Programme Grant	2 169 000	1 990 000	1 990 000	1 990 000	100
Municipal Emergency Housing Grant	0	0	0	0	0
PROVINCIAL	**10 150 305**	**13 375 000**	**26 080 333**	**26 080 333**	**100**
Human Settlement-Housing Grant	0	0	0	0	0
Community Libraries Grant	508 000	531 000	531 000	531 000	100
Provincialization of Libraries Grant	1 964 000	2 050 000	2 050 000	2 050 000	100
Integrated Economic Development Plan	275 508	0	0	0	100
Koppie-Allen Guesthouse	0	0	0	0	0
Belgrade Fitness Centre	7 402 797	10 794 000	23 499 333	23 499 333	100
Sub Rant Facility Grant	0	0	3 417	0	0
	231 080 305	**257 747 800**	**263 947 750**	**263 944 333**	**99.99**

5.3 ASSET MANAGEMENT

Table :93	2023/2024	2024/2025			Variance
		Original Budget	Adjustment Budget	Actual	Spent %
Repairs and maintenance expenditure	(22 198 672)	(17 822 662)	**(25 365 242)**	(29 585 831)	116.64

5.4 FINANCIAL RATIOS FOR 2024/2025

Asset Management: The capital expenditure to total expenditure ratio was 17.65%. The norm for this ratio ranges between 10%-20%. Although the ratio was above 10% and 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.

Table94 : Asset Register as at 30 June 2025

Details	Carrying Amount –	Carrying Amount –	% Change
	30-Jun-2025	30-Jun-2024	
Land	71 359 065	71 359 065	0.00
Buildings	191 493 384	154 576 267	23.88
Infrastructure	112 113 365	107 396 987	4.39
Solid Waste	3 125 406	4 439 945	-14.56
Other PPE	21 562 191	22 762 078	-5.27
Total PPE	400 321 600	360 534 342	11.04

The table above indicates that the asset value per asset register decreased by 11.04% between 01 July 2024 and 30 June 2025. The largest growth was in buildings, which had a 23.88% increase. The second largest growth was in infrastructure, with an increase of 4.39%.

The repairs and Maintenance ratio was 6.18%. This ratio was below the norm, which is 8% and is an indication that sufficient monies are not being spent on repairs and maintenance to the extent that it could decrease impairment of useful assets.

The municipality ensured that all previous year fixed asset errors were addressed with the assistance of EAMS Trading, which was appointed to compile the 2024/25 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 2024/25 capital expenditure, and WIP completed during the 2024/25 financial year;
- Unbundling of infrastructure assets acquired (WIP completed) as required by GRAP17;
- Review of remaining useful lives (RUL) of infrastructure and movable 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 82.16% and below the norm of 95%. This ratio indicates the collection rate, which is the level of payment by debtors. This indicates that the municipality's revenue collection requires urgent attention, and corrective measures should be implemented.

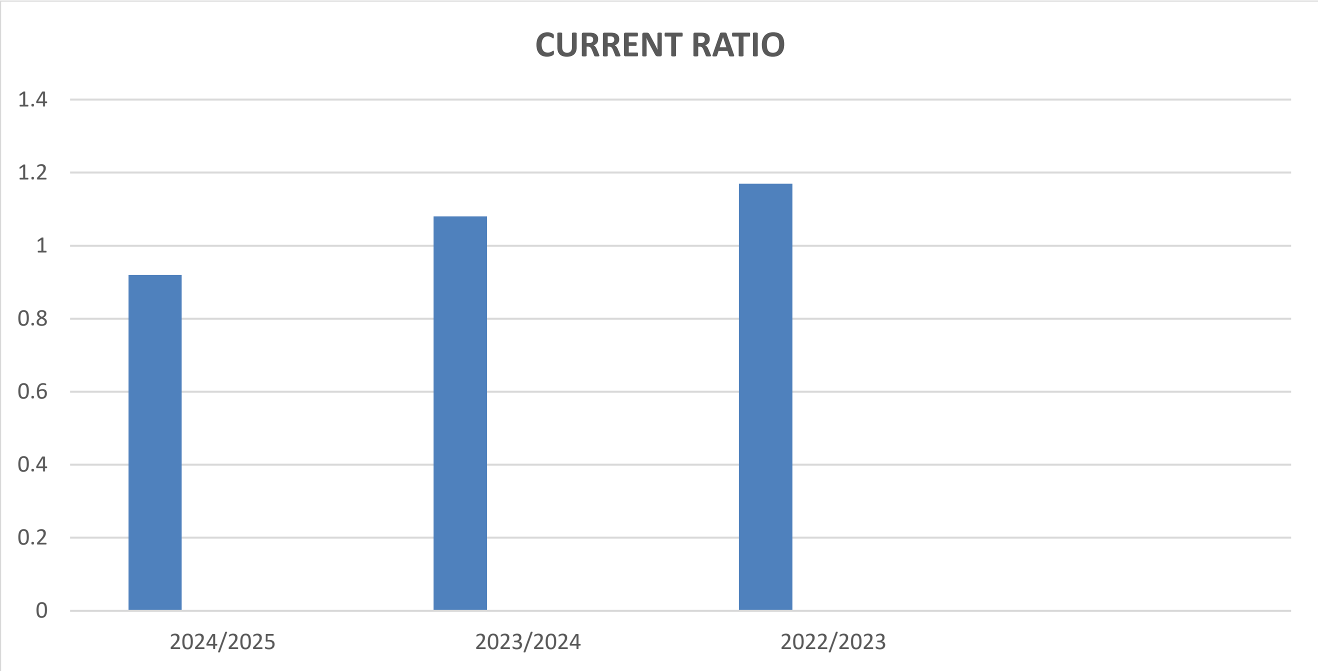
Liquidity Management: The cash /cost coverage ratio indicated the municipality's ability to meet its monthly fixed operational commitments from cash and short-term investments without collecting additional revenue during the month. Our ratio was 1 month, and the norm is 1- 3 months.

The Current Ratio was used to assess the municipality's ability to pay back its short-term liabilities with its short-term assets, which are cash, inventory, and receivables.

FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

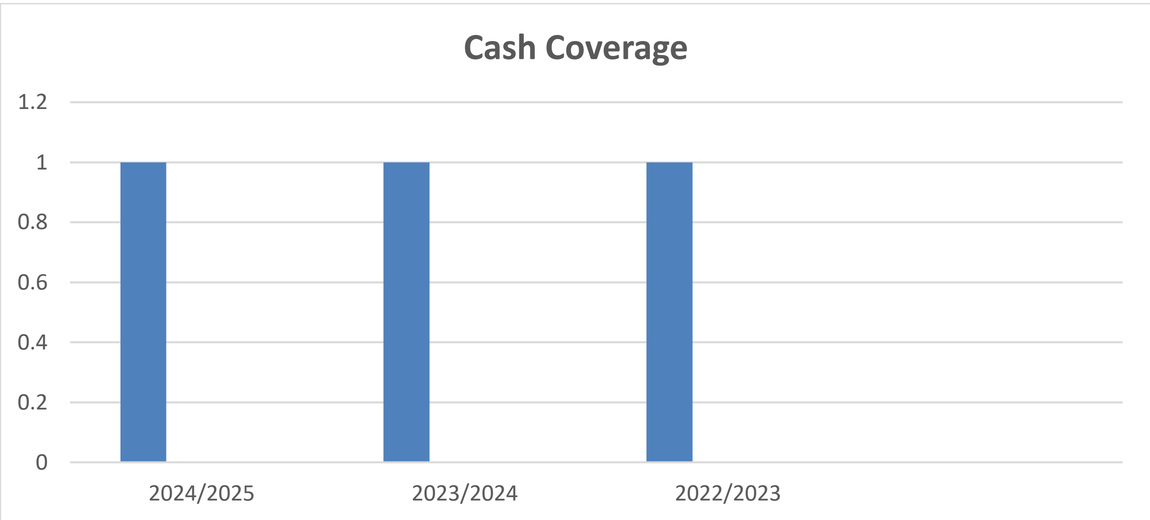
LIQUIDITY RATIO

Figure: Current Ratio



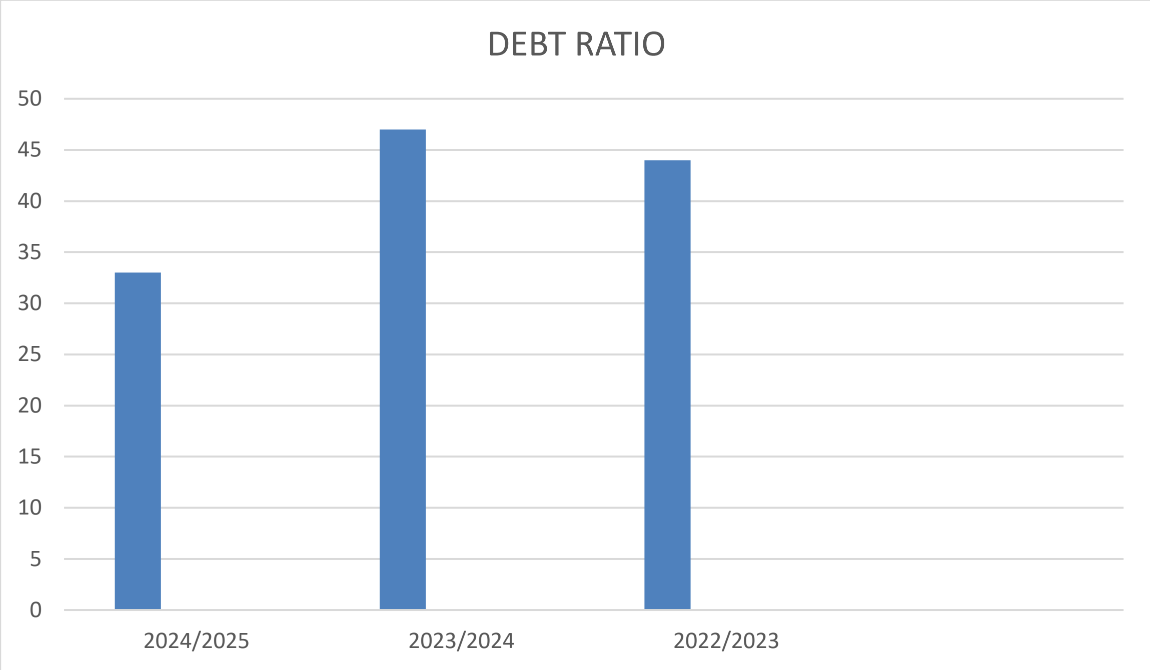
The cash position was achieved with the current ratio of 0.92:1, while it was 1.08:1 in 2023/24, and 1.71:1 in 2022/23. The municipality was still facing a poor collection of debtors, which resulted in a huge (5.4 million) impairment of debtors. However, the municipality is in a position to operate for the foreseeable future.

Figure: Cost Coverage Ratio



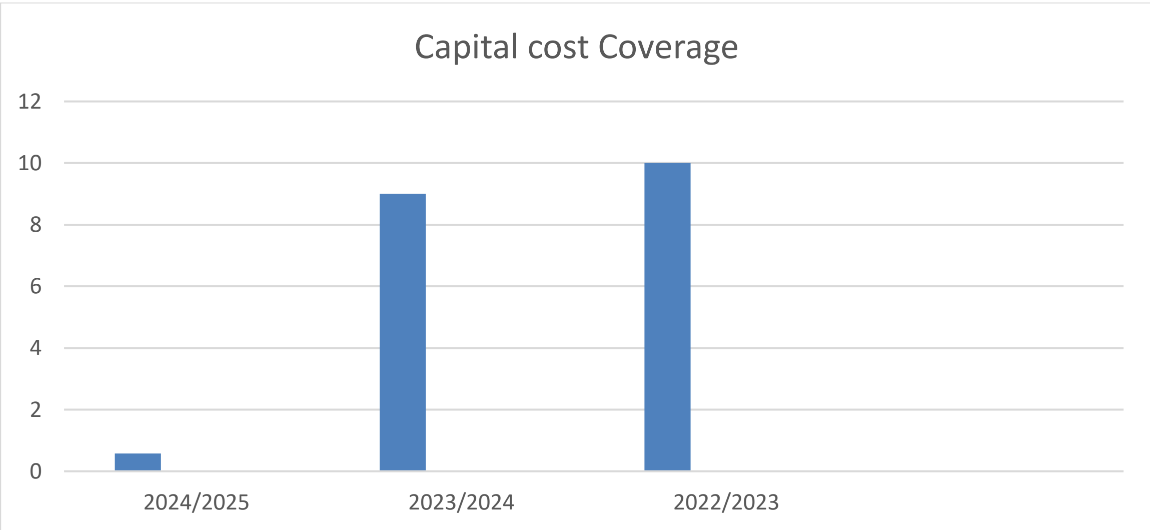
The cost coverage ratio for the year was 1 month in 2024/2025, 1 month in 2023/24, and 1 month in 2022/23. The norm for the cash/ cost coverage ratio is 1-3 months. The municipality was still facing cash flow issues due to the slow collection of municipal services.

Figure: Debt Ratio



The debt ratio (to revenue) was at 33% in 2024/2025, while it was 47% in 2023/2024 and 44% in 2022/23. Management applied and influenced sound financial and good governance principles. The norm for the cash/ cost coverage ratio is 45% or less.

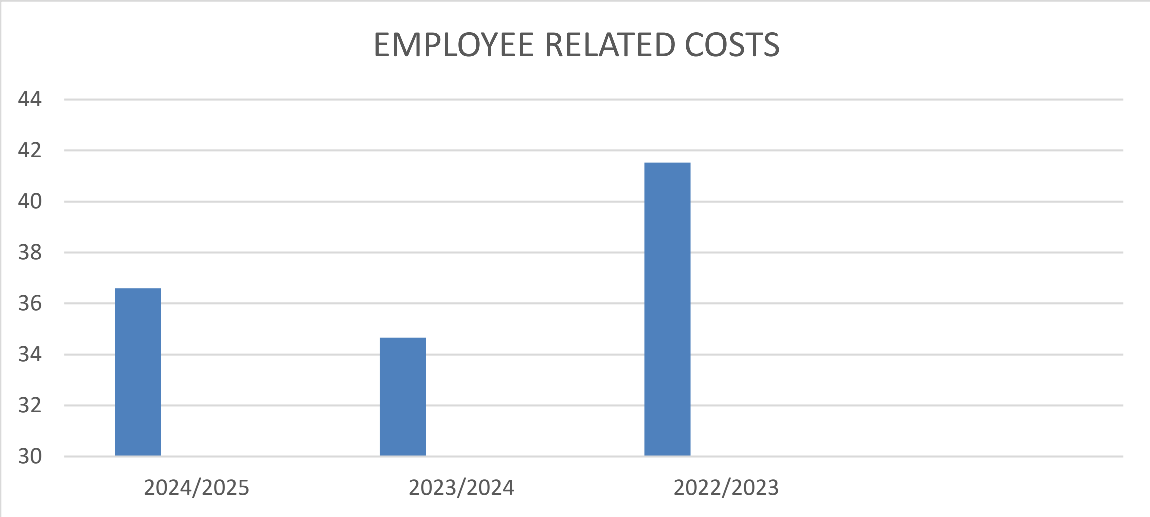
Figure: Capital Cost



The capital cost coverage ratio was at 0.58% for 2024/2025, while at 9% in 2023/2024, and at 10% in 2022/2023. The norm for the capital cost ratio is 6%-8%. The municipality properly maintained the financial charges by ensuring timely payment of creditors to avoid penalties for late payment.

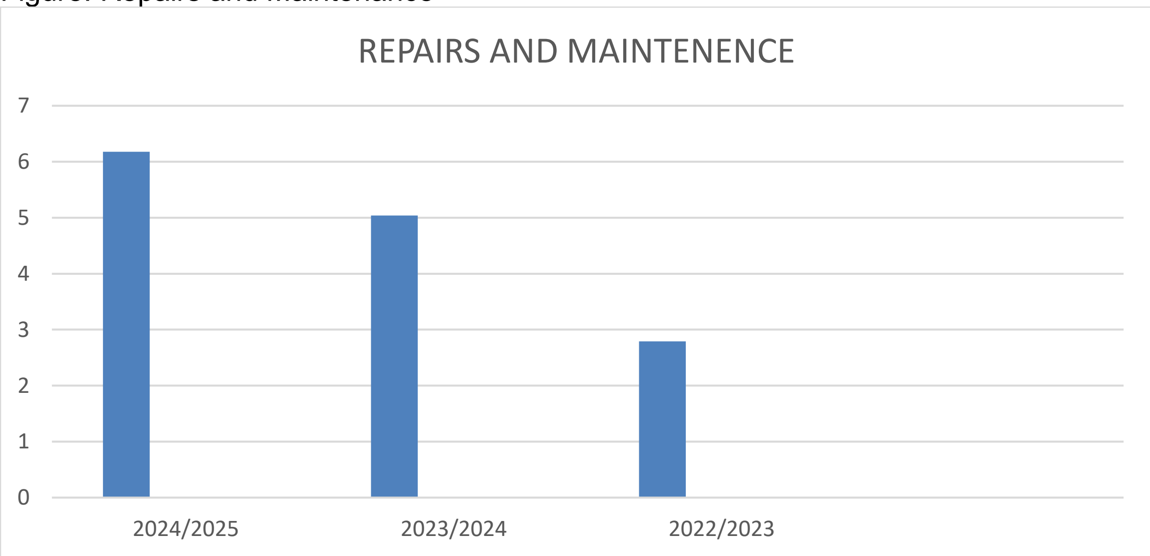
EXPENDITURE MANAGEMENT

Figure: Employee Related Costs



The employee-related cost is at 36.59% for 2024/2025, compared to 34.66% in 2023/2024 and 41.53% in 2022/2023. The norm for the employee-related cost ratio is 25% to 40% of the total operational expenditure. The municipality did properly maintain the staff costs in the 2024/25 financial year, as it was within the norm.

Figure: Repairs and Maintenance



The repairs and maintenance ratio is sitting at 6.18% in 2024/2025, 5.04% in 2023/2024, and 2.79% in 2022/2023. The norm for the repair and maintenance ratio is 6%-8% of the total net carrying amount of the PPE plus Investment Property. The municipality is properly maintaining its assets in the 2024/25 financial year.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

During the 2024/2025 financial year, the capital expenditure was 94.31% of the Capital budget. 78.09% was grant-funded, and 21.91% was funded by internal funds. Capital grants were received from the Municipal Infrastructure Grant (MIG) and the Department of Sports and Recreation. Some capital projects were new, such as roads, community centers, and Sports fields, and were funded by MIG.

CAPITAL EXPENDITURE

About 94.31% of the capital budget was spent during the year under review. Measures and mechanisms have been implemented to address this matter going forward.

SOURCES OF FINANCE

Most of the capital projects are financed with the grants received from MIG and the Sport grant. The total capital grants received amounted to R62.2 million. Funding for the Plant and motor vehicles is from financial institutions in the form of loans/installation sale agreements. There are no outstanding loans as at 30 June 2025.

