



ANNUAL REPORT 2023/2024

This Annual Report is drafted in terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

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DEFINITIONS

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give <i>“full and regular”</i> reports on the matters under their control to parliament and provincial legislatures as prescribed by the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). This includes plans, budgets, in-year and annual reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe <i>“what we do”</i> .
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Financial Statements	The annual financial statements of a municipality as audited by the Auditor-General and approved by Council or a provincial or national executive.
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.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided, it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.

Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are " <i>what we use to do the work</i> ". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Sets out municipal goals and development plans.
National Key Performance Areas	Five National Key Performance Areas are: <ul style="list-style-type: none"> • Municipal Transformation and Institutional Development • Basic Service Delivery and infrastructure Development • Good Governance and Community Participation • Cross Cutting Interventions • Social and Economic Development • Financial Viability and Management
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are " <i>what we wish to achieve</i> ".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as " <i>what we produce or deliver</i> ". An output is a concrete achievement (i.e., a product such as a passport, an action such as a presentation or immunisation, or a service such as processing an application) that contributes to the achievement of a key result area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In the 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.”

ACRONYMS

ACRONYMS	
A/PC	Audit/Performance Committee
AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
A-NC	Ante-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 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



CHAPTER ONE

(MAYOR'S FOREWORD)

EXECUTIVE SUMMARY



COMPONENT A: MAYOR'S FOREWORD



Honourable Mayor: Cllr T.S. Khumalo

In terms of Section 46 of The Local Government: Municipal Systems Act 32 of 2000; the municipality is expected to compile a yearly performance report. Therefore, on behalf of uMhlabuyalingana Municipality council and officials, I present to you the Annual Performance Report for the 2023/24 financial year. Firstly, the Integrated Development Plan (IDP) for the 2023/24 financial year was informed by the needs of the community, in consultation with all communities and stakeholders in uMhlabuyalingana. The 2023/24 budget was devoted to the people of uMhlabuyalingana Municipality, it was equally distributed amongst all the citizens justly, without discrimination or prejudice based on the IDP.

Additionally, derived from the IDP and the 2023/24 budget, the Top-Layer Service Delivery Budget Implementation Plan (TLSDBIP) was invented. The TLSDBIP is the municipality's annual performance plan which is made up of Key Performance Indicators (KPIs) with specific, reliable, measurable, attainable, and time-based targets per Key Performance Area (KPA). Throughout the work of the financial year under review, we were guided by the Constitution of South Africa, IDP and policies.

Furthermore, the Annual Performance Report displays a detailed account of the municipal performance for the previous financial year that ended as of the 30th of June 2024. The report complies with the requirements of the Municipal Finance Management Act, 56 of 2003 and other relevant parts of the legislation that stipulate the inevitable requirement for transparency and accountability when executing the municipal mandate. Thus, the report was prepared while taking the above into cognisance.

In conclusion, I would like to assure the community that uMhlabuyalingana Municipality is committed to 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 development and infrastructure development. However, to achieve the above goals, 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

1.1 MUNICIPAL MANAGER'S OVERVIEW



Municipal Manager: Mr N.P.E Myeni

The Annual Performance Report for the 2023/24 financial year has been compiled according to 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 offers the community 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).

The S46 Annual Performance Report assesses and ensures the achievement of the performance targets set out in the organisational scorecard concerning the entire financial year. However, uMhlabuyalingana Municipality obtained an unqualified audit opinion during the 2023/2024 financial year.

This Annual Performance Report aims to primarily focus on the achievements and challenges experienced with the implementation of corrective measures during the financial year under review. The Annual Performance Report further highlights mitigation and remedial measures implemented to address the challenges. Thus, one needs to reiterate that while it reflects that progress has been made in service delivery, there are undeniably challenges.

During the previous 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 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 the Council and Executive Committee, uMhlabuyalingana Municipality has a very functional Audit Committee and Municipal Public Account Committee (MPAC).

Ward committees are still 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.

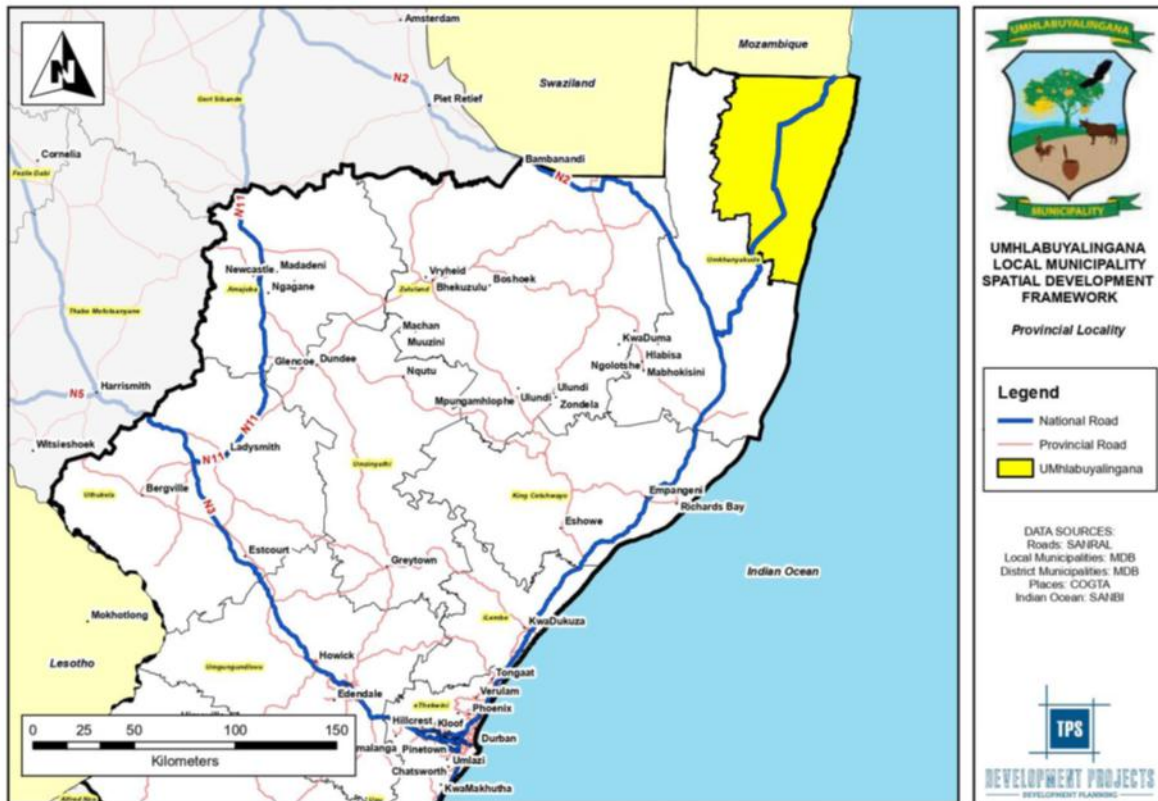
At this juncture, I wish to take this opportunity to record and convey my heartfelt appreciation to the entire team of uMhlabuyalingana Municipality for the dedicated and committed effort they demonstrated in the endeavour to ensure that the municipality's vision and mission come to fruition. Similar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

I thank you.

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

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Map 1: uMhlabuyalingana Municipality Locality



SOURCE: KZN CoGTA GIS UNIT

uMhlabuyalingana Municipality is one of the five municipalities in the jurisdiction of uMkhanyakude District Municipality, situated in the north-eastern part of KwaZulu-Natal Province in South Africa. It is located along the border with Mozambique to the north, the Indian Ocean to the east, Jozini Municipality to the west, the Big Five Hluhluwe Municipality to the south and Mtubatuba Municipality along the northern coastal belt of KwaZulu-Natal.

The uMhlabuyalingana Local Municipality is a Category B municipality situated within the uMkhanyakude District in the KwaZulu-Natal Province. The major structuring elements of the municipality include the Pongola River along the western boundary, the road from Sikhamelele to Manguzi (east-west linkage), and the recently completed road (MR22) from Hluhluwe. It is the largest municipality, with a 4,977 km² area size, of four in the district, making up a third of its geographical area.

The municipality is extremely rural, with informal settlements at Mbazwana and Manguzi. The area is influenced by the influx of people who migrate from Swaziland and Mozambique.

This municipality is predominantly rural, with the population spread amongst the 20 municipal wards and the four traditional council areas (Tembe, Mashabane, Mabaso and Zikhali). Access to uMhlabuyalingana is achieved mainly through the MR439 also known as the Lubombo Spatial Development Initiative. This provincial corridor runs in a north/south direction and serves as a major link between South Africa and Mozambique along the coast.

1.2.1 Municipal Powers and Functions

The municipality derives its powers and functions from the prescripts of the Constitution, Schedule 4, part B read in conjunction with Section 152, which contains the objects of local government. Municipal transformation and institutional development relate to a fundamental and significant change in the way the municipalities perform their functions, deploy resources and the institutional strategies applied to achieve optimum results for delivery of quality services to the communities served. Transformation and institutional development is expected to take shape where the following is addressed as part of our strategic planning and direction:

TABLE 1: MUNICIPAL POWERS AND FUNCTIONS

DISTRICT MUNICIPAL FUNCTIONS	SHARED DISTRICT AND LOCAL FUNCTIONS	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
		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

1.2.2 Population Profile

According to the Census 2022, the municipal area has a total population of 191 660. Umhlabuyalingana is ranked number three in the within Umkhanyakude District.

TABLE 2 POPULATION DISTRIBUTION WITHIN UMKANYAKUDE DISTRICT

NAME	POPULATION SIZE	RANK
Mtubatuba	215 869	1
Jozini	199 153	2
Umhlabuyalingana	191 660	3
Big Five Hlabisa	131 755	4

Source: STATS SA 2022

It is noted that the population growth between 2011 and 2022 is 34888 (Stats SA, 2022). The growing population of the municipality indicates that to preserve the current infrastructure and to ensure proper service delivery, the municipality must improve its planning in order to fulfil the growing population's demands while minimizing the backlog.

TABLE 3: POPULATION GROWTH COMPARISON BETWEEN 2011 AND 2022

Name	2022	2011
Total population	191 660	156 772

Source: STATS SA 2022

1.2.3 Population Details

uMhlabuyalingana Municipality has, over the last few years, experienced phenomenal population growth. The table below shows the population details comparing 2011 population data and 2022.

TABLE 4: POPULATION DETAILS COMPARISON BETWEEN 2011 AND 2022

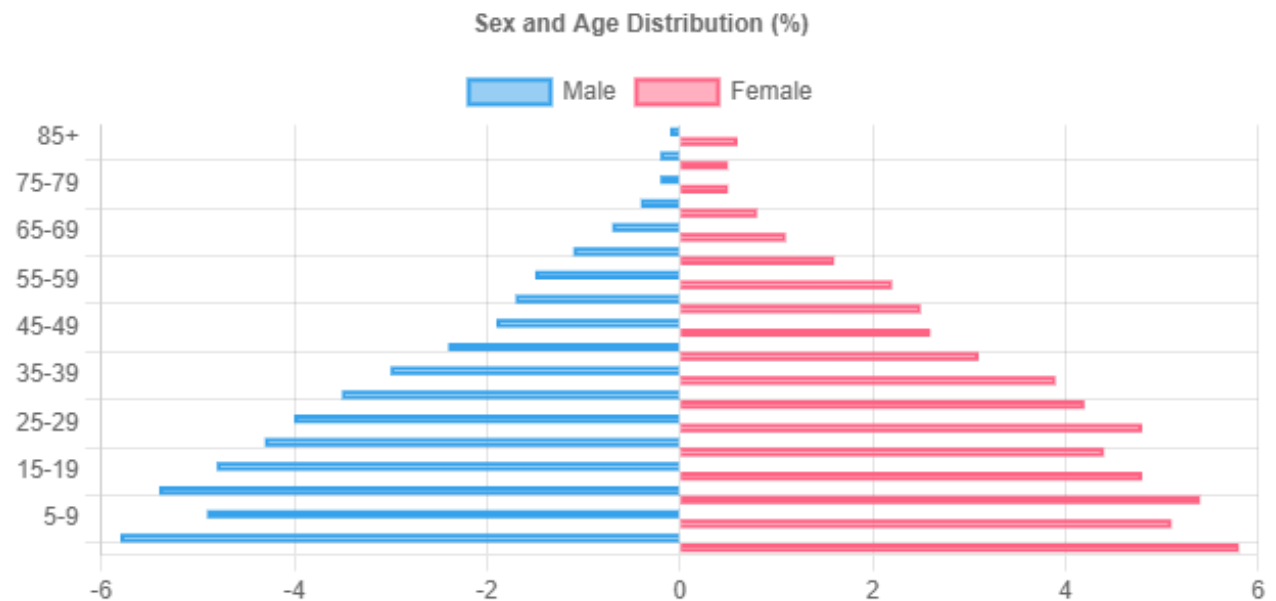
NAME	2022	2011
Total population	191 660	156 772
Young children (0-14 years)	32,4%	40,1%
Working age population (15-64 years)	62,4%	54,8%
Elderly (65+ years)	5,2%	5,1%
Dependency ratio	60,2	82,5
Sex ratio	86,2	84,5
No schooling (20+ years)	24,4%	30,5%
Higher education (20+ years)	4,6%	4,5%
Number of households	34 686	33 871
Average household size	5,5	4,6

Formal dwellings	90,0%	57,7%
Flush toilets connected to sewerage	26,0%	5,3%
Weekly refuse disposal service	22,0%	1,4%
Access to piped water in the dwelling	26,5%	5,3%
Electricity for lighting	80,3%	14,2%

Source: STATS SA 2022

The working age group (15–64 years) has a higher percentage of 62.4% than the other groups, as seen in Table 3 above. 32, 4% of the population is made up of young children (0–14 years old). There are 5, 2% of the population who are elderly. This suggests that the majority of uMhlabuyalingana's population is employed. The municipality's ability to provide services, educate its youth, and create jobs will all be impacted, therefore giving priority to the younger population is still required.

FIGURE 1: POPULATION PYRAMID BY AGE AND GENDER



Source: STATS SA 2022

The uMhlabuyalingana Local Municipality population as presented in figure 1 above, the population ranging between 5-19 which comprise of the with broader base in the pyramid compared to other age groups.

TABLE 5: MARITAL STATUS

Marital Status	DC27: uMkhanyakude	KZN271: Umhlabuy alingana	KZN272: Jozini	KZN275: Mtubatuba	KZN276: Big Five Hlabisa
Legally married (include customary; traditional; religious etc)	7,9	5,2	6,6	10,2	10,2
Living together like husband and wife/partners	6,7	10,9	8,6	3,0	3,7
Divorced	0,1	0,1	0,1	0,2	0,0
Separated; but still legally married	0,2	0,1	0,3	0,1	0,3
Widowed	1,9	1,5	1,3	1,1	5,0

Single; but have been living together with someone as husband/wife/partner before	6,2	6,7	8,9	3,5	5,5
Single; and have never lived together as husband/wife/partner	43,7	42,4	40,7	48,2	42,6
Not applicable	33,4	33,2	33,6	33,8	32,7
Unspecified	0,0		-	0,0	-

Source : Community Survey 2016

Parenting Status: Missing Father

In the last few decades, the South African society has strayed away from recognizing the importance that fatherhood holds. Most South African communities are facing the challenge of father absence. A possible solution to the challenge could be the restoration of fathers with the focus on their crucial role within families. South Africa is one of the countries in the world with the highest figures of absent father (Richter et al. 2012:2; Richter et al. 2010:360; Freeks 2016:6).

The table below represent information on missing father in UMhlabuyalingana LM, according to the MYPE 2023 population pyramid the M has more children comparing to any other age cohort, leaving us to ponder a question on how the status quo affects socio-economic status and service delivery, what interventions need to be in place to strengthen families, and how to best to prevent fatherless households as this directly and indirectly affect socio-economic status of the LM?

TABLE 6: MISSING FATHERS

MISSING FATHER	0–14-year-olds	Father alive "Yes", father part of household "No"	Father alive "Yes", father part of household "No" (%)
DC27: uMkhanyakude	281 781	194 223	68,9
KZN271: Umhlabuyalingana	70 050	46 818	66,8
KZN272: Jozini	82 344	55 972	68,0
KZN275: Mtubatuba	82 443	58 873	71,4
KZN276: Big Five Hlabisa	46 945	32 560	69,4

Source: Community Survey 2016

TABLE 7: ORPHANHOOD

Orphanhood of 0 - 14-year-olds	Paternal Orphan	Maternal Orphan	Double Orphan
DC27: uMkhanyakude	6,6	2,6	1,5
KZN271: Umhlabuyalingana	4,9	1,7	0,5
KZN272: Jozini	4,9	2,1	1,3
KZN275: Mtubatuba	6,6	3,4	1,4
KZN276: Big Five Hlabisa	12,2	3,2	3,4

Source Community Survey 2016

TABLE 8: EDUCATION STATUS

% Share of population per level of education	KZN271: Umhlabuyalingana	KZN272: Jozini	KZN275: Mtubatuba	KZN276: Big Five Hlabisa
No schooling	24,4	22,9	14,8	16,3
Some Primary (Gr 0 - Gr 6)	9,0	7,8	9,4	10,7
Primary Completed (Gr 7)	3,8	3,6	3,6	4,2
Some Secondary (Gr 8 - Gr 11, N1-4, Cert/Dip with <G12)	24,2	26,3	27,5	30,1
Matric	33,3	33,9	37,7	33,1
Post School (Higher Education)	4,6	4,8	6,2	5,1
Other	0,6	0,6	0,9	0,5

Stats SA Census 2022

TABLE 9: LEARNER PREGNANCY INFORMATION

Total Learners Reported Pregnant by Schools in 2021						
DISTRICT	CMC	CIRCUIT	NATEMIS		INSTITUTION_NAME	Total Learners
Umkhanyakude	Umhlabuyalingana	Kosi Bay	500200170		Mashalaza Secondary School	11
Umkhanyakude	Umhlabuyalingana	Manguzi	500261553		Shayina High School	1
Umkhanyakude	Umhlabuyalingana	Manguzi	500261849		Shengeza High School	3
Umkhanyakude	Umhlabuyalingana	Mbazwana	500213675		Mntanenkosi Secondary School	6
Umkhanyakude	Umhlabuyalingana	Ngwanase	500210641		Mhlupheki Secondary School	8
Umkhanyakude	Umhlabuyalingana	Ngwanase	500442076		Siyakhula Secondary School	2

Source: Provincial Department of Education

TABLE 10: 2020/2024 STATISTICS ON TEENAGE DELIVERIES FROM DEPARTMENT OF HEALTH

No	Organisation Unit	2020/2021	2021/2022	2022/2023	2023/2024
		2020/2021 (%)	2021/2022 (%)	2022/2023 (%)	2024 (%)
1.	Amajuba District	17.2	32	16.9	17.5
2.	eThekweni Metropolitan	12.7	216	12.5	13.0
3.	Harry Gwala District	21.3	34	22	21.8
4.	iLembe District	18.2	50	17.8	18.0
5.	King Cetshwayo District	16.8	83	17	17.2
6.	UGu District	18.1	60	17.9	18.3
7.	uMgungundlovu District	15	49	15.4	15.6
8.	uMkhanyakude District	20	85	20.9	21.1
9.	uMzinyathi District	20.4	63	20.3	20.5
10.	uThukela District	19.3	36	18.3	18.6
11.	Zululand District	19.9	63	20.9	21.0
TOTAL		16.5 %		771	17.0%

Source: Department of Health, 2024

These figures indicate a slight increase in the percentage of teenage deliveries in most districts in 2024. KwaZulu-Natal continues to face challenges in addressing teenage pregnancies.

TABLE 11: EMPLOYMENT STATUS OF UMHLABUYALINGANA MUNICIPALITY IN RELATION TO THE DISTRICT

Municipality	Employed				Unemployed				Unemployment Rate			
	2001	2011	2016	2022	2001	2011	2016	2022	2001	2011	2016	2022
uMkhanyakude District Municipality	38	56	58	60	64	43	43	45	62,8	42,8	40.2	42.9
uMhlabuyalingana Municipality	7 272	11 705	12 050	12 500	16 186	10 559	12 000	12 500	69,0	47,1	42.5	50.0

Source: Stats SA, 2001, 2011, 2016 & 2022

These figures indicate a slight increase in employment in both municipalities, but the unemployment rate remains a significant challenge.

1.2.5 Socio-Economic Status

According to the District Health Plan for 2018/19, uMkhanyakude has 5 district hospitals and 57 clinics: including 5 gateway clinics, 17 mobile clinics servicing 238 mobile stopping points, and 7 high transmission area (HTA) sites (2 fixed and 5 mobile). The new Jozini Community Health Centre (the first in the district) opened in the first quarter of 2018/19. Social vulnerability in the province is said to be very high due to the following driving forces:

- a) It has the highest malaria prevalence in the country.
- b) Twenty to thirty percent (20-30%) of adults are HIV positive. The HIV prevalence rate is at 41.1%, which is higher than both the provincial and national rates of 37.4% and 29.5% respectively. uMkhanyakude District is the second highest amongst the districts in the province.
- c) Tuberculosis is a major cause of mortality.
- d) The increasing occurrence of severe malnutrition among children younger than 5 years of age.
- e) Many people from neighbouring countries cross the border to receive healthcare in uMkhanyakude.

There is a high prevalence rate of HIV in the population of uMhlabuyalingana jurisdiction area. The most obvious impact of the disease in the Mochatine Flats area is a decrease in life expectancy and an increase in the dependency ratio and the number of orphans, as well as the slowing down of the population growth rate (due to increasing mortality and morbidity). Developmental impact includes a loss in social skills and changes in the distribution of income. This result is an increased demand for healthcare facilities and a reduction in school entrants. The impact of HIV/AIDS on municipalities is likely to be present in all aspects of the municipality's functions and may lead to an increase in the need for poverty alleviation measures and underutilization of infrastructure in the long run.

The leading contributory cause of maternal deaths is HIV and AIDS, with AIDS-related infections being the leading causes of maternal deaths, followed by obstetric haemorrhage, indicating an area where attention needs to be applied to further reduce maternal mortality. The decrease might also be due to effective monthly perinatal reviews, training of professional nurses by region 4 specialists in the management of major conditions leading to maternal deaths, and training of CCGs on the MCWH Community Care Framework to strengthen MCWH services in the community.

There is a steady improvement in early ANC attendance and the proportion of eligible women started on HAART, which should enhance PMTCT and reduce maternal mortality. There continues to be room for improvement in the ante natal Nevirapine uptake rate.

The COVID-19 pandemic is impacting all aspects of our society and require unprecedented action on the part of government, across all three spheres, to curb the spread of the virus. The impact of the national 'lockdown' has had far-reaching implications for municipalities, who are at the coalface of delivery of essential services. The impact of the virus will be felt by municipalities far beyond the lockdown period.

The KZN province currently has public mortuaries in all the districts and three (3) are in the uMkhanyakude District in the towns of Mtubatuba, Mkuze and Manguzi. These mortuaries are said to be at various levels of capacity and operation; and therefore, require further formal confirmation from the Department of Health (DoH) on their readiness for use for the COVID-19 pandemic mortal remains.

Poverty Dimensions:

uMkhanyakude District remains one of the 10 districts in South Africa with the highest Multi Poverty Index (MPI). A significant portion of the population continues to live below the poverty line, leading to a high occurrence of malnutrition in children younger than 5 years. The table below depicts updated poverty statistics from Census 2001, Census 2011, and Census 2022 at the municipal level in the district.

TABLE 12: POVERTY DIMENSIONS BY MUNICIPALITY

	Census 2001			Census 2011			Census 2022		
	Headcount (H)	Intensity (A)	SAMPI (HxA)	Headcount (H)	Intensity (A)	SAMPI (HxA)	Headcount (H)	Intensity (A) 2022	SAMPI (HxA) 2022
Jozini Municipality	43,0%	43,6%	0,19	22,3%	42,6%	0,09	20,0%	41,0%	0,08%
Big Five Municipality	36,0%	43,6%	0,16	17,5%	42,1%	0,07	15,0%	40,5%	0,06%
Hlabisa Municipality	33,5%	43,7%	0,15	16,1%	41,8%	0,07	14,0%	40,0%	0,06%
Mtubatuba Municipality	27,2%	43,9%	0,12	11,6%	41,5%	0,05	10,0%	39,5%	0,04%

Source: Stats SA, 2001, 2011 & 2022

TABLE 13: TYPE OF DWELLING

	Formal Dwelling	Traditional Dwelling	Informal Dwelling	Other Dwelling	Total
Umkhanyakude	117 079	9 228	2 209	550	129 066
Umhlabuyalingana	31 224	2 904	408	149	34 686
Jozini	31 771	2 901	965	187	35 824
Mtubatuba	32 884	1 758	651	128	35 421
Big Five Hlabisa	21 199	1 665	186	86	23 136

Stats SA: Census 2022

The 2022 Census data reveals that Umkhanyakude has the highest number of formal dwellings (117,079), followed by Mtubatuba (32,884), Jozini (31,771), Umhlabuyalingana (31,224), and Big Five Hlabisa (21,199). The region faces a housing backlog of 8,806 units, with rapid urbanization in Mbazwana and Manguzi posing new challenges. These areas need diverse housing options, including rental and middle-income housing. Informal rental housing is prevalent, indicating many people live in backyard shacks and cottages. Town planning is essential for sustainable development. The municipality is also compiling an Indigent Register to implement the Free Basic Services Policy, focusing on households in poverty nodes like uMhlabuyalingana.

