uMHLABUYALINGANA MUNICIPALITY

2024/2025

DRAFT ANNUAL PERFORMANCE REPORT

Prepared by Umhlabuyalingana Municipality

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1. FOREWORD BY MAYOR

In terms of Section 46 of The Local Government: Municipal Systems Act 32 of 2000, the municipality is required to compile an annual performance report. On behalf of uMhlabuyalingana Municipality council and officials I present to you the Annual Performance Report for the 2024/25 financial year. Firstly the Integrated Development Plan (IDP) for the 2024/5 financial year was informed by the needs of the community, in consultation with all communities and stakeholders in uMhlabuyalingana. The 2024/25 budget was allocated to the people, which was equally distributed amongst all its citizens, fairly, without discrimination or prejudice based on the IDP. Derived from the IDP and the 2024/25 budget the Top-Layer Service Delivery Budget Implementation Plan (TLSDBIP) was developed. The TLSDBIP is the annual performance plan of the municipality which is made up of key performance indicators (KPI's) with specific, reliable, measurable, attainable and time-based targets per Key Performance Area (KPA). In all the work of the financial year under review we were guided by The Constitution South Africa, the IDP and policies.

The Annual Performance Report gives us a detailed account of the Municipal performance for the previous financial year that ended as of 30th June 2025. The Report complies with the requirements of the Municipal Finance Management Act, 56 of 2003 including other relevant pieces of legislation that stipulate inevitable need for transparency and accountability when executing the Municipal mandate. The report was thus prepared while taking the above into cognisance.

I want to assure the community that uMhlabuyalingana Municipality is committed towards building a Municipality that is efficient, effective, accountable and responsive in accelerating service delivery and supporting the vulnerable communities by promoting local economic development, social and infrastructure development. However, in order to achieve the above it is imperative that the community, all stakeholders, councillors and officials work together with unity and synergy to ensure that uMhlabuyalingana will be a Resilient and Economically Vibrant Municipality.

Cllr TS. Khumalo
Honourable Mayor

2. FOREWORD BY MUNICIPAL MANAGER

The Annual Performance Report for the 2024/25 financial year has been compiled in accordance with Section 46 of The Local Government Municipal Systems Act, No. 32 of 2000 (as amended), Section 127 (2) of The Local Government Municipal Finance Management Act, No. 56 of 2003, as well as accompanying circulars, templates and guidelines. The Annual Performance Report provides the community with a credible, reliable and accurate assessment of the municipality's progress in achieving its goals as set out in the Integrated Development Plan (IDP) and Top-layer Service Delivery Budget Implementation Plan (TLSDBIP).

What the S46 Annual Performance Report does is to assess and ensure that the performance targets that were set out in the organisational scorecard in relation to the entire financial year are in fact achieved. Whereas uMhlabuyalingana Municipality obtained an unqualified audit opinion during 2023/2024 financial year. Consequently, during the mid-term assessment, the Municipality had to revise the scorecard and the departmental SDBIPs. These subsequently received approval from the Council.

It is the intention of this Annual Performance Report to focus primarily on the achievements and constraints experienced with the implementation of corrective measures during the financial year under review. Annual Performance Report also highlights mitigation and remedial measures implemented to address the challenges. One needs to reiterate that while it reflects that progress has been made in service delivery, there are undeniably challenges.

It is recorded that during the past financial year, we managed to inculcate a culture of performance management by cascading of performance management system to staff below Section 54/56. This is headed by Manager-PMS/IPMS in under the Office of the Municipal Manager.

It is also equally important to highlight that the structures of governance at uMhlabuyalingana Municipality are intact and very functional. Besides Council and the Executive Committee, uMhlabuyalingana Municipality has a very functional Audit Committee and Municipal Public Account Committee (MPAC).

The municipality has filled all Section 54/56 vacancies (Municipal Manager, Director-Community Services, Director-Corporate Services, Director-Technical Services, Planning, LED and Infrastructure Development, Chief Financial Officer)

The municipality through the Expanded Public Works Program (EPWP) created 180 jobs for the local community. Training was conducted for SMME's and Co-operatives.

Ward committees have been a key tool of communication between the municipality and the community. We acknowledge the various challenges that our communities face and we have heard the cries from our community members for housing, access to piped water, toilets, roads and electricity. The municipality will continue to work vigorously and efficiently by implementing plans to ensure that we deliver basic services to our people.

At this point, I wish to take this opportunity to record and convey my heartfelt appreciation to the entire team of uMhlabuyalingana Municipality for the dedicated and committed effort they demonstrated in the endeavour to ensure that the Municipality's vision and mission come to fruition. Similar sentiments are conveyed to all councillors, Amakhosi within the jurisdiction of uMhlabuyalingana, civil society including all other strategic partners for their backing and continuous guidance that they provided to cause the blowing of gentle fresh breeze at the Municipality.

I thank you.

…………………………………………
Municipal Manager
Mr N.P.E. Myeni

3. ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM

Legislative requirements

The Municipal Systems Act, 2000 (Act no. 32 of 2000) places an obligation on municipalities to develop a Performance Management System that is commensurate with their resources and best suited to their activities.

Performance Management is central to organizational strategic management and equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques for regular planning, continuous monitoring, and periodic measurement and review of the performance of the Municipality in terms of key performance indicators stipulated in the Integrated Development Plan (IDP).

As outlined in Section 40 of the Municipal Systems Act of 2000 and the Municipal Planning and Performance Management Regulations (2001), the Municipality must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organizational, departmental and employee levels.

Section 46 (1) (a) of the Municipal Systems Act (Act 32 of 2000), inter alia stipulates that a municipality must prepare for each financial year an annual report consisting of a performance report reflecting the following, among other things;

(i) the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;

(ii) (ii) the development and service delivery priorities and the performance targets set by the municipality for the following financial year;

(iii) (iii) measures that were or are to be taken to improve performance; "

4. PERFORMANCE MANAGEMENT SYSTEM PROCESSES

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.