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 95: Service Backlogs as at 30 June 2025

	Service level above minimum standard		Service level below the minimum standard	
	No of Households	% Households	No of 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 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 96: Projects Planned for the Next Three Years

ITEM DESCRIPTION	APPROVED FINAL BUDGET 2025/26	ESTIMATED BUDGET 2026/27	ESTIMATED BUDGET 2027/28
Infrastructure Assets	**45 749 217.39**	**47 990 391.30**	**47 990 391.30**
Rehabilitation of Klassie Havenga & Hans Strydom Street in Ward 11	4 250 677.37	-	-
Construction of Mgura access road in Ward 9	763 537.36	-	-
Upgrade of Hhanafu sports facility in Ward 6	9 521 739.14	-	-
Construction of Kwashoba Community Hall in Ward 15	529 556.85	-	-
Resurfacing of Ncotshane Road in ward 2	2 001 476.85	-	-
Construction of Itshelejuba Community Hall in Ward 12	5 629 273.05	-	-
Construction of Esinqeni Community Hall in Ward 3	523 071.62		
Construction of Extension 7 Road in Ward 11	4 049 646.33		
Construction of Access Road in Ward 7	539 174.97		
Construction of Access Road in Ward 13	549 759.50		
Construction of Belgrade Fitness Centre	17 391 304.35	17 391 304.35	17 391 304.35
MIG Various Projects	-	30 599 086.96	31 898 521.74
Public Safety	**1 350 000.00**	-	-
Traffic Back Office	1 000 000.00	-	-
Conversion of Fortuner to a Disaster Vehicle	150 000.00		
Firearms, Ammunition, and Bulletproof	200 000.00		
Community Services	**1 615 217.39**	**1 304 437.83**	-
Community Halls Chairs	50 000.00	-	-
Fencing of the old Cemetery	695 625.17		
New Cemetery Ncotshane	869 565.22	1 304 437.83	
Corporate Services	**3 626 189.55**	**- 2 663 651.04**	**6 521 739.13**
Desktops and laptops for the advertised posts	258 913.00	270 564.09	-
Replacement of the computers of the existing employees	458 695.65	636 086.95	-
Office Furniture	434 782.61	434 782.61	6 521 739.13
Air Cons	300 000.00	365 000.00	

Partitioning (Steel shelves)	173 913.04		
New Fleet	1 349 885.25	1 565 217.39	
New Server	650 000.00		
Technical Department	**3 413 043.48**	**4 782 608.69**	**8 334 782.60**
Ncotshane Storm Water Drainage	1 065 217.39	2 608 695.65	
Cherry Picker Truck	1 043 478.26		5 217 391.30
Grader	1 304 347.83	2 173 913.04	3 117 391.30
Total Capital Budget	**55 753 487.81**	**56 741 088.86**	**64 146 047.82**

COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS

Table 97: Cash Flow Outcomes

Description	2023/2024	2024/2025		
		Original budget	Adjustment Budget	Actual
Cash flow from operating activities				
Receipts				
Cash receipts from customers and others	108 750 740	112 605 741	117 834 278	118 111 572
Government grants	228 280 667	259 238 998	281 434 585	263 944 333
Interest income	4 543 135	4 566 948	4 952 916	4 461 911
Construction contract revenue	2 817 391	4 474 000	3 576 000	3 109 565
	344 391 933	**380 885 687**	**407 797 779**	**389 627 381**
Payments				
Employee costs	(130 613 194)	(146 512 927)	(145 600 244)	(143 494 066)
Suppliers	(146 641 716)	(150 050 869)	(159 919 038)	(159 919 038)
Interest paid	(13 832)	(258 588)	(258 588)	(2 215)
Construction contract	(2 817 392)	(4 474 000)	(3 576 000)	(3 109 565)
Remuneration of Councillors	(11 397 850)	(12 130 423)	(12 668 381)	(11 592 749)
	(291 380 437)	**(313 426 807)**	**(322 022 251)**	**(318 055 295)**
Net cash flow from operating activities	**53 011 496**	**67 458 880**	**85 775 528**	**71 572 086**
Cash flows from investing activities				
Purchase of property plant and equipment	(36 878 581)	(62 740 199)	(79 102 422)	(76 046 567)
Proceeds from the sale of property plant and equipment	1 213 923	-	-	405 810
Movement in retentions	1 598 643			(867 486)
Net cash flow from investing activities	**(34 066 015)**	**(62 740 199)**	**(79 102 422)**	**(76 508 243)**
Cash flows from financing activities				
Movements in long-term loans	14 298	-	-	54 332
Net cash flows from financing activities	**14 298**	**-**	**-**	**54 332**
Net decrease in cash and cash equivalents	**18 959 779**	**4 718 681**	**6 673 106**	**(4 881 825)**
Cash and cash equivalents and the beginning of the year	5 864 260	3 451 840	3 451 840	24 824 039
Cash and cash equivalents and the end of the year	**24 824 039**	**8 170 521**	**10 124 946**	**19 942 214**

There was a significant decrease of R4.9 million in the cash balance at year-end, which amounted to R19.9 million. This was primarily achieved through the implementation of a comprehensive 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 98: Actual Cash Held as At Year End

The municipality had no loans in the 2024/2025 financial year.

Account Number / Description	Bank Statement Balances	
	30-Jun-25	**30-Jun-24**
First National Bank-62027530858 (Primary Bank Account)	2 739 239	1 008 602
First National Bank-62375342377	-	-
First National Bank-62377992104	-	-
First National Bank-62389585286	-	9 071
First National Bank-62389586507	20	20
First National Bank-62404561377	-	-
First National Bank-62404287345	-	3 578 977
First National Bank-62658357001	1 028	4 428
First National Bank-62305239718	180 085	117 057
First National Bank-74275780911	5 267 590	27 502
First National Bank-62596797559	-	7 052
First National Bank-62253771896	3 156 942	-
First National Bank-62230436405	8 582 702	20 069 340
Cash on hand	1 117	1 716
Receipt recognized but not yet reflecting on the B/S	13 491	274
Total	**19 942 214**	**24 824 039**

The actual cash held at year-end was R19.9 million in the 2024/25 financial year, representing a decrease of R4.9 million compared to the actual cash held at year-end of R24.8 million in the 2023/24 financial year.

PUBLIC-PRIVATE PARTNERSHIPS: The Municipality does not have any Public-Private Partnership agreements in place.

COMPONENT D: OTHER FINANCIAL MATTERS

SUPPLY CHAIN MANAGEMENT

The municipality has a fully functioning SCM Unit, which is under the management of the CFO. The unit has 5 officials. All the SCM Committees have been established and are functioning properly in the implementation of the SCM.

GRAP COMPLIANCE

The municipality has fully implemented the Standards of Generally Recognised Accounting Practice (GRAP) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB), and has not deviated from any of these standards. The municipality appointed EAMS Trading for assistance with the asset register to ensure that it complies 100% with GRAP requirements for this financial year.

	Year 2023/2024	Current: Year 2024/2025		
Vote Description	Actual	Original Budget	Adjusted Budget	Actual
Executive & Council	17 933 827.00	17 086 329.00	19 927 131.00	19 957 847.00
Municipal Manager	20 272 150.00	19 317 009.00	22 528 688.00	22 563 414.00
Budget and Treasury	100 163 432.00	95 430 014.00	111 296 372.00	111 467 925.00
Property Services	11 347 124.00	10 810 894.00	12 608 332.00	12 627 766.00
Corporate Services	27 963 068.00	26 641 619.00	31 071 100.00	31 118 993.00
Community & Social Services	15 931 536.00	15 178 660.00	17 702 290.00	17 729 577.00
Housing	-	-	-	-
Sport & Recreation	10 330 629.00	9 842 435.00	11 478 855.00	11 496 548.00
Public Safety	45 941 731.00	43 770 665.00	51 048 051.00	51 126 736.55
Planning & Development	68 487 134.00	65 250 641.00	76 099 324.00	76 216 624.00
Road Transport	26 597 878.00	25 340 942.00	29 554 171.00	29 599 726.00
Electricity	55 069 150.00	52 466 750.00	61 189 962.00	61 284 281.00
Waste Management	13 010 605.00	12 395 764.00	14 456 705.00	14 478 988.00
Other	2 086 850.00	1 988 232.00	2 318 799.00	2 322 373.00
Total Revenue by Vote	415 138 113.00	395 519 954.00	461 279 780.00	461 990 880.00
Property rates	48 135 202.00	48 254 922.00	48 254 922.00	48 208 408.00
Service Charges - electricity revenue	53 395 362.00	55 513 249.00	70 697 883.00	71 577 441.00
Service Charges - refuse revenue	11 398 421	11 511 003.00	12 511 003.00	12 004 527.00
Rentals of facilities and equipment	517 004.00	728 998.00	728 998.00	571 501.00

Interest earned - external investments	4 543 135.00	4 566 948.00	4 952 916.00	4 461 911.00
Interest earned - outstanding debtors	946 050.00	2 242 189.00	2 242 189.00	1 082 446.00
Fines	1 550 400.00	1 721 859.00	1 721 859.00	6 106 506.00
Licences and permits	1 656 154.00	1 779 639.00	1 779 639.00	1 738 183.00
Agency services	1 134 948.00	1 283 549.00	1 283 549.00	1 351 361.00
Transfers recognised - operational	228 564 305.00	259 238 998.00	263 944 998.00	263 944 333.00
Other revenue	9 038 040	4 204 559.00	4 278 798.00	8 275 344.00
Construction contract	43 076 657.00	4 474 000.00	48 883 027.00	39 751 839.00
Gain on disposal	493 433.00	-	-	-
Fair value adjustment	10 689 002.00	-	-	2 917 000.00
Total Revenue (excluding capital transfers and contributions)	**415 138 113.00**	**395 519 913.00**	**461 279 731.00**	**461 990 800.00**

AUDITOR'S REPORT

uPhongolo Local Municipality

2024-25

Date: 30 November 2025

5.5 AUDITOR GENERAL REPORT 24/25FY

Report of the auditor-general to KwaZulu-Natal Provincial Legislature and the council on 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 343 to 418, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cashflow 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 2025 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 2024

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 R144 million (2024-24: R140 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 R172 million (2023-24: R162 million) as recoverability of these debts was doubtful.

Electricity Losses

9. As disclosed in note 34 of the financial statements, electricity distribution losses of 11% (2023-24: 28%) amounting to R4.49 million (2023-24: R11.84 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 51 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2025.

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.

14. In preparing the financial statements, the accounting officer is responsible for assessing the municipalities' 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. This description, which is located at page 275 - 278 of the annexure to the auditor's report, forms part of my 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 programme development priority presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

18. I selected the following development priority presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a development priority that measures the municipalities performance on its primary mandated functions and that is of significant national, community or public interest.

Development priority	Page numbers	Purpose
KPA 2: Basic service delivery and infrastructure	219-220	Provide access to comprehensive basic services and infrastructure

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

20. In performing the audit, my procedures focused on the material indicators relating to human settlements and related infrastructure, as well as electricity and energy and roads.

21. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be

delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information 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 / measures taken to improve performance.

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

23. I did not identify any material findings on the reported performance information for the selected development priority.

Other matter

24. I draw attention to the matters below.

Achievement of planned targets

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

26. 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 218 to 229.

KPA 2: Basic service delivery and infrastructure

Targets achieved: 21% *Budget spent: 73%*		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
Org 16: Number of new consumer units with access to electricity (Eskom area)	73 new consumer units with access to electricity (Eskom area) by 30 June 2025	Nil
Org 17: Number of existing households with access to electricity	26790 Households with access to electricity by 30 June 2025	26717
Org 18: Percentage of household with access to electricity	78%-80% Households with access to electricity by 30 June 2025	78.1%

Targets achieved: 21% *Budget spent: 73%*		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
Org 21: Number of households with access to refuse removal at least once per week	3600 Households with access to refuse removal at least once per week by 30 June 2025	3512
Org 22: % Households with access to refuse removal at lease once per week	10.5% - 11% Households with access to refuse removal at least once per week by 30 June 2025	10.3%
Org 24: Number of Creche constructed and completed	2 Creche constructed and completed by 30 June 2025	1
Org 25: Kms of new gravel roads constructed	2 kms of new gravel roads constructed by 30 June 2025	0.7km
Org 26: Number of sports fields completed	3 sports fields completed by 30 June 2025	2
Org 27: Number of multipurpose sport fields phase 2 completed	1 Multipurpose sports field phase 2 completed by 30 June 2025	Nil (92% progress)
Org 28: Number of phases completed for Belgrade Fitness Centre	Phase 1 & 2 completed for the Belgrade Fitness Centre by 30 June 2025	Completed phase 1 & 2A at 86% progress (2B & 2C not commenced)

Report on compliance with legislation

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

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

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

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

Annual Financial Statements

31. 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 liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure Management

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

33. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R50.14 million, as disclosed in note 55 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.

34. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1.98 million, as disclosed in note 56 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments and MTN payments of untraceable devices.

Other information in the annual report

35. The accounting officer is responsible for the other information included in the annual report. The other information 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.

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

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

38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

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

41. The accounting officer did not exercise adequate oversight responsibility regarding compliance with legislation relating to expenditure management.

42. Senior management did not implement adequate review and monitoring controls to support credible and reliable financial reporting.

Material irregularities

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

Status of previously reported material irregularities

Overpayment to a contractor for Emkhiwaneni sports field project

44. 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.

45. 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.

46. 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.

47. The following actions have been taken in addressing the material irregularity:

- Senior officials implicated in the irregularity were subjected to an internal disciplinary process, initiated in December 2021. Both the municipal manager and chief financial officer resigned before the process could be finalised in March 2022. The municipality subsequently reported the matter to the South African Police Services at the KwaMsane Police Station (CAS 136/10/2025).
- Further investigations identified irregularities in the conduct of the contractor and consultant involved in the project. Civil recovery proceedings were initiated in the Pietermaritzburg High Court, with papers filed under case number 3057/25P in

February 2025, whilst a final demand was issued to the contractor in June 2024. Proceedings for recovery are ongoing, and no payments have been received to date.

- A new municipal manager and chief financial officer have since been appointed, addressing the leadership deficiencies that contributed to the overpayment. There have not been similar instances of overpayment or inadequate project oversight identified in the subsequent audit cycles.

48. This material irregularity is therefore, resolved.

Other reports

49. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

50. The Council appointed an external party to investigate the financial misconduct by the suspended Municipal Manager. At the date of this report the investigation is still in progress.

Pietermaritzburg

Auditor - General

Pietermaritzburg

30 November 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor’s report

The annexure includes the following:

- The auditor-general’s responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor general’s responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause the municipality to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 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)(ii), 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)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)

Legislation	Sections or regulations
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

5.5 Audit Action Plan

Table 100: Audit Action Plan

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Manage ment
1	Audit Report, Par 10	As disclosed in note 51 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2025	Compliance	Financial Statements	CFO/ FM	1. Management will prepare interim financial statements.	1. 30/04/26		
						2. Management will ensure that the annual financial statements are adequately reviewed by management (first level assurance).	2. 14/08/26		
						3. Management will ensure that the annual financial statements are adequately	3. 30/08/26		

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Manage ment
						reviewed by Internal audit unit and audit committee (second level assurance).			
						4. Management to request PT to assist with financial statements review.	4. 31/01/26		
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 R172 million (2023-24: R162 million) as 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.	1. 30/04/26		
						2. Management to request the KZN Cogta intervention on government debt.	2. 30/04/26		

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Manage ment
		As disclosed in note 3 to the financial statements, receivables from exchange transactions were impaired by a total of R144 million (2023-24: R140,4million) as the recoverability of these debts was doubtful.				3. Management to continue with the indigent write-off	3. 30/06/26		
3	Audit Report, Par 9	As disclosed in note 34 of the financial statements, electricity distribution losses of 11% (2023-24: 28%) amounting to R4.49 million (2022-23: R11.84 million) were incurred during the year under review. These losses are due to technical losses	Compliance	1. Electricity Management	Director Technical Services/ CFO / Manager Electricity/ FM	1. Management to monitor smart meter system.	1. 28/02/26		

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Manage ment
		and illegal connections.							
				2. Revenue Management		2. Management to apply for electrical funding to assist with old infrastructure.	2. 28/02/26		
4	Audit Report, Par 32	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.	1. 31/03/26		
						2. Municipality to implement collection incentive to boost cash flow and meet its payments deadlines.	2. 31/03/26		
5	Audit Report, Par 33	Reasonable steps were not taken to prevent unauthorised expenditure amounting to R50.14 million, as disclosed in note 55 to the annual	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.	31/03/26		

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Manage ment
		financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on budget.							
						2. Management will investigate the nature of unauthorised expenditure and develop reasonable consequence management actions.	30/06/26		
6	Audit Report, Par 34	Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1.98 million, as disclosed in note 56 to the annual financial	Compliance	Expenditure Management	MM/ CFO/ FM	1. Management will investigate the nature of the fruitless expenditure and develop reasonable consequence management actions.	1. 30/06/26		

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Manage ment
		statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments and MTN payments of untracable devices							
7	Audit Report, Par 31	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	Compliance	Financial Statements	CFO/FM	1. Management will prepare interim financial statements.	1. 30/04/26		

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Manage ment
		contract, segment information and cash flow statements identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.							
						2. Management will ensure that the annual financial statements are adequately reviewed by management (first level assurance).	2. 14/08/26		
						3. Management will ensure that the annual financial statements are adequately reviewed by	3. 30/08/26		

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Manage ment
						Internal audit unit and audit committee (second level assurance).			
						4. Management to request PT to assist with financial statements review.	4. 30/06/26		
8	MR, Par 75	Verification of qualifications and background checks were not performed prior to the employee appointment	Compliance	HR Management	MM/ Director Corporate/ HR Manager	1.Corporate Services will ensure that verification of qualifications and background checks will done prior commencement of duties.			
9	MR, Par 91	Reasonable steps were not taken to prevent irregular expenditure amounting to R69 000 as disclosed in note 57 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the	Compliance	Supply Chain Management	MM/ CFO/ SCM Manager	1. The SCM processes will be followed in all procurement going forward.	31/01/26		

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Manage ment
		irregular expenditure was caused by noncompliance with supply chain management regulations.							
10	MR, Par 95	Not all irregular expenditure was investigated to determine whether an official should be held liable in contravention of sec 32(2) of the MFMA	Compliance	Consequence Management/ Expenditure Management	MM	1. Management will investigate the nature of the prior year irregular expenditure and develop reasonable consequence management actions.	1. 30/06/26		
11	MR, Par 95	Not all unauthorised expenditure was investigated to determine whether an official should be held liable in contravention of sec 32(2) of the MFMA	Compliance	Consequence Management/ Expenditure Management	MM	1. Management will investigate the nature of the prior year unauthorised expenditure and develop reasonable consequence management actions.	1. 30/06/26		
12	MR, Par 95	Not all fruitless and wasteful expenditure was	Compliance	Consequence Management/ Expend iture	MM	1. Management will investigate the nature of the prior	1. 30/06/26		

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Manage ment
		investigated to determine whether an official should be held liable in contravention of sec 32(2) of the MFMA				year unauthorised expenditure and develop reasonable consequence management actions.			
13	Annexure D	Discrepancies noted with the VAT reconciliation	Compliance	Expenditure Management	CFO/FM/Accountant Revenue/ Accountant Expenditure	1. Municipality to provide training support to responsible officials.	1. 30/11/2025		
						2. VAT recons to be done on monthly bases.	2. 30/04/2026		
14	Annexure D	Councillors in arrears for more than 90 days	Compliance	1. Revenue Management	CFO/FM/Accountant Revenue/	1. Municipality to enter into payment arrangements with the Councillors owing for more than 90 days.	1. 28/02/2026		
15	Annexure D	GRAP checklist	Compliance	Financial Statements	CFO/FM/Accountant Budget, Reporting & AFS	1. Management will prepare interim financial statements.	1. 30/04/26		
						2. Management will ensure that the annual financial statements are adequately	2. 14/08/26		

Item	Reference to audit report / management report	Finding	Audit Area	Component Affected	Person Responsible	Action Plan	Action Date /Completion Date	Status	Manage ment
						reviewed by management (first level assurance).			
						3. Management will ensure that the annual financial statements are adequately reviewed by Internal audit unit and audit committee (second level assurance).	3. 30/08/26		
						4. Management to request PT to assist with financial statements review.	4. 31/01/26		

APPENDICES

Appendix A Councillor, committees' allocation and COUNCILLORS' attendance

APPENDIX -A-: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE			
COUNCILLOR	**GENDER**	**AFFILIATION**	**WARD/PR**
Cllr V R Buthelezi	Male	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 (deceased 12 Jan 2025)	Male	IFP	12
Cllr W N Radede (By-election 2025)	Male	ANC	12
Cllr Fano S Masango	Male	IFP	13
Cllr Mxolisi P Mafuleka	Male	IFP	14
Cllr L S Ntshangase	Male	IFP	15
Cllr J W Buthelezi	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

APPENDIX B1

Councillor Details	30 Aug 2024	07 Nov 2024 (Spcl)	12 Nov 2024 (Spcl)	02 Dec 2024	17 Dec 2024 (Spcl)	15 Jan 2025 (Spcl)	30 Jan 2025	25 Feb 2025	05 Mar 2025 (Spcl)	19 Mar 2025 (Spcl)	28 Mar 2025	17 Apr 2025 (Spcl)	19 May 2025 (Spcl)	27 May 2025	18 June 2025 (Spcl)	30 June 2025
Cllr Kwenzakakufani E Nxumalo	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr Bhekinkosi J Thwala	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr Benson E S Ntshangase	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr Joseph B Ngema	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr Bhaliya R Shongwe	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr Nelisiwe P Van Zuydam	√	√	√	√	√	√	√	√	√	√	√	√	x	√	√	√
Cllr Sbusiso R Mhlongo	√	x	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr Mthatshelwa Mthembu	√	√	√	√	√	√	√	√	√	√	√	x	√	√	√	√
Cllr Cynthia N Mavundla	√	x	√	√	√	√	√	√	√	√	√	x	√	√	√	√
Cllr Ndukisebandla P Mavuso	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr Thembokuhle A Ntshangase	√	√	√	√	√	√	√	√	√	√	√	√	x	√	√	√
Cllr Sipho A Xulu	√	√	√	x	√	√	√	√	√	√	√	√	√	√	√	√
Cllr Zuzile Z Buthelezi	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr Mthokozeni G Ndlangamandla	√	√	√	√	√	DECEASED (12/01/2025)										
Cllr W N Radede												x	x			