TABLE 14: OVERVIEW OF NEIGHBOURHOODS WITHIN UMHLABUYALINGANA MUNICIPALITY

SETTLEMENT TYPE	HOUSEHOLDS	POPULATION
Towns		
Manguzi (Ward 17)	2 274	9 496
Mbazwana (Ward 2)	1 755	7 744
Skhemelele (Ward 6)	2 745	13 064
Sub Total	6 774	30 304
Townships	0	0
Sub Total	0	0
Rural Settlements		
Ward 1	1 151	4 709
Ward 2	1 755	7 744
Ward 3	2 068	11 400
Ward 4	2 916	12 089
Ward 5	2 045	8 888
Ward 6	2 745	13 064
Ward 7	1 952	9 796
Ward 8	1 948	8 493
Ward 9	2 582	11 841
Ward 10	1 552	7 189
Ward 11	2 230	9 587
Ward 12	1 594	7 333
Ward 13	1 663	8 918
Ward 14	1 676	8 112
Ward 15	2 198	10 400
Ward 16	1 509	7 616
Ward 17	2 274	9 496
Ward 18	No data profile available	No data profile available
Ward 19	No data profile available	No data profile available
Ward 20	No data profile available	No data profile available
Sub Total	33 858	156 735
Informal Settlements: There are no informal settlements within the municipality	0	0

Stats SA: Census 2011

TABLE 15: NATURAL RESOURCES

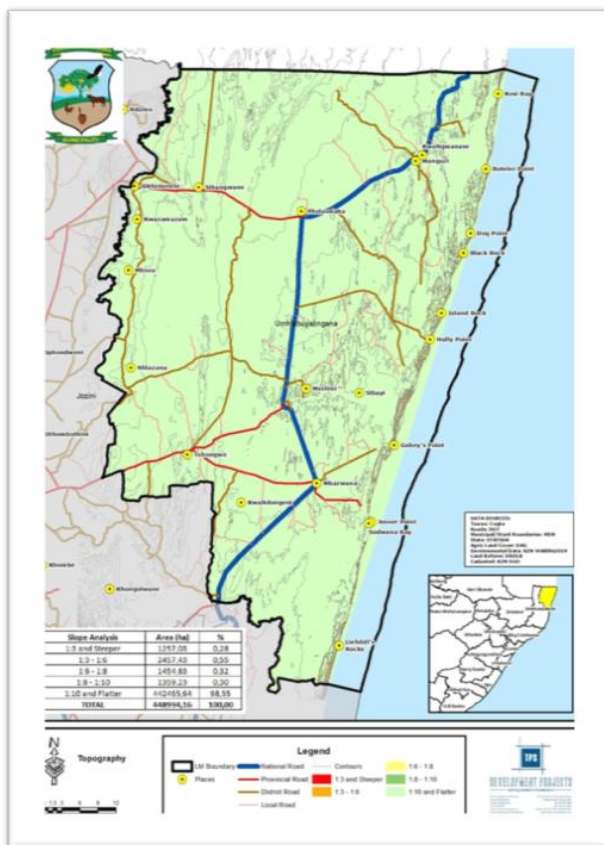
Natural Resources	
Major Natural Resource	Relevance to Community
Sand Mining	Job creation and community development
Marula Farming	Job creation and community development

1.2.6 Environmental Overview

The Environmental Overview is discussed below as follows:

- The general topography within uMhlabuyalingana municipal area is flat to gentle rolling. This normally implies that there are limited hindrances to development as far as topography or slope is concerned. The slope in the area is gentle and within acceptable limits for development. However, given the sandy nature of the topsoil, any removal of ground cover may result in erosion, especially in areas that are moderately sloping. It is advisable that when planning any development, activities that involve significant removal of vegetation or soil cover be avoided in areas that are sloping. It is also advisable that development-specific geotechnical investigations be undertaken to determine the subsoil stability for the intended activity in the planning of specific developments.

MAP 2: TOPOGRAPHY



The general topography within the Umhlabuyalingana Municipal area is characterized by a flat to gently rolling terrain. The majority of the land in Umhlabuyalingana (98.55%) boasts a gradient slope of 1:10 or flatter, with only 0.28% of the terrain being 1:3 and steeper. This topographical makeup implies that there are minimal obstacles to development in terms of the topography. The gentle slope in the area falls within acceptable limits for development; however, it is crucial to consider the sandy nature of the topsoil. Disturbing the ground cover, particularly in moderately sloping areas, may lead to erosion. Hence, it is strongly recommended that activities involving significant removal of vegetation or land cover be avoided in these sloping regions during the planning of developments.

The Umhlabuyalingana local municipality is characterized by three primary geological features: arenite, sandstone, and siltstone. Each of these geological formations contributes uniquely to the region's landscape and environmental characteristics. The predominant geological composition in Umhlabuyalingana is arenite, which constitutes a significant portion of 64.45% across the region. Arenite is a type of sedimentary rock, commonly known as quartz arenite, that is composed mainly of sand-sized mineral particles, particularly quartz. This prevalence of arenite plays a crucial role in shaping the physical and ecological attributes of the area.

Following closely behind arenite in geological prominence is sandstone, which makes up 35.21% of the region's geological landscape. Sandstone, another type of sedimentary rock, is composed of sand-sized minerals or rock grains. Its high permeability and porosity make it a vital component in influencing the region's water drainage patterns and soil characteristics. The significant presence of sandstone indicates areas that are likely to have well-drained soils, which can affect agricultural practices and the types of vegetation that can thrive.

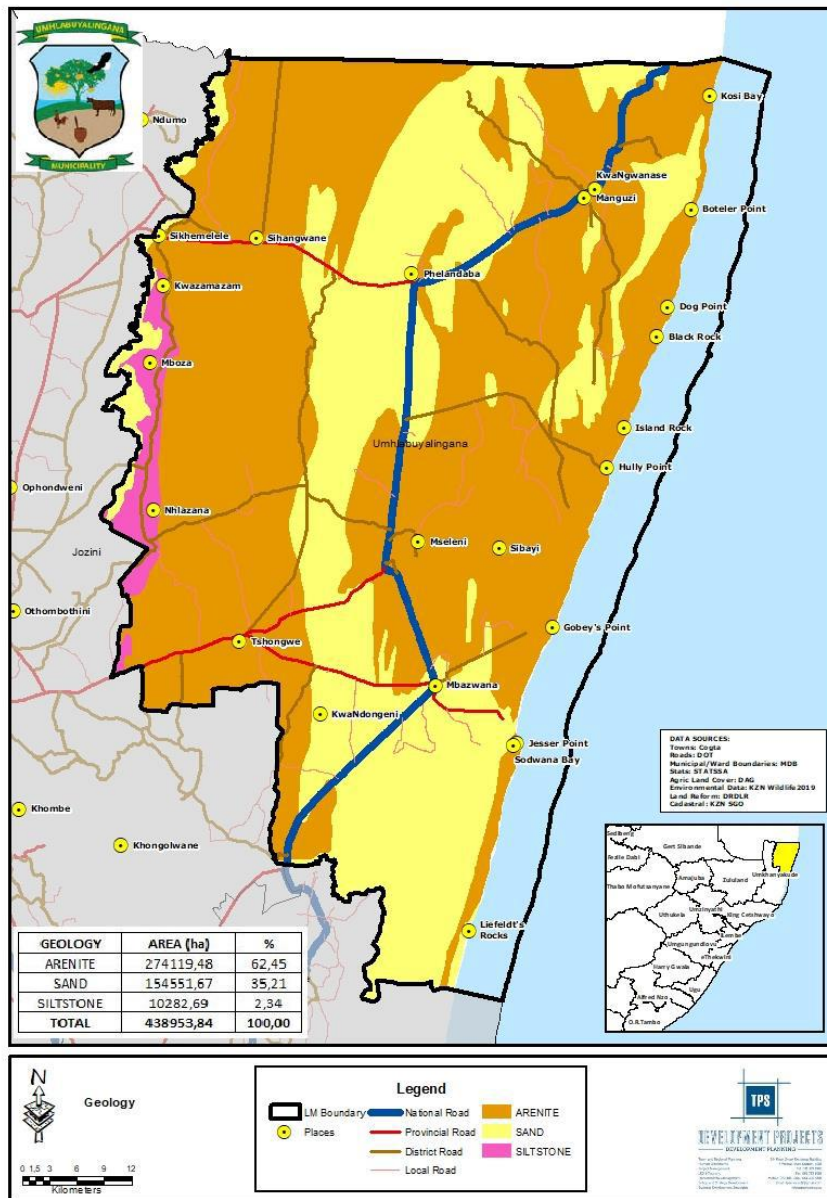
Siltstone, while occupying a smaller proportion of the geological composition, is notably present along the western margins of the region, specifically in areas such as Mboza, Nhlazana, and KwaZamazam. Siltstone is a fine-grained sedimentary rock that consists mainly of silt-sized particles. Its presence along the western margins contributes to the region's geological diversity and has distinct implications for soil composition and land use. The areas with siltstone may have finer, more compact soils, affecting water retention and suitability for different types of land use and vegetation.

The geological diversity in Umhlabuyalingana has significant implications for various aspects of the local environment. For instance, soil composition is directly influenced by the underlying geological formations. Arenite and sandstone areas are likely to have sandy soils with good drainage, whereas siltstone areas might have finer, more clay-like soils with different drainage characteristics. These soil properties affect agricultural potential, determining which crops can be grown successfully and how land can be managed for farming.

Additionally, the geological makeup influences water drainage patterns across the region. Arenite and sandstone, being more permeable, facilitate better water infiltration and drainage, which is beneficial for preventing soil erosion and managing water resources. In contrast, areas dominated by siltstone may have slower drainage and higher water retention, which can lead to different challenges in water management and land use planning.

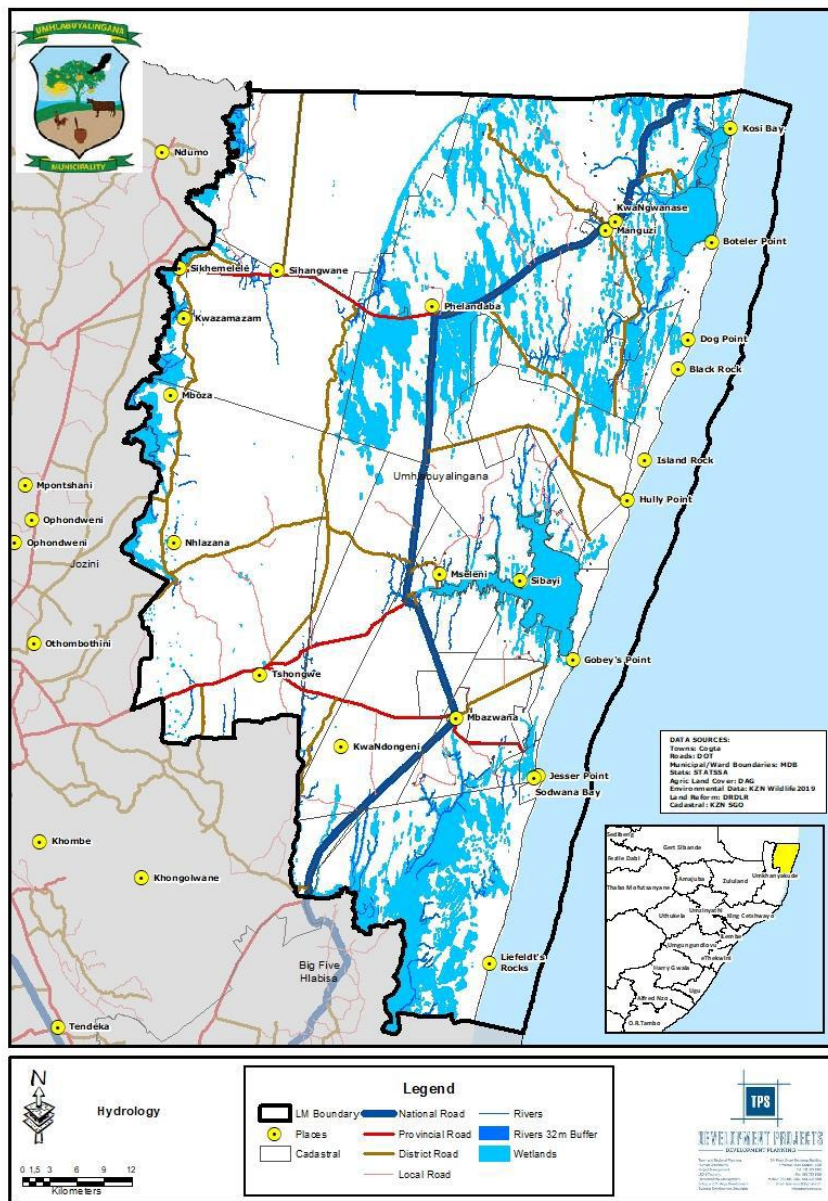
The types of flora and fauna that thrive in Umhlabuyalingana are also affected by the geological composition. The variety of soil types and drainage conditions created by arenite, sandstone, and siltstone provide diverse habitats that support different plant and animal species. Understanding these geological influences is crucial for conservation efforts, as it helps identify critical habitats and areas that need protection to preserve the region's biodiversity.

MAP 3: GEOLOGY



Source: uMhlabuyalingana Municipality SDF

MAP 4: HYDROLOGY:



Source: uMhlabuyalingana Municipality SDF

The hydrological features of Umhlabuyalingana, including rivers like the Phongolo, Swamanzi, Mkhuze, and wetlands such as those found in Kosi Bay and Ndumo Game Reserve, play a pivotal role in shaping the region's landscape and ecological dynamics. Understanding the current conditions and desired states of these water bodies is essential for sustainable development planning in the area.

The Umhlabuyalingana Local Municipality falls under the W70A Quaternary catchment within the Usuthu-Mhlatuze Water Management Area (WMA). Local communities within this municipality rely on groundwater as their primary water supply source (DWAf, 2008). Notably, the Ngwavuma and Phongolo rivers traverse the border between Jozini and Umhlabuyalingana Local Municipality, passing through Siphembelele, Kwazamazama, Mboza, and Nhlazana areas.

The most significant hydrological system in the area is wetland. Most of the wetlands in the area appear to be functional wetlands with little disturbances. It is known that wetlands function to provide several ecosystem goods and services which for the area under investigation will to a large extent, be provision of grass for crafts and households use and flood attenuation. Thus, maintenance of the integrity of the wetland and assurance of its functionality are important management considerations during development planning for the area.

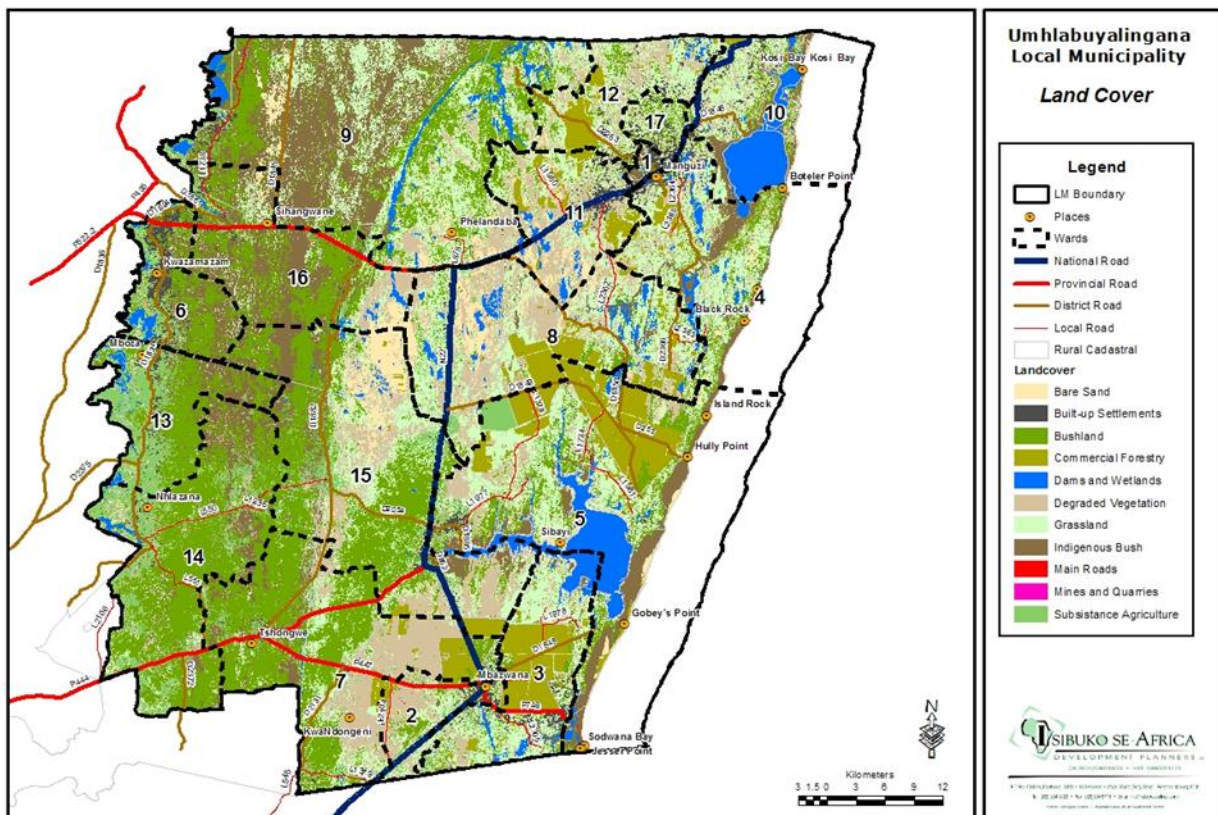
The Umhlabuyalingana Local Municipality features two types of coastal lake systems: estuarine-linked lakes (St Lucia, Kosi, and Mgobozeleni) and freshwater lakes (Sibaya, Bhangazi North, and Bhangazi South).

The Kosi System comprises distinct lakes connected by narrow channels, with a salinity gradient from freshwater in the south to seawater at the estuary. The system is linked to the sea, and the estuary mouth is generally open throughout the year.

Mgobozeleni is the smallest of the three estuarine lake systems, featuring interconnected lakes connected to the sea via a narrow channel.

Lake Sibaya, Lake Bhangazi North, and Lake Bhangazi South. These freshwater lakes, situated in areas of low relief, are fed by small catchments, and maintained largely from groundwater seepage. They are nutrient-poor due to the sandy, leached nature of their substrates.

MAP 5: LAND COVER



Source: uMhlabuyalingana Municipality SDF

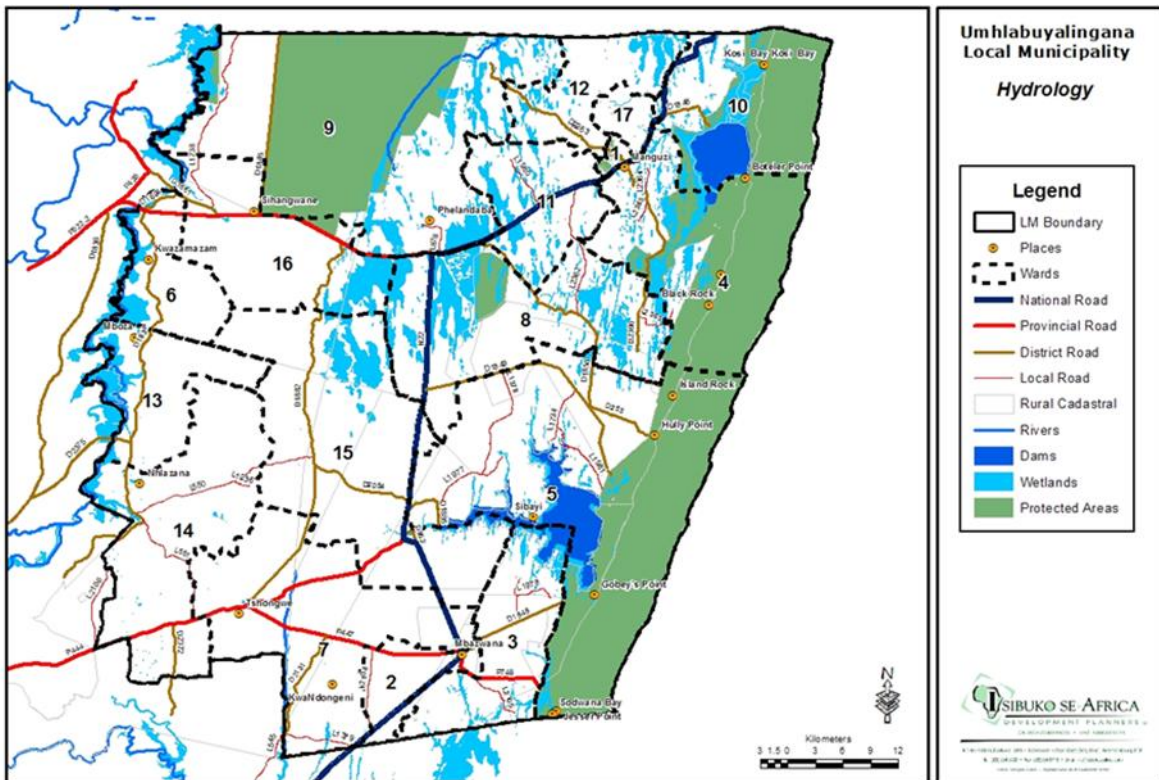
The general vegetation type of the area is described as Maputo land Coastal Thicket. This vegetation type is said to be vulnerable in the KZN province. According to Ezemvelo KZN Wildlife's vegetation classification, the province has an estimated 148,840 ha of this vegetation type, of which 11.2% is protected. It is estimated that approximately 9.68% of this vegetation type in the province is completely transformed and a further 17.44% is degraded. It is said that a total of approximately 73.25% of this vegetation type is still untransformed. In view of these statistics, this vegetation type is classified as vulnerable and therefore care needs to be taken in order to protect its conservation significance in the province and in the country.

It is noted that a fairly large portion of this vegetation type within the project areas, especially along the main roads and tracks, is degraded or completely transformed. From this majority of the project area still have untransformed Maputaland Coastal Thicket, which is said to be vulnerable. From this assessment also, it was noted that the Maputaland Coastal Thicket is dominated by grassland. Portions of this grassland are still in good condition. The settlement activities in the area have resulted in a significant degradation of the vegetation especially within around Phelandaba and Mbazwana. This confers 'a reduced' conservation significance on the site. However, in terms of environmental legislation, development of any site greater than 1 hectare (whether in a suitably good vegetation condition or derelict), requires authorization from the Provincial Department of Environmental Affairs (EDTEA).

Given the status of the vulnerable vegetation at a municipal level, care needs to be taken in the planning of developments so that unnecessary disturbances would not occur on the untransformed thicket and grassland. Development of any untransformed or derelict area may be subject to an environmental impact assessment. The key environmental issues may be removal of vegetation if the transformation or the size of the development is more than the allowed size in hectares and degradation of wetland vegetation and subsequent reduction in its functionality.