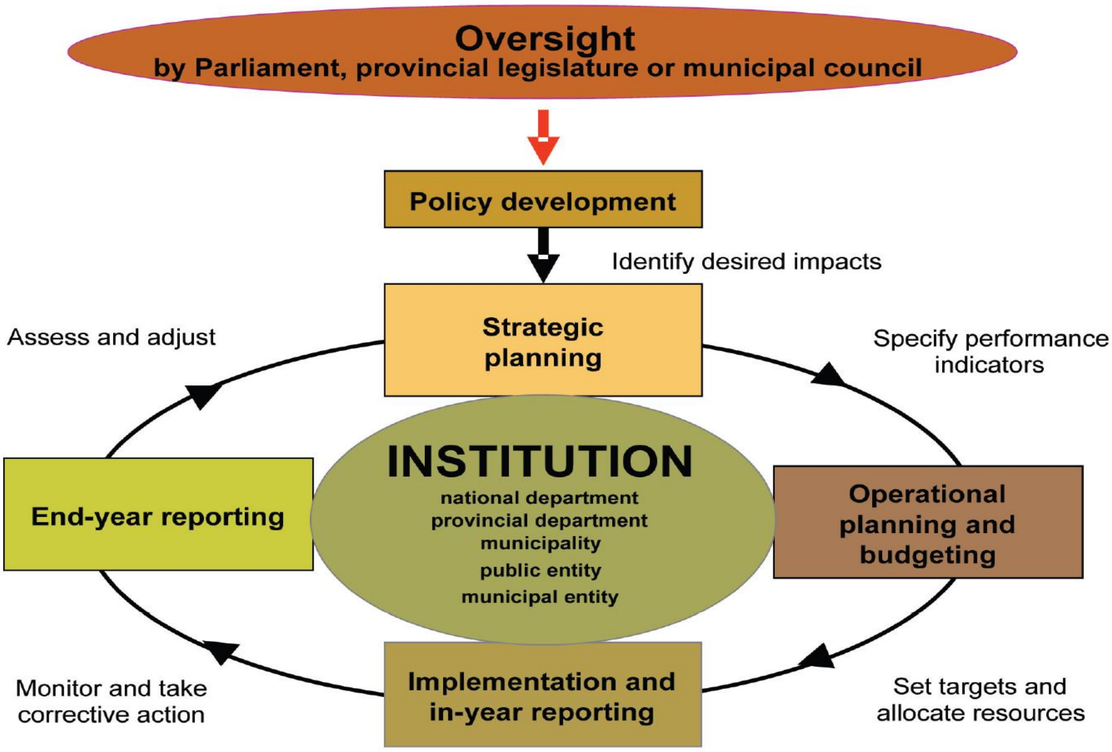
The PMS processes implemented are meant to give a clear picture to all stakeholders on how the strategic objective of the organisation and resources allocated were able to yield the desired output which will improve the lives of community. Key to the PMS process is the monitoring and reporting on shortcomings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

The report on financial performance and non-financial performance that are made 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 a form of the diagram that follows:

Figure 1: PMS Diagram



The Municipality has a PMS Unit which acts as the support structure for the 6 Departments (Municipal Manager's Office, Budget and Treasury Unit (Finance), Planning and Local Economic Development, Technical Services, Corporate Services, Community Services 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, Five Audit/Performance Audit Committee meetings took place during 24/25 financial year. Similarly, the audit of performance information by the Internal Audit was for two quarters by 30 June 2025.

The performance report is prepared and audited on the 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.

5. AUDIT/PERFORMANCE AUDIT COMMITTEE

The Audit/Performance Audit Committee has been established in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001.

The Audit/Performance Audit Committee met quarterly during the 2024/2025 financial year as follows:

Current Audit/Performance Audit Committee effective from 01 February 2024

Mr L. Hlengwa	Audit Committee Chairperson
Ms C. Jugnarayan	Performance Audit Committee Chairperson
Mr M. Magwaza	Member
Mr M. Simelane	Member

The Audit/Performance Audit Committee has met five times during the 2024/2025 financial year as follows:

Period	Date
Quarter 1	23,28 August 2024
Quarter 2	07 November 2024
Quarter 3	24 March 2025
Quarter 4	29 June 2025

Performance Evaluation Panels

Performance Evaluation Panels have initially been established for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager.

Performance Assessment Panels for the assessment of Section 54/56 employees were established as follows:

A) For purposes of evaluating the annual performance of the Municipal Manager (section 54A), an Evaluation Panel constituting of the following persons was established

(i) Executive Mayor or Mayor;

(ii) Chairperson of the Performance Audit Committee;

(iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council;

(iv) Mayor and/or Municipal Manager from another Municipality; and

(iv) Member of a Ward Committee as nominated by the Executive Mayor or Mayor

Cllr T.S Khumalo	Mayor/Chairperson
Miss C Jugnarayan	Chairperson of the Performance Audit Committee
Cllr X.H Gumede	Member of the Executive Committee
Cllr M Mthethwa	Mayor from another Municipality (iNkosi Mtubatuba)
Mr P.M Ngubane	Ward Committee member

B) For purposes of evaluating the annual performance of managers directly accountable to the Municipal Manager (Section 56 managers), an Evaluation Panel constituted of the following persons was established:

(i) Municipal Manager;

(ii) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;

(iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council; and

(iv) Municipal Manager from another Municipality."

Mr N.P.E Myeni	Chairperson
Miss C Jugnarayan	Chairperson of the Performance Audit Committee
Cllr X.H Gumede	Member of the Executive Committee
Mr T.V Xulu	Municipal Manager from another Municipality (Inkosi Mtubatuba Municipality)

Performance Evaluation sessions are conducted quarterly. The first and the third quarter assessment are informal assessments. Formal assessments are conducted for the mid-year *quarter two) and Full year (quarter four). The final (fourth quarter) and formal performance evaluation sessions of the Municipal Manager and Managers Directly accountable to the Municipal Manager covering the 2024/2025 financial year will be performed once the Auditing of the Annual Financial Statements and the Predetermined Objective has been finalised by the Auditor General. The final performance evaluation will commence once the Annual Report 2024/2025 has been adopted by the Council for consideration of possible performance bonuses in terms of the Regulations.

6. ORGANISATIONAL PERFORMANCE INFORMATION

Performance Monitoring underpins the Municipality's Integrated Development Plan in terms of reviewing progress regularly in achieving the priorities and delivering value for money services. Early investigation into variances enables remedial action taken where appropriate.

The performance targets contained in the TOP Layer SDBIPP was 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.

Analysis of reported achievements

On 30 June 2025, 78% of organisational performance targets (Top Layer of Service Delivery Targets set in Service Delivery Budget Implementation Plan for 2024/2025 have been met reflecting a 6% decline when compared with the 2023/2024 financial year where 84**%** of the targets were met.