Councillor Details	30 Aug 2024	07 Nov 2024 (Spcl)	12 Nov 2024 (Spcl)	02 Dec 2024	17 Dec 2024 (Spcl)	15 Jan 2025 (Spcl)	30 Jan 2025	25 Feb 2025	05 Mar 2025 (Spcl)	19 Mar 2025 (Spcl)	28 Mar 2025	17 Apr 2025 (Spcl)	19 May 2025 (Spcl)	27 May 2025	18 June 2025 (Spcl)	30 June 2025
Cllr Fano S Masango	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr Mxolisi P Mafuleka	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr J W Buthelezi	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr Xolani H Dhlamini	√	x	√	√	√	√	x	√	√	x	√	√	x	√	√	√
Cllr Nkosinathi T Gumbi	√	√	√	√	√	√	√	√	√	x	√	√	x	√	√	√
Cllr Nqompo A Nkosi	√	√	√	√	√	√	√	√	√	√	√	√	x	√	√	x
Cllr Zamokuhle B Motha	√	√	√	√	√	√	√	√	√	√	√	√	x	√	√	√
Cllr Zanele S Khumalo	√	√	√	√	√	√	√	√	√	√	√	√	x	√	√	√
Cllr Nkosingiphile G Ncube	√	√	√	√	√	√	√	√	√	√	√	√	x	√	√	√
Cllr Celiwe M Nxumalo-Sibiya	√	√	√	√	√	√	x	x	√	√	√	√	x	√	√	√
Cllr Mthethephi T Msibi	√	√	√	x	√	√	√	√	√	√	√	√	x	√	x	√
Cllr Sindisiwe V Dlamini-Nkambule	√	√	√	√	√	√	√	√	√	√	√	√	x	√	√	√
Cllr Great L Sibiya	√	√	√	√	√	√	√	√	√	√	√	√	x	√	√	√

APPENDIX B-2

APPENDIX B-2: RECORD OF ATTENDANCE-EXCO MEETINGS FOR 2024/2025																		
Councillor Details	**30 July 2024**	**26 Aug 2024**	**29 Aug 2024 (Spcl)**	**30 Sept 2024**	**30 Oct 2024**	**07 Nov 2024 (Spcl)**	**26 Nov 2025**	**17 Dec 2024 (Spcl)**	**23 Jan 2025**	**28 Jan 2025 (Spcl)**	**30 Jan 2025 (Spcl)**	**19 Feb 2025**	**24 Mar 2025**	**30 Apr 2025**	**19 May 2025**	**22 May 2025**	**17 June 2025**	**24 June 2025**	**TOTAL**
Cllr Bhekinkosi J Thwala	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	18
Cllr Bhaliya R Shongwe	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	x	√	17
Cllr Sbusiso R Mhlongo	√	√	x	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	17
Cllr N P van Zuydam	x	√	√	√	x	√	√	√	√	√	√	√	√	√	x	√	√	√	15
Cllr B E S Ntshangase	[redacted]													√	√	√	√	√	05

APPENDIX B-4

APPENDIX B-4: RECORD OF ATTENDANCE- PLANNING, HOUSING AND LOCAL ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE MEETINGS FOR 2024/2025											
Councillor Details	**17-Jul-24**	**14-Aug-24**	**10-Sept-24**	**22-Oct-24**	**19-Nov-24**	**12-Feb-25**	**17-Mar-25**	**23-Apr-25**	**20-May-25**	**17-Jun-25**	**TOTAL**
											10
Cllr B J Thwala	√	√	√	√	√	√	√	√	√	√	**10**
Cllr M G Ndlangamandla	√	x	x	√	x						**2**
Cllr N P Mavuso	√	√	√	√	√	√	√	√	√	√	**10**
Cllr Z B Motha	√	√	√	√	√	√	√	√	x	√	**9**
Cllr J W Buthelezi	√	√	√	√	√	√	√	√	√	√	**10**
Cllr T A Ntshangase	√	√	√	√	√	√	√	√	x	x	**8**

APPENDIX B-5

APPENDIX B-5: RECORD OF ATTENDANCE- TECHNICAL SERVICES PORTFOLIO COMMITTEE MEETINGS FOR 2024/2025											
Councillor Details	**16 July 2024**	**21 Aug 2024**	**11 Sept 2024**	**22 Oct 2024**	**19 Nov 2024**	**12 Feb 2025**	**11 Mar 2025**	**10 Apr 2025**	**13 May 2025**	**11 June 2025**	**TOTAL 10**
Cllr B J Thwala	√	√	√	√	√	√	√	√	√	√	10
Cllr N P Mavuso	√	√	√	√	√	√	√	x	√	√	09
Cllr F S Masango	x	x	√	x	√	√	√	√	√	x	06
Cllr L S Ntshangase	√	√	√	√	√	√	√	√	√	√	10
Cllr S A Xulu	√	√	√	√	√	√	√	√	√	√	10
Cllr N G Ncube	√	√	√	√	x	√	√	√	√	√	09
Cllr S Mhlongo	√	√	**x**	√	√	√	√	√	√	√	09

APPENDIX B-6

APPENDIX B-6: RECORD OF ATTENDANCE- COMMUNITY SERVICES PORTFOLIO COMMITTEE MEETINGS FOR 2024/2025											
Councillor Details	11 July 2024	20 Aug 2024	20 Sept 2024	16 Oct 2024	21 Nov 2024	13 Feb 2025	18 Mar 2025	16 Apr 2025	20 May 2025	17 June 2025	TOTAL 10
Cllr B R Shongwe	√	√	√	√	√	√	√	x	√	x	08
Cllr C N Mavundla	x	√	x	√	√	√	√	x	√	√	07
Cllr M Mthembu	√	√	√	√	√	√	√	√	√	√	10
Cllr M P Mafuleka	√	x	√	√	√	√	√	√	√	√	09
Cllr N P van Zuydam	√	√	√	√	√	x	x	√	x	x	06
Cllr S V Dlamini-Nkambule	√	√	√	√	√	x	√	√	x	x	07
Cllr N T Gumbi	x	√	x	√	√	x	x	√	√	√	06

APPENDIX B-7

APPENDIX B-7: RECORD OF ATTENDANCE- FINANCE PORTFOLIO COMMITTEE MEETINGS FOR 2024/2025															
Councillor Details	**23 July 2024**	**20 Aug 2024**	**19 Sept 2024**	**22 Oct 2024**	**19 Nov 2024**	**16 Jan 2025**	**17 Feb 2025**	**18 Mar 2025**	**24 Apr 2025**	**19 May 2025**	**18 June 2025**				**TOTAL 11**
Cllr Bhekinkosi J Thwala	√	√	√	√	√	√	√	√	√	√	√				11
Cllr Cynthia N Mavundla	√	√	x	x	√	x	√	√	x	√	√				07
Cllr Z Z Buthelezi	√	√	√	√	x	x	√	x	√	x	√				07
Cllr B E S Ntshangase	√	√	√	√	√	√	√	√	√	√	√				11
Cllr C M Nxumalo-Sibiya	√	x	√	√	x	√	√	√	√	x	√				08
Cllr G L Sibiya	√	√	√	√	√	√	√	√	√	√	√				11
Cllr N A Nkosi	√	√	√	x	√	√	√	√	√	√	√				**10**
Cllr V R Buthelezi	√	√	√	√	√	√	√	√	√	√	√				11

APPENDIX B-8

APPENDIX B-8: RECORD OF ATTENDANCE- MPAC PORTFOLIO COMMITTEE MEETINGS FOR 2024/2025												
Councillor Details	**11-Jul-24**	**29-Aug-24**	**30 Sept 2024 (Spcl)**	**02-Dec-24**	**28-Jan-25**	**24-Feb-25**	**19 Mar 2025 (Spcl)**	**27-Mar-25**	**26-May-25**	**05 June 2025 (Spcl)**	**27-Jun-25**	**TOTAL**
Cllr N T Gumbi	√	√	√	√	X	√	x	x	√	√	x	**7**
Cllr N P Mavuso	x	x	x	√	√	x	√	√	√	√	√	**7**
Cllr J W Buthelezi	√	√	√	√	√	√	√	√	√	√	√	**11**
Cllr M G Ndlangamandla	√	x	x	√	DECEASED (12/01/2025)							**2**
Cllr C N Mavundla	x	x	√	√	√	√	√	√	√	√	x	**7**
Cllr B E S Ntshangase	√	√	√	√	√	√						**6**
Cllr J B Ngema	√	√	√	√	√	√	√	√	√	√	√	**11**
Cllr M P Mafuleka									√	√	√	**3**

APPENDIX B-9

APPENDIX B-9: RECORD OF ATTENDANCE - CORPORATE SERVICES PORTFOLIO COMMITTEE MEETINGS FOR 2024/2025										
Councillor Details	**10 July 2024**	**20 Aug 2024**	**10 Sept 2024**	**09 Oct 2024**	**13 Nov 2024**	**07 Feb 2025**	**11 Mar 2025**	**09 Apr 2025**	**08 May 2025**	**10 June 2025**	**TOTAL 10**
Cllr B J Thwala	√	√	√	√	√	√	√	x	x	x	07
Cllr B E S Ntshangase	√	√	√	x	√	√	√	√	√	√	09
Cllr B R Shongwe	x	√	√	√	X	√	x	x	x	x	04
Cllr Z S Khumalo	X	√	√	√	X	√	√	√	√	√	08
Cllr X H Dhlamini	X	√	X	√	√	√	√	x	x	X	05
Cllr M T Msibi	√	√	X	√	√	√	√	√	√	x	08
Cllr V R Buthelezi	√	**x**	√	**x**	√	√	√	√	√	√	08

APPENDIX C : THIRD TIER ADMINISTRATIVE STRUCTURE

The Municipal Manager heads the administration of uPhongolo Municipality and is assisted by 5 (five) 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:

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 BM Dlamini –Director Planning & LED

APPENDIX D: Functions of Municipality/Entity

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.

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	**Function Applicable to Municipality (Yes / No)***	**Function Applicable to Entity (Yes / No)**
Constitution Schedule 4, Part B functions:		
Air pollution	No	
Building regulations	Yes	
Child care facilities	Yes	
Electricity and gas reticulation	Yes	
Firefighting services	Yes	
Local tourism	Yes	
Municipal airports	Yes	
Municipal planning	Yes	
Municipal health services	No	

Municipal public transport	NO	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Stormwater management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	
Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	Yes	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	No	
Facilities for the accommodation, care and burial of animals	Yes	
Fencing and fences	Yes	
Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	No	
Local amenities	Yes	
Local sport facilities	Yes	
Markets	Yes	
Municipal abattoirs	No	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	Yes	
Pounds	Yes	
Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street lighting	Yes	
Traffic and parking	Yes	
**** If municipality: indicate (yes or No); * If entity: Provide name of entity***		*T D*

APPENDIX E: WARD RPORTING

Ward committees report to the Ward Councillor of the ward who also serves as the Chair of ward the committee. From the ward Councillor, they report to the Public participation Office where they submit monthly ward committee minutes and sector reports (**See Appendix E**) . Summary of issues obtained from the ward committee minutes amd sector reports are tabled and presented by the responsible official to the relevant portfolio committee and escalated to the Full Council for auctioning. Furthermore, summary of issues is shared with the Local Task Team and tabled to the Rapid Response team

Ward Councillors need to conduct at least one community meeting per quarter (**See Appendix E**)

WARD INFORMATION

WARD NO	WARD COUNCILLOR	TRADITIONAL AUTHORITY	WARD INFORMATION
1	Cllr M Mthembu	Inkosi S T Ntshangase Inkosi E M Buthelezi	➢ Mainly rural settlements under traditional leadership. ➢ Communities rely on subsistence farming and social grants. ➢ Key needs: water supply, road maintenance and electricity access
2	Cllr V R Buthelezi	Part of the area under Inkosi L D Ntshangase (Ngedle)as the other is the Township	➢ Semi urban and rural settlements under traditional leadership. ➢ Communities rely on subsistence farming and social grants. ➢ Key needs: water supply, road maintenance and electricity access ➢ Access to Municipal refuse removal
3	Cllr C N Mavundla	INkosi S F Msibi INkosi T K Sibiya	➢ Mainly rural settlements under traditional leadership. ➢ Communities rely on subsistence farming and social grants. ➢ Key needs: water supply, road maintenance and electricity access
4	Cllr B J Thwala	INkosi L D Ntshangase	➢ Predominantly traditional and informal housing areas. ➢ Many households have low-income levels and depend on agriculture. ➢ Development priorities include housing improvement, sanitation and roads
5	Cllr N P Mavuso	Inkosi S Q Ndlangamandla	➢ Predominantly traditional and informal housing areas. ➢ Many households have low-income levels and depend on agriculture. ➢ Development priorities include housing improvement, sanitation and roads

WARD NO	WARD COUNCILLOR	TRADITIONAL AUTHORITY	WARD INFORMATION
6	Cllr X H Dhlamini	INkosi T K Sibiya INkosi S G Mavuso INkosi S F Msibi	➢ Predominantly traditional and informal housing areas. ➢ Many households have low-income levels and depend on agriculture. ➢ Development priorities include housing improvement, sanitation and roads
7	Cllr T A Ntshangase	Inkosi L D Ntshangase	➢ Mixed rural villages and farming areas. Common challenges: ➢ Limited employment opportunities ➢ Infrastructure development ➢ Access to municipal services such as water and waste removal
8	Cllr S A Xulu	Inkosi L D Ntshangase	➢ Mixed rural villages and farming areas. Common challenges: ➢ Limited employment opportunities ➢ Infrastructure development ➢ Access to municipal services such as water and waste removal
9	Cllr B E S Ntshangase	Inkosi LD Ntshangase Inkosi Simelane	➢ Mixed rural villages and farming areas. Common challenges ➢ Limited employment opportunities ➢ Infrastructure development ➢ Access to municipal services such as water and waste removal
10	Cllr K E Nxumalo	Inkosi L D Ntshangase – Mboloba area as other part is Township section A	➢ Larger populations in some settlements and higher demand for housing and basic services. ➢ Many households live in traditional dwellings, showing the need for formal housing projects
11	Cllr Z Z Buthelezi	Inkosi N S Simelane	➢ Larger populations in some settlements and higher demand for housing and basic services. ➢ Ward include urban area which is the town where there are rate payers and the Town with a shopping complex ➢ Many households live in traditional dwellings, showing the need for formal housing projects

WARD NO	WARD COUNCILLOR	TRADITIONAL AUTHORITY	WARD INFORMATION
12	Cllr M G Ndlangamandla (Deceased Cllr W N Radebe elected on the	Inkosi Ndlangamandla Inkosi L D Ntshangase	- Larger populations in some settlements and higher demand for housing and basic services. - Many households live in traditional dwellings, showing the need for formal housing projects - The Itshelejuba Hospital is situated in the ward
13	Cllr F S Masango	Inkosi L D Ntshangase	- Mostly remote rural wards with dispersed settlements. Development priorities include - Road infrastructure - Youth employment programmes - Community facilities such as halls and sports grounds
14	Cllr M P Mafuleka	Inkosi Z Gumbi	- Mostly remote rural wards with dispersed settlements. Development priorities include: - Road infrastructure - Youth employment programmes - Community facilities such as halls and sports grounds
15	Cllr L S Ntshangase	Inkosi N S Simelane Inkosi L D Ntshangase	- Mostly remote rural wards with dispersed settlements. Development priorities include - Road infrastructure - Youth employment programmes - Community facilities such as halls and sports grounds

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APPENDIX F: WARD INFORMATION

No	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 All 4 quarters
1	**CLLR M MTHEMBU**			**Yes**	**12**	**4**	**5**
	SHABANGU	THEMBANI	FAITH BASED				
	NTSHANGASE	SIMO CLEMENT	BUSINESS				
	BUTHELEZI	NJABULO JAN	EDUCATION				
	VACANT						
	NTSHANGASE	NKOSINATHI HENRY	DISABILITY				
	SHONGWE	THOKOZILE SIBONGILE	SENIOR CITIZENS				
	MYENI	KHULEKANI BHEKI	HEALTH&SOC DEV				
	MTHEMBU	FIKILE NONTOBEKO	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				

No	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 All 4 quarters
	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				

No	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 All 4 quarters
	KHANYE	BONGANI FORTUNE	SENIOR CITIZENS				
	SIBIYA	DUMISANI SAMUEL	TRANSPORT				
4	**CLLR B J THWALA**			**Yes**	**12**	**4**	**6**
	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**	**7**

No	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 All 4 quarters
	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				
6	**CLLR X H DHLAMINI**		**YOUTH**	**Yes**	**12**	**4**	**12**
	NHLENGETHWA	SIMISO GIDEON	TRADITIONAL				
	MAVUSO	BONWAYINKOSI BERTAM	TRANSPORT				
	MTSHALI	FANUKWENZA MDUDUZI	WOMEN				

No	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 All 4 quarters
	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**	**4**
	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				

No	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 All 4 quarters
	NTSHANGASE	NKOSINATHI LOVERS	EDUCATION				
	SIKHOSANA	NONTOBEKO SINAH	BUSINESS				
	NKWANYANA	KHANYISILE SIZAKELE	DISABILITY				
8	**CLLR S A XULU**			**Yes**	**12**	**4**	**8**
	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**	**9**

No	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 All 4 quarters
	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				
	SIYAYA	PHETHENI VERONICA	TRADITIONAL				
10	**CLLR K E NXUMALO**			**Yes**	**12**	**4**	**5**
	THWALA	NONHLANHLA	EDUCATION				
	MASUKU	THANGITHUINI	WOMEN				
	MAZIBUKO	PHUMULANE MISUMUZI	TRADITIONAL				
	NXUMALO	SIPHESIHLE	YOUTH				
	MSEZANE	MASHOBA ENOCK	FAITH BASED				

No	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 All 4 quarters
	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**	**4**
	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				
	MAFULEKA	SENZO NELSOM	SENIOR CITIZENS				

No	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 All 4 quarters
12	**CLLR M G NDLANGAMANDLA/ CLLR W N RADEBE**			**Yes**	**12**	**4**	**9**
	MOTHA	NELISIWE SWEETNESS	FAITH BASED				
	MNTUNGWA	MHLOMISENI ROBERT	TRADITIONAL				
	SENGWAYO	MELUSI ISRAEL	TRANSPORT				
	MNDEBELE	NYANISO WANDILE	YOUTH				
	MNTUNGWA	BHEKITHEMBA ROVEL	EDUCATION				
	NDLANGAMANDLA	BHEKINKOSI WELCOME	PHYSCALLY CHALLENGED				
	SIMELANE	MMELI JOHHANNES	BUSINESS				
	SIBIYA	PHIWAYINKOSI MAURREN	WOMEN				
	NTSHANGASE	PERSEVERENCE HLONIPHILE	HEALTH & SOCIAL DEV				
	MSIBI	MNYAMA JEREMIAH	SENIOR CITIZENS				
13	**CLLR F S MASANGO**			**Yes**	**12**	**4**	**5**
	THABETHE	NONTOBEKO PATRICIA	YOUTH				

No	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 All 4 quarters
	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**	**4**
	GUMBI	KHULEKANI	BUSINESS				
	MATHENJWA	MLUNGISI VIKINDUKU	YOUTH				
	MATHENJWA	SIYABONGA MPHO	PHYSICALLY CHALLENGED				
	NKOSI	SIZENI	EDUCATION				
	GUMBI	NKOSINATHI BHEKIZENZO	TRANSPORT				
	NKOSI	MBUZO MANDLENKOSI	TRADITIONAL				

No	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 All 4 quarters
	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**	**12**
	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				

No	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 All 4 quarters
	SIMELANE	SIBONGILE PATIENCE	EDUCATION				
	MALINGA	ZIBONUKULUNGA MARY JANE	WOMEN				