- uMhlabuyalingana comprises 16 different wetland types, including:
 - ❖ Shallow marine waters
 - ❖ Coral reefs
 - ❖ Sand/shingle shores
 - ❖ Estuarine waters
 - ❖ Tidal mudflats, including intertidal flats and salt flats
 - ❖ Salt marshes
 - ❖ Mangrove/tidal forest
 - ❖ Coastal brackish/saline lagoons
 - ❖ Coastal fresh lagoons
 - ❖ Deltas
 - ❖ Freshwater lakes: permanent
 - ❖ Freshwater lakes: seasonal/intermittent
 - ❖ Saline/brackish lakes/marshes: permanent
 - ❖ Saline/brackish lakes/marshes: seasonal/intermittent
 - ❖ Freshwater marshes/pools: permanent
 - ❖ Freshwater marshes/pools: seasonal/intermittent

MAP 6: HYDROLOGY COASTAL MANAGEMENT

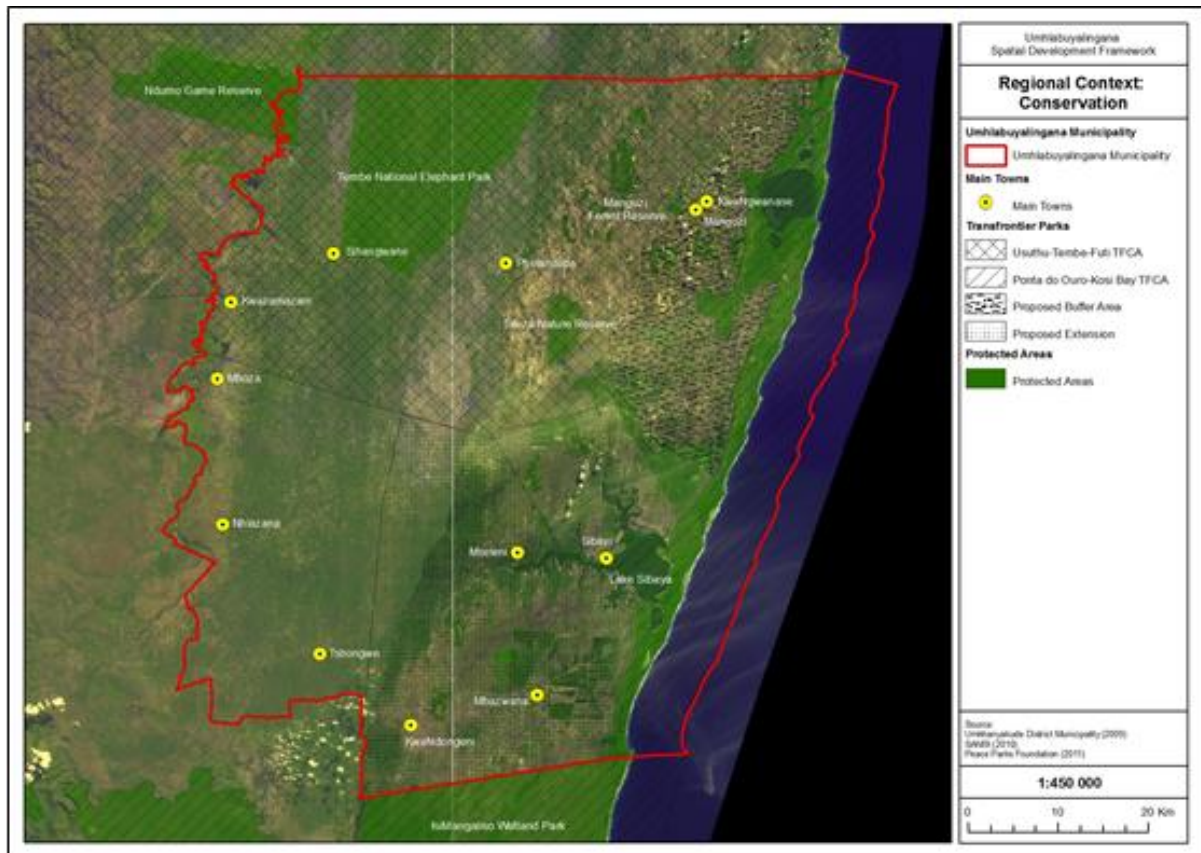


Source: uMhlabuyalingana Municipality SDF

The coastal area of uMhlabuyalingana was proclaimed as a nature reserve in 1987. South Africa currently has 19 wetlands designated as wetlands of international importance in accordance with the Ramsar Convention, one of which is the Isimangaliso Wetland Park System. The site is a Nature Reserve administered by the Ezemvelo KZN Wildlife under the communally owned land falling under the Tembe, Mabaso, Mbila and Mashabane Traditional Councils.

Formally protected areas and TFCAs within and surrounding the uMhlabuyalingana Municipality

MAP 7: REGIONAL CONTEXT CONSERVATION



The Spatial Environment is discussed below and presents a short description of each of the five formally protected areas within the uMhlabuyalingana Municipality.

The Tembe Elephant National Park is situated on the Mozambique border near Ndumo Game Reserve. The park is approximately 30,000 ha in extent and managed by Ezemvelo KZN Wildlife. The park is situated within the sand veld ecological zone and consists mainly of closed woodland and secondary thicket formation, with clumps of sand forest. The zone falls within a transition area between tropical and sub-tropical forms and therefore is home to a great diversity of vegetation. This results in high diversity of birdlife (340 bird species). The park is also home to approximately 220 elephants, some of which are among the largest in the world.

The Manguzi Forest Reserve is situated on the outskirts of the Manguzi urban centre. The reserve is 237 ha in extent and managed by Ezemvelo KZN Wildlife. The reserve protects the last significant patch of KwaZulu-Natal Coastal Forest, an Endangered Ecosystem, to the north of Lake Sibaya. There are currently no facilities for visitors to the reserve.

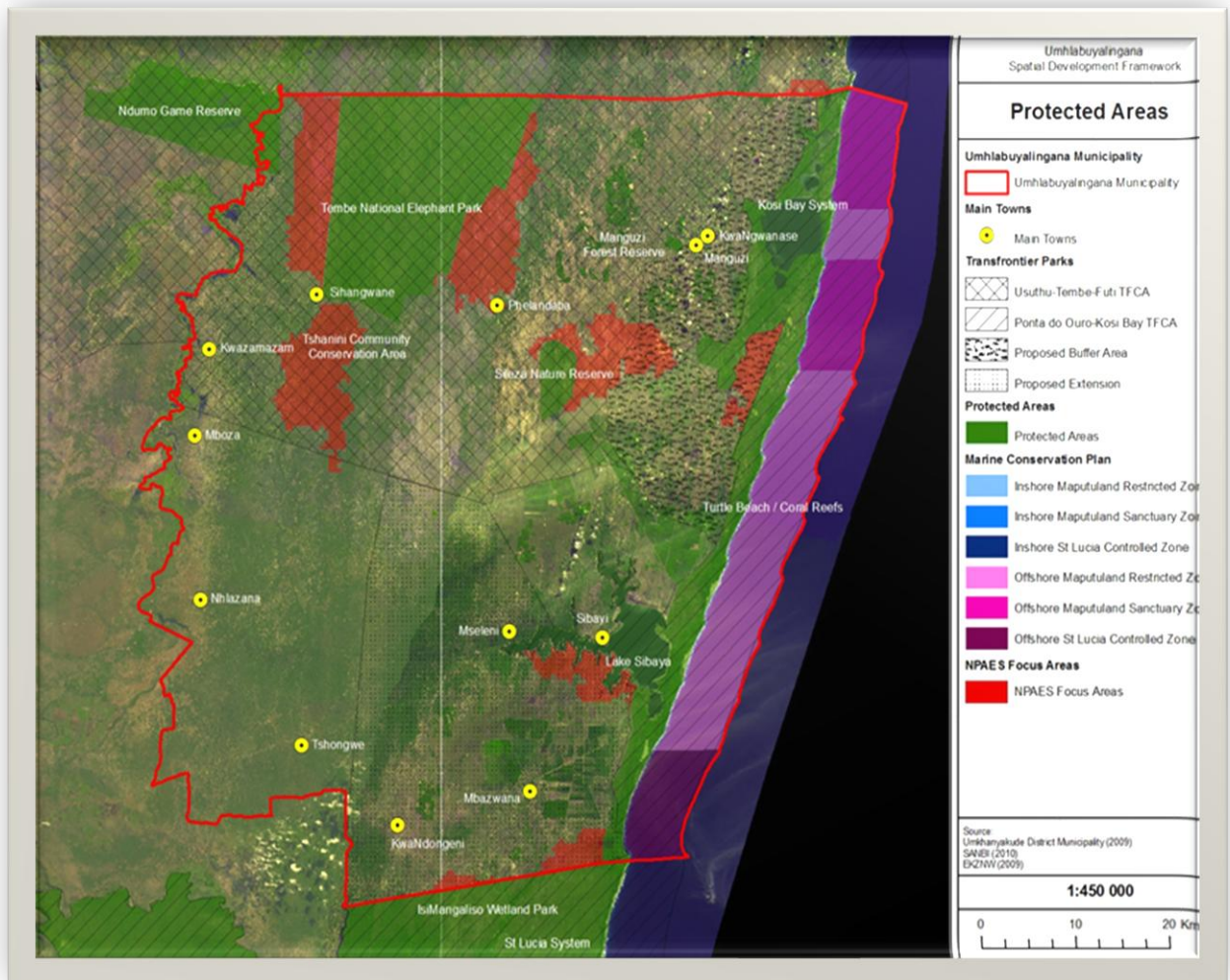
The Sileza Nature Reserve is situated south-west of Manguzi. The reserve is 2,125 ha in extent and managed by Ezemvelo KZN Wildlife. The reserve protects a large portion of Maputuland Wooded Grassland, which is classified as vulnerable. There are currently no facilities for visitors to the reserve.

The Tshanini Nature Reserve is a community conservation area to the south of Tembe National Elephant Park. The reserve is approximately 3,000 ha in extent and managed by the local Tshanini community, with assistance from the Wildlands Conservation Trust. The reserve largely protects areas of Tembe Sandy Bushveld and Sand Forest.

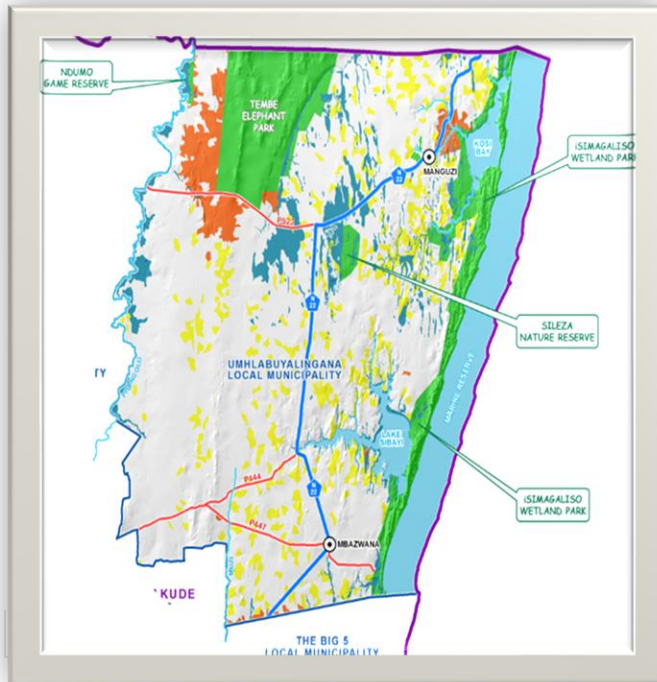
The Ndumo Game Reserve is a registered Ramsar Site which is situated on the Mozambique border. It is located at the confluence of the Great Usutu, which forms its northern boundary, and the Pongola Rivers. The reserve is approximately 11,860 ha in extent and comprises a variety of ecosystems, including floodplain pans, wetlands, reedbeds, savannah and sand forest. It has the highest bird count in South Africa with 430 recorded bird species. This includes several aquatic species, such as Black Egret, Pygmy Geese, and Pelicans, as well as several species of interest, such as the Pell's Fishing Owl, Broadbill, and Southern Banded Snake Eagle. The reserve is home to a number of game species, including Nyala, Bushbuck, Impala, Red Duiker, Suni, Black and White Rhino, Hippopotamus and Crocodiles.

The ISimangaliso Wetland Park is South Africa's first UNESCO World Heritage Site. The 332,000 ha park contains three major lake systems, most of South Africa's remaining swamp forest, Africa's largest estuarine system, 526 bird species, and 25,000-year-old coastal dunes. The park also includes an extensive Marine Reserve which protects 190,000 km of the South African coastline. There are also four Ramsar sites, namely the Kosi Bay System, Turtle Beaches / Coral Reefs, Lake Sibaya, and the St Lucia System within the park.

MAP 8: PROTECTED AREAS

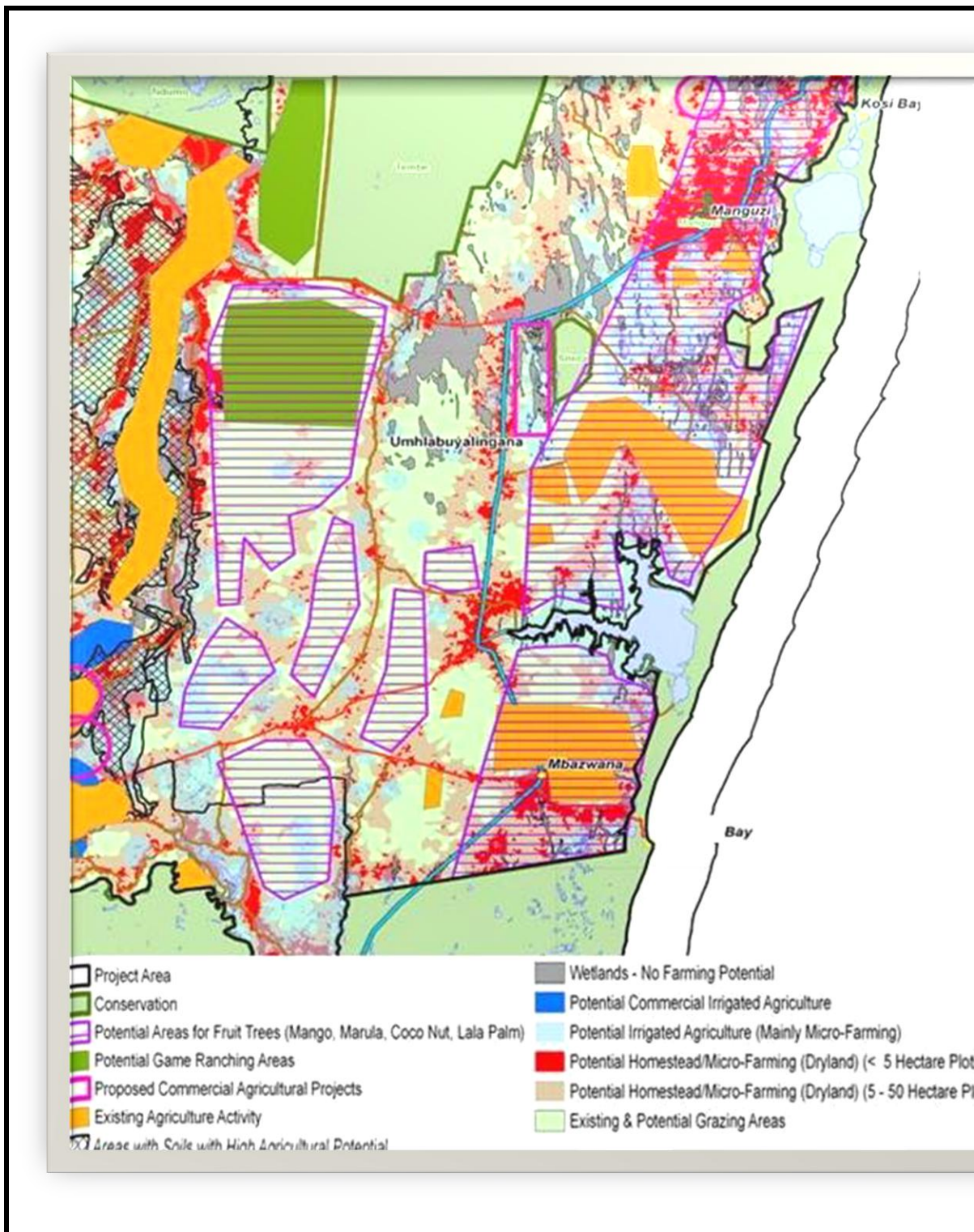


MAP 9: ENVIRONMENTALLY SENSITIVE AREAS



- The environmentally sensitive corridor along the coastline in the eastern part of the Municipality (mainly the iSimangaliso Wetland Park);
- The Makhathini flats along the Pongola River, which forms the western boundary of the Municipal area;
- The Tembe Elephant Park between the P522 provincial road and the Municipality's border with Mozambique, in the north-western part of the Municipal Area.

MAP 10: ENVIRONMENTAL SENSITIVE & AGRICULTURAL POTENTIAL IN UMHLABUYALINGANA



SOURCE: URBAN-ECON, AGRICULTURAL POTENTIAL MAP - MAKHATHINI INTEGRATED DEVELOPMENT PLAN 2007

Agriculture is one of the two key drivers of economy in uMhlabuyalingana Municipality, the other being tourism. The majority of the population in uMhlabuyalingana Municipality is involved in these two sectors. Agriculture in the municipality is based on commercial agriculture and consumption agriculture which is directed towards meeting consumption needs of the population.

The uMhlabuyalingana Municipality consists of nine bio-resource units. It has fairly flat land with good soil conditions, and weather conditions that favours agricultural production. The uMhlabuyalingana Municipality also falls under the Makhathini Flats area which is also characterized by its flat land and rich soils which make it suitable for agricultural production. Commercial farming has become a key area where investment has been directed in the Makhathini Flats and there has been much focus on development and job stimulation in the agricultural sector in this area.

The Makhathini Integrated Development Plan is one such programme that is being implemented in the area which is focused on the provision of agricultural infrastructure to optimize opportunities for crop and animal production in the Makhathini Flats. Although this programme started in the 2009/2010 financial year, efforts for infrastructure development intensified in the 2010/2011 financial year. According to the MEC Johnson's Budget Speech in 2011, the main infrastructure projects supported in 2010/2011 include improvement of farm access roads, refurbishment of pumps and irrigation infrastructure, construction of drainage canals and construction of livestock centres in Jozini and uMhlabuyalingana Municipalities. Improvement of irrigation infrastructure will stop water losses due to leaking pipes while the construction of drainage canals will address water logging currently affecting 2500 ha. Livestock centres aim to support livestock farmers in the Makhathini Flats to improve animal production and enhance local economic development. The implementation of these infrastructure projects has created 192 job opportunities for local people.

The agricultural potential of the land varies throughout uMhlabuyalingana Municipality, where relative to the eastern seaboard the area with high potential for dry land agriculture is closest to the sea and the one with low potential furthest from the sea. The areas in uMhlabuyalingana Municipality that have a high agricultural potential are hindered by the limited availability of land due to the sandy nature of the soils, by the settlements present in these areas and the fact that these areas often fall within the environmentally protected spaces of the municipality.

Access to water resources also plays an important role in both commercial and consumption agriculture and determines what type of crops can be grown and where it can be grown. The limited or lack of access to water can further hinder development in the agricultural sector. The major surface water resources in uMhlabuyalingana Municipality are as follows:

- **Pongola River** which provides opportunities for irrigation along the Pongola floodplains. It is also evident that the Pongola floodplains have been a drawcard for informal settlements and have increased in density in areas close to the floodplains. This reinforces the fact that people are dependent on natural resources for their survival in uMhlabuyalingana Municipality,
- **Usutu River** which runs along the north-western boundary of uMhlabuyalingana Municipality, and
- The coastal freshwater lakes and swamps which includes **Lake Sibaya** and **Kosi Bay**.

Water sources, in the form of large water bodies, reside on the peripheral ends of the municipality. These include areas such as the Kosi Lake System, Lake Sibaya, Bhangazi and the St Lucia Lake System. In recent years efforts have been made to improve the irrigation systems in the Makhathini Flats area,

however research has indicated that the lack of reliable sources of water for irrigation poses a major constraint on commercial agriculture projects such as the Mboza groundnuts project.

The predominant forms of agricultural activities that take place in UMhlabuyalingana can broadly be categorized as follows:

- Homestead and community gardens dominated by the production of fresh vegetables,
- Crop production systems producing groundnuts, maize, cassava, cowpea, taro (amadumbe), sweet potato (red, white & yellow), jugo (izindlubu and sugar beans),
- Commercial forestry plantations (pine and eucalypt), and
- Livestock farming.

There is evidence of commercial forestry plantations that are located at Mbazwana and Manzengwenya along the coast. Although the predominant commercial agriculture activities are limited to the production of cashew nuts, ground nuts and a few other niche crops, there is potential to expand and this is dependent on a number of factors such as improving accessibility to water, access to defined blocks of land that are designated to agricultural activities etc.

As consumption agriculture is an important activity in the uMhlabuyalingana Local Municipality area, community garden initiatives have been established and play an important role in alleviating poverty and ensuring food security. Community gardens are important generators for fresh vegetables in the area that is directed toward consumption needs. However, the poor design of these community gardens initiatives have resulted in a number of problems that range from lack of infrastructure and funds to group dynamics.

Production systems are considered to include activities that are coordinated either by the government or private companies, and such activities in uMhlabuyalingana include the production of:

- Cotton, which is concentrated mainly in the Makhathini Flats area,
- Pineapples, which are in a process of being introduced in uMhlabuyalingana,
- Ground nuts,
- Essential oils,
- Honey, and
- Cashew nuts.

Households involved in consumption agriculture are involved in the production of a range of crops for household consumption which includes maize, amadumbe and sweet potatoes. The type of crops grown in the various households throughout uMhlabuyalingana is again dependent on accessibility of water resources and soil conditions. Research has indicated that there is potential to commercially produce these crops, but this is dependent on investment in technology and the supply of water, for example, the provision of water irrigation systems. Livestock production also forms an integral part of community activities that ensure food security and income-generation. The livestock farmed include chickens, cattle and goats.

It is evident that the full potential of the agricultural sector has not been fully realized in uMhlabuyalingana as the areas of existing agricultural activities are only a fraction of areas that have been identified to have agricultural potential. It is evident that uMhlabuyalingana has the opportunity to expand its agricultural sector in the following areas:

- Fruit tree farming - fruits that can be grown in the municipality include mango, amarula, coconut and lala palm,
- Game ranching - such a development can impact on both the agriculture sector and the tourism sector,
- Irrigated farming,
- Homestead farming in areas that have plot sizes of less than 5 hectares, and
- Homestead farming in areas that have plot sizes of between 5 and 50 hectares.

Cashew nuts are an important part of the commercial agricultural sector and are grown in areas around uMhlabuyalingana Municipality where the soils are most favourable. Cashew nuts have been in production in the Maputaland area since the 1980s and began as part of a research project of the Industrial Development Corporation. A joint partnership with Ithala Development Corporation was formed and this resulted in the establishment of Coastal Cashew (Pty) Ltd. In 1994 the scheme of this venture under Coastal Cashew (Pty) Ltd was extended to include Manguzi and is still in operation today. The development of the cashew nuts grower block has stimulated development and interest in other agricultural production initiatives in the uMhlabuyalingana Municipality and surrounding areas in the Maputaland region which includes:

- Essential oils,
- Peanuts,
- Honey, and
- Ground nuts.

The favourable coastal climate and sandy soils increases the potential for ground nuts cultivation in the Maputaland area. Ground nut projects have been established in uMhlabuyalingana Municipality where large tracts of land have been made available for these type of projects in areas such as Mboza.

According to the MDIC (2012) bee keeping and honey production activities have been exclusively undertaken by the community in the forests that are owned by Sappi and Mondi in the uMhlabuyalingana Municipality. The MDIC further indicates that honey production can be a lucrative business venture for community development as it has very little initial capital cost, little management is required, and it promotes the retaining of indigenous trees in the area. It is ideal for resource-poor farmers as it requires low-cost technology, minimum infrastructure, and no land ownership. Eucalyptus trees provides excellent source of pollen, and these are found extensively in the uMkhanyakude District. Another opportunity of this type of farming activity exists in the natural forests in the game parks.

uMhlabuyalingana Municipality is notable for the prolific growth of palm trees in this area. These palm trees are used by the local people for the manufacturing of handcrafts, while a significant quantity of the palm fronds (in particular the Lala Palm) is exported to other regions for use by craft workers. The sap of the Wild Date Palm, and in particular the Lala Palm, is used to produce palm wine. The over-harvesting

of palm could be a problem, but current controls and active planting of palms ensure their sustainability. However, the sale of palm material for craftwork outside of the district should be restricted.