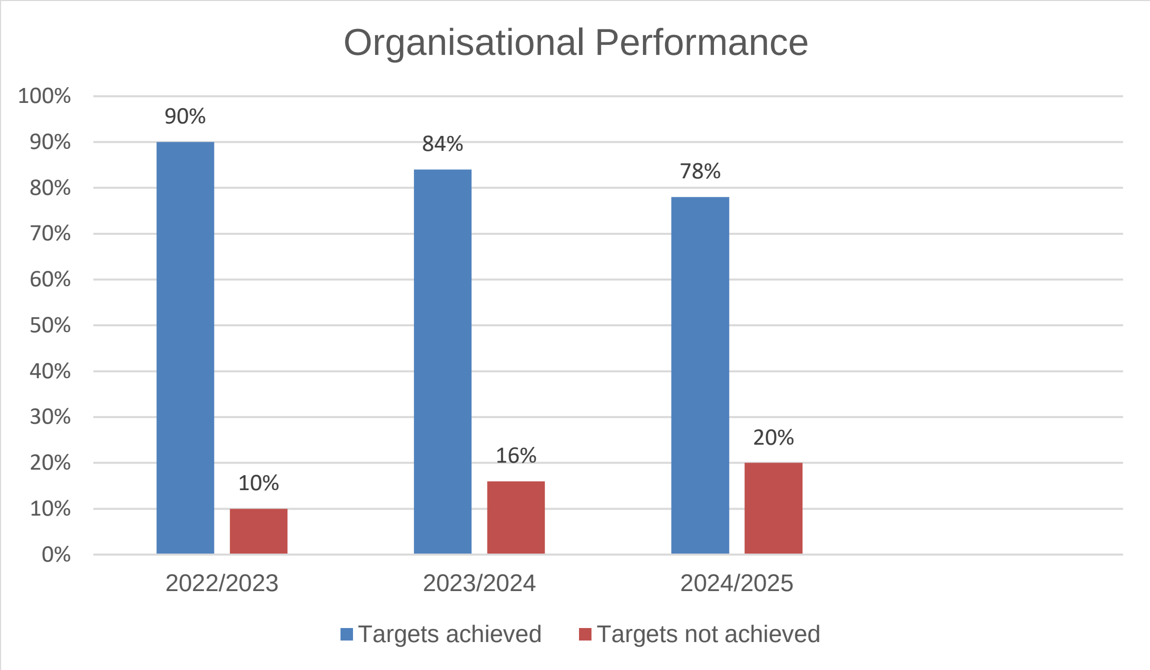
Areas for improvement are reflected in the relevant column directly in the Organisational Performance Scorecard for 2024/2025 (OPMS Scorecard/ Top Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan). Accountable managers have provided commentary to put performance into context and identified actions that they are taking to address instances where under performance are reported.

The traffic light system used to report performance is as follow

Table 1: The Traffic Light System used in reporting performance as follows:

COLOUR	REPORT OF PERFORMANCE
Blue	Performance indicators
Green	Performance target met as planned (Achieved)
Red	Performance target Not Achieved

The following graph illustrates the overall organisational performance for the 2024/2025 financial year in relation to performance achieved during the previous financial years, 2022/2023, 2023/2024.



The following high level dashboard score for all key performance indicators on the Organisational Performance Scorecard 2024/2025 (Top Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan) (has been achieved on **59** key performance indicators (KPI's) with annual targets set.

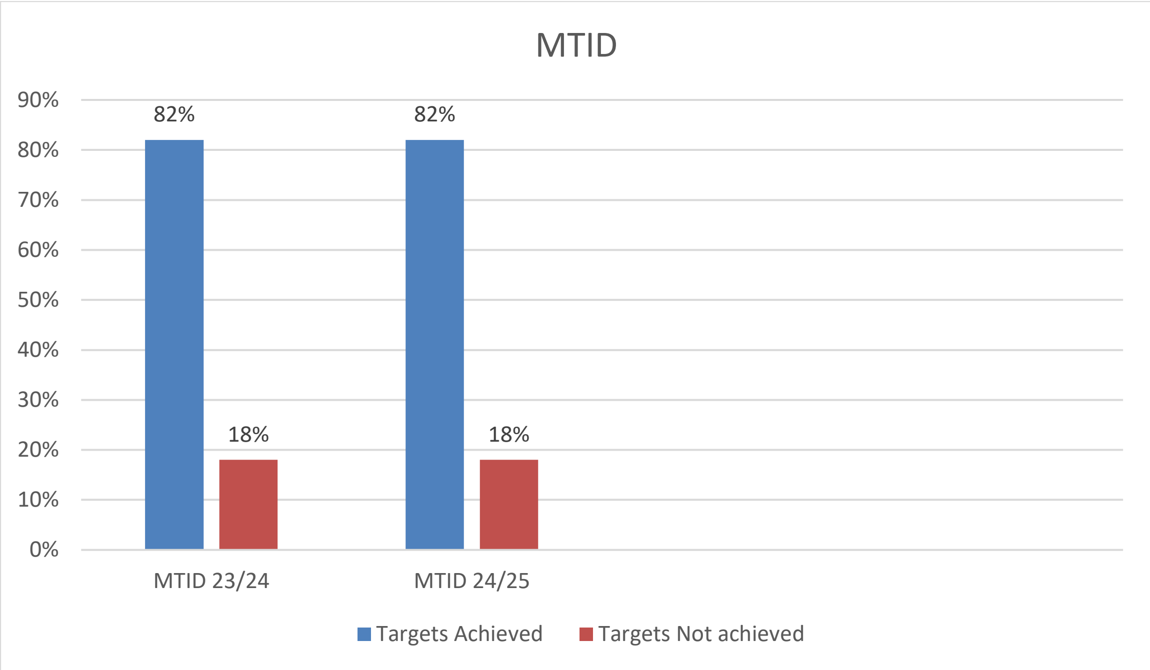
The Performance Management System analysis has scored the achievement of individual key performance areas as follows:

Table 2: Overall Organisational Performance with 2 Year Comparison

Key Performance Areas	2023/2024					2024/2025				
	Total No. of KPI's Planned	**KPI's Achieved**	**% Targets Achieved**	**% KPI's Not Achieved**	**KPI's Not Achieved**	**Total No. of KPI's Planned**	**KPI's Achieved**	**% Targets Achieved**	**% KPI's Not Achieved**	**KPI's Not Achieved**
1. Municipal Transformation and Institutional Development	11	9	82%	18%	2	11	9	82%	18%	2
2. Good Governance and Public Participation	9	7	78%	22%	2	9	8	89%	11%	1
3. Cross Cutting Issues/Interventions	4	3	75%	25%	1	4	4	100%	0%	0
4. Basic Services Delivery and Infrastructure Development	28	24	86%	14%	4	35	24	69%	31%	11
5. Local and Economic Development	3	3	100%	0	0	2	2	100%	0%	0
6. Financial Viability and Management	14	12	86%	14%	2	15	12	76%	27%	3
TOTAL	**69**	**58**	**84%**	**16%**	**11**	**76**	**59**	**78%**	**22%**	**17**

6.1 Municipal Transformation and Institutional Development

(82% achieved in 2024/2025 on KPI's, no movement when compared against 82% achieved in 2023/2024)



Performance highlights for 2024/2025

- Implemented Performance Management System for Section 54/56 and cascaded it to middle managers and officers.
- Held quarterly Local Labour Forum (LLF) meetings to strengthen stakeholder engagement.
- Submitted all statutory reports, i.e. SDBIP, Mid-year report, Annual Report, and Oversight report within legislated time.
- Section 54/56 managers signed performance agreements and quarterly reviews were held.