APPENDIX G: REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

Date of Committee	Audit Committee recommendations during Year 2024/2025	Recommendations adopted(Yes/No)
26-Aug-24	Audit Action plan to be made a standing item in all meetings	Yes
	Director Community Services to provide a status update during the next meeting on the implementation of the traffic management system.	Yes
	Audit Committee recommended that the internal audit must conduct a follow-up review on the latest version of the AFS and present the updated report on the next meeting	Yes
	The Committee recommended that the final version of the APR be submitted to Cogta and Internal Audit as well as the narrative report before submission to AG	Yes
	The Audit Committee recommended that the municipality should set targets that they have total control on their implementation	Yes
29-Oct-24	Director Community Services and CFO to provide a status update during the next meeting on the procurement of the traffic management system.	Yes
	The independent Chairperson for the risk Committee to be appointed	No
18-Dec-24	Director Community Services and CFO to provide a status update during the next meeting on the procurement of the traffic management system.	Yes
	The Audit Committee requested to be furnished with the status of appointment in the next Audit Committee meeting	Yes
31-Mar-25	Director Community Services to provide a status update during the next meeting on the procurement of the traffic management system.	Yes
	Mr Mdletshe requested that Mr Mdluli to provide the status on appointment of the Independent Risk Committee Chairperson.	Yes
27/06/2025	Traffic Management System to be a standing item for the next meeting since it has not yet been resolved	Yes
	The Audit Committee recommended that Mr Mdluli should submit the item to MANCO so that they give him a direction in terms of how is he going to source the Chairperson	No
	Audit Committee recommended that the Performance Management issues to be a standing item on the MANCO meetings	Yes
	Audit Committee recommended that Management should consider stamping the invoices when they are being submitted for payments.	No
	The Audit Committee suggested that on the trainings that are related to audits and budget, the Accounting Officer should allow the relevant officials to attend because we are in a space where things are changing.	No
	Audit Committee Charter to be submitted to Council for approval	Yes

APPENDIX H: LONG TERM CONTRACTS

APPENDIX H: LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO DURING YEAR 2024/2025)				
Description of Services Rendered by the Service Provider	**Name of Service Provider (Entity or Municipal Department)**	**Start Date of Contract**	**Contract Value**	**Expiry date of Contract**
Construction of ward 8 sportified	Umjantshi Esporweni Trading Enterprise	14/08/2024	R 10 861 024,35	08/08/2025
Construction of Ncotshane section A Sportfield in ward 10	Mzansi Africa Civil	2024/07/23	Turn Key	08/05/2025
Construction of Magengeni Chreche	MMELENI ST Group	23/11/2024	R 2 044 896.61	2025/05/25
Financial System	CCG Systems	17/02/2020	Licence Amount & Charger as per Service	16/02/2030
Payroll System	Payday	2021/03/01	licence Amount	2026/02/28
Sizowakha security and cleaning services	VIP security services	11/12/2022	R 6 036 120.00	30/11/2025
Insurance	Lateral Unision Insurance Broker	11/10/2022	R 2 614 006.55	10/10/2025
Printing and Photocopying Machine	Emalangeni	17/08/2024	R 2997 786.74	16/08/2026
Valuation Roll	BPG Mass Appraisals	01/03/2024	R 1 978 475.00	30/06/2029
Traveling agency	PSN Travel Frenzy	28/10/2024	Charger as per Service	27/09/2027
Thabzo security Services	Security Service	26/03/2021	R 26 819 344.44 for period 36 months	Withdrawn
Municipal Bank	FNB		Charger as per Service	N/A
Provision of Hygiene Services and Equipment	Malitinne	20/06/2025	R 1 971 479.20	31/05/2028
Installation and Maintenance of New Telecommunication Solutions (PABX)	Emalangeni Technologies	12/12/2024	R 746 618.10	11/12/2027

APPENDIX I: PUBLIC PRIVATE PARTNERS ENETERED INTO DURING 2024/25

APPENDIX I: PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO DURING 2024/25					
					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
					T H.2

APPENDIX J DISCLOSURES OF FINANCIAL INTERESTS

Period 1 July 2024 to 30 June of Year 2025 (Current Year)		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
Mayor	Cllr B J Thwala	House/Land: R250 000
D. Mayor	Cllr BES Ntshangase	Nil
Speaker	Cllr K E Nxumalo	Remuneration as an educator: R30 000, House/Land: R300 000.00
EXCO		
	Cllr B R Shongwe	Taxi business: R35 000, House/Land: R700 000
	Cllr N P Van Zuydam	Mahlangosi Pty Ltd, Ideas Investment – R50 000, Ideas Investment R00
	Cllr S R Mhlongo	Shares: Sourthen Arbiter 296 cc 100%, Njomane Multi Services cc 100%. House/Land: Ext 4 Pongola, 206 Ncotshane, 2064 Ncotshane Nil
Chief Whip	Cllr L S Ntshangase	House/Land: KwaShoba R30 000, KwaShoba R400 000
Councillor	Cllr V R Buthelezi	Remuneration as an educator: R35 000, House/Land: R500 000
	Cllr F S Masango	House/Land: R300 000
	Cllr M T Msibi	Nil
	Cllr S V Dlamini - Nkambule	Directorship: Masiqhakaze Women Organisation (NPO) R00. Remuneration GEPF pension: R16 900. House/Land: R790 000. 2 Hectors of land: R100 000
	Cllr Z B Motha	Car: R700 000. House/Land: R85 000
	Cllr Z Z Buthelezi	House/Land: R300 000
	Cllr C N Mavundla	Remuneration as an educator: R20 000, House/Land: R1.5M
	Cllr X H Dhlamini	Shares: House Projects 100% R00
	Cllr M Mthembu	House/Land: R150 000
	Cllr J B Ngema	Remuneration as an educator
	Cllr N A Nkosi	House/Land: R100 000
	Cllr T A Nshangase	Remuneration as an educator: R50 000. Cars: Mercedes R400 000, Colt: R50 000, Corsa: R35 000. House/Land: R700 000
	Cllr C M Nxumalo - Sibiya	Remuneration as an educator, House R550 000
	Cllr G L Sibiya	House/Land: R100 000
	Cllr S A Xulu	House/Land: R600 000
	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: R00.
	Cllr N P Mavuso	House/Land: R600 000
	Cllr M P Mafuleka	Nil
	Cllr W R Radebe	Shares: Langalibalele cleaning 100%, Langalibalele Civil 100%. House/Land: R750 000. Car: R50 000
	Cllr J W Buthelezi	House/Land: R300 000
Municipal Manager	Mr M B Khali	Nil

Chief Financial Officer	Mr K W G Ngcobo	Nedbank/MTN shares R20 Khuleh 28 Pty Ltd R 8 000, Land/ property R580 000
Director	Mr M V M Mbatha	Amabuatho 2 Construction and plant hire - 50% R00, House R1 000 000.00
Director	Miss S S P Xaba	Methabisi trading - Nil income/remuneration, Nozikhumbuzo trading - Nil income/remuneration
Director	Mr B M Dlamini	House 350 000
Director	Mr B C X Dladla	Nil
**** Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A T J***		

APPENDIX K1 – REVENUE PERFORMANCE BY VOTE

Revenue Performance by Vote						
						R' 000
Vote Description	Year 2023/2024	Current: Year 2024/2025			Year Variance	2024/2025
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Executive & Council	17,933,826.91	17,086,329.04	19,927,131.41	19,957,847.23	0.14	0.00
Municipal Manager	20,275,150.35	19,317,008.68	22,528,687.68	22,563,413.56	0.14	0.00
Budget and Treasury	100,163,432.19	95,430,014.37	111,296,372.26	111,467,925.29	0.14	0.00
Property Services	11,347,124.45	10,810,894.01	12,608,331.79	12,627,766.37	-	-
Corporate Services	27,963,067.84	26,641,618.68	31,071,099.90	31,118,993.12	0.14	0.00
Community & Social Services	15,931,535.78	15,178,660.07	17,702,290.13	17,729,576.57	0.14	0.00
Housing	-	-	-	-	-	-
Sport & Recreation	10,330,628.71	9,842,434.76	11,478,854.84	11,496,548.43	0.14	0.00
Public Safety	45,941,730.73	43,770,664.89	51,048,050.71	51,126,736.55	0.14	0.00
Planning & Development	68,487,133.60	65,250,640.89	76,099,324.37	76,216,624.42	0.14	0.00
Road Transport	26,597,876.84	25,340,942.43	29,554,170.99	29,599,726.00	-	-
Electricity	55,069,150.12	52,466,750.32	61,189,962.22	61,284,280.87	0.14	0.00
Waste Management	13,010,605.07	12,395,763.62	14,456,704.55	14,478,988.22	0.14	0.00
Other	2,086,850.42	1,988,232.24	2,318,799.14	2,322,373.36	0.14	0.00
Total Revenue by Vote	**415,138,113.00**	**395,519,954.00**	**461,279,780.00**	**461,990,800.00**	**1.58**	**0.02**
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

R '000						
Description	**Year 2023/2024**	**Year 2023/2024**			**Year 2024/2025 Variance**	
	Actual	**Original Budget**	**Adjustments Budget**	**Actual**	**Original Budget**	**Adjustments Budget**
Property rates	48,135,202.00	48,254,922.00	48,254,922.00	48,208,408.00	-0.00	- 0.00
Service Charges - electricity revenue	53,395,362.00	55,513,249.00	70,697,833.00	71,577,441.00	0.22	0.01
Service Charges - refuse revenue	11,398,421.00	11,511,003.00	12,511,003.00	12,004,527.00	0.04	- 0.04
Rentals of facilities and equipment	517,004.00	728,998.00	728,998.00	571,501.00	-0.28	- 0.28
Interest earned - external investments	4,543,135.00	4,566,948.00	4,952,916.00	4,461,911.00	-0.02	- 0.11
Interest earned - outstanding debtors	946,050.00	2,242,189.00	2,242,189.00	1,082,446.00	-1.07	- 1.07
Fines	1,550,400.00	1,721,859.00	1,721,859.00	6,106,506.00	0.72	0.72
Licences and permits	1,656,154.00	1,779,639.00	1,779,639.00	1,738,183.00	-0.02	- 0.02
Agency services	1,134,948.00	1,283,549.00	1,283,549.00	1,351,361.00	0.05	0.05
Transfers recognised - operational	228,564,305.00	259,238,998.00	263,944,998.00	263,944,333.00	0.02	- 0.00
Other revenue	9,038,040.00	4,204,559.00	4,278,798.00	8,275,344.00	0.49	0.48
Constraction contract revenue	43,076,657.00	4,474,000.00	48,883,027.00	39,751,839.00	0.89	- 0.23
Gains on disposal of PPE	493,433.00	-	-	-	-	-
Fair valur adjustment	10,689,002.00			2,917,000.00		
Actuarial Gain	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	**415,138,113.00**	**395,519,913.00**	**461,279,731.00**	**461,990,800.00**	**0.14**	**0.00**
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						*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 CONDTIONAL GRANTS	**51,490,000.00**	**62,560,533.00**	**62,560,533.00**			
Municipal Infrastructure Grant 95%	40,696,000	39,061,200	39,061,200			
Belgrade Fitness Centre	10,794,000	23,499,333	23,499,333	-118%		CONDITIONS SPECIFIED ON THE AFS
OPERATIONAL CONDITIONAL GRANTS	**14,083,218**	**12,785,218**	**12,781,800**			
Finance Management Grant	3,000,000	3,000,000	3,000,000	0%	-	CONDITIONS SPECIFIED ON THE AFS
Municipal Infrastructure Grant 5%	2,034,800	1,634,800	1,634,800	20%	-	CONDITIONS SPECIFIED ON THE AFS
Provincialisation of Libraries Grant	2,050,000	2,050,000	2,050,000	0%	-	CONDITIONS SPECIFIED ON THE AFS
Library Community Services Grant	531,000	531,000	531,000	0%	-	CONDITIONS SPECIFIED ON THE AFS
Expanded Public Works Programme Grant	1,990,000	1,990,000	1,990,000	0%	-	CONDITIONS SPECIFIED ON THE AFS
Integrated National Electrification Programme Grant	4,474,000	3,576,000	3,576,000	20%	-	CONDITIONS SPECIFIED ON THE AFS
Sub-Rank Facility Grant	3,418	3,418	-	100%		CONDITIONS SPECIFIED ON THE AFS
Total	**65,573,218**	**75,345,751**	**75,342,333**	**-15%**	**-**	
****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.***						*T L*

APPENDIX M1 – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year 2023/2024	Year 2024/2025			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2025/2026	2026/2027	2027/2028
Capital expenditure by Asset Class							
Infrastructure - Total	**6,067**	**18,107**	**9,070**	**10,173,539.03**	**–**	**–**	**–**
Infrastructure: Road transport - Total	6,067	18,107	9,070	10,173,539.03	–	–	–
Roads, Pavements & Bridges	5,259,487	17,830,283	9,069,692	10,173,539.03			0
Storm water	807,688	276,735					
Infrastructure: Electricity - Total	–	–	–	-	–	–	–
Generation							
Transmission & Reticulation	0	0	0	-	0	0	0
Street Lighting							
Infrastructure: Water - Total	–	–	–	-	–	–	–
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	–	–		-	–	–	–
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	–	–	–	-	–	–	–
Waste Management					0		
Transportation			0		0	0	
Gas							
Other							
Community - Total	**30,522**	**22,801**	**33,940**	**35,069,229.18**	**–**	**–**	**–**
Parks & gardens					0		
Sportsfields & stadia	26,828,978	13,196,153	20,434,783	20,869,229.18			0
Swimming pools							
Community halls	0						0
Libraries					0		
Recreational facilities	0	9,604,385	13,504,998	14,200,000.00	0		

Fire, safety & emergency					0		
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries					0	0	0
Social rental housing							
Other	3,693,008						0
Table continued next page							

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year 2023/2024	Year 2024/2025			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2025/ 2026	2026/ 2027	2027/ 2028
Capital expenditure by Asset Class							
Heritage assets - Total	19,534	8,336	10,472	6,051,120.77	–	–	–
Buildings	11,272,303	5,086,204	7,186,200	4,194,331.77			
Other	8,261,219	3,250,000	3,285,792	1,856,789.00			
Investment properties - Total	–	–	–	-	–	–	–
Housing development	0	0	0				
Other	0	0					
-							
Other assets	**11,304**	**7,639**	**18,190**	**16,298,756.00**	**–**	**–**	**–**
General vehicles	4,350,253						
Specialised vehicles							
Plant & equipment	6,953,554	7,639,024	18,189,789	16,298,756.00			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							
	5,499,125						
Biological assets	–	–		-	–	–	–

List sub-class							
Intangibles	–	–	–	-	–	–	–
Computers - software & programming	0	0		-			
Other *(list sub-class)*				-			
Total Capital Expenditure on new assets	**67,426**	**56,883**	**71,671**	**67,592,644.98**	**–**	**–**	**–**
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*

APPENDIX N – CAPITAL PROGRAMME BY PROJECT: 2024/25

Capital Programme by Project: Year 2024/2025						
R						
Capital Project	**Ward**	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance (Act - Adj) %**	**Variance (Act - OB) %**
					#DIV/0!	#DIV/0!
Infrastructure Assets		**49,961,043.47**	**56,461,672.13**	**54,005,841.94**		
Construction of Multipurpose Sport Center Ward 11	11	4,685,730.72	9,172,638.43	7,521,345.11		
Construction of Ward 8 Sport field	8	682,502.12	2,060,628.66	1,649,292.69		
Construction of Mbube/Nkunzana Sportfield	1	2,014,464.13	5,540,086.98	4,282,176.37		
Construction of Moresson Gravel Road	1	276,734.88	276,734.88	990,815.57		
Construction of Ncotshane Sportfield	10	6,956,521.74	6,956,521.74	5,783,210.37	-20%	-20%
Rehabilitation of Klassie Havenga &Han Strydon Street	11	11,383,867.66	6,385,371.98	6,003,357.28	-6%	-90%
Construction of Mgura Access Road	9	6,446,415.49	2,279,907.98	3,142,439.91	27%	-105%
Construction of Lindelan Creche	2	2,145,235.70	1,181,580.43	1,932,351.52		
Construction of Magengeni Creche	13	2,173,418.44	2,173,418.44	1,507,322.04		
Upgrade of Hhanafu Sportfield	6	3,810,065.63	-	-	#DIV/0!	#DIV/0!
Construction of Belgrade fitness Center	5	9,386,086.96	20,434,782.61	21,193,531.08		
Public Safety		**2,078,260.87**	**584,782.61**	**-**	#DIV/0!	#DIV/0!
Fencing of traffic department		1,043,478.26				
Firearm, bullet proofs, ammunition		600,000.00	150,000.00	-		

Trafiic back office		434,782.61	434,782.61	-		
Community Services		**1,956,521.73**	**2,706,667.30**	**2,489,276.00**		
Purchase of Refuse trck		1,739,130.43	2,489,276.00	2,489,276.00		
Sensor gate library		217,391.30	217,391.30	-		
Corporate Services		**2,886,956.88**	**2,220,553.96**	**1,454,759.30**		
Desktop and laptops for advertised posts		173,913.40	173,913.40	171,941.17		
Replacement of computers for exsitiing employees		608,695.65	608,695.65	537,676.04		
Office Furniture		508,695.65	397,262.30	343,316.00		
Aircons		300,000.00	297,900.00	259,043.48		
Parking		600,000.00	600,000.00	-		
Steel Shelfs		434,782.61	142,782.61	142,782.61		
Guard room		260,869.57	-	-		
Financial Services		**-**	**302,046.52**	**247,237.11**		
SCM Storage Container		-	215,090.00	215,090.00		
Other Asset		-	86,956.52	32,147.11		
Technical Services		**-**	**9,395,531.50**	**9,395,530.63**		
Smart Meters		-	7,820,040.00	7,820,039.13		
Ncotshane Stormwater drainage			36,926.28	36,926.28		
Mini-Sub Station			1,538,565.22	1,538,565.22		
Total Capital Budget, Actual & Expenditure		**56,882,782.95**	**71,671,254.02**	**67,592,644.98**		

APPENDIX O: CAPITAL PROHRAMME BY PROJECT BY WARD CURRENT YEAR

Capital Programme by Project by Ward: Year 2024/2025		
R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
INFRASTRUCTURE		
Multipurpose Sports Centre in Ward 11	11	No
Ward 8 Sportsfield	8	Yes
Mbube/Nkunzane Area Sportfield	1	No
Ward 1 Moresson Gravel Road	1	Yes
Nctoshane Sportsfield-Ward 10	10	Yes
Klassie Havenga & Hans Strydom streen in ward 11	11	No
Mgura access road in ward 9	9	No
Lindelani creche in ward 2	2	No
Construction of Magengeni creche in ward 13	13	Yes
Hhanafu sport facility in Ward 6	6	No
Belgrade Fitness Centre	5	No
COMMUNITY SERVICES		
Purchase of Waste Refuse Removal Compactor Truck	1, 2, 10, 11, 14	Yes
STORMWATER		
Ncotshane Stormwater Drainage	2 & 10	No
TECHNICAL DEPARTMENT		
Smart Meters	11	Yes
Mini-Sub Station	11	Yes
T O		

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

SERVICE BACKLOGS: SCHOOLS AND CLINICS				
Establishments Lacking Basic Services (Names & Locations)	Water	Sanitation	Electricity	Solid Waste Collection
SCHOOLS				
Ziqalele Primary School (Godlwayo Area, Ward 4)	x		x	x
Thembokuhle Primary School (Godlwayo Area, Ward 4)	x		x	x
Sozama High School (Godlwayo Area, Ward 4)	x			x
Siqalukubona High School (Ophondwane Area, Ward 8)	x	x	x	x
Sibiyangankomo Primary School (Khibhunyawo Area, Sibiya Tribal Authority, Ward 3)	x	x	x	x
Nyawoshane Primary School (Ward 12)	x	x	x	x
Tholulwazi Senior Primary School (Kwalubisi / Ntshangase Tribal Authority, Ward 7)	x		x	x
Mlomokazulu High School (Kwalubisi / Ntshangase Tribal Authority, Ward 8)	x		x	x
Dingukwazi High School (Kwalubisi Area, Ward 7)	x		x	X
CLINICS				
Belgrade Clinic (Ward 5)				x
Tshelejuba Clinic (Ward 12)				
Pongola Clinic (Ward 11)				x
KwaNkundla Clinic (Ward 6)			x	x
KwaShoba Clinic (Ward 15)		x	x	x