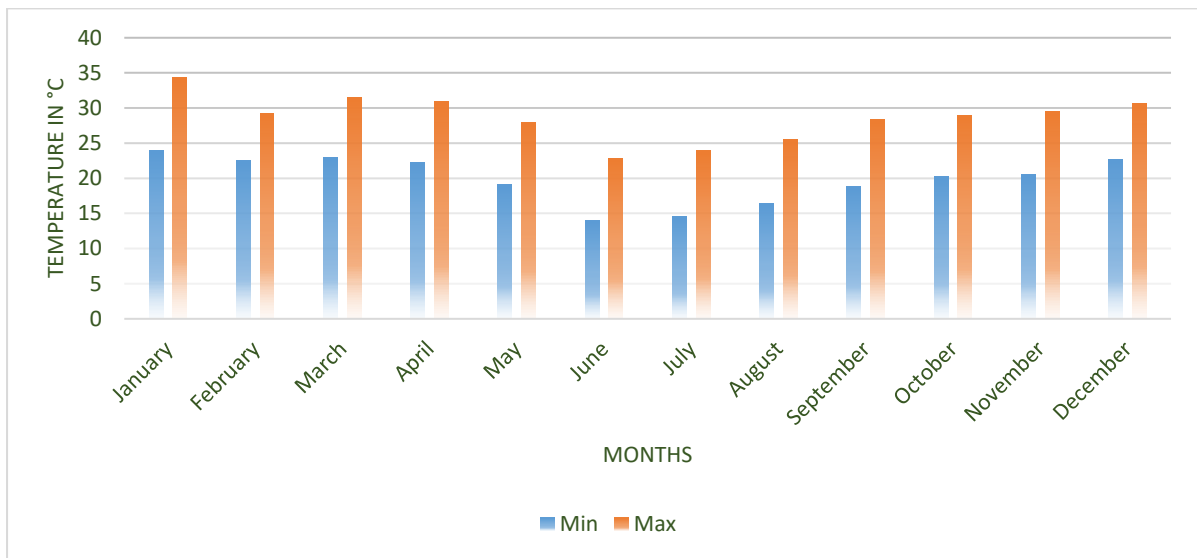
A number of constraints that impede or limit commercial agricultural development in uMhlabuyalingana Municipality were identified in the municipality's Local Economic Development Strategy in 2007 and includes, but is not limited to, the following:

- **Access to adequately sized agricultural land is limited** - dispersed settlement patterns with no formally defined areas designated for agricultural production further limits agricultural production activities, as well as limited access to sufficient land in areas under traditional leadership. Settlements which are dense also occur primarily in high potential agricultural areas, limiting land availability for agricultural activities.
- **Land Claims** - large portions of land under state authority cannot be developed until land claim issues have been resolved. This is largely limited to the coastal forestry reserve and the Pongola flood plains.
- **Management and control of communal grazing areas for livestock** - the management of livestock communal grazing land is difficult. This is largely due to overstocking of livestock in some areas which leads to the degeneration of land, the land that is available for grazing is not managed or maintained, livestock are often not contained in a specific area and their movements are not controlled and negatively impact on other areas such as croplands and conservation areas.
- **Consumption agriculture** - food security is naturally the prime motivation for crop selection and general agricultural practice. The change to producing a commercial cash crop has real risks associated with it, and it is difficult to overturn the habits and rituals of many generations. Way of minimizing risks and appropriate ways of introducing commercial ventures into the areas where consumption agriculture is practiced need to be employed.
- **Technical and financial support** - there is a lack of technical expertise and financial knowledge required in the production of high-value cash crops or niche market products.
- **Lack of sector strong organization** - although farmers groups do exist, and some activities such as ploughing may rely on the sharing of resources, there are generally not strong and effective agricultural organizations within the tribal areas. This denies the farmers benefits that could be derived from joint buying of seeds or fertilizer, collective use of machinery, collective marketing and pooling of transport resources.
- **Inadequate processing and storage facilities** - processing and storage facilities are absent or lacking within uMhlabuyalingana Municipality, especially for high valuable, perishable and/or produce requiring processing. This is particularly so in the more remote, north-eastern parts of the area, where the conditions are most conducive to tropical fruit production and aquaculture

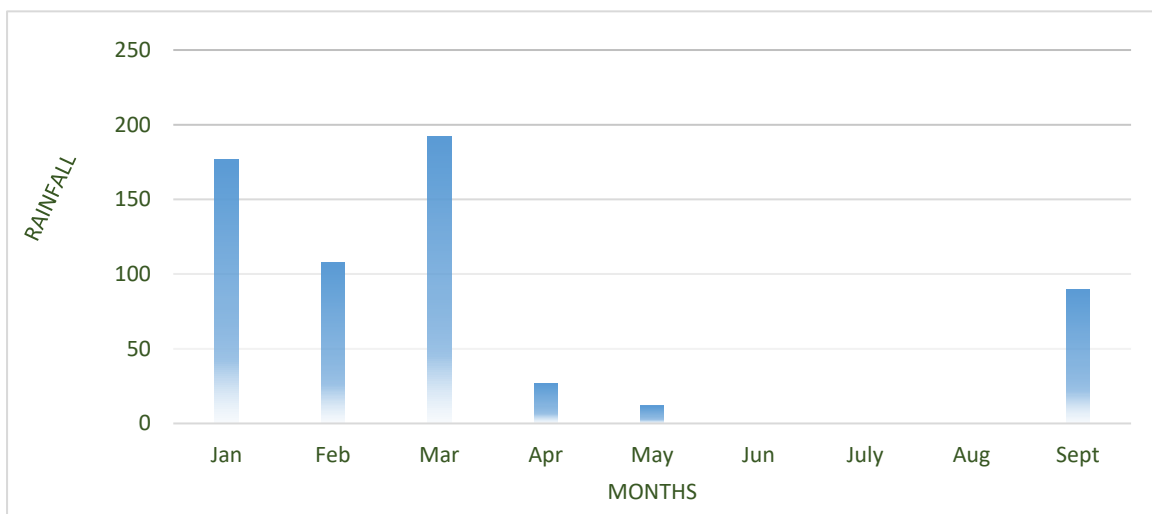
and where these facilities would be in greatest demand (PS2 Consortium 2001:78 in uMhlabuyalingana Local Municipality 2007).

There is no data for air quality and will be incorporated in the 2021/2022 financial year. The climate condition of uMhlabuyalingana municipal area is always warm and humid and is normally frost-free.

GRAPH 2: MIN & MAX TEMPERATURES



GRAPH 3: GRAPH INDICATING RAINFALL RECORDED FROM JANUARY TO DECEMBER 2011:



1.3 SERVICE DELIVERY OVERVIEW

1.3.1 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 uMhlabuyalingana Municipality include electricity, waste management, roads and stormwater, development and spatial planning, local economic development, environmental management, housing, library, cemeteries, community facilities, sports and recreation, traffic as well as fire and disaster services. Water and sanitation services are provided by the uMkhanyakude District Municipality. These services are discussed in detail in Chapter 3 of the Annual Report.

1.3.2 Service Delivery Performance Highlights

uMhlabuyalingana Municipality resolved to adopt a new Organisational Scorecard Approach for 2023/2024, the purpose of which would be to focus on key tangible deliverables that produce reliable results. Essentially this caused the number of indicators and targets to be reduced considerably in each KPA. (Please refer to Overall Organisational Performance with two-year comparison above). In other words, the Organisational Scorecard reports would receive more focus and be strategic. It is against the backdrop of this report that the actual performance show an decrease from 90% in 2022/2023 financial year to 84% in 2023/2024 financial year. During 2022/2023 financial year, the Municipality had a total number of 69 KPI's planned. Out of 69 KPI's planned, there were 58 KPI's achieved in the year under review which translates to 84%. Accordingly, a total number of 11 KPI's were not achieved which translates to 17 %. The comparison of indicators and targets for 2022/2023 against 2023/2024 is presented below:

- **Municipal Transformation and Institutional Development KPA:** For the 2023/2024 financial year the Municipality had 11 KPI's compared to 14 planned for 2022/2023.
- **Basic Services Delivery and Infrastructure Development KPA:** The Municipality had 28 KPI's planned for 2023/2024 financial year compared to 27 for 2022/2023.
- **Financial Viability and Management KPA:** There were 14 KPI's for 2023/2024 against 11 in 2022/2023.
- **Good Governance and Public Participation KPA:** The Municipality had 9 KPI's in 2022/2023 compared to 9 KPI's in 2023/2024.
- **Cross Cutting Issues / Interventions KPA:** – The Municipality had 4 KPI's for 2022/2023 compared to 5 KPI's in 2023/2024.
- **Social and Economic Development KPA** :- the Municipality had 3 KPI's for 2022/2023 and the same number of KPI's for 2023/2024.

Taking the above into cognisance, it is clear while the targets for 2022/2023 financial year stood at 90, the Municipality had its KPI's targets for 2023/2024 decreased by 6% which translates to 84%.

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 2024, 84% of organisational performance targets (Top Layer of Service Delivery Targets set in Service Delivery Budget Implementation Plan for 2023/2024) have been met reflecting a 6% decline when compared with the 2022/2023 financial year where 90% of the targets were met.

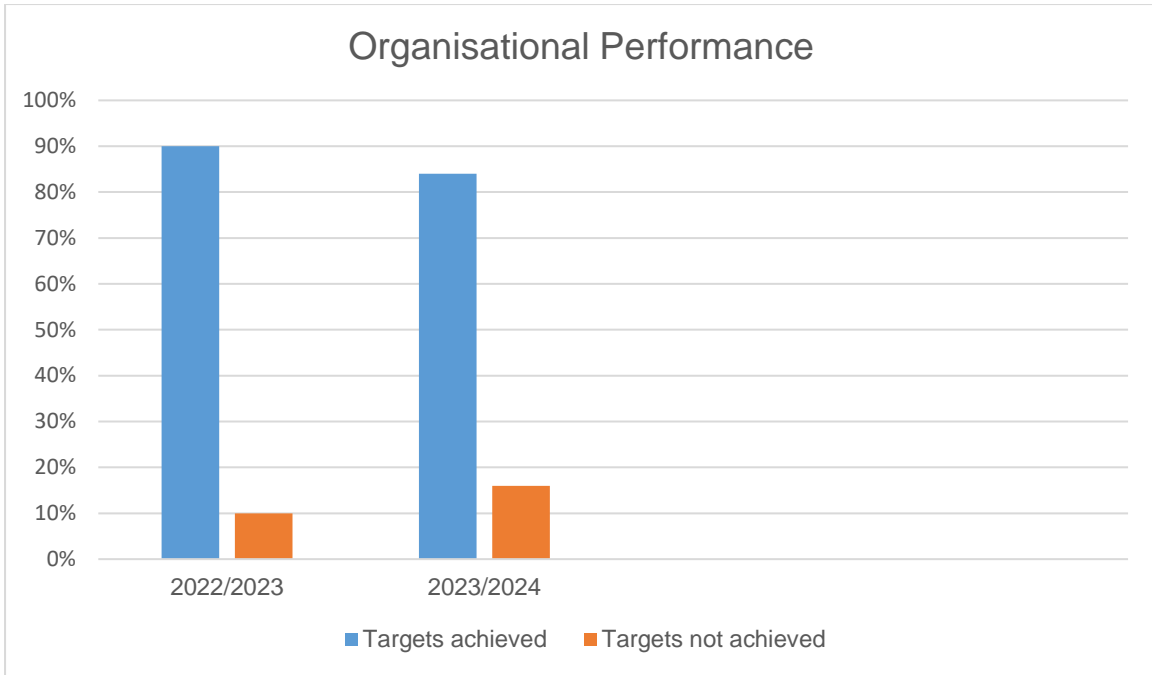
Areas for improvement are reflected in the relevant column directly in the Organisational Performance Scorecard for 2023/2024 (OPMS Scorecard/ Top Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan). Accountable managers have provided commentary to put performance 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 16: 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 chart illustrates the overall organisational performance for the 2023/2024 financial year in relation to performance achieved during the previous financial years, 2022/2023 with an equal number (69) of set performance indicators reported in previous year.



The following high level dashboard score for all key performance indicators on the Organisational Performance Scorecard 2023/2024 (Top Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan) (has been achieved on **58** 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 17: Overall Organisational Performance with 2 Year Comparison

Key Performance Areas	2022/2023					2023/2024				
	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	14	14	100%	0	7%	11	9	82%	18%	2
2. Good Governance and Public Participation	9	6	67%	3	33%	9	7	78%	22%	2
3. Cross Cutting Issues/Interventions	5	4	80%	1	20%	4	3	75%	25%	1
4. Basic Services Delivery and Infrastructure Development	27	26	96%	1	4%	28	24	86%	14%	4
5. Local and Economic Development	3	3	100%	0	0%	3	3	100%	0%	0
6. Financial Viability and Management	11	9	82%	2	18%	14	12	86%	14%	2
TOTAL	69	62	90%	7	10%	69	58	84%	17%	11

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (MTID) PERFORMANCE WITH 2 YEAR COMPARISON

Key Performance Areas	2022/2023					2023/2024				
	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
Municipal Transformation and Institutional Development	14	14	100%	0	7%	11	9	82%	18%	2

Performance Highlights, Challenges and Measures for MTID		
Performance Highlights	Challenges	Measures Taken to Improve Performance
<p>The following projects were implemented successfully:</p> <ul style="list-style-type: none"> • 1 WSP submitted to LGSETA by 30 April 2024 • 1 (Employment Equity Report was submitted to Department of Labour) by 15 January 2024 • 4 ordinary council and 8 special council meetings held by 30 June 2024 • Organizational structure reviewed and adopted by council on 17 May 2024 • 4 signed off Quarterly Top Layer SDBIP reports submitted to council within 30 days after the end of the quarter by 30 June 2024 • Annual Performance Report submitted to Auditor General on 31 August 2023 • a) 5 Signed Section 54/56 Annual performance agreements signed • b) 5 signed performance agreements submitted to MEC • c) 3 Sec 54/56 performance reviews conducted by 30 June 2024 	<p>There were no challenges identified.</p>	<p>None</p>

Basic Service Delivery and Infrastructure (BSDID)- Performance with 2 Year Comparison										
Key Performance Areas	2022/2023					2023/2024				
	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
Basic Services Delivery and Infrastructure Development	27	26	96%	1	4%	28	24	86%	14%	4

Performance Highlights, Challenges and Measures for Basic Service Delivery and Infrastructure Development		
Performance Highlights	Challenges	Measures Taken to Improve Performance
<p>The Municipality implemented the following projects successfully:</p> <ul style="list-style-type: none"> • 39 areas benefited from waste collection services by 30 June 2024 • Updated and Council approved Indigent Register by 30 June 2024. • Provision security services and road safety: 14 road safety awareness campaigns conducted by 30 June 2024 • Licensing services • 19 455 books circulated by 30 June 2024 • 5 465 people access internet by 30 June 2024 • 96% refurbishments completed at Manguzi sports field by 30 June 2024 	<p>The municipality awaiting main supply connections from Eskom as prepaid meters face a risk of theft if connected with no source of energy.</p> <p>Due to outage delays from Eskom 200 households could not be electrified by 30 June 2024.</p>	<p>The municipality has engaged Eskom and was given the month of September as outage date. Based on ESKOM engagements this is likely to be completed by October 2024</p>

<ul style="list-style-type: none"> • Electrical infrastructure installed and completed in 200 household units. Quality inspection completed. • 300 households electrified (Siholwa Phase 2 electrification) by 30 June 2024 • 62 prepaid electrical metres installed at Manguzi Market Stalls by 30 June 2024 • 2.1 km 's of Manguzi Phase 1 internal roads completed by 30 June 2024 • 4 Km's of Skhemelele internal gravel road phase 1 completed by 30 June 2024 		
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Table 18: Overall Organisational Performance with 2 Year Comparison										
Key Performance Areas	2022/2023					2023/2024				
	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
Financial Viability and Management	11	9	82%	2	18%	14	12	86%	14%	2
TOTAL	69	62	90%	7	10%	69	58	84%	17%	11

Performance Highlights, Challenges and Measures for Municipal Financial Viability and Management

Performance Highlights	Challenges	Measures Taken to Improve Performance
<p>The following projects were implemented successfully:</p> <ul style="list-style-type: none"> • Council approved 23/24 Adjustment budget on 26 Feb 2024 • 4 quarterly financial reports submitted to council within 30 days of the end of each quarter in terms of S.52 of the MFMA by 30 June 2024 • 4 Unauthorized, Irregular, or fruitless and wasteful expenditure Reports tabled to council by 30 June 2024 • 2022/2023 AFS submitted to AG on 31 Aug 2023 • 92% expenditure by 30 June 2024 • 2024/2025 Procurement Plan submitted to Provincial Treasury by 30 June 2024 • 5 months cost coverage ratio on 30 June 2024 • The ratio is 118% and it is above the norm which is 95%, high collection rate is because of the upfront payment of property rates made by KZNPW for their properties. Collection rate has improved when compared to prior year. • The current ratio exceeds the standard range of 1.5 to 2.1, with a value of 3.34%. This increase is due to a 3.34% decrease in current liabilities compared to the previous year, highlighting the municipality's ability to meet its short-term financial obligations promptly. 	<p>The final budget was supposed to be adopted on the 30th of May 2024 according to the municipal calendar but the date for council meeting was rescheduled due to national elections to take place on the 29th of May 2024.</p> <p>The municipality did not achieve the target of 100% on capital expenditure because one of the infrastructure projects which is the Refurbishment of Manguzi Informal Traders Market was not fully spent as per the budget provision for 2023/2024 financial year.</p> <p>Trainings were not conducted because there was a delay in the</p>	<p>These projects will now be rolled out and be completed in the second quarter and third quarter of the 2024/2025 financial year as per the approved project plans.</p> <p>The Panel of Service Providers was appointed in Q1 of the 24/25 Financial Year (by 30 September). Training of councillors will be completed by 31 May 2025.</p>

	appointment of Panel of Service Providers to conduct trainings for both employees and Councillors.	
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Good Governance and Public Participation (GG&PP) Performance with 2 Year Comparison										
Key Performance Areas	2022/2023					2023/2024				
	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
Good Governance and Public Participation	9	6	67%	3	33%	9	7	78%	22%	2

Performance Highlights, Challenges and Measures for Good Governance and Public Participation (GG&PP)		
Performance Highlights	Challenges	Measures Taken to Improve Performance
<ul style="list-style-type: none"> • 1 IDP Process plan approved by council on 30 August 2023 • Integrated Development Plan (IDP) adopted by council in terms of the Municipal Systems Act on 17 May 2024 • IDP consultation meetings held by 30 June 2024 • 51% of Internal Audit findings due within the financial year were resolved by 30 June 2024 • 100% of Councillors have declared their financial interest by 30 June 2024 • 6 HR Policies reviewed, and 21 ICT Policies reviewed and adopted by council on 28 June 2024 • 3 Strategies reviewed and adopted by council (Retention Strategy, HR Strategy, and ICT Strategy) • 1 HR plan reviewed and adopted by council (Human Resource Training Plan) 	Asset management review was delayed due late submission of audit information by management.	Asset management review was carried forward to July 2024 and finalized.

<ul style="list-style-type: none"> • 1 Framework reviewed and adopted by council (IT Governance Framework) on 28 June 2024 • a) Reviewed integrated waste Management plan approved by council on 30 April 2024 • b) Reviewed waste management by laws approved by council on 30 April 2024 • Reviewed Indigent policy approved by council on 28 June 2024 • 		
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Good Governance and Public Participation: The Municipality identified the top 10 risks which are listed herein-below:

1. Ineffective monitoring of compliance with (Compensation for injuries and diseases act) COIDA legislative provisions
2. Inadequate access control
3. Failure to manage an effective and efficient co-ordination of data recovery and business continuity in the event of disruption
4. Ageing municipal assets
5. Inadequate monitoring of Inventory
6. Inadequate monitoring of Service Provider performance
7. Poor capacity planning in terms of information Technology system growth
8. Failure to manage waste effectively
9. Inability to respond effectively, efficiently, and timeously in the event of a disaster.
10. Inadequate budgeting processes which may compromise budgeting and reporting

The performance in 2023/2024 must be seen in the perspective of the municipality's paradigm shift in its performance management strategy, where the emphasis is on tangible and measurable results that add value to service delivery rather than chasing numbers. Furthermore, numerous lessons were learned during the previous financial year, and we feel that these lessons will only help the municipality become a better-performing organization in the future.

Overall Organisational Performance with 2 Year Comparison										
Key Performance Areas	2022/2023					2023/2024				
	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
Cross Cutting Issues/Interventions	5	4	80%	1	20%	4	3	75%	25%	1

Performance Highlights, Challenges and Measures for Cross Cutting Interventions/Issues (CCI)		
Performance Highlights	Challenges	Measures Taken to Improve Performance
<ul style="list-style-type: none"> 95% of action plans completed by 30 June Risk management assessment was conducted on the 29-30 April 2024 BCP reviewed and tabled to Council on the 28 June 2024 Report on the implementation of BCP is prepared by 30 June 2024 2024/2025 SDF adopted by council by 30 June 2024 Final Indigent register tabled and approved by council on 28 June 2024. 39 areas benefited from waste collection services by 30 June 2024 	<p>This is one of the major organisational risks and it was not conducted due to Asset conditional assessment not being conducted. Only the municipal fleet assessment was done. No asset disposal was conducted.</p>	<p>Management is busy compiling a comprehensive conditional assessment report for the entire organisation, and it will be submitted to the MM for approval in the second quarter. The asset disposal will be conducted in the second quarter of 24/25 financial year.</p>

Local Economic Development (LED) Performance with 2 Year Comparison										
Key Performance Areas	2022/2023					2023/2024				
	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
Local and Economic Development	3	3	100%	0	0%	3	3	100%	0	0

Performance Highlights, Challenges and Measures for Local Economic Development		
Performance Highlights	Challenges	Measures Taken to Improve Performance
<ul style="list-style-type: none"> • 128 EPWP job opportunities created/maintained • 1 875 CWP job opportunities created/maintained • Reviewed LED strategy approved by council on June 28, 2024. 	There were no challenges identified.	N/A

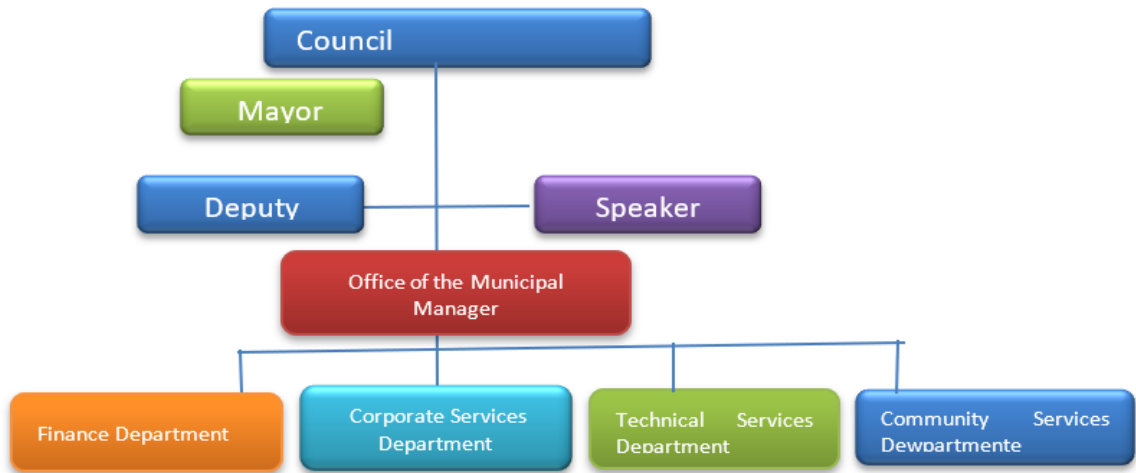
1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The Council approved an organizational structure/organogram that aligns with the long-term development plans of the municipality as reflected in the IDP, as well as the powers and functions of the Municipality and the need for effective administration. The vacancy rate is indicated as well as the filled positions. The organogram defines this organisational structure and makes provision for the following departments and strategic programmes:

- The Office of the Municipal Manager
- Corporate Services Department
- Technical Services, Planning and Local Economic Development Department
- Finance Department
- Community Services Department

The implementation of the organogram is a priority for the municipality given the need to create sufficient capacity to implement the IDP and render services effectively. The organogram is revised annually to cater for the changing needs of the municipality. However, the key challenge is to attract and retain qualified and experienced personnel. Challenges in this regard include the remote location of the municipality in relation to major urban centres and the limited resources available to the municipality for staff remuneration. All critical positions are filled, and the municipality has a staff complement of 497 employees.

Administrative Governance Structure



1.6 AUDITOR GENERAL'S REPORT

uMhlabuyalingana Municipality received an unqualified audit opinion with findings on other matters for the 2023/2024 financial year. The audit report is contained in Chapter 6 for ease of reference. This was achieved with in-house capacity and with the assistance of appointed consultants. The audit opinions received for the past 2 financial years clearly indicate an improvement in leadership and control on the matters that the Auditor-General focuses on during her audits:

1.6.1 Audit Outcomes

Audit Outcomes

- 2023/2024: Unqualified audit opinion with findings on other matters
- 2022/2023: Unqualified audit opinion with findings on other matters
- 2021/2022: Unqualified audit opinion with findings on other matters
- 2020/2021: Unqualified audit opinion with findings on other matters

The audit opinion is expressed in relation to the audit of the Annual Financial Statements. The other matters deal with predetermined objectives and legislative compliance issues. Further details can be found in the Audit Outcome/s Improvement Plan attached as Volume III to the Annual Report 2022/2023.

1.7 STATUTORY ANNUAL REPORT PROCESS

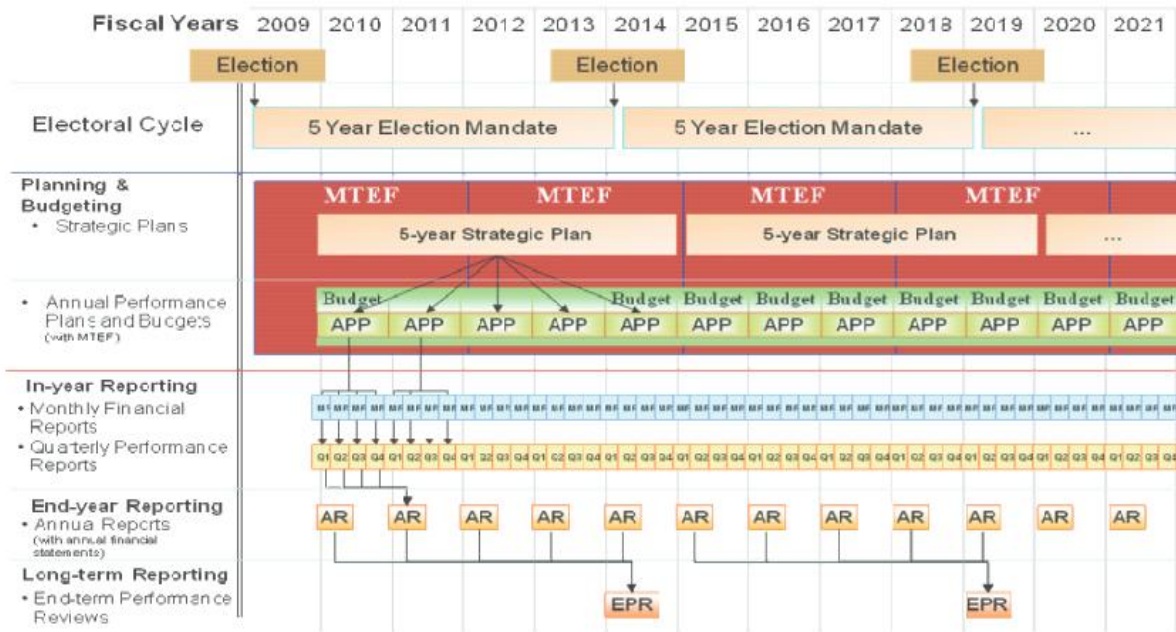
The statutory processes followed in compiling this annual report is presented in the table below. The process starts in July each year with the compilation of the Annual Report and continues until the end of March the following year when Council accepts the Annual Report and the Oversight Report on the Annual Report.