Challenges

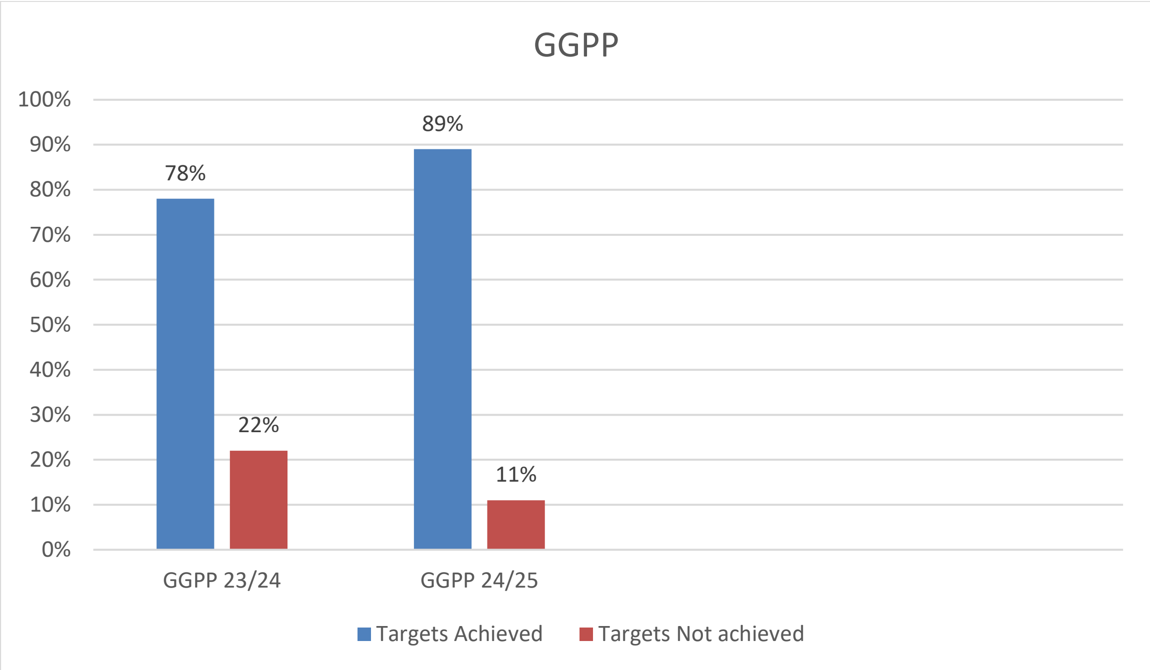
- Low training budget
- Inadequate implementation of records management and electronic filing system
- Delays in submission and signing of performance agreements and plans due to delayed reviews of job descriptions.
- Training of employees and Sec 79 committees was not achieved
- Performance information sometimes lacking supporting evidence during audits.

Measures taken to improve performance

- Roll-out accredited training and skills development programmes for employees.
- Records management personnel have been provided with basic records management training.
- Management has committed to ongoing job evaluation and updating of job descriptions.

6.2 Good Governance and Public Participation

(89% achieved in 2024/2025 on KPI's, an increase when compared against 78% achieved in 2023/2024)



Performance highlights for 2024/2025

- Municipal Public Accounts Committee conducted oversight visits and submitted reports to council.
- IDP and Budget Public participation meetings with community were held
- 5 HR and 18 ICT policies, Waste management policies and Indigent policies were reviewed.
- All councillors declared their financial interest.

Challenges

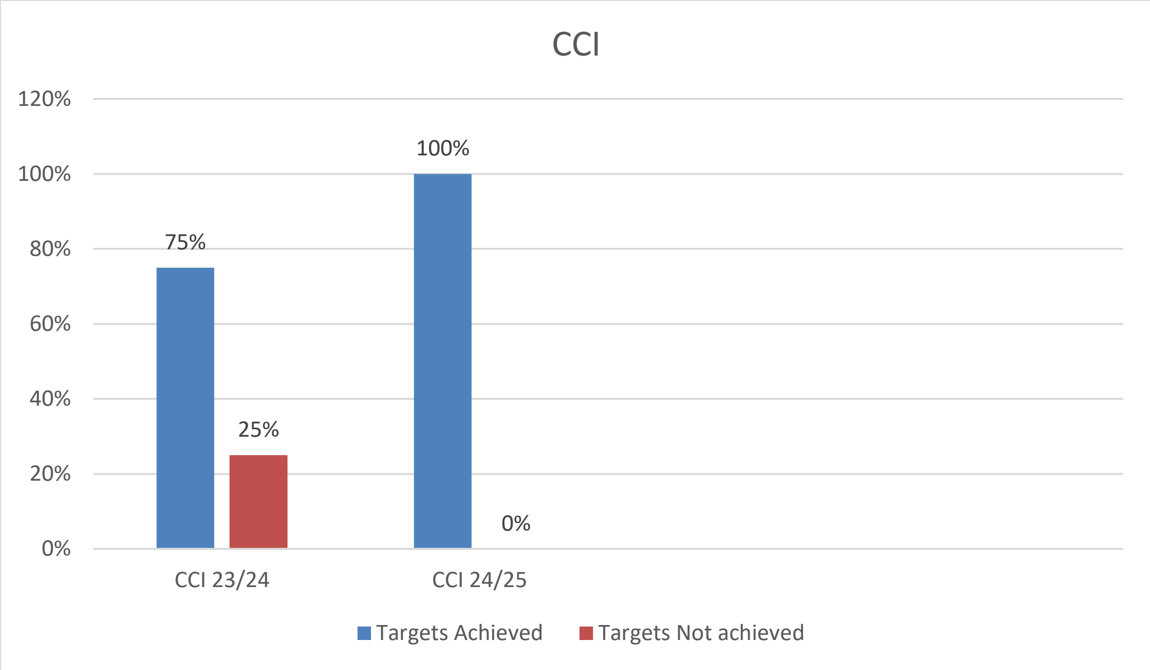
- Poor coordination with sector departments, limiting joint planning and programme alignment.
- Delays in implementing Internal Audit report recommendation and Risk Committee recommendations.

Measures taken to improve performance

- Will strengthen Intergovernmental Relations (IGR) Forum to ensure regular dialogue between sector departments and municipality and improve communication channels.
- Align audit and risk mitigation actions with strategic planning documents and present unresolved issues to Audit Committee and council oversight committees for escalation.

6.3 Cross Cutting Interventions

(100% achieved in 2024/2025 on KPI's, an increase when compared against 75% achieved in 2023/2024)



Performance highlights for 2024/2025

- Reviewed Spatial Development Framework (SDF).
- Updated the Disaster Management Plan and conducted disaster risk assessments.
- The municipality successfully reviewed Business Continuity Plan
- Risk assessment was conducted, and risk management implementation plans are tabled to Risk Management Committee and Council on quarterly basis.