APPENDIX Q: SERVICE BACKLOGS

SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS THE SERVICE PROVIDER		
Services and Locations	**Scale of Backlogs**	**Impact of Backlogs**
CLINICS (KZN Department of Health)		
CLINICS NEEDED:	Overcrowding is prevalent; patient-to-staff ratios exceed national norms. Shortage of medical supplies and essential medicines is chronic. Mobile clinic services are irregular, leaving communities in Wards 5, 6, 7, 8 and 14 without routine health access for extended periods.	High maternal and infant mortality risk due to inability to conduct safe deliveries or emergency procedures at clinic level. HIV/AIDS and TB treatment interruptions due to medicine stockouts. Preventable deaths and increased hospital burden at Pongola Provincial Hospital. Long travel distances (up to 50 km on poor roads) to access the nearest functional health facility.
Godlwayo Clinic (Ward 4) Ophondwane Clinic (Ward 8) Magudu Clinic (Ward 1) Candover Clinic (Ward 14)	There is a need for Clinics in the mentioned areas in order to ensure access to health care.	
KwaLubisi Clinic (Ward 7)		
HOUSING (KZN Department of Human Settlements)		
All 15 Wards, with acute backlogs	Estimated housing backlog of approximately 8 500 households requiring formal housing. An estimated 3 200 households reside in settlements or dwellings that do not meet RDP standards.	Loss of dignity and social instability. Increased illegal land invasion on municipal-owned and state-owned land. Inadequate housing linked to high poverty index in the municipality where approximately 66% of households earn below R2 400 per month.
RESERVOIRS / BULK WATER INFRASTRUCTURE (Zululand District Municipality – Water Services Authority)		
Kwalubisi Reservoir (Ward 17) Godlwayo Bulk Supply Zone (Ward 4) Magudu Bulk Supply Line (Ward 1) Pongola Water Scheme (Ward 11)	Several bulk water reservoirs serving rural areas are operating below their design capacity or require structural repair. The Kwalubisi reservoir serving approximately 6 000 households in Ward 12 has operated at less than 50% storage capacity due to cracked infrastructure. Rural wards 3, 6 and 11 depend on aging reticulation infrastructure that ZDM has not yet replaced. Approximately 28% of households in uPhongolo still access water from unimproved sources or communal standpipes outside the RDP minimum standard.	Prolonged water supply interruptions lasting up to 7 days in some instances. Communities resort to unsafe water sources (rivers, unprotected springs), increasing the risk of cholera and diarrhoeal disease, particularly among children. Livestock and subsistence farming productivity adversely affected by water scarcity. Inability to maintain basic hygiene standards contributes to increased disease burden at local health facilities.
SCHOOLS – PRIMARY AND HIGH (KZN Department of Education)		
Multiple schools across all 15 wards. Priority backlog schools: Ziqalele Primary (Ward 4) Sozama High School (Ward 4) Sibiyangankomo Primary (Ward 3) Nyawoshane Primary (Ward 12) Siqalukubona High School (Ward 8)	At least 18 schools in rural wards lack safe drinking water on-site. Approximately 23 schools rely on pit latrines that do not meet ASIDI (Accelerated Schools Infrastructure Delivery Initiative) norms. An estimated 12 schools remain without reliable electricity supply. Classrooms are structurally inadequate in several rural schools with learner-to-classroom ratios exceeding 45:1. Schools in the municipality are inadequately funded for infrastructure maintenance.	High drop-out rates, particularly among girls, linked to absence of safe, private and separate sanitation facilities. Low performance in Grade 12 outcomes (pass rates below provincial average in several ward schools). Inability to implement e-learning and digital curriculum tools due to absence of electricity and ICT infrastructure. Waterborne disease outbreaks traced to contaminated or absent water sources at schools. Long travel distances to functional schools increase absenteeism.
SPORTS FIELDS (DSAC / KZN Department of Sport and Recreation)		
Ncotshane Multi-Purpose Sportsfield (Ward 10) Magudu Sports Ground (Ward 1)	Fewer than 4 demarcated and maintained sports fields exist to serve a population of over 141 000 people	Youth, particularly in rural wards, lack access to structured recreational activities, contributing to increased drug abuse,

Phondwane Community Sports Field (Ward 8) Kwalubisi Sports Ground (Ward 7) Godlwayo Sports Area (Ward 4)	across 3 239 km². Existing facilities are unfenced, unlit, lack ablution blocks and are not maintained. The Ncotshane sportsfield has been out of formal use due to dilapidated condition. Planned sports fields approved under DSAC funding have experienced construction delays of 2-3 years. A sod-turning ceremony for the Phondwane sports field was conducted in 2024/25 but construction is still pending full completion.	crime and youth unemployment. Loss of sport development opportunities and inability to identify sporting talent at grassroots level. Increased mental health challenges among youth with limited constructive recreation outlets. Slow progress on social cohesion and community development objectives.

APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Nil

APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT		
Outcome / Output	**Progress to Date**	**Number or Percentage Achieved**
OUTPUT 1: IMPROVING ACCESS TO BASIC SERVICES		
Water: Households with access to RDP-level water supply	Zululand District Municipality (ZDM) as Water Services Authority continued implementation of bulk water schemes and rural reticulation within uPhongolo. Progress was made on the Pongola Water Supply Upgrade and the Simdlangentsha Bulk Supply Scheme. New household connections were provided in Wards 4, 8 and 12. However, significant backlogs persist in remote rural wards.	72% of households with access to piped water (at or above RDP standard). Target: 80%
Sanitation: Households with access to RDP-level sanitation	ZDM has not continued the rural sanitation roll-out. The backlog eradication programme targeted Wards 3, 5, 7, 9 and 14.	65% of households with access to RDP-level sanitation. Target: 75%. Approx. 1 200 new VIP toilets installed.
Electricity: Households connected to the grid or with non-grid solutions	Electrification projects funded through the DOE/INEP grant extended supply to new areas in Wards 2, 4 and 10. The municipality is approaching universal coverage in urban/semi-urban areas but backlogs persist in remote rural settlements.	85% of households with electricity access (grid + non-grid). Target: 90%. Approx. 620 new connections completed.
Solid Waste: Households with access to waste removal services	Solid waste collection services are primarily available to urban and peri-urban households (Pongola town and Ncotshane). Rural areas largely depend on communal waste drop-off facilities where available, but compliance is low. The landfill site at Pongola is being managed with COGTA assistance.	38% of all households with regular waste collection. Urban coverage: ~95%. Rural coverage: <10%.
Roads: Access roads improved or maintained	uPhongolo Municipality undertook routine and periodic maintenance of municipal roads using MIG funding and the own-funded maintenance budget. Gravel roads serving rural wards were re-gravelled and regraded. Access roads to 3 rural communities were upgraded. Flood damage rehabilitation was conducted in Wards 8,4 and 3 following severe weather events in early 2024.	~180 km of roads maintained. 3.2 km of new/upgraded gravel roads completed.
OUTPUT 2: IMPLEMENTATION OF THE COMMUNITY WORK PROGRAMME (CWP)		
CWP Participation and Local Economic Relief	The Community Work Programme (CWP), coordinated at district and provincial level by COGTA, continued to provide two days of work per week to participants across uPhongolo's wards. uPhongolo Municipality acted as a co-ordinating partner, identifying useful work opportunities aligned with local needs including cleaning of public spaces, maintenance of community gardens, grass cutting at schools and clinics, and basic road clearing. All 15 wards participated. Ward Councillors facilitated recruitment and monitoring.	Approximately 2 150 beneficiaries participated in the CWP. Stipend recipients: 2 150 @ R95.39/day (2 days/week).
OUTPUT 3: DEEPEN DEMOCRACY THROUGH A REFINED WARD COMMITTEE MODEL		
Functionality of Ward Committees	All 15 Ward Committees in uPhongolo Municipality were functional during the 2024/25 financial year. Ward Committee elections were completed in alignment with the post-2021 local government election cycle. Monthly ward committee meetings	15/15 Ward Committees functional (100%). Average meeting attendance: 78%. IDP public meetings held: 15 (one per ward).

	were held in all 15 wards. Minutes and resolutions from ward committee meetings were captured and submitted to the Office of the Speaker. Ward Committees participated in IDP review public participation sessions and budget consultation processes.	
Community Participation in Municipal Processes	Public participation was conducted for the IDP review, annual budget and budget adjustment processes. Community engagement meetings were held in all 15 wards. Complaints and service delivery petitions received through ward committees were logged and escalated to relevant directorates. Traditional Council representatives participated in relevant consultations per the KwaZulu-Natal Traditional Leadership and Governance Act.	15 budget consultation meetings held. 15 IDP review meetings held.
Indigent Register and Free Basic Services	The Indigent Register was updated in 2024/25. Qualifying households receiving Free Basic Services (FBS) were verified and registered. FBS provided: Free Basic Electricity (50 kWh/month).	Indigent households registered: approx. 9 800. FBS beneficiaries (electricity): 6 200 households. FBS beneficiaries (water – via ZDM): 8 400 households.
OUTPUT 4: ADMINISTRATIVE AND FINANCIAL CAPABILITY		
Audit Outcome and Financial Management	uPhongolo Municipality maintained its Unqualified Audit Opinion for 2023/24 and continued to strive for a Clean Audit in 2024/25. An Auditor-General Action Plan was developed and implemented.	Audit outcome: Unqualified (2023/24). Revenue collection rate: 68%. Debt collection ratio improved by 4 percentage points.
Organisational Performance Management	The Performance Management System (PMS) was implemented in accordance with the Municipal Systems Act. Section 57 Manager performance agreements were signed. Mid-year and annual assessments were conducted for all Section 56/57 managers.	SDBIP approved on time: Yes. Section 57 performance agreements signed: 100%. Quarterly performance reports submitted.
Human Resources and Skills Development	The Workplace Skills Plan (WSP) and Annual Training Report (ATR) were submitted to the LGSETA by the 30 April 2025 deadline. Training interventions were conducted for technical, financial and administrative staff. The Employment Equity Plan was implemented and reported upon. Critical vacant posts were advertised and filled, including Director Technical Services and Development Planning positions. Anti-corruption training and ethics awareness sessions were conducted. A fraud prevention plan was in place and reviewed.	WSP submitted: Yes. Staff trained. Vacant critical posts filled. EEP targets partially met.
Risk Management and Internal Controls	The Risk Management Policy and Strategy were reviewed and adopted by Council. A Risk Register was maintained and updated quarterly. The Internal Audit Plan was implemented, with quarterly internal audit reports submitted to the Audit Committee. Supply Chain Management compliance was monitored, and irregular expenditure was disclosed and investigated in accordance with MFMA requirements. Anti-fraud controls were strengthened following AG recommendations.	Risk Register updated. Internal audit reports submitted. Supply chain compliance improved.

ANNUAL FINANCIAL STATEMENTS

uPHONGOLO Local Municipality
Annual Financial Statements
for the year ended 30 June 2025

General Information

Legal form of entity

Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)

Nature of business and principal activities

The provision of services (electricity, water, and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment

Members of Council

Mayor	Cllr BJ Thwala
Speaker	Cllr KE Nxumalo
Deputy Mayor	Cllr BES Ntshangase
EXCO Member	Cllr BR Shongwe
EXCO Member	Cllr SR Mhlongo
EXCO Member	Cllr NP Van Zuydan
Chief Whip	Cllr LS Ntshangase
MPAC Chair	Cllr JB Ngema
Other Councillors	Cllr MB Mthembu
	Cllr SA Xulu
	Cllr MP Mafuleka
	Cllr NP Mavuso
	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 WN Radebe

Grading of local authority

Grade 2

Municipal Manager

Mr KWG Ngcobo (Acting)

Chief Finance Officer (CFO)

Mr SN Nkosi (Acting)

Registered office

61 Martin Street
Pongola
3170

Postal address

PO Box 191
Pongola
3170

Bankers

First National Bank

Auditors

Auditor-General of South Africa

Attorneys

Zuma & Partners Incorporated, Zondi & Assosciates Inc and Sengwayo Attorneys Incorporated

Index

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

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 KWG Ngcobo, acknowledges that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have 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 2026 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 33 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 in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003) set out on pages 4 to 75, which have been prepared on the going concern basis were approved by the Accounting Officer on 28th of November2025 and were signed on its behalf by:

Mr KWG Ngcobo (Acting)
Municipal Manager

Mr KWG Ngcobo (Acting)
Municipal Manager

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	2	19 942 214	24 824 039
Trade and other receivables from exchange transactions	3	15 752 426	13 480 301
Receivables from non-exchange transactions	4	11 551 526	8 934 817
VAT receivable	5	4 737 544	594 638
Prepayments	6	1 964 685	1 750 493
Current portion of non-current receivables	7	750 000	750 000
		54 698 395	**50 334 288**
Non-Current Assets			
Investment property	8	78 477 000	75 910 000
Property, plant and equipment	9	400 321 600	360 534 342
Heritage assets	10	70 945	70 945
Intangible assets	11	358 798	502 778
Non-current portion of non-current receivables	7	500 000	1 250 000
		479 728 343	**438 268 065**
Non-Current Assets		479 728 343	438 268 065
Current Assets		54 698 395	50 334 288
Total Assets		**534 426 738**	**488 602 353**
Liabilities			
Current Liabilities			
Consumer deposits	12	2 910 638	2 856 306
Trade and other payables from exchange transactions	13	52 348 909	40 990 227
Trade and other payables from non-exhange transactions	14	3 417	3 418
Provisions: current portion	15	2 249 038	2 126 935
Employee benefits obligation - current portion	16	284 954	289 109
Long service award - current portion	17	1 692 102	492 030
		59 489 058	**46 758 025**
Non-Current Liabilities			
Provisions: non-current portion	15	12 326 902	10 919 711
Employee benefit obligation: non-current portion	16	2 993 084	2 401 865
Long service award: non-current portion	17	6 174 586	6 444 914
Other financial liabilities	18	341 542	341 542
		21 836 114	**20 108 032**
Non-Current Liabilities		21 836 114	20 108 032
Current Liabilities		59 489 058	46 758 025
Total Liabilities		**81 325 172**	**66 866 057**
Net Assets		**453 101 566**	**421 736 296**
Accumulated surplus		453 101 566	421 736 296
Total Net Assets		**453 101 566**	**421 736 296**

* See Note 51

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	83 581 968	64 793 783
Agency services	20	1 351 361	1 134 948
Interest earned from receivables	21	1 082 446	946 050
Interest earned from current and non-current assets	22	4 461 911	4 543 135
Licences and permits	23	1 738 183	1 656 154
Rental of facilities and equipment	24	571 501	517 004
Operational revenue	25	8 275 344	9 038 040
Construction contracts	26	39 751 839	43 076 657
Gains (losses) on disposal of capital assets	27	-	493 433
Fair value adjustments	28	2 917 000	10 689 002
Total revenue from exchange transactions		**143 731 553**	**136 888 206**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	29	48 208 408	48 135 202
Transfer revenue			
Fines, Penalties and Forfeits	30	6 106 506	1 550 400
Government grants & subsidies	31	263 944 333	228 564 305
Total revenue from non-exchange transactions		**318 259 247**	**278 249 907**
Total revenue		**461 990 800**	**415 138 113**
Expenditure			
Employee related costs	32	(144 600 745)	(132 335 952)
Remuneration of councillors	33	(11 592 749)	(11 294 304)
Bulk purchases	34	(55 233 237)	(48 394 007)
Inventory consumed	35	(29 585 831)	(23 069 839)
Debt Impairment	36	(13 551 151)	(23 528 767)
Depreciation, amortisation and impairment	37	(35 151 595)	(24 994 438)
Finance costs	38	(2 481 341)	(2 366 883)
Operating lease	39	(4 981 386)	(6 179 189)
Contracted Services	40	(33 213 579)	(29 114 329)
Irrecoverable debts written off	41	(5 398 382)	(4 846 952)
Operational costs	42	(52 930 576)	(43 196 927)
Transfer of infrastructure asset	43	-	(21 166 354)
Construction contract expenditure	26	(39 751 839)	(43 076 658)
Actuarial gains/losses	44	(929 870)	(777 050)
Gains (losses) on disposal of capital assets	27	(1 223 252)	-
Total expenditure		**(430 625 533)**	**(414 341 649)**
Surplus for the year		**31 365 267**	**796 464**

* See Note 51

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	420 879 296	420 879 296
Correction of prior period errors Note 50	60 539	60 539
Balance at 01 July 2023	**420 939 835**	**420 939 835**
Surplus for the year	796 464	796 464
Total changes	796 464	796 464
Restated* Balance at 01 July 2024	**421 736 299**	**421 736 299**
Surplus for the year	31 365 267	31 365 267
Total changes	31 365 267	31 365 267
Balance at 30 June 2025	**453 101 566**	**453 101 566**