TABLE 18: ANNUAL REPORT STATUTORY PROCESS

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

16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January

The Relationship and Timing of the Different Accountability Processes



Strategic Plans: The municipality conducts strategic planning sessions annually, setting out the municipality’s policy priorities, programmes and project plans for a five-year period, as approved by its Executive Authority, within the scope of available resources.

The strategic plan focused on strategic outcomes-oriented goals for the municipality as a whole, and objectives for each of its main service-delivery areas aligned to its budget programmes and, where relevant, also its budget sub-programmes.

A strategic plan covers a period of five years, ideally from the first planning cycle following an election, linked to the identified outcomes of the Presidency. Although plans may have a longer timeframe, they are revised every five years, and a new or revised strategic plan is then prepared for consideration. Departments tabled their strategic plans for budgeting purposes. Linked to a strategic plan is the

consideration of the MTSF, the Provincial Growth and Development Strategy, IDPs of the municipality, Performance Agreements and Service Delivery Agreements entered into in terms of the broad strategic outcomes and any other relevant long-term government plans. The municipality's resources and capabilities are also considered in the formulation of the strategic plan. The document lays the foundation for the development of Annual Performance Plans.

Annual Performance Plans/SDBIPs: The Annual Performance Plans set out what the municipality intends doing in the upcoming financial year and during the MTEF to implement its strategic plan.

The SDBIPs sets out performance indicators and targets for budget programmes, and sub-programmes where relevant, to facilitate the municipality realizing its goals and objectives as set out in the Strategic Plan. Where appropriate, the plan has quarterly breakdown of performance targets for the upcoming financial year.

To simplify performance tracking, in-year changes to the plan should be made during the mid-year review. Where the municipality's performance exceeds or misses targets due to in-year budget changes or for another reason, this is noted and documented in the mid-year report. In-year monitoring of the Annual Performance Plans/SDBIPs is conducted through the quarterly performance reports and year-end reporting is made in the programme performance section of the institution's annual report.

Legal Requirements and Guidelines: Chapters 5 and 30 of the Treasury Regulations set out the legal requirements.

Annual Budget and MTEF: The annual budget sets out what funds an institution is allocated to deliver services. The Annual Performance Plan shows funded service-delivery targets or projections. The annual budget indicates the resource envelope for the year ahead and sets indicative future budgets over the MTEF. The budget covers the current financial year and the following two years.

Quarterly Performance Reports: Quarterly performance reports provide progress updates on the implementation of the municipality's Annual Performance Plan/SDBIPs in the previous quarter, with reference to monitoring delivery against quarterly performance targets.

A quarterly performance report provides information on performance against plans. It also provides the accounting officer with an opportunity to indicate measures that will be taken to ensure that implementation of the Annual Performance Plan remains on track.

Timeframes: Quarterly reports were prepared for each quarter. Changes to planned targets are not made in quarterly performance reports. The quarterly performance reports for the second and third quarters provide information on the present year's performance to be taken into consideration in the development of the Annual Performance Plan and annual budget for the following year. Legal requirements and guidelines contained in Chapters 5 and 30 of the Treasury Regulations set out the legal requirements. This Framework provides guidance on the processes relating to the production of such reports.

Annual Reports: The Annual Report provides information on the performance of the municipality in the preceding financial year for the purposes of oversight. It looks at the municipality's performance relative to the targets set in the Annual Performance Plan/SDBIPs and provides the audited annual financial statements. It reveals how the budget was implemented and the state of the institution's financial management systems and should include relevant background statistics and administrative data series.

The timeframes for the compilation of Annual Reports are set out in the MFMA and Treasury Regulations. Annual Reports should be linked to the implementation of the Annual Performance Plan/SDBIPs and budget. All in-year reports assist in the drawing up of the Annual Report, which should be subjected to an annual review and oversight process. Recommendations emerging from the review would feed into the planning and budgeting process for the following year.

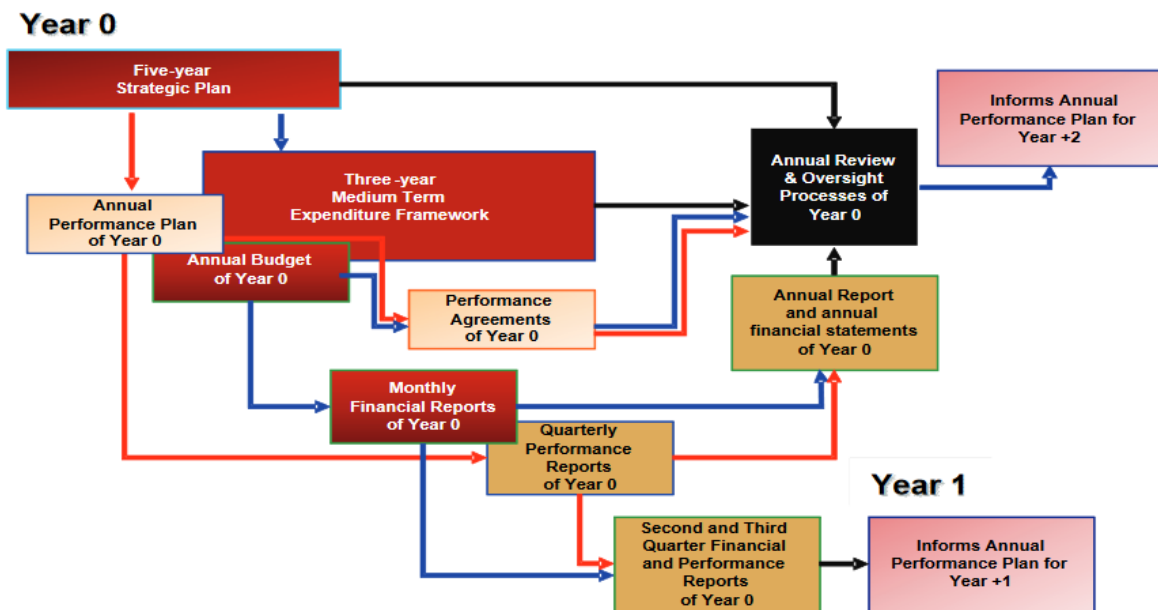
Performance Agreement: A performance agreement summarises the official duties and responsibilities that are attached to an appointment or position and include a performance-related incentive and reward system for managing an official's job performance. A performance agreement specifies individual performance targets for the accounting officer and other HODs.

Performance Agreements are signed by the end of July. Performance Agreements should be linked to the achievement of the Strategic Plan, the implementation of the Annual Performance Plan and the annual budget. At the end of the financial year, each official's performance is reviewed in relation to their respective Performance Agreement.

End-Term Reviews: The municipality conducts an end-term review towards the end of the period covered by its Strategic Plan. The review follows the format of the plan. The municipality reports on the extent to which it has succeeded in achieving each of the strategic outcome-oriented goals and objectives set at the beginning of the five-year period, as well as on any other evaluations conducted during the period.

Information Flow and Relationship between Plans and Budgets: The graph below shows the link between the various accountability documents, performance agreements and oversight processes, as well as the link to future planning.

Graph 12: Link between Planning, Budgeting and Reporting



At the end of the financial year, the accounting officer compiles Annual Financial Statements reporting on the implementation of the budget, and an Annual Report on the implementation of the Annual Performance Plan. All information contained in the annual report, and information on the evaluation of managers' individual performances, are incorporated into an annual review and oversight process involving the Municipal Public Accounts Committee. Recommendations are made about future performance targets which would feed into the planning and budgeting process for the following year.



CHAPTER TWO

(Governance)



COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

uMhlabuyalingana Municipality's political governance structure consists of Portfolio Committees, EXCO, MPAC and Council.

The Municipal Council is constituted by 5 political parties in a form of proportional representation, which is as follows:

TABLE 19: REPRESENTATION OF POLITICAL PARTIES

Political Party	Number of Representatives/Councillors
African National Congress	18
Inkatha Freedom Party	15
ABMM	1
Democratic Alliance	1
Economic Freedom Fighters	2
ACDP	1
NFP	1
TOTAL	39

EXECUTIVE COMMITTEE



CLLR TS KHUMALO
MAYOR—IFP



CLLR EZ MTSHALI
DEPUTY MAYOR—NFP



CLLR MD MATHENJWA
SPEAKER—IFP



CLLR KC MTHEMBU
—ANC



CLLR LD TEMBE
—ANC



CLLR HK GUMEDE
—IFP



CLLR ZM MHLON
—ANC



CLLR VUMASE
—EFF

WARD COUNCILLORS



CLLR TP MANZINI
(WARD 1)—IFP



CLLR JP ZIKHALI
(WARD 2)—IFP



CLLR T MNGOMEZULU
(WARD 3)—ANC



CLLR LD TEMBE
(WARD 4)—ANC



CLLR SM MANUKUZA
(WARD 5)—IFP



CLLR FS MPANZA
(WARD 6)—ANC



CLLR BK MBUYAZI
(WARD 7)—IFP



CLLR SM TEMBE
(WARD 8)—ANC



CLLR MV MAHAMBA
(WARD 9)—IFP



CLLR SJ MABIKA
(WARD 10)—ANC



CLLR LS NTULI
(WARD 11)—ANC



CLLR BD MTSHALI
(WARD 12)—ANC



CLLR IT GWALA
(WARD 13)—IFP



CLLR PV KHATHWANE
(WARD 14)—IFP



CLLR NC MDLETSHI
(WARD 15)—ANC



CLLR NJ KHUMALO
(WARD 16)—IFP



CLLR KA BUTHELEZI
(WARD 17)—ANC



CLLR BE BIYELA
(WARD 18)—IFP



CLLR AT NXUMALO
(WARD 19)—ANC



CLLR SS MKHUMBUZI
(WARD 20)—ANC

PR COUNCILLORS



CLLR ZV MTHEMBU
—ABMM



CLLR NP KHUMALO
—ACDP



CLLR ZM MHLONGO
—ANC



CLLR KC MTHEMBU
—ANC



CLLR TN MAGAGULA
—ANC



CLLR NP MTHEMBU
—ANC



CLLR WNO NXUMALO
—ANC



CLLR FG MLAMBO
—ANC



CLLR TS MYENI
—ANC



CLLR D MLAMBO
—EFF



CLLR PT VUMASE
—EFF



CLLR MD MATHENJWA
—IFP



CLLR TS KHUMALO
—IFP



CLLR MZ MHLONGO
—IFP



CLLR SM GUMEDE
—IFP



CLLR HK GUMEDE
—IFP



CLLR HN
NTSHANGASE
—IFP



CLLR KA KUNENE
—IFP



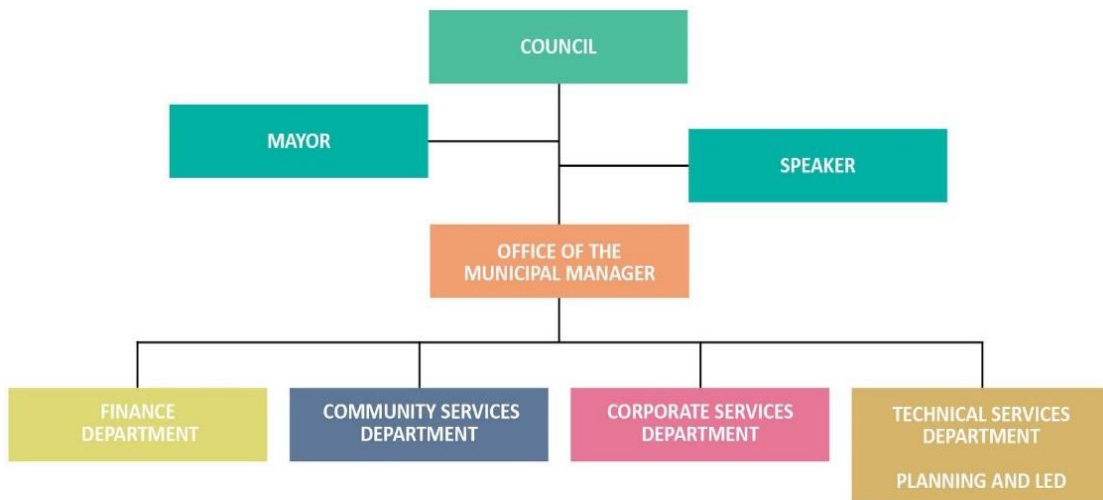
CLLR EZ MTSHALI
—NFP

2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the Accounting Officer of the Municipality and the Head of the Administration. Her primary function is to serve as chief custodian of service delivery and the implementation of political priorities.

The Municipal Manager is assisted by four (4) Heads of Departments (HoDs) which comprise the Directors Corporate Services, Technical Services, Community Services and Chief Financial Officer as per the approved organogram. Management meetings are held at least on a weekly basis to discuss current priorities, strategic interventions to improve service delivery and new initiatives based on feedback from political leadership, departments and the local community.

ADMINISTRATIVE GOVERNANCE STRUCTURE



2.3 INTERGOVERNMENTAL RELATIONS

National Inter-Governmental Relations: uMhlabuyalingana 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 cooperation are:

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 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)

Provincial Inter-Governmental Structures: Interaction with KZN government departments and municipalities is valuable in ensuring better coordination and cooperation. At these sessions, information and best practices are widely shared. These structures provide important support and guidance to staff in maintaining and enhancement of professional work standards. Issues pertaining to service delivery and matters of common interest are discussed at the following forums:

- KwaZulu-Natal Government Departments
- Accounting Standards Board (ASB) – Public Sector Accounting Forum
- CFO Forum
- Disaster Management Forum
- 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

Relationship with Municipal Entities: No municipal entities have been established in uMhlabuyalingana Municipality.

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 the Mayors' Forum, Municipal Managers Forum, Planners Forum, Finance Forum, Technical Services Forum, Corporate Services Forum, etc. A revised Terms of Reference for all these committees is in place and annual calendar for forum meetings is prepared by the district. uMhlabuyalingana Municipality has its own IGR forums to address local services delivery matters with the relevant sectors.

The Provincial CoGTA Department provided grant funding to support the uMkhanyakude district family of municipalities in strengthening their IGR functions. Necessary forums required to facilitate IGR have been established and terms of reference to facilitate the smooth operations of these forums have been developed. Dates of IGR meetings are incorporated into the District Events Calendar. Protocol Agreements were signed by all the Mayors and Municipal Managers in December 2013. Technical Forum and Sub-Committee meet on a frequent basis. Local municipalities have appointed IGR Champions to strengthen communication.

OVERVIEW OF PUBLIC ACCOUNTABILITY

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.”*

To comply with the above, 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 of independent external professionals also advises Council. The Audit Committee also serves as the Municipality’s Performance Audit Committee and meets on a quarterly basis. 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 segregation of duties amongst public representatives and staff to ensure accountability, oversight, transparency and good governance and also assist the municipality to discharge the necessary public accountability responsibilities.

2.4. PUBLIC MEETINGS

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 the 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
- The municipal website, regularly updated with recent news.

Stakeholder and community engagements to determine and undertake development priorities form the cornerstone of the IDP. Needs are dynamic and by virtue of their changing nature, must be reviewed frequently. The annual review of the IDP is a process which assists the municipality to further enhance its service delivery outputs and outcomes and through the Performance Management System implemented by the Municipality, it ensures that the municipality remains accountable to the local community, the various sectors and businesses alike.

The Municipal Council ensures that its oversight role is sufficiently mandated by the popular voice of its local community, through fully embracing the principles of participatory democracy. This is achieved through a well-functioning Ward Committee system, robust public participation through our various development planning processes and regular communication with the community through public meetings, newsletters, radio and various other print and electronic media including the municipality's website.

The IDP structures/forums are listed below together with 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

uMhlabuyalingana 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 the MEC,
- Approval of the various review phases,
- 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 is vertical and horizontal alignment of the IDP,
- 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 process,
- Discussion of input and information for the IDP review,
- Ensuring the monitoring and evaluation of the information gathered,
- 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,
- 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:

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

The uMkhanyakude 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 have to 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.

Amakhosi and Traditional Councils: There is still a challenge with regard to the participation of Amakhosi in Council Meetings 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 with regard to 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 will be 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, meet on a monthly basis, submit their sectorial reports and report to the Ward Councillor. uMhlabuyalingana Municipality has embraced and enrolled the government initiative of ward committees to ensure that service delivery is effective in all wards.

uMhlabuyalingana Municipal Ward Committees derive their functions and powers from the municipality's policy in line with the provisions of Section 59 of the Municipal Systems Act. Powers delegated in terms of the adopted policy are as follows:

- 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 the 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;
 - ❖ Decisions about by-laws;
 - ❖ Decisions relating to implementation of Municipal Property Rates Act (MPRA); and
 - ❖ Delimitate and chair zonal meetings.

Composition of Ward Committees:

- A ward committee consists of the Ward Councillor representing that ward in Council who is also the chairperson of the committee, and not more than ten other persons,

- In the process of election of the Ward Committee, the need for women to be equitably represented in a ward committee and for a diversity of interests in the ward to be represented must also be considered,

Public Meetings: The Communication Strategy is implemented as follows to achieve effective public participation:

- Newsletter – Used to communicate the projects, programmes and development,
- Suggestion boxes in all the municipal facilities,
- Local and National Newspapers - This medium was used to communicate various messages that concerns the municipality especially service delivery,
- Local and National Radio,
- Ward Community Meetings - This institution was used effectively to promote maximum community participation in municipal affairs.
- Public Meetings (Izimbizo) - These meetings were conducted to provide a platform for the municipality to communicate the updates on projects and programmes undertaken by Council and to further solicit input from communities and obtain their (communities) buy-in thereto,
- Annual Report - The annual report was 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 the business community, foreign investors, NGOs and the community at large are able to gain more access to information regarding the municipality,
- IDP Structures were used for public participation and implementation of uMhlabuyalingana Municipality's Communication Strategy.

The 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 20: PUBLIC MEETINGS HELD
PUBLIC MEETINGS HELD

EVENT	DATE	VENUE
IDP Review Public Participation	11/10/2023	Manaba Ward 15
IDP Review Public Participation	12/10/2023	Siholwa Ward 11
IDP Review Public Participation	17/10/2023	Mtikini Ward 6
IDP Review Public Participation	18/10/2023	Oqondweni Ward 7
IDP/Budget Public Participation	20/10/2023	Banganek Ward 8

NB! Note, highlighted in red, we had to call off the event due to inclement weather.

2.5 IDP PARTICIPATION AND ALIGNMENT

TABLE 21: 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

Governance in uMhlabuyalingana Municipality encompasses line functions pertaining 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 of external specialists having 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 of independent Councillors.

OVERVIEW OF CORPORATE GOVERNANCE

uMhlabuyalingana Municipality Council comprised of 39 Councillors. The Councillors are allocated to different portfolios where they serve to perform oversight over internal departments and functions. The Council has quarterly meetings as legislated which reflects 100% functionality.

The Executive Committee meets on monthly basis and considers reports from respective portfolio committees prior to these reports and items being presented to Council.

Portfolio Committees (Representatives and Functionalities) exercise political oversight over respective departments within the municipality. The committees hold monthly meetings where issues and reports are tabled, discussed and recommendations are made to EXCO and to Council for approval. The portfolio committees have been arranged as follows:

- Corporate Portfolio,

- Finance Portfolio,
- Planning, LED and Infrastructure Development Portfolio, and
- Community Portfolio

The Municipal Public Accounts Committee (MPAC) was established in terms of Section 79 of the Municipal Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. It convenes on a quarterly basis as prescribed to consider matters related to exercising oversight on financial and governance matters, as promulgated in Council-adopted terms of reference. This committee is functional but still needs to improve as its meetings do not sit as per approved municipal calendar

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 Committee 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.

Table 22: MPAC Members by Gender and Affiliation

MEMBERS OF THE MPAC	GENDER	AFFILIATION
Cllr T.S. Myeni	(Chairperson)	DA
Cllr I.T. Gwala	(Committee member)	IFP
Cllr F.G. Mlambo	(Committee member)	ANC
Cllr S.L. Ntuli	(Committee member)	ANC
Cllr T.P. Manzini	(Committee member)	ANC
Cllr H.N. Ntshangase	(Committee member)	IFP
Cllr. S.S. Mkhumbuzi	(Committee member)	ANC

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 was appointed on 28 November 2020 for a period of three years up to the October 2023/2024 financial year. Their term was extended to January 2024.

Previous Audit Committee members

Mr L. Hlengwa	Audit Committee Chairperson
Mr Z Zulu	Performance Audit Committee Chairperson
Mr Mabika	Member
Mr M. Simelane	Member
Ms S. Gertz	Member

The Audit/Performance Audit Committee met quarterly during the 2023/2024 financial year as follows:

Period	Date
Quarter 1	24 July 2023, 24 August 2023, 29 August 2023
Quarter 2	n/a

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 new Audit/Performance Audit Committee has met twice during the 2023/2024 financial year as follows:

Period	Date
Quarter 3	25 March 2024
Quarter 4	24 May 2024

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 57 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
- (i) 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 (iNkosi Mtubatuba)	Mayor from another Municipality
Miss B Mthembu	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

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 2023/2024 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 2023/2024 has been adopted by the Council for consideration of possible performance bonuses in terms of the Regulations.

2.6 RISK MANAGEMENT

The municipality established a risk management unit and is fully capacitated with the appointment of the Risk and Compliance Manager through which strategic risk management documents have been developed to ensure a systematic process of risk management within the municipality.

Over and above that, the municipality has successfully appointed an independent and external chairperson of the Risk Management Committee. The committee meets on a quarterly basis. The committee is fully operational and comprises of the following members:

TABLE 23: MEMBERS OF THE RISK MANAGEMENT COMMITTEE

MEMBERS OF THE RISK MANAGEMENT COMMITTEE

Mr Mcebisi Litile - Chairperson
Mr NPE Myeni - Municipal Manager
Mr CR Khumalo – Director Corporate Services
Mrs NP Mkhabela – Chief Financial Officer
Mr DI Tembe– Director PLID
Mr WS Nhlenyama– Director Community Services
Mr NM Mthembu – IDP Manager
Mr NJ Mpontshane – PMS Manager
Ms K Bhengu – Internal Audit Manager
Mrs TP Nhlenyama – Risk and Compliance Manager
Mr MS Ngubane – IT Manager
Risk Champions

2.7 ANTI CORRUPTION AND FRAUD

The municipality has a council approved a Fraud Prevention and Anti-Corruption Strategy and Policy which is being implemented. The policy was presented to Councillors and municipal officials. The policy is also available on the municipal website.

2.8 SUPPLY CHAIN MANAGEMENT

uMhlabuyalingana Municipality has a central Supply Chain Management (SCM) unit which is under the management of the CFO. The unit has 4 officials, 3 of these officials have done training on the prescribed level of competency requirements. The municipality has established fully functional Bid Committees that have a standing schedule of meetings. The bid committees and members are tabled as follows:

TABLE 24: BID SPECIFICATION COMMITTEE

Bid Specification Committee Members

- (a) Mr SM Ngubane – Finance Manager - [Chairperson]
- (b) Miss SF Ndlazi - Librarian - [Member]
- (c) Mr MN Mthembu - IDP Manager - [Member]
- (d) Mrs T Masinga – Technician - [Member]
- (e) Miss L Sithole – HR Manager - [Member]

TABLE 25: BID EVALUATION COMMITTEE

- 1. Mr N.M. Mthembu - SCM Manager - [Chairperson]
- 2. Mrs FS Msabala – Technical Manager - [Member]
- 3. Mrs FXH Khumalo - Budget Manager - [Member]
- 4. Mr SN Zikhali - Deputy Director Technical - [Member]
- 5. Mr P Gumede – Building Inspector - [Member]
- 6. Mrs TP Nhlenyama – Risk and Compliance Manager - [Member]

TABLE 26: BID ADJUDICATION COMMITTEE

- 1. Mrs NP Mkhabela - CFO - [Chairperson]
- 2. Mr CR Khumalo - HOD Corporate - [Member]
- 3. Mr DI Tembe - HOD Technical - [Member]
- 4. Mr WS Nhlenyama - HOD Community - [Member]
- 5. Mr SS Mhlongo- SCM Practitioner - [Member]
- 6. Miss SB Mhlongo – Deputy CFO - [Member]

2.9 BY-LAWS

Section 11(3) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation. In terms of Section 160(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996):

- The by-laws serve before the various structures of the Council;
- The by-laws are advertised in the local media for objections or comments;
- The by-laws are open for inspection at all municipal offices and libraries; and
- The by-laws are forwarded to the local radio station for broadcasting.