Challenges

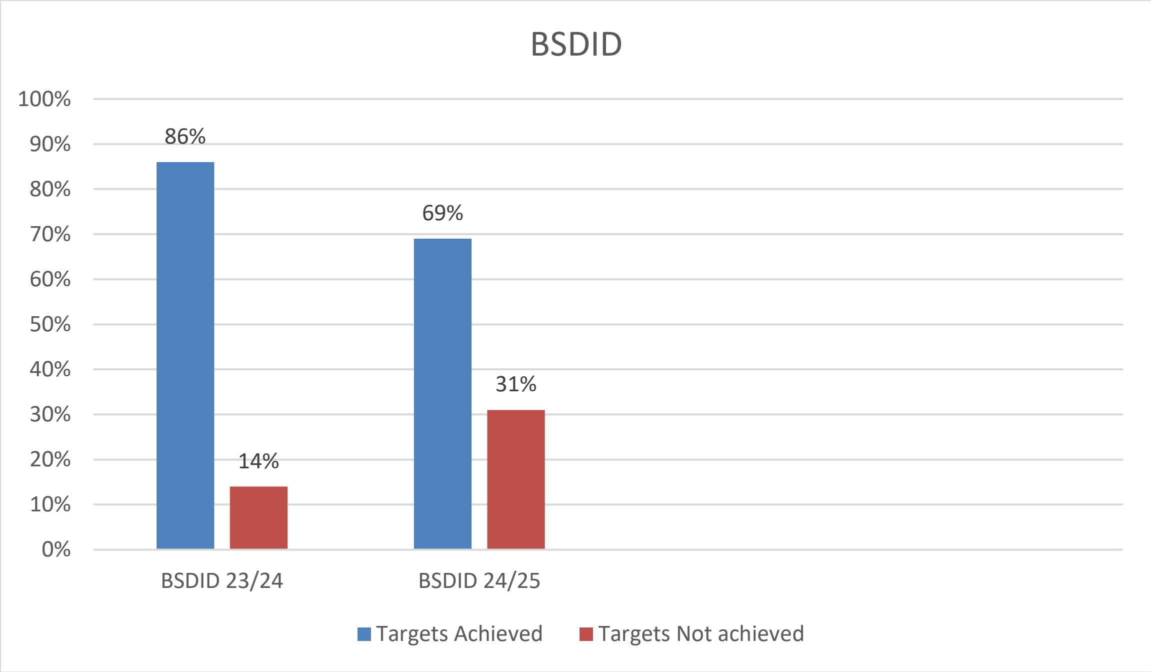
- Inadequate budget for disaster risk response and disaster interventions.
- Capacity constraints in Spatial Planning and LUMS enforcement.

Measures taken to improve performance

- The municipality has engaged with COGTA to secure technical and financial support and secured funding to rehabilitate roads that were damaged.
- To appoint interns and EPWP to support town planning

6.4 <u>Basic Service Delivery and Infrastructure Development</u>

(69% achieved in 2024/2025 on KPI's, a decrease when compared against 86% achieved in 2023/2024)



Performance highlights for 2024/2025

- Maintained/rehabilitated over 300 km of access roads.
- Completed construction of 2,8 km of gravel road (Skhemelele)
- Facilitated electrification of 93 households in partnership with Department of Energy.
- Completed the refurbishment of Manguzi sports field.
- Implemented environmental awareness campaigns

Challenges

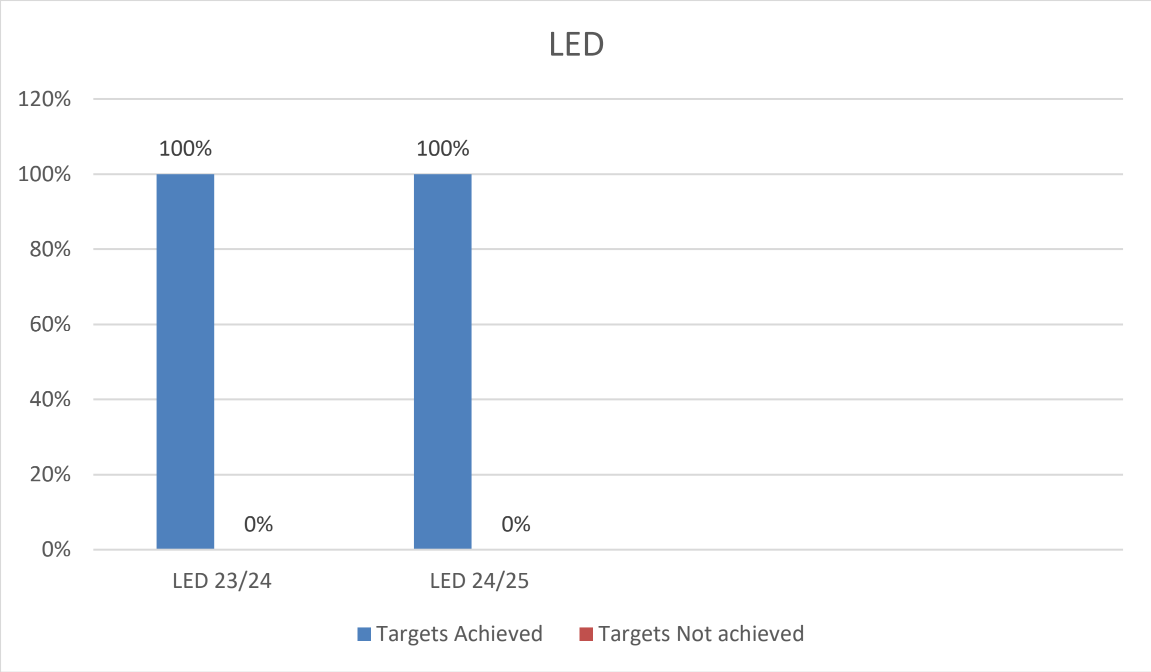
- Delays in electrification projects due to coordination challenges with ESKOM.
- Slow procurement processes and non-performance by some contractors leading to delays in infrastructure delivery.
- Dependency on external funding sources for infrastructure projects.
- Budget constraints and reprioritisation of budget for internally funded projects.

Measures taken to improve performance

- Strengthened coordination with Eskom to plan the implementation of electrification projects and outage dates.
- Municipality will prioritize infrastructure projects in the IDP and the SDBIP

6.5 Local Economic Development

(100% achieved in 2024/2025 on KPI's, no increase or decrease when compared against 100% achieved in 2023/2024)



Performance highlights for 2024/2025

- Routine maintenance of critical municipal infrastructure through Expanded Public Works Programme (EPWP), creating 180 job opportunities and1 824 CWP jobs were created.
- 23 local SMMEs/ cooperatives received business support (tools of trade) and through training and mentorship.
- Training workshops were organised for informal traders.