* See Note 51

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		118 111 572	108 750 740
Grants		263 944 333	228 280 667
Interest income		4 461 911	4 543 135
Construction contract revenue		3 109 565	2 817 391
		389 627 381	344 391 933
Payments			
Employee costs		(143 494 066)	(130 613 194)
Suppliers		(159 856 700)	(146 641 716)
Finance costs		(2 215)	(13 832)
Remuneration of councillors		(11 592 749)	(11 294 304)
Construction contract expenditure		(3 109 565)	(2 817 391)
		(318 055 295)	(291 380 437)
Net cash flows from operating activities	45	**71 572 086**	**53 011 496**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(76 046 567)	(36 878 581)
Proceeds from sale of property, plant and equipment	9	405 810	1 213 923
Movements in retentions	13	(867 486)	1 598 643
Net cash flows from investing activities		**(76 508 243)**	**(34 066 015)**
Cash flows from financing activities			
Movement in liability		54 332	14 298
Net increase/(decrease) in cash and cash equivalents		**(4 881 825)**	**18 959 779**
Cash and cash equivalents at the beginning of the year		24 824 039	5 864 260
Cash and cash equivalents at the end of the year	2	**19 942 214**	**24 824 039**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Service charges	67 024 253	16 184 632	**83 208 885**	83 581 968	**373 083**
Agency services	1 283 549	-	**1 283 549**	1 351 361	**67 812**
Interest earned from receivables	2 242 189	-	**2 242 189**	1 082 446	**(1 159 743)**
Interest from from current and non-current assets	4 566 948	385 968	**4 952 916**	4 461 911	**(491 005)**
Licences and permits	1 779 639	-	**1 779 639**	1 738 183	**(41 456)**
Rental of facilities and equipment	728 998	-	**728 998**	571 501	**(157 497)**
Operational revenue	4 204 599	74 199	**4 278 798**	8 275 344	**3 996 546**
Construction contract revenue	4 474 000	44 409 027	**48 883 027**	39 751 839	**(9 131 188)**
Fair value adjustments	-	-	**-**	2 917 000	**2 917 000**
Total revenue from exchange transactions	**86 304 175**	**61 053 826**	**147 358 001**	**143 731 553**	**(3 626 448)**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	48 254 922	-	**48 254 922**	48 208 408	**(46 514)**
Transfer revenue					
Fines, Penalties and Forfeits	1 721 859	-	**1 721 859**	6 106 506	**4 384 647**
Government grants & subsidies	259 238 998	4 706 000	**263 944 998**	263 944 333	**(665)**
Total revenue from non-exchange transactions	**309 215 779**	**4 706 000**	**313 921 779**	**318 259 247**	**4 337 468**
Total revenue	**395 519 954**	**65 759 826**	**461 279 780**	**461 990 800**	**711 020**
Expenditure					
Employee related costs	(145 244 163)	707 573	**(144 536 590)**	(144 600 745)	**(64 155)**
Remuneration of councillors	(12 231 252)	(437 129)	**(12 668 381)**	(11 592 749)	**1 075 632**
Bulk Purchases	(47 068 202)	(937 357)	**(48 005 559)**	(55 233 237)	**(7 227 678)**
Inventory consumed	(17 822 662)	(7 542 580)	**(25 365 242)**	(29 585 831)	**(4 220 589)**
Debt Impairment	(5 859 647)	-	**(5 859 647)**	(13 551 151)	**(7 691 504)**
Depreciation and amortisation	(26 005 614)	-	**(26 005 614)**	(35 151 595)	**(9 145 981)**
Finance costs	(1 630 850)	-	**(1 630 850)**	(2 481 341)	**(850 491)**
Operating lease	(2 270 451)	(1 452 368)	**(3 722 819)**	(4 981 386)	**(1 258 567)**
Contracted services	(29 742 368)	(9 397 772)	**(39 140 140)**	(33 213 579)	**5 926 561**
Irrecoverable debts written off	-	-	**-**	(5 398 382)	**(5 398 382)**
Operational cost	(38 415 058)	(2 382 018)	**(40 797 076)**	(52 930 576)	**(12 133 500)**
Construction contract expenditure	(3 890 435)	(44 526 157)	**(48 416 592)**	(39 751 839)	**8 664 753**
Actuarial gains/losses	-	-	**-**	(929 870)	**(929 870)**
Gains (losses) on disposal of capital assets	-	-	**-**	(1 223 252)	**(1 223 252)**
Total expenditure	**(330 180 702)**	**(65 967 808)**	**(396 148 510)**	**(430 625 533)**	**(34 477 023)**
Surplus before taxation	**65 339 252**	**7 955 425**	**73 294 677**	**31 365 267**	**(41 929 410)**
Surplus for the year	**65 339 252**	**7 955 425**	**73 294 677**	**31 365 267**	**(41 929 410)**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Position					
Assets					
Current Assets					
Cash and cash equivalents	6 823 126	3 301 820	**10 124 946**	19 942 214	**9 817 268**
Trade and other receivables from exchange transactions	20 988 247	(2 297 072)	**18 691 175**	15 752 426	**(2 938 749)**
Receivables from non-exchange transactions	(3 489 038)	15 766 192	**12 277 154**	11 551 526	**(725 628)**
VAT receivable/(payable)	26 853 262	(14 973 347)	**11 879 915**	4 737 544	**(7 142 371)**
Prepayments	-	-	**-**	1 964 685	**1 964 685**
Current portion of non-current receivables	-	750 000	**750 000**	750 000	**-**
	51 175 597	**2 547 593**	**53 723 190**	**54 698 395**	**975 205**
Non-Current Assets					
Investment property	66 681 680	-	**66 681 680**	78 477 000	**11 795 320**
Property, plant and equipment	444 083 618	14 788 470	**458 872 088**	400 321 600	**(58 550 488)**
Heritage assets	70 945	-	**70 945**	70 945	**-**
Intangible assets	1 796 184	-	**1 796 184**	358 798	**(1 437 386)**
Non-current portion of non-current receivables	-	1 250 000	**1 250 000**	500 000	**(750 000)**
	512 632 427	**16 038 470**	**528 670 897**	**479 728 343**	**(48 942 554)**
Total Assets	**563 808 024**	**18 586 063**	**582 394 087**	**534 426 738**	**(47 967 349)**
Liabilities					
Current Liabilities					
Consumer deposits	2 623 151	-	**2 623 151**	2 910 638	**287 487**
Trade and other payables from exchange transactions	4 676 362	6 308 949	**10 985 311**	52 348 910	**41 363 599**
VAT payable	11 142 870	2 438 825	**13 581 695**	-	**(13 581 695)**
Trade and other payables from non-exhange transactions	-	-	**-**	3 417	**3 417**
Provisions: current portion	982 346	-	**982 346**	2 249 038	**1 266 692**
Employee benefits obligation - current	-	-	**-**	284 954	**284 954**
Long service award - current portion	600 195	-	**600 195**	1 692 102	**1 091 907**
	20 024 924	**8 747 774**	**28 772 698**	**59 489 059**	**30 716 361**
Non-Current Liabilities					
Other financial liabilities	-	-	**-**	-	**-**
Provisions: Non-current portion	13 487 370	-	**13 487 370**	12 326 902	**(1 160 468)**
Employee benefit obligation - non-current portion	1 946 095	-	**1 946 095**	2 993 084	**1 046 989**
Long services award: non-current portion	3 392 467	-	**3 392 467**	6 174 586	**2 782 119**
Other financial liabilities	341 542	-	**341 542**	341 542	**-**
	19 167 474	**-**	**19 167 474**	**21 836 114**	**2 668 640**
Total Liabilities	**39 192 398**	**8 747 774**	**47 940 172**	**81 325 173**	**33 385 001**
Net Assets	**524 615 626**	**9 838 289**	**534 453 915**	**453 101 565**	**(81 352 350)**
Accumulated surplus	524 274 086	9 955 425	**534 229 511**	453 101 565	**(81 127 946)**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Sale of goods and services	112 605 741	5 228 537	**117 834 278**	118 111 572	**277 294**
Grants	259 238 998	22 195 587	**281 434 585**	263 944 333	**(17 490 252)**
Interest income	4 566 948	385 968	**4 952 916**	4 461 911	**(491 005)**
Construction contract revenue	4 474 000	(898 000)	**3 576 000**	3 109 565	**(466 435)**
	380 885 687	**26 912 092**	**407 797 779**	**389 627 381**	**(18 170 398)**
Payments					
Employee related costs	(146 512 927)	912 683	**(145 600 244)**	(143 494 066)	**2 106 178**
Suppliers	(150 050 869)	(9 868 169)	**(159 919 038)**	(159 856 700)	**62 338**
Finance costs	(258 588)	-	**(258 588)**	(2 215)	**256 373**
Construction contract expenditure	(4 474 000)	898 000	**(3 576 000)**	(3 109 565)	**466 435**
Remuneration of Councillors	(12 130 423)	(537 958)	**(12 668 381)**	(11 592 749)	**1 075 632**
	(313 426 807)	**(8 595 444)**	**(322 022 251)**	**(318 055 295)**	**3 966 956**
Net cash flows from operating activities	**67 458 880**	**18 316 648**	**85 775 528**	**71 572 086**	**(14 203 442)**
Cash flows from investing activities					
Purchase of property, plant and equipment	(62 740 199)	(16 362 223)	**(79 102 422)**	(76 046 567)	**3 055 855**
Proceeds from sale of property, plant and equipment	-	-	**-**	405 810	**405 810**
Movement in retentions	-	-	**-**	(867 486)	**(867 486)**
Net cash flows from investing activities	**(62 740 199)**	**(16 362 223)**	**(79 102 422)**	**(76 508 243)**	**2 594 179**
Cash flows from financing activities					
Movement in liabilities	-	-	**-**	54 332	**54 332**
Net increase/(decrease) in cash and cash equivalents	4 718 681	1 954 425	**6 673 106**	(4 881 825)	**(11 554 931)**
Cash and cash equivalents at the beginning of the year	3 451 840	-	**3 451 840**	24 824 039	**21 372 199**
Cash and cash equivalents at the end of the year	**8 170 521**	**1 954 425**	**10 124 946**	**19 942 214**	**9 817 268**

Significant Accounting Policies

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)

Significant Accounting Policies

1.1 Basis of preparation (continued)

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

Impact on the municipality's financial statements once implemented:

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 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.

1.4 Significant judgements and sources of estimation uncertainty (continued)

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 assers 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 15 - 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.

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 16.

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.

Significant Accounting Policies

1.5 Investment property (continued)

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.

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.

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

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
• Sportfileds structure	Straight-line	25-30 years
• Sportfileds and courts	Straight-line	20-30 years
• Returning walls	Straight-line	30-60 years
• Tank stand	Straight-line	40-50 years
• Septic tanks	Straight-line	30-60 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
• Switchgears	Straight-line	20-30 years
• Substation	Straight-line	20-30 years
• Transformers	Straight-line	25-50 years
• AC Meters	Straight-line	20-25 years
• Floodlights	Straight-line	25-40 years
• Panels	Straight-line	20-25 years
Roads and stormwater		
• Traffic calming	Straight-line	10-30 years
• Road barriers	Straight-line	10-30 years
• Kerb & channels	Straight-line	40-50 years
• Roads asphalt Layer	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
• Stormwater channels	Straight-line	25 -50 years
• Road based structures	Straight-line	30 -50 years
• Gabions	Straight-line	30 -60 years
• Vehicle bridge-concrete	Straight-line	60 -80 years

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

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
• Pumps, fuels and tanks	Straight-line	15-30 years
• Boreholes	Straight-line	20-50 years
• Jungle gym	Straight-line	05-10 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.

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

The 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.

Significant Accounting Policies

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.

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.

1.8 Intangible assets (continued)

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.

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 entity and a financial liability or a residual interest of another municipality.

A financial asset is:
- cash;

Significant Accounting Policies

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Classification

The entity 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 entity 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
- 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

Significant Accounting Policies

1.10 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (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.

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.

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.

1.10 Financial instruments (continued)

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 Receivables from non-exchange transactions

Identification

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

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

The cost method is the method used to account for 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 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

Significant Accounting Policies

1.11 Receivables from non-exchange transactions (continued)

- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

Significant Accounting Policies

1.11 Receivables from non-exchange transactions (continued)

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

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.

1.13 Leases (continued)

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 contract

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.

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 contruction 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.

Significant Accounting Policies

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.

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.

1.17 Accounting by principals and agents (continued)

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

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that 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.

Significant Accounting Policies

1.18 Employee benefits

Identification

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.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Classification of plans

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Multi-employer plans are defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that: (a) pool the assets contributed by various entities that are not under common control; and (b) 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.

State plans are plans established by legislation that operate as if they are multiemployer plans for all entities in economic categories laid down in legislation.

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.

Significant Accounting Policies

1.19 Provisions and contingencies (continued)

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 48.

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.

Significant Accounting Policies

1.21 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

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.

Significant Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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

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.

1.22 Revenue from non-exchange transactions (continued)

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.

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.

Significant Accounting Policies

1.27 Irregular expenditure (continued)

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:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

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

Significant Accounting Policies

1.28 Segment information (continued)

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.

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

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.

Significant Accounting Policies

1.31 Events after reporting date (continued)

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.

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.

Significant Accounting Policies

1.33 Impairment of non-cash-generating assets (continued)

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.

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.

Significant Accounting Policies

1.33 Impairment of non-cash-generating assets (continued)

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.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 117	1 717
Bank balances	2 740 293	1 008 600
Call accounts balances	17 200 804	23 813 722
	19 942 214	**24 824 039**

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
FNB - 62027530858 - Primary account	2 739 239	1 008 602	2 739 239	1 008 602
FNB - 62375342377 - Call account	-	-	-	-
FNB - 62377992104 - Call account	-	-	-	-
FNB - 62389585286 - Call account	-	9 071	-	9 071
FNB - 62389586507 - Call account	20	20	20	20
FNB - 62404561377 - Call account	-	-	-	-
FNB - 62404287345 - Call account	-	3 578 977	-	3 578 977
FNB - 62658357001 - Call account	1 028	4 428	1 028	4 428
FNB - 62305239718 - Call account	180 085	117 057	180 085	117 057
FNB - 74275780911 - Call account	5 267 590	27 502	5 267 590	27 502
FNB - 62230436405 - Call account	8 582 702	20 069 340	8 582 702	20 069 340
FNB - 62596797559 - Call account	-	7 052	-	7 052
FNB - 62253771896 - Call account	3 156 942	-	3 156 942	-
Cash on hand	-	-	1 117	1 716
Receipt recognised but not yet reflecting on the B/S	-	-	13 491	274
Total	**19 927 606**	**24 822 049**	**19 942 214**	**24 824 039**

Restricted cash balances

Government grants & subsidies	3 417	3 418

This funds are restricted for utilisation on Sub Rank. Refer to note 14.

3. Trade and other receivables from exchange transactions

Gross balances		
Electricity	19 237 030	17 388 083
Refuse	135 522 227	131 607 722
Other	5 059 213	4 696 861
	159 818 470	**153 692 666**
Less: Allowance for impairment		
Electricity	(10 067 073)	(7 056 593)
Refuse	(130 352 231)	(129 527 786)
Other	(3 646 740)	(3 627 986)
	(144 066 044)	**(140 212 365)**
Net balance		
Electricity	9 169 957	10 331 490
Refuse	5 169 996	2 079 936
Other	1 412 473	1 068 875
	15 752 426	**13 480 301**

Electricity

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Trade and other receivables from exchange transactions (continued)

Current (0 -30 days)	8 801 853	8 602 151
31 - 60 days	1 596 826	2 204 046
61 - 90 days	441 860	669 990
91 - 120 days	332 547	468 438
121 - 365 days	8 063 944	5 443 459
	19 237 030	**17 388 084**

Refuse

Current (0 -30 days)	1 133 740	1 014 931
31 - 60 days	897 040	1 068 428
61 - 90 days	772 194	997 220
91 - 120 days	763 909	983 677
121 - 365 days	131 955 344	127 543 466
	135 522 227	**131 607 722**

Other (specify)

Current (0 -30 days)	509 226	55 731
31 - 60 days	74 919	(42 816)
61 - 90 days	41 523	(271 444)
91 - 120 days	36 740	123 409
121 - 365 days	4 396 804	4 831 981
	5 059 212	**4 696 861**

Reconciliation of allowance for impairment of receivables from non-exchange transactions

Balance at beginning of the year	(140 212 365)	(129 758 657)
Contributions to allowance	(3 853 679)	(10 453 708)
	(144 066 044)	**(140 212 365)**

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 2025, R2 328 295 (2024: R2 662 929) were past due but not impaired.

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

Electricity	162 697	1 441 309
Refuse	2 106 662	1 095 602
Other	58 936	126 018

4. Receivables from non-exchange transactions

Fines	15 419 958	14 695 458
Propery rates	168 146 241	156 053 906
Impairment-Property Rates	(158 015 602)	(148 547 194)
Impairment-Traffic Fines	(13 999 071)	(13 267 353)
	11 551 526	**8 934 817**

Receivables from non-exchange included property rates ageing:

Current (0-30 days)	5 237 807	3 850 993
31-60 days	2 412 603	3 026 273
61-90 days	1 822 602	2 344 337
91-120 days	1 748 127	2 053 017
121+ days	156 925 102	144 779 285
	168 146 241	**156 053 905**

Figures in Rand	2025	2024

4. Receivables from non-exchange transactions (continued)

Receivables from non-exchange included traffic fines ageing:

Current (0-30 days)	22 300	144 700
31-60 days	36 700	105 700
61-90 days	64 300	82 100
91-120 days	82 800	158 400
121+ days	15 213 858	14 204 558
	15 419 958	**14 695 458**

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 2025, R2 553 738 (2024: R7 887 540) were past due but not impaired.

The total amounts past due but not impaired is as follows:

Property rates	2 553 738	7 887 540

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(161 814 547)	(147 375 961)
Current year contribution to allowance	(10 200 126)	(14 438 586)
	(172 014 673)	**(161 814 547)**

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

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Receivables from non-exchange transactions (continued)

(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 29 for rate randage.

5. VAT receivable

VAT Receivables	4 737 544	594 638

6. Prepayments

Insurance premium	320 646	278 990
SALGA membership levy	1 644 039	1 471 503
	1 964 685	**1 750 493**

The above prepayment related to the payment made in advance for both SALGA membership levy and insurance premium paid to Guard Risk.

7. Current and non-current portion of non-current receivables

Other current and non-current assets		
Current portion of the fruitless and wasteful expenditure recovery	750 000	750 000
Non-current portion of the fruitless and wasteful expenditure recovery	500 000	1 250 000
	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.

Notes to the Annual Financial Statements

Figures in Rand

8. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Vacant land	78 477 000	-	78 477 000	75 910 000	-	75 910 000

Reconciliation of investment property - Committemnt

	Opening balance	Disposals	Fair value adjustments	Total
Vacant land	75 910 000	(350 000)	2 917 000	78 477 000

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Vacant land	65 220 998	10 689 002	75 910 000

Pledged as security

No investment property was 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.

Details of valuation

The effective date of the valuations was Monday, 30 June 2025. 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.

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2025			2024		
	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	249 491 442	(57 998 058)	191 493 384	200 738 323	(46 162 056)	154 576 267
Infrastructure	253 250 680	(141 137 045)	112 113 635	235 146 202	(127 749 215)	107 396 987
Solid Waste Infrastructure	9 152 774	(5 359 449)	3 793 325	9 125 406	(4 685 461)	4 439 945
Other Property, Plant and Equipment	54 833 688	(33 271 497)	21 562 191	54 404 933	(31 642 855)	22 762 078
Total	**638 087 649**	**(237 766 049)**	**400 321 600**	**570 773 929**	**(210 239 587)**	**360 534 342**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Committemnt

	Opening balance	Additions	Disposals	Change in estimates	Depreciation	Impairment loss	Total
Land	71 359 065	-	-	-	-	-	71 359 065
Buildings	154 576 267	50 623 457	(354 944)	-	(4 343 844)	(9 007 552)	191 493 384
Infrastructure	107 396 987	21 144 441	(535 894)	-	(14 128 683)	(1 763 216)	112 113 635
Solid Waste Infrastructure	4 439 945	-	-	27 368	(628 118)	(45 870)	3 793 325
Other Property, Plant and Equipment	22 762 078	4 278 669	(388 246)	-	(5 090 310)	-	21 562 191
	360 534 342	**76 046 567**	**(1 279 084)**	**27 368**	**(24 190 955)**	**(10 816 638)**	**400 321 600**

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 Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	5 847 241	68 294 943	74 142 184
Additions/capital expenditure	11 301 060	50 623 457	61 924 517
Impairment	(1 752 151)	(347 017)	(2 099 168)
Transferred to completed items	(1 086 620)	(40 809 348)	(41 895 968)
	14 309 530	**77 762 035**	**92 071 565**

Reconciliation of Work-in-Progress 2024

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. Property, plant and equipment (continued)

	Included within Infrastructure	Included within Community	Total
Opening balance	36 387 491	42 261 178	78 648 669
Additions/capital expenditure	6 594 317	26 820 795	33 415 112
Handed over	(21 166 354)	-	(21 166 354)
Transferred to completed items	(15 968 213)	(787 030)	(16 755 243)
	5 847 241	**68 294 943**	**74 142 184**

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	1 738 284	2 034 132
Infrastructure maintenance	26 030 394	19 443 920
Fleet & other assets	1 817 153	1 591 787
	29 585 831	**23 069 839**

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 cummulative 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. Feasbility study -carrying value (R199 123).

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.

10. Heritage assets

	2025			2024		
	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
	70 945	**-**	**70 945**	**70 945**	**-**	**70 945**

Reconciliation of heritage assets Committemnt

	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 2024

	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.

11. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 524 048	(2 165 250)	358 798	2 524 048	(2 021 270)	502 778

Reconciliation of intangible assets - Committemnt

	Opening balance	Amortisation	Total
Computer software	502 778	(143 980)	358 798

Reconciliation of intangible assets - 2024

	Opening balance	Disposals	Amortisation	Total
Computer software	747 117	(42 493)	(201 846)	502 778

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.

12. Consumer deposits

Electricity	2 910 638	2 856 306

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Trade and other payables from exchange transactions

Trade payables	20 628 944	14 786 576
Retentions	9 923 628	10 791 114
Staff leave accrual	10 229 099	8 842 287
Payroll deductions	5 187 998	344 317
Bonus	4 364 283	3 975 773
Debtors with credit balance	2 014 957	2 250 160
	52 348 909	**40 990 227**

14. Trade and other payables from non-exchange transactions

Trade and other payables from non-exchange transactions comprises of:

Unspent conditional grants and receipts		
Sub Rank Facility Grant	3 417	3 417

15. Provisions

Reconciliation of provisions: 2025

	Opening Balance	Change in provision	Current year interest	Transfer to Current or Non-Current	Total
Non current: Environmental rehabilitation	10 919 711	27 368	1 480 597	(100 774)	12 326 902
Current: Environmental rehabilitation	1 480 598	-	-	100 774	1 581 372
Current: Bonuses	646 337	21 329	-	-	667 666
	13 046 646	**48 697**	**1 480 597**	**-**	**14 575 940**

Reconciliation of provisions: 2024

	Opening Balance	Additions	Change in provision	Current year interest	Transfer to Current or Non-Current	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**

Non-current liabilities	12 326 902	10 919 711
Current liabilities	2 249 038	2 126 935
	14 575 940	**13 046 646**

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.

Environmental 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.

Environmental rehabilitation costs were calculated based on the following assumptions:

Assumptions		
Consumer price inflation (CPI)	5.94	6.51 %

Figures in Rand	2025	2024

15. Provisions (continued)

Discount rate	11.37 %	11.94 %
Net discount rate	5.13 %	5.10 %
	-	-

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 09 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 5.13%. 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.

16. Employee benefit obligation

Defined benefit plans - General information

Medical Benefits

An actuarial valuation was performed by One Pangaea & Solutions at 30 June 2025 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.