Once adopted by Council, the by-laws are promulgated in the Provincial Gazette and take immediate effect.

The municipality drafted two LED related by-Laws which have been adopted by council. The said by-laws have been adopted and gazetted in the provincial gazette. After the Informal Economy Policy formulation, the informal traders' by-laws were produced. The main purpose is to utilize the subject by-laws for technical enforcement. It clearly outlines terms and conditions that each informal trader within the jurisdiction of uMhlabuyalingana Municipality should adhere to. These by-laws comply completely with the Businesses Act 71 of 1991.

The council has consulted with interested and affected individuals regarding the contents of the draft by-law. The notice was printed and advertised in a public newspaper (Ilanga, dated 04-06 February 2016). Furthermore, the by-laws were gazetted in the Provincial Gazette (Gazette No. 1842) dated the 29th of June 2017.

Through the liquor and business licensing by-laws, the uMhlabuyalingana Municipality mandates every kind of formal business to occupy a business licence in terms of Section 6 of the Businesses Act 71 of 1991. The business licence is specifically required for businesses that need to comply with health and safety regulations. The businesses will need to meet the set criteria of requirements, especially zoning, health and safety. As such this by-law deals with any other matters governing both formal and liquor trading within the concerned areas, including but not limited to-

- Main implicated formal trading areas and ideal trading times;
- The manner in which socio-economic development of the liquor traders within the uMhlabuyalingana Municipality area will be facilitated.
- How neighbouring business, social and environmental structures around the trading area will be protected; and
- How the implicated businesses will be expected to operate within the municipal compliance plans.

TABLE 27: BY-LAWS APPROVED

No.	By-Law Name	Approved by Council	Date of Approval
1.	Disaster Management Bylaw	Yes	May 2018
2.	Nuisance Bylaw	Yes	Still to be approved
3.	Animal Pounds Bylaw	Yes	Still to be approved
4.	Property Rates Bylaw	Yes	May 2023
5.	Informal Trading Bylaw	Yes	December 2015
6.	Business Licensing Bylaw	Yes	December 2015

2.10 WEBSITE

The municipal website is in place and operational.

TABLE 28: MUNICIPAL WEBSITE

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's/ Entity's Website	Yes/No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (Year – 1)	Yes
The annual Report (Year 0) published/ to be published	Yes
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes
All service delivery agreements (Year 0)	Yes (Community/Technical Agreements)
All long-term borrowing contracts (Year 0)	N/A
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A
Public private partnership agreements referred to in section 120 made in Year 0	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes

***Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above.**

Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.

The municipal website has been well-maintained and features municipal documentation required in terms of legislation, including public policies, by-laws, SCM documents, notices, and press releases. The purpose is to inform uMhlabuyalingana Municipality residents about the affairs, achievements, and initiatives of the Municipality. The website is user-friendly, well received and has earned positive feedback from the community for the Municipality.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICE

TABLE 29: PUBLIC SATISFACTION SURVEY

Satisfaction Surveys Undertaken during: Year – 1 and Year 0				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%) *
Overall satisfaction with:				
(a) Municipality	Complaints/ Compliments Register	2021	All municipal wards	Satisfaction
(b) Municipal Service Delivery	IDP Public Participations and Ward Committee Meetings	2021	All municipal wards	Satisfaction
(c) Mayor	IDP Public Participations/ Complaints/ Compliments Register	2021	All municipal wards	Satisfaction
Satisfaction with:				
(a) Refuse Collection	None	N/A	None	None
(b) Road Maintenance	IDP Public Participations/ Complaints/ Compliments Register	2021	All municipal wards	Satisfaction
(c) Electricity Supply	IDP Public Participations/ Complaints/	2021	All municipal wards	Better

(d) Water Supply	Compliments Register			
	IDP Public Participations/ Complaints/ Compliments Register	2021	All municipal wards	Better
(e) Information supplied by municipality to the public	IDP Public Participations/ Complaints/ Compliments Register	2021	All municipal wards	Satisfaction
(f) Opportunities for consultation on municipal affairs	IDP Public Participations	2021	All municipal wards	Satisfaction
*The percentage indicates the proportion of those surveyed that believed that relevant Performance was at least satisfactory				



CHAPTER THREE

Service Delivery Performance

(Performance Report Part-1)



COMPONENT A: 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 uMhlabuyalingana Municipality is electricity, waste management, roads and stormwater. Water and sanitation services are provided by the uMkhanyakude 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.

In order to provide an overview of the current levels of basic infrastructural service provision in the municipal area, the data analysis used is an official data obtained from Stats SA, Census 2011 and 2016 Community Survey is the basis for the information below.

3.1 WATER PROVISION

uMhlabuyalingana Municipality is not a Water Service Authority. uMkhanyakude District Municipality is a Water Service Authority and a Water Services Provider for all the areas under the uMhlabuyalingana Municipality. This means that the primary responsibility of the district municipality is to ensure that local people have access to water and sanitation.

Water Uses by Sector: Water is used by the following sectors:

- Residential/Domestic
- Agriculture
- Forestry
- Industrial and Business
- Unaccounted water

There is no data available that provide details (in terms of cubic meters) of water uses by each sector.

TABLE 30: DISTRIBUTION OF HOUSEHOLDS IN THE PROVINCE AND DISTRICT BY SOURCE OF WATER

	KZN	uMkhanyakude District Municipality	uMhlabuyalingana Municipality	Jozini Municipality	Mtubatuba Municipality	Big 5 Hlabisa Municipality
POPULATION	11 065 240	689 090	172 077	198 215	202 176	116 622
Piped (tap) water inside dwelling	1 076 667	10 458	628	2 230	4 820	2 780
Piped (tap) water inside yard	828 016	34 598	11 694	11 037	7 923	3 945
Piped water on communal stand	371 943	15 876	2 759	7 526	4 729	862
Borehole in yard	22 159	6 340	5 619	266	220	235
Rain-water tank in yard	28 880	7 069	1 571	1 482	2 501	1 515
Neighbours tap	51 864	8 575	4 392	1 349	2 296	539
Public/communal tap	128 860	6 164	1 118	1 197	3 529	321
Watercarrier/tanker	86 012	13 672	1 999	4 359	3 242	4 072
Borehole outside yard	63 632	15 862	6 384	1 884	4 891	2 703
Flowing water/stream/river	182 727	29 351	2 779	1 2763	6 140	7 669
Well	4 617	391	0	123	157	111
Spring	18 431	813	100	26	412	276
Other	12 036	2 074	573	342	931	227

Sources: Community Survey 2016

WATER SERVICE DELIVERY LEVELS

The table above illustrates the main supply of water to households. There has been an increase in the number of households that have access to piped water. However, the majority of households still rely on natural resources for their water supply. Only 8.76% of households within the uMhlabuyalingana municipality have access to piped water.

TABLE 31: DISTRIBUTION OF HOUSEHOLDS BY ACCESS TO PIPED (TAP) WATERS

Municipality	Piped (tap) water inside dwelling/yard			Piped (tap) water on a communal stand			No access to piped (tap) water		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
uMhlabuyalingana Municipality	1 149	3 394	10 107	1 633	4 974	9 278	16 382	17 955	14 472

Source: Stats SA, 1996, 2001 and 2011

Water Service Delivery Levels Below the Minimum: The water services backlog was determined utilising a combination of Census 2011, the UKDM asset register, and verified data from consultants to produce a combined GIS infrastructure database that shows a backlog of 30% of the population (access below National Standard). This is a significant improvement from the Census 2011 backlog of 53%.

TABLE 32: WATER SERVICES LEVEL BELOW THE MINIMUM

Local Municipality	Population	Percentage of the population with access BELOW National standard level of water service			
		Census 2011 Level of Water Services	Asset Register Infrastructure Data	Verified Consultants Infrastructure Data	Combined Infrastructure Data
uMkhanyakude District Municipality	623 387	53.2%	54.1%	43.3%	30.0%
uMhlabuyalingana Municipality	155 140	52.7%	50.6%	60.2%	28.5%

Source: uMkhanyakude District Municipality, 2016

Historically the area has been characterised by many small stand-alone schemes utilising local water resources, supplying a basic level of service in rural areas, and a higher level of service in urban areas. The Shemula, Jozini, Hluhluwe, and Mtubatuba are the only areas currently served by large capacity water treatment works. The remainder of the DM is served by small conventional or package treatment works, or schemes with chlorination only. The number of schemes, and the accessibility to these, has resulted in management and maintenance challenges, with schemes regularly not functioning at an optimal level, in some cases falling into disrepair, and others simply not having power or diesel to operate the pumps. These challenges have led the municipality to investigate bulk supply scheme options to try and improve on the sustainability of supply and reduce the O&M challenges. The possible solution to the water supply infrastructure challenges in the future is the careful combination of local water resources (including groundwater) with bulk supply sources.

A basic calculation of the current WTW capacity (94.5MI per day) and the demand based on current level of service (59.7MI/day), shows there is sufficient treatment capacity at present. This capacity excludes all boreholes that are utilised without a WTW, which provide significant additional water across the DM every day. The demand, however, considers only 15% water loss (good practice), and the current perceived need for additional treatment capacity is most likely due to high water losses.

The previous lack of a water conservation water demand management strategy in the UKDM resulting in additional strain on the water resources, and the curtailment of losses should be viewed as a priority “water source” prior to the building of additional infrastructure capacity. As per the strategy of national government, expressed in the National Water Resource Management Strategy 2 (2014), the development of new water resource infrastructure will not be approved by the Department of Water and Sanitation, if WCWDM measures are not first implemented. Considering (1) the considerable problem with water losses; and (2) the large-scale plans for water resource infrastructure development, the need for WCWDM interventions needs to be prioritised.

Water Demand Model: In order to have the flexibility to determine water demands for different spatial groupings, such as scheme or supply footprints, a zero-base demand model based on Census demographics (with an applied growth rate to get current figures) and levels of service (at smallest grouping) was adopted for the demand modelling. Although the demand model is based on the official Census data and agreed unit demands, it is not a stochastic model, involving random demographic and unit demand sampling and probability behaviour.

It also does not allow for level of confidence or degree of accuracy calculations of the Census data, growth rates, nor of the unit demand values adopted. The low and high results represent the extremes of what the predicted water demands could be. These are calculated in the model by using the extremes of the range of each data item in determining the results. No statistical probability or reliability measure can be attributed to these figures, except to say that all actual results should fall somewhere within this predicted range.

TABLE 33: WATER DEMAND

Row Labels	Sum of Cur AADD(Rest LOS) Ave	Sum of Future AADD LOS 2020 Ave	Sum of Future AADD LOS 2025 Ave	Sum of Future LOS AADD 2030 Ave	Sum of Future AADD LOS 2040 Ave	Sum of Future AADD LOS 2035 Ave	Sum of Future HHI 2045 Ave
Hlabisa	5 228	8 867	9 498	10 759	15 099	13 363	18 571
Jozini	8 702	15 932	16 989	19 105	28 135	24 523	35 360
Mtubatuba	12 300	19 803	21 927	26 176	36 890	32 605	45 462
The Big 5 False Bay	5 762	7 814	8 503	9 880	11 578	10 899	12 936
Umhlabuyalingana	9 761	15 396	16 679	19 246	25 966	23 278	31 342
Grand Total	41 752	67 811	73 596	85 166	117 669	104 668	143 671

Row Labels	Sum of CurLOSSPD Ave	Sum of Future SPF LOS 2020 Ave	Sum of Future SPF LOS 2025 Ave	Sum of 2030LOSSPD Ave	Sum of Future SPF LOS 2035 Ave	Sum of Future SPF LOS 2040 Ave	Sum of 2045HHI SPD Ave
Hlabisa	7 690	12 503	13 445	15 331	19 206	23 082	26 958
Jozini	11 883	20 847	22 476	25 733	34 008	42 283	50 559
Mtubatuba	18 152	28 286	31 404	37 641	46 962	56 283	65 604
The Big 5 False Bay	8 845	11 699	12 743	14 831	16 118	17 405	18 692
Umhlabuyalingana	13 142	19 281	21 635	26 344	32 320	38 297	44 274
Grand Total	59 712	92 616	101 704	119 879	148 615	177 351	206 086

Source: Umkhanyakude District Municipality, 2016

NB: The old municipal names still appear since the data was collected and processed before the demarcation

The average annual average demand (AADD) for 2015 (current), at five (5) year intervals to 2045 at a local municipality grouping are shown in the first table below, the with Gross Summer Peak Demands in the second table above.

Existing and Planned Infrastructure Capacity and Functional Evaluation: Deciding what footprint base to use to determine the demand; discuss or review the existing infrastructure or scheme capacities was found to be quite a challenge. Anomalies were found between the DWS Water Reconciliation Strategy footprints and the current distribution infrastructure. In addition, the level of detail in various infrastructure reports/GIS obtained from previous PSPs differed and subsequently was difficult to compare with one another.

The solution was to develop “Water Master Plan supply areas”, which are comprised of a larger supply area that simulate the seven (7) regional schemes aspired to by UKDM, bounded in instances by rivers, distance from source, topography; with smaller sub-schemes within those regional boundaries that are aligned with the existing infrastructure supply footprints and operational small schemes areas.

The six (6) water master plan supply areas are Shemula, Jozini, Hluhluwe, Mpukonyoni, Mtubatuba and Hlabisa. Water demands have been determined on sub-scheme level and the infrastructure evaluated at the same or sub-zone level. Sub-zones were defined for the specific purpose of reviewing bulk distribution main capacities, where the existing diameters were known and could be assessed.

The Shemula WMP Supply Area is divided into Shemula Eastern Sub-Supply Area and Shemula West and Central Sub-Supply Area. Shemula Eastern Sub-Supply Area is divided into four (4) Sub-Schemes:

- Mshudu
- Thengani (Kwangwanase)
- Manguzi
- Enkanyezini

The Combined demographics and water demand for Mshudu, Thengane, Manguzi and Enkanyezini are:

- Total backlog of 9076 stands (Census 2011) that need to receive access to RDP supply;
- Household growth of the combined eastern Shemula sub-schemes is from 11015 to 15069 households and a movement/migration of LOS as indicated achieving 25,8% YC supply by 2030;
- The capacity of the treatment works of 6,8Mℓ/day is sufficient for the current demand of 3,5Mℓ/day for 2015, or 4,52Mℓ/day with 50% losses; and
- The 20-year (2035) GSPD (Gross Summer Peak Demand) is 11 Mℓ/day.’

The infrastructure capacity and upgrade requirements can be summarized as follows:

- The current WTW capacity is 6.8Mℓ/day. This is sufficient for the current demand of 3.5Mℓ/day. The demand will surpass the capacity by 2025 and will increase to 11Mℓ/day by 2035;
- The demand shortage can be addressed by utilising the Shemula Western and Central Water Sub-Supply Area source;

- The demand from Shemula Western and Central Sub-Supply Area water source can be either 4Mℓ/day where the current Shemula Eastern region water sources are retained or 11Mℓ/day where the Shemula Eastern region water sources are discontinued; and
- This will require an assessment of the bulk distribution from the Shemula Western and Central Sub-Supply Area.

The Shemula West and Central Sub-Supply Area is divided into six (6) Sub-Schemes:

- Manyiseni
- Ingwavuma
- Ndumo
- Embonisweni
- Phelandaba North
- Phelandaba South

The combined demographics and water demand for Manyiseni, Ndumo, Ingwavuma, Embonisweni, Phelandaba North and South are:

- Total of 14325 stands (Census 2011) that need to receive access to RDP supply.
- Household growth of the sub-schemes combined is from 27057 to 31882 households and a movement/migration of LOS as indicated achieving 42% YC supply by 2030
- The 20-year (2035) GSPD (Gross Summer Peak Demand) is 29 Mℓ/day.

The infrastructure capacity and upgrade requirements for Western and Central Shemula (Ingwavuma to Phelandaba) is summarized as follows:

- The current demand for the supply area is 11Mℓ/day;
- The water treatment works has currently been upgraded and has a combined capacity to produce 27.5Mℓ/day and will therefore address the current demand shortfall.
- There is a shortfall of 1Mℓ/day for the projected 2035 demand.
- The water treatment works will also supply the demand from Shemula Eastern Region. This will increase the demand of 28Mℓ/day to 32.7Mℓ/day if the Eastern Region current supply sources are retained or 39.5Mℓ if the sources are discontinued.

TABLE 34: DISTRIBUTION OF HOUSEHOLDS BY ACCESS TO SAFE DRINKING WATER

Municipalities	Households by Access to Safe Drinking Water		No Access to Safe Drinking Water		Total
	No.	%	No.	%	
uMkhanyakude District Municipality	81 221	55,5	66 137	44,5	146 357
uMhlabuyalingana Municipality	23 361	60,7	15 113	39,3	38 464
Jozini Municipality	21 065	49,2	21 758	50,8	42 823
Mtubatuba Municipality	21 570	52,4	19 587	47,6	41 158
Big 5 Hlabisa Municipality	15 234	63,7	8 679	36,3	23 913

Source: Stats SA, 2022

3.2 WASTE WATER (SANITATION) PROVISION

uMhlabuyalingana Municipality is not the Water Service Authority. uMkhanyakude District Municipality is a Water Service Authority and a Water Services Provider for all the areas under the uMhlabuyalingana Municipality. This means that the primary responsibility of the district municipality is to ensure that local people have access to water and sanitation.

There are very few households with access to flush or chemical toilets. There has been a considerable decrease in the amount of people that did not have access to any form of sanitation facilities from 2001 – 2011. The community Survey (2016) has shown that the majority of households now use pit latrine facilities.

TABLE 35: DISTRIBUTION OF HOUSEHOLDS BY TYPE OF TOILET FACILITY

Municipality	Flush or Chemical Toilet			Pit Latrine			Bucket Pit Latrine			None		Ecological Toilet
	2001	2011	2016	2001	2011	2016	2001	2011	2016	2001	2011	
uMkhanyakude District Municipality	18 050	37 624	45 813	24 474	58 061	82 572	1 385	1 594	1 449	57 654	23 614	1 054
uMhlabuyalingana Municipality	3 159	7 400	5 872	4 615	18 933	27 314	218	476	10	18 333	6 226	21

Source: Census (2001, 2011), Community Survey (2016)

The municipality has been stagnant in providing flush toilets to its households while other municipalities within uMkhanyakude District have continued to provide flush or chemical toilets. Households who are still using Pit Latrines in 2001 were 4615 while in 2011 the number had increased to 18 933 and 27 314 in 2016. The district municipality has sanitation plans to decrease the backlog which are outlined in the Projects Section of this document. Ecological Toilets refer to urine diversion or “enviroloo”. The provision of sanitation facilities has improved in the municipality since 2011. Provision of sanitation facilities within uMhlabuyalingana municipal area should be prioritised by the service authority in order to reduce the backlog.

GRAPH 13: DISTRIBUTION OF HOUSEHOLDS BY TYPE OF TOILET FACILITY

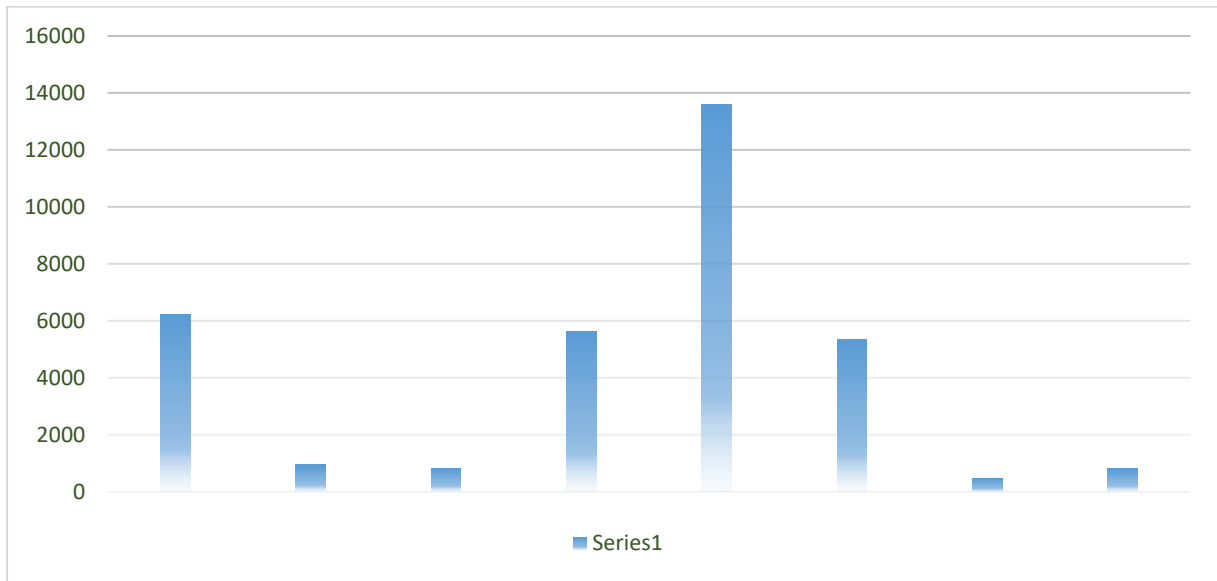
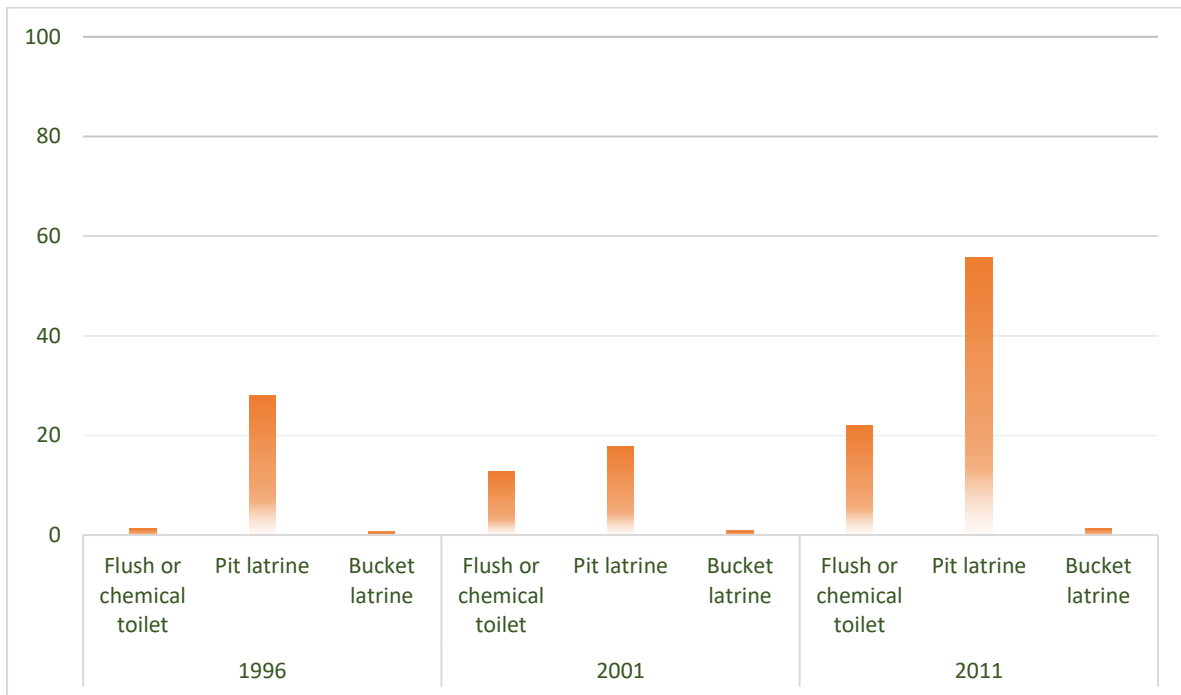


CHART 13: DISTRIBUTION OF HOUSEHOLDS BY TYPE OF TOILET FACILITY

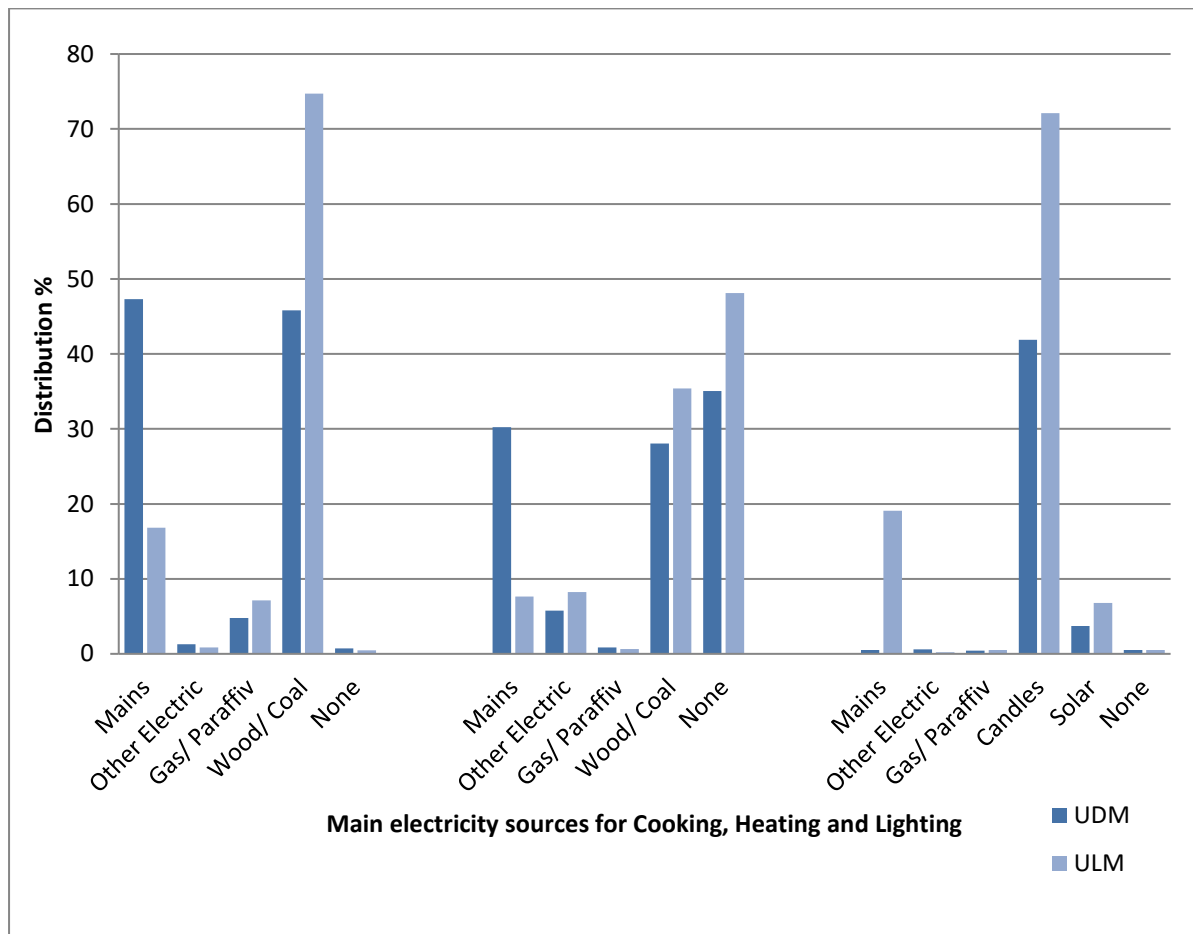


3.3 ELECTRICITY

The municipality has a three-year Electrification/Energy Sector Plan in place, adopted by Council and is being implemented. Electricity is a function of ESKOM and not uMhlabuyalingana Municipality. There is a lack of capacity of existing infrastructure in terms of bulk and reticulated electricity. However, this is a national issue and ESKOM is putting infrastructure in place to boost capacity and there has been progress in extending basic services through the infrastructure programme with approximately 200 000 households being connected to the national electricity grid in 2012.