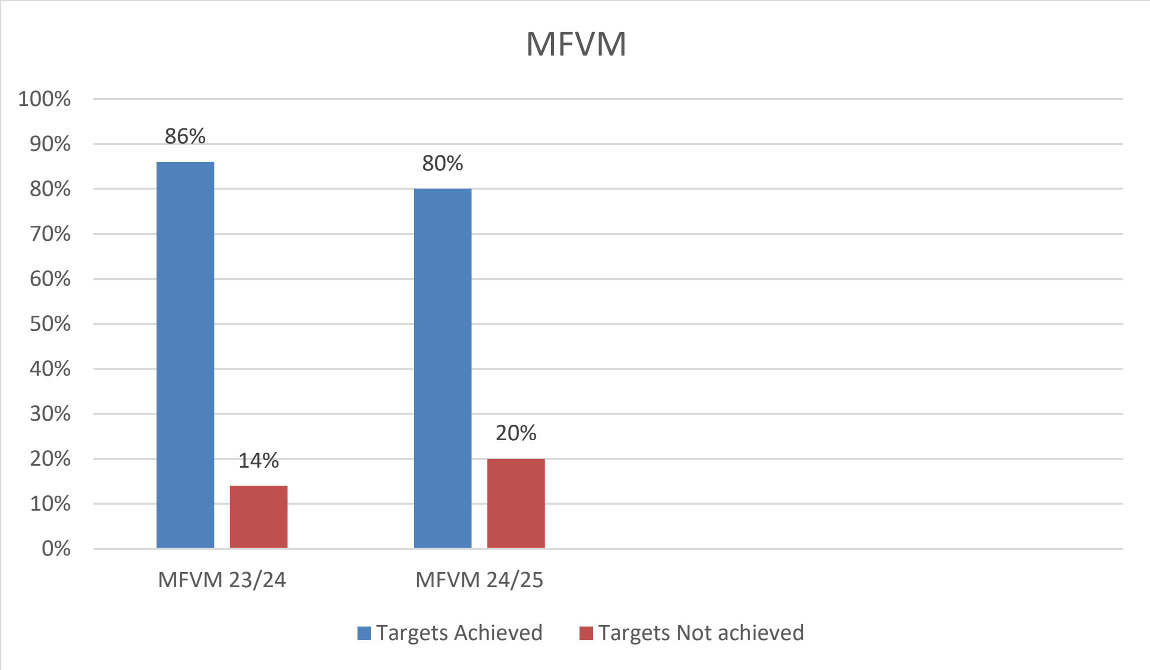
Challenges

- LED programmes compete with core service delivery needs, leading to budget constraints.
- Limited access to funding for SMMEs and Cooperatives

Measures taken to improve performance

6.6 Financial Viability and Financial Management

(80% achieved in 2024/2025 on KPI's, a decrease when compared against 86% achieved in 2023/2024)



Performance highlights for 2024/2025

- 100% expenditure of MIG contributing to service delivery.
- 2024/2025 budget was adopted and approved withing legislated timeframes.
- The municipality maintained a positive cash flow throughout the financial year.
- Annual asset verification was conducted across all municipal facilities.

Challenges

- The municipality remains highly dependent on grants (MIG, Equitable share) to fund operations and capital projects.
- Limited economic activity in the area results in a small revenue base. (Most revenue collection is derived from government departments who pay municipal property rates.)
- Inadequate enforcement of credit control leading to rising debtor accounts and reduced revenue collection.

Measures taken to improve performance

- The municipality will strengthen billing for services and property rates to reduce dependence on grants.
- Review and implement a Revenue Enhancement Strategy.
- Implement performance management systems linked to collection targets.

The following are aligned to Unaudited Annual Financial Statement: The financial viability of the municipality is hereby reported based on the results of the year ended in 30 June 2025.

1. Debtors Collection rate: 42%
2. Current ratio: 4:1
3. Cost coverage ratio: 4 months
4. Employee related costs and Councillors remuneration:35%
5. Capital expenditure: 95%

Annual Organisational Performance Scorecard/ Top Layer Service Delivery Targets set in the Service Delivery Budget Implementation Plan

The following table (Table 3) reflects the organisational performance targets and achievements as reflected in in the Top Layer Service Delivery Targets set in the Service Delivery Budget Implementation Plan. It reflects consolidated performance indicators in relation to the achievements of the previous financial year and reflecting corrective measures in cases where targets were not achieved.

7. KEY AREAS TO NOTE

7.1 Improving Performance

In order to improve performance, uMhlabuyalingana Municipality, throughout the performance management phases, has analysed the contributory reasons for poor performance, through monthly departmental sessions from top to lower levels of the administration and appropriate response strategies have been developed in order to address areas of improvement. These will be included, inter alia:

- Review of HR policies, strategies and plans
- Institutionalisation/ cascading of performance management system to staff below Section 54/56
- Training and sourcing additional capacity where skills and capacity shortages are identified;
- Change management and diversity management education programmes to address organisational culture;
- Development of appropriate departmental business plans and operational plans to guide performance in each department; and
- Where results show no chance of improvement through internal measures, alternative service delivery

The table below indicate the areas of underperformance as reported on in the municipal scorecard, including the necessary measures taken to improve performance (corrective measures).

Table 3

Indicator	Annual target	Actual Achievement	Reasons for Under-achievement	Corrective Measure
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT				
1. Number of employees and Section 79 council committees trained as per Workplace Skills training Programs/ Training Plan	38 employees and 7 Sec 79 council committees trained as per Workplace Skills training Programs/ Training Plan by 30 June 2025	14 employees and 5 Sec 79 council committees trained as per Workplace Skills training Programs/ Training Plan by 30 June 2025	The trainings as per WSP were not all held because the budget was too limited, therefore the finance section requested that we prioritise the trainings. The SCM processes were done although there were delays and the appointment of Service providers were in July 2025 which was a new financial year.	The finance advised that the new system for procurement was not inactive in July 2025, therefore employee trainings that were planned for per the training schedule to take place in August 2025. The Director Corporate Services to engage Finance to provide a budget for training for the rest of the training plan
2. Number of ordinary ExCo meetings held	12 ordinary ExCo meetings held by 30 June 2024	11 Ordinary and 2 Special ExCo meetings held by 30 June 2025	1 Ordinary ExCo meeting did not quorate	Two Exco special meetings were organised to ensure that Agenda items for one ordinary exco meeting are discussed and resolutions are taken. Exco Special committee meetings took place as follows:1. 28 March 2025 2. 30 March 2025 which constitutes 13 Executive Committee meetings held in 2024/2025.
GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
3. Percentage of Internal Audit Findings resolved on quarterly basis	100% Resolution of Internal Audit findings due within the financial year by 30 June 2025	29% of Internal Audit findings due within the financial year resolved by 30 June 2025	Underachievement on internal audit findings was due to delays in implementing recommendations and inadequate monitoring.	The municipality will strengthen quarterly management accountability sessions and follow-up audits. The target will be included in the 2025/26 scorecard
BASIC SERVICE AND INFRASTRUCTURE DEVELOPMENT				
4. Number of households electrified	55 households electrified by 30 June 2025 (Oqondweni Phase 2)	0 households electrified by 30 June 2025 (Oqondweni Phase 2)	ESKOM outages not approved yet	Engaging Eskom to fast-track outages and provide dates