2025	Opening balance	Service cost	Interest cost	Movement in benefit payments	Actuarial (gain)/loss over the financial year	Total
Non-current portion	2 401 865	-	285 276	(321 110)	627 053	2 993 084
Current portion	289 109	-	-	(4 155)	-	284 954
	2 690 974	**-**	**285 276**	**(325 265)**	**627 053**	**3 278 038**

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**

Carrying value

	2025	2024
Opening balance	(2 690 974)	(2 573 398)
Interest costs	(285 276)	(288 743)
Benefits paid	325 265	279 997
Actuarial (gain)/ loss	(627 053)	(108 830)
	(3 278 038)	**(2 690 974)**

Net expense recognised in the statement of financial performance

	2025	2024
Interest costs	(285 276)	(288 743)
Actuarial (gain)/ loss	(627 053)	(108 830)
	(912 329)	**(397 573)**

Key assumptions used

Assumptions used at the reporting date:

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Employee benefit obligation (continued)

	2025	2024
Discount rates used	9.81 %	11.20 %
Health care cost inflation	5.98 %	7.33 %
Change in the mortality assumption	6.66 %	7.26 %
Consumer price inflation	4.48 %	5.83 %
Net discount rate	3.61 %	3.61 %
	- %	- %
1% increase discount rate in employer’s accrued liability	3 040 991	2 506 417
1% increase in the discount rate	7.23 %	6.86 %
	- %	- %
1% decrease discount rate in employer’s accrued liability	3 548 950	2 901 884
1% decrease in the discount rate	8.26 %	7.84 %
	-	-
1% increase medical inflation rate in employer’s accrued liability	3 574 088	2 922 413
1% decrease in the medical inflation rate	9.03 %	8.60 %
	-	-
1% decrease medical inflation rate in employer’s accrued liability	3 016 000	2 486 086
1% increase in the medical inflation rate	7.99 %	7.61 %

Amounts for the current and previous four years are as follows:	2025	2024	2023	2022	2021
Present value of funded obligations	3 278 039	2 690 974	2 573 398	3 196 154	2 090 106
	3 278 039	**2 690 974**	**2 573 398**	**3 196 154**	**2 090 106**

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

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 2025 reflected the following:

16. Employee benefit obligation (continued)

-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 2025 revealed the following: The memorandum account in respect of the pensioners was fully funded.

The ability in respect of active members was 100% funded.

17. 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 2025. 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 2025.

The actuarial valuation is performed every year.

2025	Opening balance	Service cost	Interest cost	Movement in benefit payments	Actuarial (gain)/ loss	Total
Non-current portion	6 444 914	681 617	713 253	(1 968 015)	302 817	6 174 586
Current portion	492 030	-	-	1 200 072	-	1 692 102
	6 936 944	**681 617**	**713 253**	**(767 943)**	**302 817**	**7 866 688**

2024	Opening balance	Service cost	Interest cost	Movement in benefit payments	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**

Changes in the present value of the long-service obligation are as follows:

	2025	2024
Opening balance	(6 936 944)	(5 936 920)
Service cost	(681 617)	(595 728)

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

17. Long service award (continued)

Interest cost	(713 253)	(711 605)
Benefit payment	767 943	975 529
Actuarial (gain)/ loss	(302 817)	(668 220)
	(7 866 688)	**(6 936 944)**

Net expense recognised in the statement of financial performance

Service cost	(681 617)	(595 728)
Interest cost	(713 253)	(711 605)
Actuarial (gain)/ loss	(302 817)	(668 220)
	(1 697 687)	**(1 975 553)**

Principal actuarial assumption used

Discount rate	9.39 %	10.66 %
Salary inflation rate	5.18 %	6.50 %
Net discount rate	4.00 %	3.91 %

1% increase discount rate on employer’s accrued liability	7 445 733	6 532 415
1% increase in the salary increase rate	8 351 621	7 404 040
1% decrease discount rate in employer’s accrued liability	8 336 575	7 389 915
1% decrease in the salary increase rate	7 425 844	6 513 751

18. Other financial liabilities

Other financial liabilities	341 542	341 542

Non-current liabilities

Designated at fair value	341 542	341 542

The other financial liability relates to deposit made for the sale of erven.

19. Service charges

Service charges - Electricity	71 577 441	53 395 362
Service charges - Waste Management	12 004 527	11 398 421
	83 581 968	**64 793 783**

20. Agency services

NPA Motor fees	1 351 361	1 134 948

The municipality is the party to a principal-agent arrangement.

Department of Transport

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 aggregate amount of revenue recognised as a result of functions performed is R1 351 361 (2024: R1 134 948).

21. Interest earned from receivables

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
Electricty	35 978	31 503
Refuse	468 232	408 221
Property rates	565 272	494 973
Other	12 964	11 353
	1 082 446	**946 050**

22. Interest earned from current and non-current assets

	2025	2024
Interest revenue		
Primary bank account	92 636	111 124
Short-term investments and call accounts	4 369 275	4 432 011
	4 461 911	**4 543 135**

23. Licences and permits

	2025	2024
Licences and permits	1 738 183	1 656 154

24. Rental of facilities and equipment

	2025	2024
Rental of facilities and equipment		
Rental of facilities	571 501	517 004

25. Operational revenue

	2025	2024
Electricity connection and reconnections fees	258 191	108 402
Tender document fees	64 580	19 346
Certificate clearance and validation	24 819	27 340
Dumping fees	26 334	16 961
Other Revenue	190 378	4 088 700
CETA Refunds	5 865 660	671 245
KZN Transport Refunds	1 845 382	2 106 046
Fruitless and wasteful expenditure recovered	-	2 000 000
	8 275 344	**9 038 040**

26. Construction contract

	2025	2024
Construction contract revenue		
Integrated national electrification programme	3 109 565	2 817 391
Human Settlement Grant	36 642 274	40 259 266
	39 751 839	**43 076 657**

	2025	2024
Construction contract expenditure		
Integrated national electrification programme	3 109 565	2 817 391
Human Settlement Grant	36 642 274	40 259 266
	39 751 839	**43 076 657**

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. The conditions of this grant were met. 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.

	2025	2024
Balance unspent at the beginning of the year	-	-
Current-year allocation	4 474 000	15 000 000

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
Conditions met - transferred to revenue	(3 576 000)	(3 240 000)
Funds withheld by funder	(898 000)	(11 760 000)
	-	-

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.

27. Gains (losses) on disposal of capital assets

Gains (losses) on disposal of capital assets	(1 223 252)	493 433

28. Fair value adjustments

Investment property (Fair value model)	2 917 000	10 689 002

29. Property rates

Rates received

Residential	6 404 371	13 081 945
Commercial	22 086 507	15 139 452
Public benefits organisations	4 343	624 841
Agricultural property	9 646 047	6 744 643
Vacant land	748 630	779 117
Public services purposes	10 167 695	12 455 184
Public services infrastructure	896	191 439
Property reduction rebate	(850 081)	(881 419)
	48 208 408	**48 135 202**

Property rates randages		
Residential Property	0.00739400	0.01893700
Business and Commercial Property	0.01996300	0.02367119
Industrial property	0.01996300	0.02367119
Vacant Land	0.01367800	0.02367119
Agricultural Property	0.00184800	0.00473424
Mining Property	0.01996300	0.02367119
Unauthorized Development	0.03696900	0.05681086
Public Service Infrastructure	0.00184800	0.00473424
Public Benefit Organisation	0.00184800	0.00473424
Public Service Purpose	0.02218100	0.02367119

Valuations

Residential	1 258 840 000	841 028 000
Commercial	1 116 120 000	649 809 000
Public benefits organisations	458 396 600	572 759 800
Small holdings and farms	5 235 337 000	1 430 049 000
Other	119 341 000	229 162 000
Public services purposes	141 235 000	42 175 500
	8 329 269 600	**3 764 983 300**

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.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Property rates (continued)

Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

30. Fines, Penalties and Forfeits

Traffic Fines	1 059 400	1 550 400
Retentions Forfeits	5 047 106	-
	6 106 506	**1 550 400**

31. Government grants & subsidies

Operating grants		
Equitable share	192 178 000	182 291 000
Expanded Public Works Programme Grant	1 990 000	2 169 000
Financial Management Grant	3 000 000	3 000 000
Provincialisation of Libraries Grant	2 050 000	1 964 000
Community Libraries Services Grant	531 000	508 000
Municipal Infrastructure Grant	2 034 800	1 547 700
Integrated Spatial Development Economic Plan	-	275 508
	201 783 800	**191 755 208**
Capital grants		
Municipal Infrastructure Grant	38 661 200	29 406 300
Sport Development Grant	23 499 333	7 402 797
	62 160 533	**36 809 097**
	263 944 333	**228 564 305**

Equitable Share

Current-year receipts	192 178 000	182 291 000
Conditions met - transferred to revenue	(192 178 000)	(182 291 000)
	-	-

No conditions had to be met for this grant in the financial year.

Expanded Public Works Programme Grant

Current-year receipts	1 990 000	2 169 000
Conditions met - transferred to revenue	(1 990 000)	(2 169 000)
	-	-

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 has been met. No funds were withheld or surrendered as at the 30th of June 2025.

Financial Management Grant

Current-year receipts	3 000 000	3 000 000
Conditions met - transferred to revenue	(3 000 000)	(3 000 000)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

31. Government grants & subsidies (continued)

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 has been met. No funds were withheld or surrendered as at the 30th of June 2025.

Provincialisation of Libraries Grant

Current-year receipts	2 050 000	1 964 000
Conditions met - transferred to revenue	(2 050 000)	(1 964 000)
	-	-

The purpose of this grant is to subsidise operational costs associated with libraries. The conditions of this grant has been met. No funds were withheld or surrendered as at the 30th of June 2025.

Community Libraries Services Grant

Current-year receipts	531 000	508 000
Conditions met - transferred to revenue	(531 000)	(508 000)
	-	-

This grant is used to pay salaries for Cyber Cadets and subsidise operational costs associated with libraries. The conditions of this grant has been met. No funds were withheld or surrendered as at the 30th of June 2025.

Municipal Infrastructure Grant

Current-year receipts	2 034 800	1 547 700
Conditions met - transferred to revenue	(2 034 800)	(1 547 700)
	-	-

This grant is used to pay salaries for PMU staff and subsidise operational costs associated with PMU support. The conditions of this grant has been met. No funds were withheld or surrendered as at the 30th of June 2025.

Integrated Spatial Development Economic Plan

Balance unspent at beginning of year	-	275 508
Conditions met - transferred to revenue	-	(275 508)
	-	-

The purpose of this grant is to develop an Integrated Spatial Development Plan for the municipality. The conditions of this grant has been met. No funds were withheld or surrendered as at the 30th of June 2025.

Municipal Infrastructure Grant

Current-year receipts	38 661 200	29 406 300
Conditions met - transferred to revenue	(38 661 200)	(29 406 300)
	-	-

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 has been met. No funds were withheld or surrendered as at the 30th of June 2025.

Sport Development Grant

Balance unspent at beginning of year	-	8 130
Current-year receipts	23 499 333	7 394 667
Conditions met - transferred to revenue	(23 499 333)	(7 402 797)

Figures in Rand	2025	2024

31. Government grants & subsidies (continued)

	-	-

The grant intends to promote and develop the sport and recreational activities in the municipality. The conditions of this grant has been met. No funds were withheld or surrendered as at the 30th of June 2025.

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 14). No Funds were withheld or surrendered as at 30th of June 2025.

32. Employee related costs

Basic salaries and wages	97 043 493	89 740 452
Once-off allowance	324 000	168 958
Performance and other bonus	7 236 939	6 460 731
Medical aid	4 950 275	4 446 141
UIF	682 206	661 902
Standby allowance	2 180 730	1 181 583
Leave provision	2 498 171	3 142 030
Shift allowance	237 148	185 511
Remote allowance	207 113	195 727
Pension and provident fund	14 058 577	12 342 869
Car allowances	10 102 271	8 808 597
Overtime	2 346 288	2 157 593
Long-service awards	403 237	595 728
Acting allowances	339 998	632 482
Cellphone allowance	1 608 885	1 392 240
Housing benefits	66 864	63 985
Danger allowance	270 000	118 000
Industrial Council	44 550	41 423
	144 600 745	**132 335 952**

Remuneration of Municipal Manager: MB Khali

Annual remuneration	1 113 168	1 108 994
Allowances	386 749	385 160
Once-off gratuity	20 340	20 340
	1 520 257	**1 514 494**

The Municipal Manager Mr MB Khali was suspended by Council on the 28th of March 2025, Mr MVM Mbatha was appointed on acting capacity from 28 March 2025.

Remuneration of Chief Financial Officer: KWG Ngcobo

Annual remuneration	913 969	897 657
Allowances	378 527	376 706
Once-off gratuity	20 340	10 170
	1 312 836	**1 284 533**

Remuneration of former Director Planning and Economic Development: MVM Mbatha

Annual Remuneration	-	615 618
Car Allowance	-	251 825
Leave payout	-	227 885

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

32. Employee related costs (continued)

Once-off gratuity	-	20 340
	-	**1 115 668**

Remuneration of Director Corporate Services: SSP Xaba

Annual remuneration	913 969	892 142
Allowances	378 527	376 486
Once-off gratuity	20 340	5 817
	1 312 836	**1 274 445**

Remuneration of Director Community Service: BCX Dladla

Annual remuneration	913 969	892 142
Allowances	378 527	376 486
Once-off gratuity	20 340	5 817
	1 312 836	**1 274 445**

Remuneration of former Director Technical Services: M Buthelezi

Annual remuneration	-	39 345
Allowances	-	14 400
Leave days payouts	-	34 942
Once-off Gratuity	-	4 773
	-	**93 460**

Remuneration of Director Technical Services: Mr. MVM Mbatha

Annual remuneration	913 969	294 924
Allowances	413 257	125 397
Once-off gratuity	20 340	-
	1 347 566	**420 321**

Remuneration of Director Planning and Local Economic Development: Mr. BM Dlamini

Annual remuneration	375 380	-
Allowances	154 987	-
	530 367	**-**

Mr. BM Dlamini was appointed as Director Planning and Economic Development from the 3rd of March 2025.

33. Remuneration of councillors

2025	Basic Salary	Other benefits	
Mayor	898 617	47 004	945 621
Deputy Mayor	421 078	186 401	607 479
Speaker	325 834	155 615	481 449
Chief Whip	259 720	134 584	394 304
MPAC Chair	395 344	47 004	442 348
Executive Committee	1 018 255	344 663	1 362 918
Other Councillors	5 615 483	1 743 147	7 358 630
	8 934 331	**2 658 418**	**11 592 749**

33. Remuneration of councillors (continued)

2024	Basic Salary	Other benefits	
Mayor	414 995	22 189	437 184
Deputy Mayor	752 871	49 608	802 479
Speaker	317 958	155 594	473 552
Chief Whip	298 092	148 972	447 064
MPAC Chair	383 820	49 608	433 428
Executive Committee	993 640	347 552	1 341 192
Other Councillors	5 551 295	1 808 110	7 359 405
	8 712 671	**2 581 633**	**11 294 304**

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 was elected on the 12th of November 2024, the Deputy Mayor and Chief Whip were elected on the 30th of January 2025.

The Mayor, Deputy Mayor, Speaker and Chief Whip each have the use of separate council owned vehicles for official duties.

The Mayor, Deputy Mayor, Speaker and Chief Whip each have full-time contracted bodyguards.

34. Bulk purchases

Electricity - Eskom	55 233 237	48 394 007

Electricity losses

Units purchased	27 500 105	25 421 084
Units sold	(24 534 946)	(18 280 352)
Total loss	**2 965 159**	**7 140 732**

Electricity losses in Rands comprises of:		
Electricity losses	4 488 408	11 836 955

Percentage Loss:		
Electricity losses	11 %	28 %

The municipality purchased 27 500 105 units(2024: 25 421 084 units) from Eskom and unit sold was 24 534 946 (2024: 18 280 352) to customers. This represents a loss of 2 965 159 units (2024: 7 140 732) which equates to R4 488 408 (2024: R11 836 955) and translates to a percentage of 11% (2024: 28%) electricity losses as a result of technical losses and illegal connections.

35. Inventory consumed

Storm water maintenance	5 179 842	519 293
Road maintenance	15 410 936	13 408 733
Fleet maintenance	1 817 153	1 591 787
Other assets maintenance	1 738 284	2 034 132
Electricital infrastructure maintenance	5 439 616	5 515 894
	29 585 831	**23 069 839**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. Debt impairment

Contributions to debt impairment provision	13 551 151	23 528 767

37. Depreciation, amortisation and impairment

Depreciation	24 191 011	23 478 198
Impairment	10 816 638	1 314 395
Amortisation	143 946	201 845
	35 151 595	**24 994 438**

38. Finance costs

Penalties on late payment	2 215	13 832
Landfill - capitalised	1 480 597	1 352 703
Actuarial interest cost	998 529	1 000 348
	2 481 341	**2 366 883**

39. Operating lease

Transport assets	3 322 935	5 555 779
Computer equipment	1 658 451	623 410
	4 981 386	**6 179 189**

Present value of minimum lease payments due		
- within one year	1 055 940	4 421 764
- in second to fifth year inclusive	177 930	1 521 170
Present value of minimum lease payments	**1 233 870**	**5 942 934**

40. Contracted services

IT services	912 448	2 195 285
Refuse removal and grass cutting	855 807	1 207 837
IDP services	2 047 374	1 985 433
Financial consultants and sytems	2 921 387	3 696 897
Legal cost	10 954 254	4 457 473
Electrical	1 874 839	2 337 197
Safeguard and security	12 238 211	11 389 166
Other contracted services	1 409 259	1 845 041
	33 213 579	**29 114 329**

41. Irrecoverable debts written-off

Debtors written off	5 398 382	4 846 952

The municipality developed and approved the indigent register. Above-mentioned debtors were written-off after being assessed as indigent household. Also included in the bedtors written off were traffic fines written off by the court.

42. Operational costs

Advertising	725 162	285 319
Auditors remuneration	2 230 887	2 134 896
Bank charges	75 641	91 716
Consulting and professional fees	1 719 228	1 469 521
Entertainment	162 816	12 307

Figures in Rand	2025	2024

42. Operational costs (continued)

EPWP & Town Beautification	206 720	195 660
Insurance	1 258 581	841 467
IT Audit	-	128 800
License fees	5 104 054	2 510 229
Fuel and oil	4 065 353	4 312 067
Printing and stationery	1 047 140	860 338
Public participation	1 876 373	3 828 674
Research and development costs	1 415 544	1 879 205
Subscriptions and membership fees	1 476 503	(254 413)
Telephone and fax	4 000 708	2 578 869
Training	6 152 049	1 550 505
Travel - local	6 246 994	7 176 785
Refuse	573 386	659 078
Ward Commitee stipend	2 643 000	2 641 500
LED ward upliftment	1 205 380	1 475
SDL Fund	1 310 209	1 202 518
WCA	646 922	-
Other expenses	8 787 926	9 090 411
	52 930 576	**43 196 927**

43. Transfer of infrastructure asset

Transfer of infrastructure asset	-	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.

44. Actuarial losses

Gains/ (losses) from a change in fair value from employee benefit obligations	(627 053)	(108 830)
Losses from a change in fair value from long service awards	(302 817)	(668 220)
	(929 870)	**(777 050)**

45. Cash generated from operations

Surplus	31 365 267	796 464
Adjustments for:		
Depreciation and amortisation	35 151 595	24 994 438
Fair value adjustments	(2 917 000)	(10 689 002)
(Gain)/ loss on sale of capital assets	1 223 252	(493 433)
Actuarial interest cost	998 529	1 000 348
Actuarial losses	929 870	777 050
Finance cost capitalised	1 480 597	1 352 703
Transfer of infrastructure assets	-	21 166 354
Other non-cash items	867 488	(258 460)
Changes in working capital:		
Net receivables from exchange transactions	(2 272 125)	471 708
Net receivables from non-exchange transactions	(2 616 709)	7 673 082
Unspent conditional grant	-	(283 638)
Trade payables from exchange transactions	11 358 682	6 069 343
Net VAT payable/ (receivables)	(4 142 906)	3 210 086
Movements in LSA	(86 326)	(379 801)
Movement in bonuses	21 329	313 822
Movement in PEMA	(325 265)	(279 997)
Movement in other assets	750 000	(2 000 000)

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

45. Cash generated from operations (continued)

Movement in prepayments	(214 192)	(429 572)
	71 572 086	**53 011 495**

46. Auditors' remuneration

Fees	2 230 887	2 134 896

47. Commitments

2024/2025	Community Assets	Infrastructure Assets	Machinery & Other Assets	Total
Commitments for the acquisition of property, plant and equipment	-	-	-	-
Commitments to construct or develop property, plant and equipment	8 891 636	11 486 918		20 378 554
	8 891 636	**11 486 918**	**-**	**20 378 554**

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
Construction or development of property, plant and equipment	15 965 207	7 656 983	-	23 622 190
	15 965 207	**7 656 983**	**7 945 140**	**31 567 330**

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.

48. Contingencies

Contingent liabilities

Bongani Sielency Qwabe suing the municipality	100 000	100 000

Contingent assets

Sehla JV	4 513 647	4 513 647
Brechoost Cc	4 498 081	-
	9 011 728	**4 513 647**

49. Related parties

Relationships	
Councillors	Refer to note 33
Senior Managers	Refer to note 32

There were no related party transactions that were not at arms length during the financial period.