Main Source of Electricity and Uses

Chart 14: Distribution of Households using Electricity for Lighting, Heating and Cooking



Source: Statistics South Africa Community Survey (2016)

The main source of energy within uMhlabuyalingana Municipality is wood and coal for both lighting and cooking. These statistics are similar for the district municipality.

Electricity Service Delivery Levels: The municipality has a three-year Electrification/Energy Sector Plan in place, adopted by Council and is being implemented. There is no Operations and Maintenance Plan for electrification. When electrification projects are completed, it is then handed over to Eskom.

Electricity Challenges: A large percentage of households rely on candles and wood/ coal resources for electricity for cooking, heating and lighting. The electrification projects that were implemented by the municipality during 2023/2024 financial year are shown in the table below.

Electricity Department Employee Statistics: Table 49 below indicates employee totals, turnover and vacancies and does not show that there are employees and vacancies for the Electricity Services Section.

TABLE 36: EMPLOYEES - ELECTRICITY SERVICES

Employees: Electricity Services					
Serial No.	Job Level	2022/2023	2023/2024		
		No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
The service is being performed within Technical Services Department but there are no employees dedicated for this function.					

3.4 WASTE MANAGEMENT

uMhlabuyalingana Municipality is responsible for waste collection services. 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 facilities. 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. A lack of environmental, sanitation and waste awareness often influence the way communities manage their waste.

In terms of the National Environmental Management: Waste Act 59 of 2008, uMhlabuyalingana is doing its best to collect solid waste from 39 areas benefiting from waste collection services. These businesses and households are situated in and around the three towns of uMhlabuyalingana Municipality namely Manguzi, Mbazwana and Skhemelele. Some waste management projects that were implemented during the financial year are as follows:

- Review of waste management policies, plans, bylaws and tariffs;
- Signing of waste removal agreements for businesses and business waste removal on an annual basis; and
- Campaigns on Collection and Removal of Waste.

The area of uMhlabuyalingana Municipality is also very sandy, which hampers the will and capacity to collect waste in all areas that the municipality is expected to serve. In all three towns 2,5m² waste skips and 240 litre waste bins have been placed. In so far as the waste transport infrastructure is concerned, the municipality has two waste trucks and one tractor with a trailer which are used for the collection of refuse in the three towns. The collection of refuse is now carried out daily during working days.

Solid Waste Service Delivery Levels

TABLE 37: DISTRIBUTION OF WASTE REMOVAL

Municipality	Removed by Local Authority/Private company				Communal/Own Refuse Dump				No Rubbish Disposal			
	2001	2011	2016	2021	2001	2011	2016	2021	2001	2011	2016	2021
uMkhanyasude District Municipality	7 397	13 443	7 443	27425	65 579	96 089	125 859	86 861	28 587	15 989	13 184	10 161
uMhlabuyalingana Municipality	404	486	257	7620	19 012	29 201	34 112	24 685	6 644	3403	4 240	1626

Source: Statistics South Africa, 2001, 2011 & 2016

The majority of the population undertake their own refuse removal as indicated in the table; in 2011 this amounted to 85%. In 2016, this amounted to 84%, indicating no significant municipal intervention having taken place. In 2021, this amounted to 68.9% indicating a significant decline from the previous census year.

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. Currently, uMhlabuyalingana Municipality has 3 landfill sites namely: Thandizwe, Mbazwana and Skhemelele. Thandizwe and Mbazwana sites are registered, licenced, and engineered. Skhemelele is licenced for closure, decommissioning, and rehabilitation. All these sites are being audited and the last audit was conducted.

The municipality is planning to establish re-cycling projects within the landfill sites which will also create job opportunities for local people and increase revenue for the municipality. The municipality has registered Skhemelele (Mtikini) as a recycling center and buy-back center.

The municipality has a council-approved Integrated Waste Management Plan in place. The IWMP was approved, adopted by the Council and is being implemented in accordance with the Record of Decision.

Waste Management Employee Statistics: Table 51 below indicates the total number of 110 posts for the section. During 2023/2024 financial year, there were 100 employees who worked for the Waste Management Services Section.

The municipality employed general workers who are doing refuse collection in the three towns. It also has EPWP workers who are working at the three dump sites. The municipality has two fully licenced dump sites /landfill sites. Skhemelele dumpsite was licenced so that it is closed or decommissioned but with an intention to turn it into a Waste Transfer Station. The Municipality, in terms of Waste Act 59 of 2008, has developed the Integrated Waste Management Plan and was adopted and approved by Council. Presently the municipality is in the process of the implementation of the IWMP.

TABLE 38: EMPLOYEES – WASTE MANAGEMENT SERVICES

Employees: Waste Management Services									
Serial No.	Job Level	2021/2022	2022/2023				2023/2024		
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate	No. of Employees	No. of posts	No. of vacancies
Column Ref.	Supervisors	3	3	3	0	N/A	3	92	0
	General workers	95 on contract and 7 permanents at Skhemelele	110	40 on temporary contract and 16 permanents	0	N/A	12 on contract and 06 permanent in Skhemelele		0
		6 (permanent at Mbazwana)		5 (permanent at Mbazwana)			07 on contract and 05 permanent at Mbazwana		
		6 (permanent at Manguzi)		5 (permanent at Manguzi)			12 contract and 05 permanent at Manguzi		
		4 permanent at Main Offices		6 (permanent at Skhemele)			02 permanent at Main offices		
							EPWP category C- 013 EPWP category A – 27 (Manguzi Landfill) EPWP category A – 10 (Mbazwana Landfil)		
							Isimangaliso category C - 03		

3.5 HOUSING

uMhlabuyalingana Municipality is a developer for human settlements. The municipality co-ordinates its human settlement needs and activities with the Department of Human Settlements. The municipality has internal capacity to deal with human settlements and this task is managed by the Planning Manager. A council-approved Housing Sector Plan is in place and is being implemented.

The municipality has evenly scattered spatial patterns and there are no proclaimed townships in uMhlabuyalingana Municipality. Most community members are dependent on subsistence agriculture or income from migrant workers.

Housing Service Delivery Levels: The spatial pattern of the area has developed as a result of various factors including its settlement pattern, natural features and infrastructure. uMhlabuyalingana is generally rural in character. It is characterized by expansive low-density settlements occurring on Ingonyama Trust land. However, over the last few years there has been an increase in density in some areas along the main roads, with conurbation of commercial activities occurring in strategic points thus giving rise to development nodes. This pattern is a result of the unfortunate history of the area. The previous (apartheid) government discouraged development in the area as a means to control movement of the freedom fighters between South Africa and Mozambique in particular. Prevalence of malaria in the area also contributed to the lack of development. This is despite the area having received significant attention in terms of development planning since the 1990s (Vara, Wendy Force and Associates, etc.).

The Municipality has no challenges with informal settlements. By natural default the area of uMhlabuyalingana determined itself to be rural in character and as such 99% of the area is classified as rural. This is evident throughout the municipal area when you look at the housing typology and the dispersed rural settlements with poor road infrastructure that interlinks them.

Dwelling units made up of traditional material are still prevalent in the area. However, the municipality does not consider these to be “informal settlements” for the simple reason that these communities often have some form of land tenure rights to settle where they are. Basically, the issue of affording decent housing is the cause and some erect such houses by choice.

Furthermore, what is often over-looked is the fact that most decent and modern houses are often erected without following due processes i.e. acquiring an approval of a building plan from the municipality in terms of the National Building Regulations and Building Standards Act 103 of 1977 as amended. This also boils down to the fact that in such areas the culture of ensuring as to which areas are best suitable for locating housing was never practiced and brings along challenges in terms of installing infrastructure in some of these areas.

In the context of uMhlabuyalingana Municipality it will be factually incorrect to consider the municipality as having a challenge with informal settlements but will be technically correct to make such a statement.

The uMhlabuyalingana Municipality constitutes 26.1% of formal dwellings in the uMkhanyakude district. According to the Community Survey, approximately 30% of housing is informal, traditional, or other types.

Household with Access to Basic Housing

TABLE 39: MAIN DWELLING TYPE

Dwelling Type	uMkhanyakude District Municipality	uMhlabuyalingana Municipality
Formal	117 078	31 224
Informal	2 210	408
Traditional	9 228	2 904
Other	548	149

Source: Statistics South Africa, 2022

There is currently one housing project in the rural area that is under construction i.e. Mabaso. There are however plans for additional projects in the traditional authority areas. Refer to the housing chapter.

Housing Services Employee Statistics: Table 53 below indicates the total number of posts for the Housing Services Section is 3. All the three positions were filled and there are no vacancies identified.

TABLE 40: EMPLOYEES – HOUSING SERVICES

Employees: Housing Services						
Serial No.	Job Level	2022/2023	2023/2024			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Column Ref.		3	3	3	0	N/A

Population Growth Trends and Challenges

The municipality has an area of 3 621km² and a population of 191 660 people, with an average household size of 5, 5 people per household. As a gateway to Africa and as any border municipality, it has been noticed that there is a growing number of immigrants streaming into the area. The alarming fact is that it is not apparent if all these immigrants have entered the country legally or not and as such the numbers cannot be quantified.

In addition, the area also has a tendency of accommodating the working class from other areas which also adds to the local population. Often these people reside in rented cottages and are always keen for more decent housing options.

The challenges connected to this ranges from facts such as socio-economic status of this area is way below average to the HIV/AIDS epidemic, which also has a huge impact on the growth of the population. New settlements are emerging and seem to be bias in that they host certain ethnic groups, which is a huge segregation era threat.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality developed an indigent policy which seeks to provide financial relief to the citizens of the communities who are unable to afford basic services. An indigent register has been developed as a result and is updated on an annual basis to re-assess the existing beneficiaries' affordability and extend to those that are needy.

During the financial year 2023/2024, the Municipality updated and approved an Indigent Register. The municipality's category of indigent support is Free Basic Electricity. There were 141 poor homes which consumed 150kwh or less per month and received free basic electricity. Furthermore, under the agreement with Eskom, 302 homes consuming 150kwh or fewer received free basic electricity each month.

The municipality is not providing any other service except Property Rates and Refuse collection whereby the category of households or residential is not billed for Property rates and not yet billed for Refuse collection.

TABLE 41: INDIGENT SUPPORT PER YEAR

Year	2022/23	2023/24
Amount (R)	607 715	301 628

COMPONENT B: ROAD TRANSPORT

The uMhlabuyalingana Municipality Technical Services Department is responsible for the provision of local access roads and stormwater services (including all pipelines, manholes, bridges for rivers and streams) and its activities. Within the budgetary constraints, the stormwater network must be kept free of obstructions to mitigate against possible flooding. Its focus is on the development and maintenance of infrastructure for the conveyance of people and goods in all its forms.

3.7 ROADS

uMhlabuyalingana Municipality has a total of 346km of roads, and with exception of the road from Mbazwana to Manguzi (R22), the road network is poor to very poor in condition and is in dire need of upgrade. Most roads are sandy and difficult to drive on with a 4X2 vehicle.

The municipality largely depends on grants for the implementation of capital projects and due to financial constraints, this municipality has a huge backlog demand on its local roads. The municipality was able to construct a number of gravel roads that are believed to create economic benefit for the people of uMhlabuyalingana. These include the projects presented in the below:

TABLE 42: GRAVEL ROADS INFRASTRUCTURE OVER A 3-YEAR PERIOD

Year Constructed	Re-Gravelling and Blading of Access Roads	Budget
2022/2023	Masondo-Thelizolo	R4 000 000
	Manzibomvu-Siyabonga-	R5 000 000
	RE-Gravelling and Blading	
	Madudula	R5 000 000
2023/2024	Kwashodi	R4 800 000
	2,2 km of Manguzi Internal gravel road upgraded to surfaced road (tarred road) by 30 Jun3 2024	R7 469 859
	3,9 km of Mbazwana Internal gravel road to be upgraded to surfaced road (tarred road) by 30 June 2024	R29 014 334

Roads Services Employee Statistics: Table 56 below indicates the total number of 9 (nine) posts for the Roads Services Section. During 2023/2024 financial year, there were 9 employees, employed in the Roads Services Section and that there are no vacancies.

TABLE 43: EMPLOYEES – ROADS SERVICES

Employees: Roads Services						
Serial No.	Job Level	2022/2023	2023/2024			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Total		0	0	0	0	0%

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

The main means of transportation within the jurisdiction of uMhlabuyalingana Municipality is public transport for long and short distance travel such as buses and minibus taxis for local commuting. Private transport is also used. The municipality does not provide transport services. Instead, the bus and minibus transport services are privately owned. The municipality's function in as far as the public transport is concerned is to provide public transport infrastructure such as bus and taxi ranks, shelters, etc.

Existing and Future Transport Infrastructure: At a regional level, uMhlabuyalingana has a well-established road connectivity comprising national and provincial roads which link different areas within the municipality. The routes that currently play this role include R22, P522, P447 and P444. These routes connect the main settlement areas and emerging towns which include Mbazwana, Manguzi, Somkhele and Phelandaba. R22 in particular link the area with Hluhluwe town, N2 and a number of towns towards the south of uMhlabuyalingana while it also connects the area with Mozambique towards the north. The upgrading of R22 and its declaration as an LSDI Route during the early 2000s has drastically improved accessibility and connectivity at a regional scale and serves as an opportunity for corridor-based development.

However, the same cannot be said about the three other significant connector routes. P522 links the area to the town of Jozini. Although it is a tar road, this route had deteriorated to a very bad state with potholes that stretches for many kilometres. It appears as if more focus has been placed on temporarily patching the potholes without addressing the root cause of the road situation i.e. to re-tar and reseal the entire route since it has exceeded its lifespan. P447 and P444 are the provincial routes that link different settlements (especially Mashabane) with the town of Mbazwana. These are currently gravel 'sandy' roads which need serious attention. Light vehicles are unable to use these routes during heavy rainfall seasons.

At a local level, the road network tends to be very problematic. According to the Department of Transport's assessment of municipal road network report completed in 2007, the uMhlabuyalingana Municipality has a total of 346 km of roads. This figure was determined by estimating the road lengths using a figure of 382 inhabitants per kilometre of paved and gravel road, and assuming that 8% of all roads can be classified as tracks. By applying the above assumptions, it is estimated that the uMhlabuyalingana Municipality has 152 km of paved roads, 169km gravel roads and 26km of tracks. With the exception of

the road from Mbazwana to Manguzi, the road network is poor to very poor condition, and in dire need of upgrade. This is due to a number of existing roads being informal and in need of upgrading. These mainly include the local access roads that provide direct access to settlements. The majority of these roads exist as tracks.

Poor Conditions of Roads:

- Inadequate pedestrian signs and markings and off-loading areas especially within the few urban areas;
- An absence of traffic lights, especially at major intersections;
- Unavailability of adequate public transport facilities especially for the disabled;
- Lack of pedestrian and non-motorized transport facilities.

The areas that should be considered for intervention should include improving pedestrian signs, markings and off-loading areas especially in the urban areas. The traffic-calming measures within areas of high accidents should also be explored and wherever possible the provision of traffic lights, especially at major intersections, should be provided.

Poor Road Linkages: An efficient and effective road network enables people and goods to traverse to and from all areas within the municipal area. It opens up development opportunities which could lead to economic growth and associated job creation.

Poor critical road linkages, which includes the non-existence of critical linkages and existing roads that are in poor to inaccessible condition, have been identified within the uMhlabuyalingana Municipality.

There is a poorly maintained existing gravel road between Madonela and Sikhemelele. Significant denser settlement occurs all along this road, which runs in close proximity and parallel to the Pongola River and its rich flood plains. Intensive agriculture, mainly subsistence, occurs along the river and the road. In heavy rains, this road is nearly impassable. What is also important to note is that this settlement corridor joins up with the P522 provincial main road between Ingwavuma and Manguzi. At this juncture, the urban characterized settlement of Sikhemelele has developed over time. Sikhemelele settlement, as well as the Mboza to Sikhemelele Corridor, is the most densely settled area within the uMhlabuyalingana Municipality.

The existing road linkages between Madonela and Tshongwe are poor and do not support a direct primary route from Tshongwe through the agricultural development corridor leading to Sikhemelele. This is considered to be a very important link, since it will provide an alternative south-north route, from Hluhluwe, within the uMhlabuyalingana Municipality. This route is deemed more economical for the conveyance of fresh produce and value-added products from the identified agricultural corridor to the major markets of Richards Bay and Durban

The east-west road linkages are primarily located in the north (P522 Main Road linking Ingwavuma with Manguzi) and in the south (P444 and P447 linking Mbazwana with Mkhuze) of the uMhlabuyalingana municipal Area. The east-west road linkages in the central western part of the municipal area exist only

as a local road (essentially a track). In order to contribute towards a road network that is both effective and efficient, particularly in light of the recommended upgrade of the Madonela – Sikhemelele road, it is recommended that the road between Hlazane to Manaba to Mseleni be upgraded, functioning as an additional east-west centrally located link.

In order to expose the unique environment along the Municipality's east coast, which is administered by Isimangaliso Trust, to a broader audience which will result in further tourism –related development, the road from Mbazwana, past Lake Sibaya on its eastern shore, through Manzengwenya, to Manguzi needs be upgraded and made freely accessible to the public.

The upgrade of the road from the State Forest Road north of Jikijela Node inland to Manzengwenya will provide an improved west-east link to the coastal areas.

Well-Developed Road Network and Improving Accessibility:

- Upgrade the existing gravel road between Madonela and Sikhemelele to a blacktop road;
- Develop a blacktop road between Tshongwe and Madonela;
- Upgrade the road between Hlazane and Manaba;
- Upgrade the road between Manaba and Mseleni;
- Upgrade of the road from Mbazwana, past Lake Sibaya on its eastern shore, through Manzengwenya, to Manguzi; and
- Upgrade the road from the State Forest Road north of Jikijela Node inland to Manzengwenya.

Rail: uMhlabuyalingana Municipality does not have an established public and goods rail transport system. The railway line runs parallel N2 within uMkhanyakude district. It cuts across Mtubatuba, The Big Five False Bay, Hlabisa and some parts of Jozini to Swaziland but it passes outside of uMhlabuyalingana administrative boundary. In any case it also appears as though this transport service was discontinued some time ago.

Air Transport: uMhlabuyalingana does not have an established and operational air transport system. The small landing strip (airstrip) exists within both Mbazwana and Sodwana Bay. However, the condition of these facilities is currently unknown.

Transportation Analysis: According to uMkhanyakude District Municipality IDP (2008/09), there are 33 taxi facilities in the form of formal and informal taxi ranks and routes in uMhlabuyalingana. The “bakkies” which are considered to be illegal passenger transport vehicles still provide a service that could be considered as parallel. They actually operate on the routes where taxis do not want to move onto due to the poor quality of the roads. There are no bus terminal facilities that are provided within the area. The table below gives an indication of accessibility of public transport within the municipality.

Municipal Bus Service Data

TABLE 44: PUBLIC TRANSPORT WITHIN THE MUNICIPALITY

Main Route	Main Route Description	No. of Passengers per Peak	No. of Active Seats Used	No. of Trips	Passenger Occupancy per Vehicle
KZN-R0032F-U	Jozini to Skhemelele	224	100.00	15	14.9
KZN-R0036F-U	Manguzi to Ezangomeni	570	95.96	38	15.0
KZN-R0061F-U	Mbazwane to Mseleni	285	100.00	19	15.0
KZN-R0066F-U	Mbazwane to Sodwana Bay	267	100.75	20	13.4
KZN-R0056F-U	Mbazwane to Manzibomvu	170	116.47	17	11.6

It is clear that most of the routes inside and linking the municipality to other major centres within the district are operating at capacity, and that consideration to expand route capacity should receive high priority. Transport, whether motorized or non-motorized, faces many challenges within the municipal area.

TABLE 45: EMPLOYEES – TRANSPORT SERVICES

Employees: Transport Services: Electricity Services						
Serial No.	Job Level	2022/2023	2023/2024			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Total		0	0	0	0	0%

3.9 WASTEWATER (STORMWATER DRAINAGE)

uMhlabuyalingana Municipality is not the Water Services Authority. uMkhanyakude District Municipality is a Water Service Authority and a Water Services Provider for all the areas under the uMhlabuyalingana Municipality. This means that the primary responsibility of the district municipality is to ensure that local people have access to water and sanitation.

The first Water Services Development Plan (WSDP) for uMkhanyakude District Municipality was developed in 2003. The WSDP was reviewed and updated in 2009 and ever since then there has not been another review of the WSDP. Considering that the lifespan of a WSDP is 5 years, the district municipality does not have a current WSDP in place. The development and review of the WSDP has been identified as one of the critical issues to be attended to by the district municipality. Once the district has prepared and adopted the WSDP, it will then be extracted and added to the uMhlabuyalingana IDP.

Although the district does not have a current and applicable WSDP in place, it has however planned and budgeted for water infrastructure and other related projects for implementation during 2023/2024 financial year. The district water related projects with committed funding are reflected below:

TABLE 46: UMKHANYAKUDE WATER PROJECTS

Project Name	AMOUNT	SOURCE
Embonisweni, Enkanyezini, Ingwavuma, Manguzi, Manyiseni, Mshudu, Ndumo, Phelandaba North, Phelandaba South, Sihlangwini, ekuhleleni, KwaMbuzi, Ngwenyana/Shemula	R159 688 384	To be funded through WSIG + MIG
Mtikini, Bhekabantu, Kwandaba, Sicabazini, Mpophomeni, Manaba, Mafa, Skhemelele, Mtikini,	R259 614 761	To be funded through WSIG + MIG
Maphaya, Cezwana, KwaJobe, Mbazwana, qondile, gujini, Manqayini, Hluhluwe Phase 3 (Mduku, Mnqobokazi, etc)	R780 000 000	To be funded through WSIG + MIG

The municipality has been operating with Maintenance Plan and there is a huge maintenance backlogs due to years of deferred maintenance and neglect. The bulk of the infrastructure is in state of disrepair leading to communities with infrastructure but without access to water services. The O & M Plan was developed as part of the water services AMP by CoGTA and was adopted together with the AMP towards the end of the 2016/2017 financial year. It is important to note that the municipality will strive to make financial provisions to fund the O & M Plan though it will need considerable funding from external sources due to competing demands with first-time access communities. The municipality has the highest backlog figures in terms of first-time access to water services and as such there is a lot of work that still needs to be done to strike a balance between the two.