		(Site established, excavation of poles and stays done, pole planting and conductor stringing done, boards mounting and house connections 98,5%, Transformer mounting 100%) (Overall project progress was 98,5% at end of June 2025)		The KPI will be carried over into the 2025/26 scorecard
5. Number of households electrified	28 households electrified by 30 June 2025 (Mvelabusha Mahashi)	0 households electrified by 30 June 2025. (Mvelabusha Mahashi) (Site established, Excavation and pole planting done, stay assembling done, LV and MV conductor stringing done, MV Transformer installation 20%) (Overall project progress was 95% as at the end of June 2025)	ESKOM outages not approved yet	Engaging Eskom to fast-track outages and provide dates The KPI will be carried over into the 2025/26 scorecard
6. Number of households electrified	133 households electrified by 30 June 2025 (Ndlondlweni Mqhiyama)	0 households electrified by 30 June 2025. (Ndlondlweni Mqhiyama) (Site established, Pole planting and planting MV done, MV conductor stringing 97%, MV structure dressing done, Pole excavations and LV planting done, LV structures and stays done, LV conductor stringing done, Installation of poles done Installation of ready boards done) (Overall project progress was 95% as at the end of June 2025)	ESKOM outages not approved yet	Engaging Eskom to fast-track outages and provide dates The KPI will be carried over into the 2025/26 scorecard
7. Number of renovated market stalls	55 market stalls renovated by 30 June 2025	22 market stalls renovated by 30 June 2025 (Overall project progress/renovation was 48% as at end of June 2025)	Access to stalls limited due to on-site occupants and transitional model.	The Municipality will engage the occupants to fast track the access to the remaining market stall during 2025/26 Target included in the 2025/2026 SDBIP
8. Number of Kilometres of gravel and tarred roads constructed	1,1Km Manzibomvu KwaZungu gravel road completed by 30 June 2025	0 km Manzibomvu KwaZungu gravel road completed by 30 June 2025. (The site was established, cleared, services	Challenges by contractor to access G7 material which is outside of uMhlabuyalingana municipal boundaries	The contractor to increase number of tipper trucks to speed up production and complete the project in Q1 of 2025/2026

		were relocated, bulk earthworks were done, drainage and layer works at base layer was done, wearing course road signage was completed and finishing the road and reserve was at 50%) Overall project progress was at 94% as at end of June 2025)		
9. Number of Kilometres of gravel and tarred roads constructed	2,8Km Kwashodi-Mahlakwe gravel road completed by 30 June 2025	0 km of Kwashodi-Mahlakwe gravel road completed by 30 June 2025. (The site was established, cleared, services were relocated, bulk earthworks were done, drainage 80% completed, and layer works at base layer was done, wearing course 90% completed (Overall construction progress at 74,0% as at end of June 2025)	Challenges by contractor to access G7 material which is outside of uMhlabuyalingana municipal boundaries	The contractor to increase number of tipper trucks to speed up production and complete the project in Q1of 2025/2026
10. Number of Kilometres of gravel and tarred roads constructed	2,02Km of Manguzi Internal tarred road phase 2 constructed by 30 June 2025	0 Km of Manguzi Internal tarred road phase 2 completed by 30 June 2025. (Site established, cleared, culvert bridge completed, relocation of water piped completed, relocation of fences 50%, Asphalt 85% (Overall construction progress was 80% as at end of June 2025)	Slow progress by the contractor due to financial constraints	Remaining work to be completed by the sub-contractor through cession in line with GCC and target included in the 2025/2026 SDBIP.
11. Number of Kilometres of gravel roads regravelled	3km regravelling of Mfihlweni-Mfakubheka Access road regravelled by 30 June 2025	0 km of Mfihlweni-Mfakubheka Access road regravelled by 30 June 2025. (Site establishment, clearing and grubbing done, drains 10% and gravel wearing course 30% completed) (Overall construction progress was 40% as at end of June 2025)	Challenges by contractor to access G5 material which is outside of uMhlabuyalingana municipal boundaries	The contractor to increase number of tipper trucks to speed up production and complete the project in Q1 of 2025/2026
12. Number of Kilometres of gravel roads regravelled	2,5km regravelling of Mqobela Access road by 30 June 2025	0km of Mqobela Access road regravelled by 30 June 2025. (Site established, clearing and grubbing done, drains 10%	Challenges by contractor to access G5 material which is outside of uMhlabuyalingana municipal boundaries	The contractor to increase number of tipper trucks to speed up production and complete the project in Q1 of 2025/2026

		gravel wearing course 30%, (Overall construction progress at 40% as at end of June 2025)		
13. Number of Kilometres of gravel roads regravelled	3km regravelling of Mbubeni-Majola Access road by 30 June 2025	0km of Mbubeni-Majola Access road regravelled by 30 June 2025.	The contactor abandoned the site, and the municipality terminated the contract.	The municipality to re-advertise for the contractor in Q1 of the 2025/2026 financial year. KPI to be included in the 2025/26 SDBIP
14. Number of metres of sewer line constructed	400m of sewer line constructed at Manguzi Market Stalls by 30 June 2025	0m of sewer line completed by 30 June 2025	The project was advertised and the bids received far exceeded the budgeted amount, hence it was not considered in the 2025/26 budget	The budget proposal will be considered during 2025/2026 mid-year budget adjustment and then the Project will be readvertised or deferred
MUNICIPAL FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT				
15. Percentage Capital Infrastructure expenditure of approved projects	100% capital Infrastructure expenditure on approved projects by 30 June 2025	93% spent on capital Infrastructure projects by 30 June 2025	The municipality did not achieve the target of 100% on capital expenditure because some infrastructure projects were not completed	Incomplete projects will be rolled over to 2025/2026 financial year with clear timelines and completion targets.
16. % of municipality's budget spent on implementing Workplace Skills Plan	1% of the Municipality's Budget spent on implementing the Workplace Skills Plan up to 30 June 2025	0,03% of the Municipality's Budget spent on implementing the Workplace Skills Plan up to 30 June 2025	The trainings as per WSP were not all held because the budget was limited, therefore the finance section requested that we prioritise the trainings. The SCM processes were done although there were delays and the appointment of Service providers were in July 2025 which was a new financial year.	The finance advised that the new system for procurement was not inactive in July 2025, therefore employee trainings that were planned for per the training schedule to take place in August 2025. The Director Corporate Services to engage Finance to provide a budget for training for the rest of the training plan
17. Percentage of collection Rate	95% Revenue collection rate as a percentage of billed amount per quarter up to 30 June 2025	49%	The norm for collection ratio is 95% of all billable income. There has been a decline in payment trend from government departments which is a contributing factor for lower collection rate The second aspect of the decline is traffic fines collection which has been declining over	The municipality will engage government departments with regards to the payment of their properties. Manguzi Magistrate court will be engaged to get a working system that will enable them speed up the processes to issue warrants and collection of traffic fines issued by our traffic officers.

			the years. The reason for the decline in this category is that there are some delays and other challenges in the court system to process all road traffic offences submitted to Manguzi Magistrate Court by the municipality.	

7.2 Audit Committee recommendations

The Audit/Performance Audit Committee meets on a quarterly basis during each financial year to ensure compliance with relevant legislation, procedures and to consider the quarterly performance achievements reported on the Top Layer SDBIP as well as the performance achievements reported in terms of the Departmental Service Delivery Budget Implementation Plans.

100% of 2024/2025 findings by the Auditor-General contained in the AG Action Plan were resolved by 30 June 2025.