50. 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 R189 867 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 R27 368 and it is impracticable to estimate the future implication of this change in estimate.

51. Prior-year adjustments and reclassifications

Presented below are those items that have been affected by prior-year adjustments:

Statement of financial position

2024

	As previously reported	Correction of error/ reclassification	Restated
Accummulated surplus on 1st of July 2023	420 879 296	60 539	420 939 835
VAT receivables/ payables	(1 526 029)	2 120 667	594 638
Prepayments	-	1 750 493	1 750 493
Trade and other payables from exchange transactions	37 158 511	3 831 716	40 990 227

Accummulated surplus adjustement was due to incorrect accounting for VAT on the MTN and Tracker debit orders in 2022/23 financial year. There was incorrect accounting for bulk invoice received in July 2023 which had June 2023 billing amounts.

Statement of financial performance

2024

	As previously reported	Correction of error/ reclassification	Total	Restated
Employee related cost	133 434 924	-	(1 098 972)	132 335 952
Remuneration of councillors	11 397 850	-	(103 546)	11 294 304
Inventory consumed	-	-	23 069 839	23 069 839
Debt impairment	24 892 294	(1 363 527)	-	23 528 767
Operationg lease	-	-	6 179 189	6 179 189
Contracted services	-	-	29 114 329	29 114 329
Operational expenditure	102 305 070	(1 947 304)	(57 160 839)	43 196 927
Bulk purchases	45 062 080	3 331 927	-	48 394 007

Employee related cost was due to reclassification of SDL to be under operational cost as per revised mSCOA specimen.

Remunaration of councillors was due to reclassification of SDL to be under operational cost as per revised mSCOA specimen.

Inventory consumed was due to reclassification of inventory consumed to be on the face other than within operational cost as per revised mSCOA specimen.

Debt impairment adjustment was due to non-consideration of VAT output leg when accounted for debt impaiment on vatable items.

Notes to the Annual Financial Statements

51. Prior-year adjustments and reclassifications (continued)

Contracted services was due to reclassification of contracted servies to be on the face other than within operational cost as per revised mSCOA specimen.

Operating lease was due to reclassification of contracted services to be on the face other than within operational cost as per revised mSCOA specimen.

Operational expenditure adjustment was due to incorrect accounting for VAT on the MTN and Tracker debit orders.

Debt impairment adjustment was due to non-consideration of VAT output leg when accounted for debt impaiment on vatable items.

Bulk purchase adjustment was due to the bulk invoice dated July 2024 which also had June 2024 billing.

Cash flow statement

2024

	As previously reported	Correction of error/ reclassification	Total
Cash flow from operating activities			
Receipts	-	-	-
Sale of goods and services	109 507 880	(757 140)	108 750 740
Payments	-	-	-
Employee costs	(131 712 166)	1 098 972	(130 613 194)
Suppliers	(144 597 696)	(2 062 020)	(146 641 716)
Remuneration of councillors	(11 397 850)	103 546	(11 294 304)
Movement in retention	-	1 598 643	1 598 643

The above adjustments in cashflow statement relates to correction of VAT on MTN debit orders, SDL on employee related cost and remunaration of councillors.

Other notes disclosure

	As previously reported	Correction of error/ reclassification	Total
Commitments			
Commitments for the acquisition of property, plant and equipment	7 945 104	-	7 945 104
Construction or development of property, plant and equipment	25 899 910	(2 277 720)	23 622 190
	33 845 014	**(2 277 720)**	**31 567 294**

Operating lease commitments	As previously reported	Correction of error	Total
Present value of minimum lease payments due	-	-	-
- within one year	3 434 904	986 860	4 421 764
- in second to fifth year inclusive	287 300	1 233 870	1 521 170
	3 722 204	**2 220 730**	**5 942 934**

Reconciliation of Work-in-Progress 2024	As previously reported	Correction of error	Total

Figures in Rand			2025	2024

51. Prior-year adjustments and reclassifications (continued)

Opening balance	42 261 178	-	42 261 178
Additions/capital expenditure	26 820 795	-	26 820 795
Capitalised	(38 770)	(748 260)	(787 030)
	69 043 203	**(748 260)**	**68 294 943**

Commitments: adjustment was due to ward 08 multipurpose payments not considered in the commitments schedule.

Operating lease commitment: adjustment was due to photocopy machine lease commitments not considered in 2024 AFS.

Reconsiliation of WIP: this was due to fencing of DLTC payment received in July 2024 while projects was already capitalised.

Segment reporting:

Following a change in the mSCOA specimen for the composition of municipal reportable segments, the prior year segment reporting has been reclassified to be in line with the main statements. It was not practically possible to disclose the entire changes on segment in this note, hence the narration was provided for users.

52. Risk management

Financial risk management

Liquidity risk

The municipality’s risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality’s 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.

Consumer deposits			2 910 638	2 856 306
Trade payables from exchange transactions			50 333 952	38 740 067
Other financial liabilities	-	-	341 542	341 542

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 financial liabilities) disclosed in note 13 and 16, cash and cash equivalents in note 02 and 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	2025	2024

Figures in Rand	2025	2024

52. Risk management (continued)

Cash and cash equivalents	19 942 214	24 824 039
Receivables from exchange transactions	15 752 426	13 480 301
Current portion of non-current receivable	750 000	750 000
Prepayments	1 964 685	1 750 493

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.

53. 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 .

54. Events after the reporting date

Some of the UIFW expenditure and reduntant assets were written-off by Council on the 28th of August 2025 and the finanial statement were adjusted with the said events.

55. Unauthorised expenditure

Opening balance as previously reported	137 760 769	79 446 923
Employee related costs	64 155	5 319 626
Bulk purchases	7 227 678	3 297 925
Inventory consumed	4 220 589	-
Debt impairment	7 691 504	19 306 358
Depreciation and amortisation	9 145 981	203 576
Finance cost	850 491	812 212
Operating lease	1 258 567	-
Irrecoverable debts written-off	5 398 382	4 846 952
Operational cost	12 133 500	5 001 403
Transfer of infrastructure assets	-	21 166 354
Construction contract expenditure	-	30 033 180
Actuarial losses	929 870	777 050
Loss on disposal of capital assets	1 223 252	-
Less: Amount written-off by Council	(87 228 419)	(32 450 790)
Closing balance	**100 676 319**	**137 760 769**

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.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

56. Fruitless and wasteful expenditure

Opening balance as previously reported	4 527 914	7 957 779
Add: fruitless and wasteful expenditure identified - current	1 977 836	13 832
Less: recoverable amount	-	(2 000 000)
Less: amount written off - prior period	(13 832)	(1 443 697)
Closing balance	**6 491 918**	**4 527 914**

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. The fruitless incurred in the 2024/25 could not be completely quantified by management, necessary amendment will made upon finalisation of the investigation.

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Interest on late payments	Reported to Council	2 215	13 832
MTN payment of untraceable devices	Reported to Council	1 975 621	-
		1 977 836	**13 832**

57. Irregular expenditure

Opening balance as previously reported	14 759 588	15 199 051
SCM processes not followed	69 000	220 545
Less: Amount written off - by Council	(220 545)	(660 008)
Closing balance	**14 608 043**	**14 759 588**

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
SCM processes not followed	Reported to Council	69 000	220 545

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

57. Irregular expenditure (continued)

The figures reported above are inclusive of VAT. Investigation was conducted for prior years irregular expenditure, some were written-off as irrecoverable while some are under the process of recovering.

58. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	1 333 626	1 333 626
Current year subscription / fee	5 000	-
Amount paid - current year	(1 338 626)	-
	-	**1 333 626**

Audit fees

Opening balance	-	-
Current year subscription / fee	2 230 887	2 134 896
Amount paid - current year	(2 230 887)	(2 134 896)
	-	**-**

PAYE and UIF

Opening balance	(111 900)	1 497 083
Current year subscription / fee	24 533 418	21 611 725
Amount paid - current year	(22 326 483)	(23 220 708)
	2 095 035	**(111 900)**

Pension and Medical Aid Deductions

Opening balance	47 728	1 398 162
Current year subscription / fee	30 808 573	27 089 181
Amount paid - current year	(28 247 887)	(28 439 615)
	2 608 414	**47 728**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

58. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

VAT receivable/ (payables)	4 737 544	594 638

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 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr SR Mhlongo	14 477	239 614	254 091
Cllr MP Mafuleka	1 231	63 929	65 160
Cllr CN Nxumalo	1 148	48 969	50 117
Cllr BES Ntshangase	704	35 611	36 315
	17 560	**388 123**	**405 683**

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cll 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**

59. 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 Regulation 36(1)(a)(i)-Emergency	2 424 982	1 293 268
SCM Regulation 36(1)(a)(ii)-Single provider only	215 444	196 932
SCM Regulation 36(1)(a)(v)-Impractical to follow the procurement processes	2 944 783	2 317 574
	5 585 209	**3 807 774**

60. Budget differences

Material differences between budget and actual amounts

Reason were provided for variance more than 5%, as these were considered material.

Notes to the Annual Financial Statements

60. Budget differences (continued)

Statement of Financial Performance:

Revenue

Agency fees: The increase is due to lower demand.

Interest earned from receivables: Collection rate increased and incentives that were provided

Interest on current and non-current account: The budget was based on the mid-year assessment which indicated an increase as at December 2024 which then resulted in the budgeted amount being overstated

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 2024 which then resulted in the budgeted amount being overstated

Operational revenue: The increase is due to CETA refunds.

Contruction contract: The budget was based on the Mid-year assessment as at December 2024 and the 2023/24 AFS which then resulted in the budgeted amount being overstate.d

Fair value adjustment: The fair value adjustment was not budgeted for.

Fines, penalties and forfeits: The increase is due forfits on retentions.

Expenditure.

Remuneration of councillors: The budget amount was overstated..

Bulk purchases: The budget was based on the Mid-year assessment which indicated an increase as at December 2024 which then resulted in the budgeted amount being overstate, change in customer demand as a result of alternative sources of energy.

Inventory consumed: The was due to demand in maintanence of infrastructure and municipal assets.

Debt impairment: The impairement of traffic fines increased as a result of fines withdrawals and struck of rolls.

Contracted services: The budget was based on the Mid-year assessment which indicated an increase as at December 2024 which then resulted in the budgeted amount being overstate.

Depreciation and amortisation: The conditional assessment on assets.

Finance costs: The amount includes intrest costs from actuarial valuation and interest from lanfill site provision

Operating lease: The budget was based on the Mid-year assessment which indicated an increase as at December 2024 which then resulted in the budgeted amount being understaten

Debtors written-off: The budget was understated, as there were incentives that were provided during the financial year

Operational cost: The budget was based on the Mid-year assessment which indicated an increase as at December 2024 which then resulted in the budgeted amount being understater

Contruction contract: The budget was based on the Mid-year assessment as at December 2024 and the 2023/24 AFS which then resulted in the budgeted amount being overstate.

Actuarial losses: The acturial losses were not budgeted for.

Loss on disposal of capital assets: The gains on disposal of capital assets were not budgeted for.

Statement of Financial Position.

Cash and cash equivalents: This was due to the increase on interest from call acounts and improvement in debt collection.

60. Budget differences (continued)

Receivable from exchange: payments were recieved than anticipated.

Statutory receivable from exchange: payments were recieved than anticipated.

Statutory receivable from exchange: payments were recieved than anticipated.

VAT receivable/(payable): VAT on MTN in the prior year.

Investment property: The fair value adjustment was not budgeted for.

Propery, plant, and equipment: There were assets written off and were asset dispossed.

Intangible assets: The budget was overstated.

Other non-current assets: The budget was overstated.

Payables from exchange transaction: Some invoices were submitted late.

Long service awards: The budget was understated.

Provisions: The budget was understated.

Employee benefits obligation: The budget was understated.

Statement of cash flows.

Sale of goods and services: This was to the implimentation of the revenue enhancement strategy.

Grants: The budget was oversated.

Cash and cash equivalents: This was due to the increase on interest from call acounts and improvement in debt collection.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters, addditional grants being provided and reduction on INEP grant.

61. Segment information

General information

61. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Committemnt

	Finance & Admin	Community & Public Safety	Planning & Development	Total
Revenue				
Revenue from exchange transactions	-	-	-	-
Service charges	-	12 004 527	71 577 441	83 581 968
Agency services	-	1 351 361	-	1 351 361
Interest earned from receivables	578 236	468 232	35 978	1 082 446
Interest from from current and non-current assets	4 461 911	-	-	4 461 911
Licences and permits	-	1 680 529	57 654	1 738 183
Rental of facilities and equipments	496 897	74 604	-	571 501
Operational revenue	7 754 462	177 212	343 670	8 275 344
Construction contract revenue	-	36 642 274	3 109 565	39 751 839
Fair value adjustments	2 917 000	-	-	2 917 000
Revenue from non-exchange transactions	-	-	-	-
Property rates	48 208 408	-	-	48 208 408
Fines, Penalties and Forfeits	5 047 106	1 059 400	-	6 106 506
Government grants & subsidies	108 728 435	73 275 911	81 939 987	263 944 333
Total segment revenue	**178 192 455**	**126 734 050**	**157 064 295**	**461 990 800**
Municipaliy's revenue				**461 990 800**
Expenditure				
Employee related costs	54 902 452	60 570 449	29 127 844	144 600 745
Remuneration of Councillors	11 592 749	-	-	11 592 749
Bulk purchases	-	-	55 233 237	55 233 237
Inventory consumed	1 320 522	417 762	27 847 547	29 585 831
Debt Impairment	9 484 716	1 448 627	2 617 808	13 551 151
Depreciation, amortisation and impairment	5 031 998	12 953 178	17 166 419	35 151 595
Finance costs	1 000 744	1 480 597	-	2 481 341
Operating lease	4 981 386	-	-	4 981 386
Contracted services	28 420 255	1 553 670	3 239 654	33 213 579

	Finance & Admin	Community & Public Safety	Planning & Development	Total
61. Segment information (continued)				
Irrecoverable debts written off	-	5 398 382	-	5 398 382
Operational costs	37 231 256	6 771 366	8 927 953	52 930 575
Construction contract expenditure	-	36 642 274	3 109 565	39 751 839
Actuarial (gains) losses	929 870	-	-	929 870
(Gains)/ losses on disposal of assets	1 223 252	-	-	1 223 252
Total segment expenditure	**156 119 200**	**127 236 305**	**147 270 027**	**430 625 532**
Total segmental surplus/(deficit)	**22 073 255**	**(502 255)**	**9 794 268**	**31 365 268**
Assets				
Current assets	-	-	-	-
Cash and cash equivalents	19 942 214	-	-	19 942 214
Trade and other receivables from exchange transactions	1 412 474	5 169 996	9 169 956	15 752 426
Receivables from non-exchange transactions	10 827 026	724 500	-	11 551 526
VAT receivable	4 737 544	-	-	4 737 544
Prepayments	1 964 685	-	-	1 964 685
Other current assets	750 000	-	-	750 000
Non-current assets	-	-	-	-
Investment property	78 477 000	-	-	78 477 000
Property, plant and equipment	27 152 257	179 997 833	193 171 510	400 321 600
Heritage assets	70 945	-	-	70 945
Intangible assets	358 798	-	-	358 798
Other non-current assets	500 000	-	-	500 000
Total segment assets	**146 192 943**	**185 892 329**	**202 341 466**	**534 426 738**
Additions to non-current assets				76 046 567
Total assets as per Statement of financial Position				**534 426 738**
Liabilities				
Current liabilities	-	-	-	-
Consumer deposits	2 910 638	-	-	2 910 638
Trade and other payables from exchange transactions	52 348 909	-	-	52 348 909

Notes to the Annual Financial Statements

Figures in Rand

	Finance & Admin	Community & Public Safety	Planning & Development	Total
61. Segment information (continued)				
Trade and other payables from non-exchange transactions	-	-	3 417	3 417
Provisions: current portion	667 666	1 581 372	-	2 249 038
Employee benefits obligation - current portion	284 954	-	-	284 954
Long service award - current portion	1 692 102	-	-	1 692 102
Non-Current liabilities	-	-	-	-
Provisions: non-current portion	-	12 326 902	-	12 326 902
Employee benefit obligation: non-current portion	2 993 084	-	-	2 993 084
Long service award: non-current portion	6 174 586	-	-	6 174 586
Other financial liabilities	341 542	-	-	341 542
Total segment liabilities	**67 413 481**	**13 908 274**	**3 417**	**81 325 172**
Total liabilities as per Statement of financial Position				**81 325 172**

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	505 374	409 231	31 445	946 050
Interest earned from call accounts	4 543 135	-	-	4 543 135
Licences and permits	-	1 623 955	32 199	1 656 154
Rental of facilities and equipment	517 004	-	-	517 004
Operational revenue	4 371 208	298 369	4 368 463	9 038 040
Construction contracts revenue	-	40 259 266	2 817 391	43 076 657
Gain on disposal of capital assets	493 433	-	-	493 433
Fair value adjustment	10 689 002	-	-	10 689 002
Revenue from non-exchange transactions	-	-	-	-
Property rates	48 135 202	-	-	48 135 202
Fines, penalties and forfeits	-	1 550 400	-	1 550 400
Grants and subsidies	80 806 961	93 202 991	54 554 353	228 564 305

61. Segment information (continued)

Total segment revenue	**150 061 319**	**149 877 581**	**115 199 213**	**415 138 113**
Entity's revenue				**415 138 113**
Expenditure				
Employee related costs	50 502 546	56 252 167	25 581 239	132 335 952
Remuneration of councillors	11 294 304	-	-	11 294 304
Bulk purchases	-	-	48 394 007	48 394 007
Inventory Consumed	1 029 690	325 754	21 714 395	23 069 839
Debt impairment	14 217 627	8 950 136	361 004	23 528 767
Depreciation, amortisation and impairment	2 666 435	5 168 899	17 159 104	24 994 438
Finance costs	1 014 180	1 352 703	-	2 366 883
Operating lease	6 179 189	-	-	6 179 189
Contracted services	22 542 201	2 074 138	4 497 990	29 114 329
Irrecoverable debts written-off	-	4 846 952	-	4 846 952
Operational costs	28 980 003	6 421 088	7 795 836	43 196 927
Transfer of infrastructure asset	-	-	21 166 354	21 166 354
Construction contract expenditure	-	40 259 267	2 817 391	43 076 658
Actuarial losses	-	-	777 050	777 050
Total segment expenditure	**138 426 175**	**125 651 104**	**150 264 370**	**414 341 649**
Total segmental surplus/(deficit)	**11 635 144**	**24 226 477**	**(35 065 157)**	**796 464**
Assets				
Current assets	-	-	-	-
Cash and cash equivalents	24 824 039	-	-	24 824 039
Trade and other receivable from exchange transactions	4 763 212	2 092 767	6 624 322	13 480 301
Receivables from non-exchange transactions	8 033 540	901 277	-	8 934 817
VAT receivable	594 638	-	-	594 638
Prepayments	1 750 493	-	-	1 750 493
Other current asset	750 000	-	-	750 000
Non-current asset	-	-	-	-
Investment property	75 910 000	-	-	75 910 000
Property, plant and equipment	30 172 326	129 265 598	201 096 418	360 534 342
Heritage asset	70 945	-	-	70 945
Intangible asset	502 778	-	-	502 778

Notes to the Annual Financial Statements

Figures in Rand

	Finance & Admin	Community & Public Safety	Planning & Development	Total
61. Segment information (continued)				
Other non-current asset	1 250 000	-	-	1 250 000
Total segment assets	**148 621 971**	**132 259 642**	**207 720 740**	**488 602 353**
Additions to non-current assets				36 878 581
Total assets as per Statement of financial Position				**36 878 581**
Liabilities				
Current liabilities	-	-	-	-
Consumer deposits	2 856 306	-	-	2 856 306
Trade and other payables from exchange transactions	40 990 227	-	-	40 990 227
Trade and other payables from non-exchange transactions	-	-	3 418	3 418
Provision: current portion	2 126 935	-	-	2 126 935
Employee benefits obligation: current	289 109	-	-	289 109
Long service award: current	492 030	-	-	492 030
Non-Current liablities	-	-	-	-
Provision: non-current portion	-	10 919 711	-	10 919 711
Employee benefits obligation: non-current	2 401 865	-	-	2 401 865
Long service award: non-current	6 444 914	-	-	6 444 914
Other financial liabilities	341 542	-	-	341 542
Total segment liabilities	**55 942 928**	**10 919 711**	**3 418**	**66 866 057**
Total liabilities as per Statement of financial Position				**66 866 057**