The Audit Committee and Performance Audit committee met twice in (23 and 28) August 2025 to consider the 2024/2025 Annual performance report and gave input into recommendations and corrections which management committed to clear prior to submission. The Audit Committee recommended to council that the 20242025 Annual Performance Report be approved for submission to the Auditor General for auditing, in compliance with legislative prescripts.

7.3 Deteriorating performance

The effective implementation of the performance management regulations will serve as an early warning mechanism for uMhlabuyalingana Municipality to keep ahead in performance and to effect 2024/2025 corrective measures timeously in any of the weak functional areas identified by the performance management system.

8. ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDER

Section 46(1)(a) of the Municipal Systems Act (No. 32 of 2000) require the Municipality to prepare a performance reports reflecting the municipality's, and any service provider's, performance during the financial year reported on.

The report herein below outlines the assessment of each contracted service that the municipality has with external service providers. The rating of service providers is based on the legend mentioned hereunder.

Table 4: Assessment Key for Performance of External Service Provider's

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

Table 5: Assessment of Performance of External Service Provider’s

Bid No	*Name of external Service Provider*	*Date Contract Awarded*	*Service provided in terms of the SLA*	*Value of project*	*Assessment of Service Providers Performance*		
					G	*S*	*P*
UMHL01/2023/2024 UMHL02/2023/2024	MANGUZI INTERNAL ROAD PHASE 2 (MIL ENGINEERS PTY LTD) MANGUZI INTERNAL ROAD PHASE 2 (QINISA CONTRUCTION)	03/07/2023 27/11/2023	YES YES	R5 680 274.58 R40 573 389.89		√ √	
UMHL01-3/2023/2024 UMHL02/2022/2023-07	SKHEMELELE INTERNAL ROAD (SIYARORO TRADING) CONTRUCTION SKHEMELELE INTERNAL ROAD SIMPHULWAZI ENGINEERS (CONSULTANT)	17/02/2025 01/07/2024	YES YES	R3 814 965.24 R836 272.62		√ √	
UMHL13/2024/2025 UMHL 02/2022/2023-9	KWASHODI MAHLAKWE GRAVEL ROAD (BLAQ 32 LOGISTIC SERVICES) CONSTRUCTION KWASHODI MAHLAKWE GRAVEL ROAD (BAV CONSULTING) CONSULTANT	17/02/2025 01/11/2024	YES YES	R3 850 825.71 R626 596.29		√ √	
UMHL12/2024/2025 UMHL02/2022/2023-8	MANZIBOMVU KWAZUNGU GRAVEL ROAD (SIYAMDUMISA TRADING AND PROJECT 70cc) CONSTRUCTION MANZIBOMVU KWAZUNGU GRAVEL ROAD (BAV CONSULTING) CONSULTANT	17/02/2025 01/11/2024	YES YES	R2 131 980.91 R442 688.22		√ √	
UMHL01/2022/2023-1 UMHL 04/2023/2024	OQONDWENI ELECTRIFICATION P1 (ODG TECHNOLOGY) CONSULTANT OQONDWENI ELECTRIFICATION P1 (SHANTIES ELECTRICAL) CONSTRUCTION	01/08/2023 08/12/2023	YES YES	R1433906.98 R10 242 192.74		√ √	
UMHL 03-01/2023/2024 UMHL08/2024/2025	OQONDWENI ELECTRIFICATION PHASE 2 (ODG TECHNOLOGY) CONSULTANT OQONDWENI ELECTRIFICATION P2 (ZIZAMELE ELECTRICAL) CONTRUCTION	01/07/2024 18/11/2024	YES YES	R 868 995.43 R6117730.22		√ √	

UMHL03-01/2023/2024 UMHL10/2024/2025	MAZAMBANE ELECTRIFICATION (ODG TECHNOLOGY) CONSULTANT MAZAMBANE ELECTRIFICATION (IGODA PROJECTS) CONSTRUCTION	01/07/2024 18/11/2024	YES YES	R502 918.43 R2629090.30		√ √	
UMHL02/2022/2023	MVELABUSA MAHHASHI ELECTRIFICATION (AFRILITICAL ENGINNERS) CONSULTANT	01/07/2024	YES	R485 475.38		√	
UMHL01-2022/2023 UMHL09/2024/2025	NDLONDLWENI MQHIYAMA ELECTRIFICATION PHASE (ODG TECHNOLOGY) CONSULTANT NDLONDLWENI MQHIYAMA ELECTRIFICATION PHASE (NTSIKAYEZWE CONSTRUCTION) CONSTRUCTION	01/07/2024 8/11/2024	YES YES	R893 201.56 R4 440 147.50		√ √	
UMHL15/2024/2025 UMHL02/2022/2023	CONSTRUCTION OF MAINTENANCE OF MBUBENI-MAJOLA GRAVEL ROAD (LAMAZWIDE PROJECT 70cc CONSULTANT OF MAINTENANCE OF MBUBENI-MAJOLA GRAVEL ROAD (LAMAZWIDE PROJECT 70cc	05/06/2025 04/05/2025	YES YES	R 1 616 325.00 R226 285.50		√ √	
UMHL16/2024/2025 UMHL02/2022/2023	CONSTRUCTION OF MAINTENANCE OF MFIHLWENI- MFAKUBHEKA-GRAVEL ROAD (EZINHLE SUPPLIERS & CONTRACTORS) CONSULTANT OF MAINTENANCE OF MFIHLWENI- MFAKUBHEKA-GRAVEL ROAD (LAMAZWIDE PROJECT 70cc (SIMPHULWAZI ENGINEERING)	05/06/2025 04/05/2025	YES YES	R 1 580 272.50 R221 238.15		√ √	
UMHL17/2024/2025 UMHL02/2022/2023	CONSTRUCTION OF MAINTENANCE OF MQOBELA GRAVEL ROAD(NOPRIMA TRADING cc (SIMPHULWAZI ENGINEERING) CONSULTANT OF MAINTENANCE OF MQOBELA GRAVEL ROAD (SIMPHULWAZI ENGINEERING)	05/06/2025 04/05/2025	YES YES	R 1 327 952.43 R185 913.34		√ √	

9. LEASONS LEARNT AND CONCLUSION

The importance of proper planning to ensure that budget is provided to execute the service delivery plans. Lastly it is imperative that constant monitoring of targets and budget is done timeously to pick up on areas that need immediate intervention to meet the timeframes set out as per the service delivery targets. Continuous improvement of public participation and engagement processes with relevant stakeholders, transparency and accountability in all municipal programmes to speed up service delivery. Continuous improvement of PMS and SMART principles.

10. MUNICIPAL MANAGERS QUALITY CERTIFICATION

I, N.P.E. Myeni, the Municipal Manager of uMhlabuyalingana Municipality, hereby certify that:

- The 2024/2025 Annual Performance Report
- 2024/2025 Annual financial Statements

For the year ended 30 June 2025 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Mr N.P.E. Myeni
Municipal Manager of uMhlabuyalingana Local Municipality

Signature: _________________________

Date: 31/08/ 2025