Stormwater Infrastructure: The water services backlog was determined utilising a combination of Census 2011, the UKDM asset register, and verified data from consultants to produce a combined GIS infrastructure database that shows a backlog of 30% of the population (access below National Standard). This is a significant improvement from the Census 2011 backlog of 53%.

TABLE 47: WATER SERVICES LEVEL

Local Municipality	Population	Percentage of the population with access BELOW National standard level of water service			
		Census 2011 Level of Water Services	Asset Register Infrastructure Data	Verified Consultants Infrastructure Data	Combined Infrastructure Data
uMkhanyakude District Municipality	623 387	53.2%	54.1%	43.3%	30.0%
uMhlabuyalingana Municipality	155 140	52.7%	50.6%	60.2%	28.5%

Source: Umkhanyakude District Municipality, 2016

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

The Planning Department includes Building Control, Land Surveying, Land Use Planning, Spatial Planning, Heritage, Geographical Information Systems (GIS), Environmental Management, Rural Development and Economic Growth and Tourism. 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.

The Status of Spatial Development Framework (SDF) and Land Use Management System: The purpose of spatial planning is to provide a framework for the spatial vision and form of uMhlabuyalingana 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. The unit is also responsible for:

- Compiling, amending and/or reviewing a Spatial Development Framework;
- Preparing Spatial Development Framework;
- 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.

The unit is also responsible for the protection of heritage, to identify, protect and manage the heritage resources and cultural landscapes of uMhlabuyalingana Municipality as well as commenting on land use planning applications and building plan applications.

Municipal-wide Spatial Development Framework (SDF) and a LUMS for Mbazwana and Manguzi have currently been adopted by Council. Enforcement of both these land use management tools is to be undertaken and a municipal-wide scheme to be planned for in order to meet the requirements of the KZN Planning and Development Act. The municipality is to provide the framework to guide the overall spatial distribution of current and desirable (future) land uses within the municipality.

The Implementation of SPLUMA in uMhlabuyalingana: The municipality has not established a Municipal Planning Tribunal (MTP/JMPT). A Joint MPT has been adopted by uMhlabuyalingana Municipality Council. uMhlabuyalingana Municipality has complied with SPLUMA Regulation 14 and a Municipal Planning Authorised Officer has been appointed during the 2023/2024 financial year.

uMhlabuyalingana Municipality has not yet resolved on the Appeal Authority and this will be done during the review of delegations process. The municipality has amended the delegations for KZNPDA to SPLUMA by-laws and the applications have been categorized. The SPLUMA by-laws have been adopted and gazetted.

TABLE 48: BUILDING REGULATION AND ENFORCEMENT

Detail	2023/2024
Building Plans Received	
Building Plans Approved	
Building Plans Not Approved	
Notices/Enforcement	
Applications outstanding at year end	

TABLE 49: SERVICE DELIVERY PRIORITIES AND IMPACT

Service Objectives	Service Targets	2022/2023		2023/2024	
		Target	Actual	Target	Actual
To promote development of efficient and sustainable settlement pattern	Revision and approval of Spatial Development Framework (SDF)	1	1	1	1

Employees for Planning Services: Table 49 below indicates the total number of 3 (three) posts for the Planning Services Unit. During 2023/2024 financial year, there were 3 employees, employed in the Planning Services Section and that there is 1 post that need to be filled.

TABLE 50: EMPLOYEES – PLANNING SERVICES

Employees: Planning Services						
Serial No.	Job Level	2022/2023	2023/2024			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Column Ref.						
	Planning	3	3	3	3	0%
	Planning (Strategic & Regulatory)	2	2	2	2	0%

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM & MARKET PLACES)

The purpose of the Local Economic Development Services Unit is to provide an enabling and conducive environment to grow the economy in order to create sustainable jobs and eradicate poverty. The existence of the LED Unit is to build-up the economic capacity of the local area to improve its economic future and the quality of life for all. The LED Unit creates processes by which public, business, and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

The unit comprises of LED and Tourism and focuses on developing enabling policies and strategies, which inform the implementation of key initiatives, projects and programmes to grow the economy in the uMhlabuyalingana municipal area. The adoption of the LED Strategy is aligned with the vision of the National Development Plan and KZN Provincial Growth and Development Strategy. The LED Strategy's aim is to achieve competitive advantages and innovations that provide economic opportunities for all its residents by 2035. The essence of this strategy is to map uMhlabuyalinga's journey of inclusive economic

growth and offer a diversified and resilient economy, promoting spatial connectivity, and supportive economic and environmentally sustainable social eco-systems.

Local Economic Development (LED) is one of the key tasks that uMhlabuyalingana Municipality engages in through a variety of packages. It remains factual that the success of this initiative is mostly contingent on the alliance level obtained from different stakeholders.

The short-term goal of the municipality is to provide financial, skills and capacity assistance to local businesses to help them achieve stability, and a long-term objective is to provide sustainability for all small economic drivers in order to expand and create more job opportunities.

Drivers of the Economy in uMkhayakude District Municipality

3.11.1 Economic overview

According to the profile of uMkhanyakude District Municipality (UKDM), the economy experienced significant growth in excess of 9% per annum, especially in the period from the year 2000 onwards. The key economic structure and trends in the district can be summarised as follows:

- a) The two main sectors of economic activities are agriculture and tourism.
- b) Mtubatuba and Jozini Local Municipalities account for approximately R1.9 and R1.7 billion of GVA in 2011 respectively, as they are two dominant local economies within the district;
- c) Dominant economic sectors in UKDM as measured by GVA are the retail, catering and accommodation sector accounting for R1.45 billion in 2011, the manufacturing sector (R1.37 billion) and the general government services sector (R1.34 billion). The manufacturing sector increased its contribution to total GVA from 10.3% to 19.1%, and the retail, catering and accommodation sector also increased its contribution from 13.5% to 20.3%;
- d) Agricultural sector showed some significant growth of approximately 5.5% per annum over the period 1995 to 2011. However, there was a decline thereafter, 9 000 over the period from 2000 to 2005 but thereafter decreased significantly to a total estimated figure of 4 983 by 2010;
- e) There are undeveloped mineral resources that can contribute to future economic growth;
- f) There are identified economic opportunities to tourism and agriculture to the uMkhanyakude economy, with current projects and implementation plans already in place.

- g) UKDM is South Africa's nearest access point into Mozambique and is also close to Swaziland. This provides opportunity for tourism and other economic activity both directly and from spillovers/spinoffs;
- h) The number of formal employment opportunities in the agricultural sector remained relatively stable.

The table below gives a summary of gross value add (GVA) for uMkhanyakude District Municipality:

TABLE 51: GROSS VALUE ADDED (GVA) FOR UMKHANYAKUDE DISTRICT MUNICIPALITY

GVA	Sector's Share of Regional Total	
	2008	2018
Agriculture, Forestry and Fishing	17.8%	12.7%
Mining and Quarrying	1.9%	1.4%
Manufacturing	7.9%	8.0%
Electricity	2.9%	6.0%
Construction	4.4%	3.9%
Trade	14.8%	13.2%
Transport	8.6%	8.4%
Finance, Property, etc	15.0%	15.8%
Govt, Community and Social Services	26.8%	30.6%

Source: KZN Department of Economic Development, Tourism and Environmental Affairs

TABLE 52: JOBS CREATED BY LED INITIATIVES

Service Objectives	Service Targets	2022/2023		2023/2024	
		Target	Actual	Target	Actual
To create job opportunities through Expanded Public Works Programme-EPWP	Creation of job opportunities	100	98	100	128
To create job opportunities through Community Works Programme-CWP	Creation of job opportunities	100	1 834	1500	1875

To create an environment conducive for investment and economic growth	Review LED Strategy	1	1	1	1
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Employees for LED Services Unit: Table 66 below indicates a total number of 2 (two) post for the Local Economic Development (LED) Services Unit. During 2022/2023 financial year, there were 2 permanent employees who worked for the LED Services Unit.

TABLE 53: EMPLOYEES – LED SERVICES

Employees: LED Services						
Serial No.	Job Level	2022/2023	2023/2024			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Column Ref.		2	2	2	2	0%

Capital Expenditure for LED Services Unit: The overall performance of the municipal Local Economic Development Unit has reflected an acceptable level of the municipal competency. This is informed by the growth in number of job opportunities created each year and implementation of responsive programmes towards economic development. Progressively, the municipality is working on a sustainable monitoring plan for each implemented programme or project that is within its powers. Furthermore, the council is establishing other new economically responsive platforms to engage on in order to advance its competency level.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.12 LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES AND OTHER COMMUNITY FACILITIES

This component includes libraries and archives, museums arts and galleries, community halls, cemeteries and crematoria, childcare, aged care, and theatres. uMhlabuyalingana Municipality has 2 libraries (Manguzi and Mseleni and a modular library(Skhemelele). The following projects were pursued by the Libraries Unit:

TABLE 54: LIBRARIES PROJECTS

Service Objectives	Service Targets	2022/2023		2023/2024	
		Target	Actual	Target	Actual
To enhance skills development and life-long learning	Circulation of Books	10 000	22 455	10 800	19 455
To enhance skills development and life-long learning	Library Users with access to internet	2 100	5 382	1500	5 465
To enhance skills development and life-long learning	Training of People on Basic Computer Skills	360	599	360	538
To enhance skills development and life-long learning	library promotions conducted	4	5	4	7

Employees for Library Services Unit: The total number of employees for Library Services Unit is 12 (twelve) and there are no vacancies.

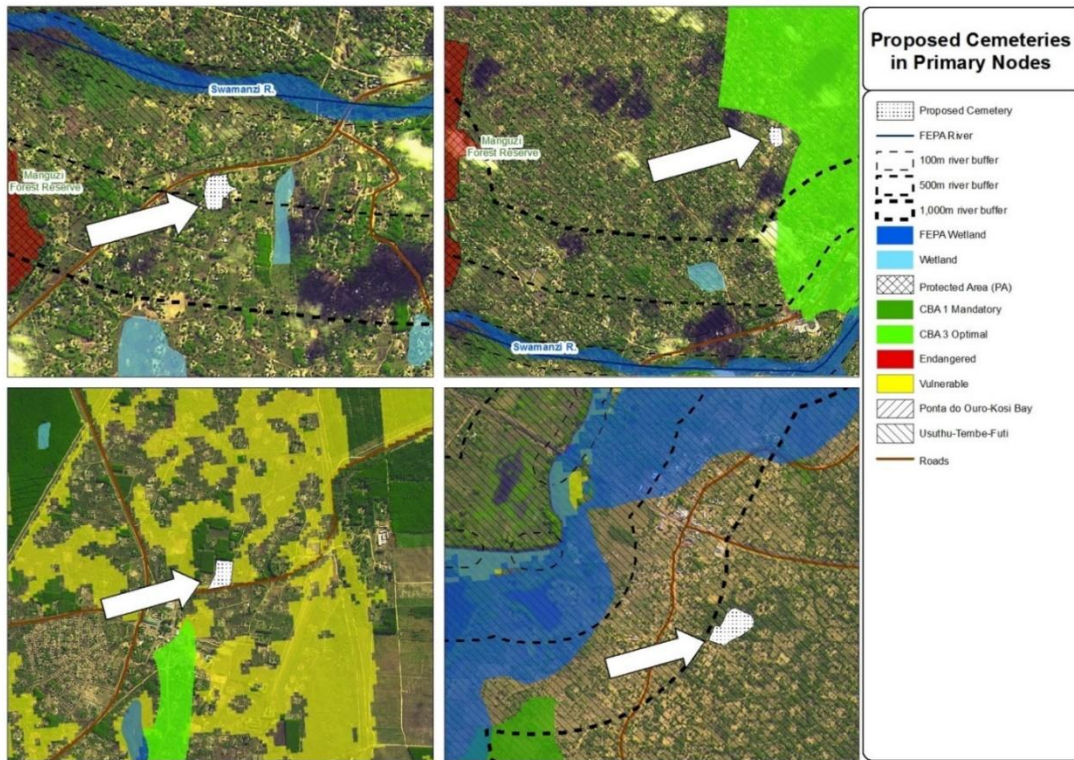
TABLE 55: EMPLOYEES FOR LIBRARY SERVICES

Employees: Libraries					
Job Title	Number of Employees	Number of Posts	Number of Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Library Manager	1	1	1	0	0%
Library Assistant (Manguzi = 2, Mseleni = 2) Skhemelele = 2	6	6	6	0	0%
Cyber Cadet Manguzi = 1 Skhemelele = 1	2	2	2	0	0%
Assistant librarian Manguzi = 1 Skhemelele = 1	2	2	2	1	0%
General Worker	1	1	1	0	

3.13 CEMETERIES AND CREMATORIUMS

There are no formal registered cemeteries within the Municipal area. Currently there is significant densification of settlements occurring in a number of places within the municipal area. This is particularly evident at Manguzi, Mbazwana, and between Mboza and Sikhemelele. The traditional manner of burial of deceased loved ones at the homesteads is becoming increasingly problematic due to limited space. This practice increases the health risks, as this may result in contamination of groundwater.

Map 11: Proposed Cemeteries in Primary Nodes



Source: *UMhlabuyalingana SDF*

Employees for Cemetery and Crematoriums: The municipality has no unit and no employees to perform the cemetery and crematoriums services.

3.14 CHILD CARE, AGED, SOCIAL AND SPECIAL PROGRAMMES

The following services are provided for the social and special programmes.

TABLE 56: POLICY OBJECTIVES FOR CHILD CARE, AGED, SOCIAL AND SPECIAL PROGRAMMES

Service Objectives	Service Targets	2022/2023		2023/2024	
		Target	Actual	Target	Actual
To enhance programmes for special groups, arts and culture and heritage	Coordination of youth programmes	4 (a) Youth commemoration (b) Youth Festive season beach monitoring (c) Registration Assistance programme (d) Career ExPo	4 (a) Youth commemoration (b) Youth Festive season beach monitoring (c) Registration Assistance programme (d) Career ExPo	4 Youth programmes coordinated and implemented a) Beach monitoring b) Registration programme c) Career ExPO d) Matric Excellence Awards.	4 Youth programmes coordinated and implemented a) Beach monitoring b) Registration programme c) Career ExPO d) Matric Excellence Awards.
To enhance programmes for special groups, women and youth	Number of special programs coordinated and implemented			2 special programmes coordinated and implemented a) Disability awareness campaign b) Gender awareness campaign	2 special programmes coordinated and implemented a) Disability awareness campaign b) Gender awareness campaign
To enhance programmes for special groups, arts and culture and heritage	Coordination of arts and culture programmes	N/A	N/A	N/A	N/A
To enhance health of communities and citizens	Hold LAC Meetings	4	4	N/A	N/A

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes pollution control; biodiversity and landscape; and costal protection.

3.15 POLLUTION CONTROL

Pollution control is a function of the Department of Agriculture and Environmental Affairs.

A significant proportion of the uMhlabyalingana municipal area falls within formerly protected areas (approximately 28%). This includes Tembe National Elephant Park, Manguzi Forest Reserve, and Sileza Nature Reserve as well as portions of the Ndumo Game Reserve and Isimangaliso Wetland Park. These are under threat from land invasions, poaching and illegal harvesting of natural products (e.g. medicinal plants). These activities threaten the biodiversity in the area.

A number of areas are in the process of being declared protected areas in terms of the National Environmental Management: Protected Areas Act (2003) as this affords them a greater level of protection against development, land invasions, poaching, and illegal harvesting of natural products. The declaration of protected areas is however not a simple process as there are a number of conditions which need to be met.

The exploitation of these areas results in environmental degradation, which reduces the ability of these natural areas to provide ecosystem services. There are a number of factors which contribute to the degradation of the natural environment such as overgrazing, overharvesting, inappropriate burning, inappropriate development and pollution. In general, the underlying driver of these factors is the exploitation of the natural environment in the short-term without considering the long-term implications.

The objective is for the municipality to partner with the Department of Agriculture and Environmental Affairs in the following:

- Implement environmental education programme in schools;
- Identify and educate communities that are over-exploiting local natural resources; and
- Identify and take appropriate action against individuals/companies that maliciously pollute or degrade the natural environment.

COMPONENT F: HEALTH

This component includes clinics, ambulance services and health inspections.

3.16 CLINICS

Clinics are well distributed throughout the Municipality, located mainly along national, provincial and district roads. 36 clinics (including mobile-clinics) were identified, servicing approximately 4,547 people per clinic (this ratio excludes mobile-clinics). Predominant illnesses treated by the clinics in the uMhlabyalingana municipal area are abdominal pain, TB, HIV/AIDS, general injuries, sicknesses and infections.

3.17 AMBULANCE SERVICES

The Municipality needs to provide more information on this component however there are two hospitals located in the eastern half of the municipal area with moderate accessibility.

3.18 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION ETC.

Licensing and control of the above undertakings is a function area of exclusive Provincial competence.

COMPONENT G: SECURITY AND SAFETY

This component includes police, fire services, disaster management, licensing and control of animals, and control of public nuisances.

Functionally, the Disaster Risk Management Unit is divided into four areas namely, Operations, Support Services, Fire Safety, and Disaster Risk Management. Within these functional areas, the following activities take place or are conducted:

Operations: The unit operate a 24-hour service which respond and deal with all fire, rescue, and disaster incidents in the Municipal Area within the predetermined time. The unit does not have a Fire Station currently but operate from the municipal buildings.

Service delivery priorities focus on the following:

Fire Safety: The division focuses on fire safety and building inspections of business and government institutions. The Fire Service Unit engages in public safety education through awareness campaigns.

Compliance: The unit ensures compliance with the National Building regulations, Building Standards Act and related by-laws and issuing Fire Safety Compliance Letters.

Disaster Risk Management: The service delivery priority is aimed at the annual review of the Municipal Disaster Management Plan, which was reviewed and submitted for final approval and implementation.

The municipality renders relief services to disaster victims by handing out relief material, e.g. food parcels, lightning conductors, blankets, temporally shelters.

In line with the Disaster Management Act (Act No. 57 of 2002), uMhlabuyalingana Municipality is trying its best to ensure that disaster management is part of its priorities thus it has established the Disaster Management Unit with well-trained personnel. It has also established a Disaster Forum to ensure a holistic approach toward the implementation of all disaster management programmes.

3.19 TRAFFIC POLICE SERVICES

The mission of the Traffic Services Section is to render an effective and high-quality traffic service to the community of uMhlabuyalingana Municipality and its visitors by ensuring the free flow of traffic and creating a safe environment for all road-users.

Traffic Licencing and Law Enforcement: During the 2023/2024 financial year, a large number of offences were dealt with. The main purpose of this section is not only to prosecute but also to educate offenders and community.

The activities under traffic licencing and law enforcement were as follows:

- Apprehending offenders talking to cell phones while driving,
- Stop Street violations,
- Failure to wear seat belts,
- Excessive speeding,
- Red light and yellow lines offenses,
- Illegal number plates, and
- Driving under the influence of alcohol and/or illicit drugs.

Corrective measures were taken inter-alia include the commissioning speed violation cameras, selective law enforcement on safety belt, cell phones, number plates and the public transport. This included regular roadblocks in conjunction with the South African Police Services (SAPS).

The introduction of roving law enforcement to attend to moving violations seems to be having the desired effect. Traffic safety awareness campaigns are frequently conducted with the Disaster Management Unit and various other institutions to address irresponsible driver behaviour and to promote pedestrian safety.

This municipality has also established a Traffic Control Unit within the Community Service Department with well-trained experienced personnel. This unit attends to day- to-day traffic management operations to ensure safety and security and to minimise road accidents within the uMhlabuyalingana municipal community area.

TABLE 57: MUNICIPAL POLICE DATA

Municipal Police Service Data		
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Details	2021/2022	2022/2023	2023/2024
Number of road traffic accidents during the year	30	38	29
Number of by-law infringements attended	Nil	Nil	Nil
Number of police officers in the field on an average day	6	6	6
Number of police officers on duty on an average day	6	6	6

TABLE 58: EMPLOYEES – POLICE OFFICERS

Employees: Police Officers 2023/2024					
Police	Number of Employees No.	Number of Posts	Number of Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Public Safety Manager	1	1	1	0	0%
Other Police Officers	7	7	7	0	0%
Superintendent	0	1	0	1	100%

3.20 FIRE SERVICES

TABLE 59: FIRE SERVICES DATA

uMhlabuyalingana Fire Services Data		
Details	2023/2024	
	Estimate No.	Actual No.
Total fires attended in the year	80	80
Total of the other incidences	355	355
Average turnout time-urban areas	30mins	30mins
Average turnout time rural areas	30mins	30mins
Fire fighters in post at the year end		09

3.21 OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

Disaster Management Sector Plan is a core component of the Integrated Development Plan (IDP). Section 26 (g) of Municipal Systems Act No. 32 of 2000 requires the municipal IDP to reflect an applicable Disaster Management Sector Plan (DMSP). Furthermore, Section 53 (2) (a) of Disaster Management Act No. 57 of 2002 stipulates that a disaster management sector plan for a municipal area must form an

integral part of the municipality's IDP. Hence, this document is prepared to mainstream disaster management into the municipal IDP, to ensure compliance with the abovementioned pieces of legislation.

Municipal Disaster Management Institutional Capacity: The municipality's Integrated Development Plan (IDPs) is reviewed and updated annually to ensure relevance. Each unit, sector or municipal entity is required to give its input to the broader IDP to be implemented during a particular financial year in terms of planned programmes, targets and the budget thereof. The Disaster Management Plan outlines the input from uMhlabuyalingana Disaster Risk Management Centre, mainly focusing on Disaster Risk Reduction (DRR) programmes and strategies planned for the financial year 2023/2024, as well as the response and recovery mechanisms.

Section 53 of Disaster Management Act No. 57 of 2002 "DM Act" requires each municipality to prepare a Disaster Management Plan according to the circumstances prevailing in its area. Besides requirements of the DM Act, Section 26 (g) of the Municipal System Act No. 32 of 2000 also requires Municipal Disaster Management Plans to form an integral part of the municipality's Integrated Development Plan (IDP).

uMhlabuyalingana Municipality is extremely rural, with informal settlements at Mbazwana and Manguzi. The area is influenced by the influx of people who migrate from Swaziland and Mozambique. The major structuring elements of uMhlabuyalingana Municipality are the Pongola River along the western boundary, the road from Skhemelele to Manguzi (east-west linkage), and the recently completed road (MR22) from Hluhluwe. The municipality consists of a number of District Management Areas (DMAs), which fall under the municipal jurisdiction of the uMkhanyakude District Municipality, as well as the urban settlements of Manguzi, Mbazwana, Mseleni, Sikhemelele and Mboza. The DMAs are located along the Northern, Eastern and Southern boundaries of the municipality (Local Government, 2015). Table 1 indicates the demographics and locality map of the municipality.

The Disaster Management Act No. 57 of 2002 requires the uMhlabuyalingana District Disaster Risk Management to take the following actions:

- To prepare a Municipal Disaster Risk Management Plan for its area according to the circumstances prevailing in the area and incorporating all municipal entities as well as external role-players.
- To co-ordinate and align the implementation of its Municipal Disaster Risk Management Plan with those of other organs of state, institutional and any other relevant role-players; and
- To regularly review and update its Municipal Disaster Risk Management Plan (refer to Disaster Management Act No. 57 of 2002 - Section 48).

The Municipal Disaster Risk Management Sector Plan should:

- Form an integral part of the municipality's IDP so that disaster risk reduction activities can be incorporated into its developmental initiatives, Anticipate the likely types of disaster that might occur in the Municipality area and their possible effects, Identify the communities at risk, at a ward level;
- Provide for appropriate prevention, risk reduction and mitigation strategies, identify and address weaknesses in capacity to deal with possible disasters, facilitate maximum emergency preparedness, establish the operational concepts and procedures associated with day-to-day operational response to emergencies by municipal departments and other entities. These

Standard Operation Procedures (SOPs) will also form the basis for a more comprehensive disaster response;

- Incorporate all special hazard/risk-specific and departmental DRM plans and any related emergency procedures that are to be used in the event of a disaster. These will provide for:
 - The allocation of responsibilities to the various role players and co-ordination in the carrying out of those responsibilities.
 - Prompt disaster response and relief.
 - Disaster recovery and rehabilitation focused on risk elimination or mitigation.
 - The procurement of essential goods and services.
 - The establishment of strategic communication links; and
 - The dissemination of information.

The Municipal Disaster Risk Management Sector Plan is designed to establish the framework for implementation of the provisions of the Disaster Management Act No. 57 of 2002 and Disaster Risk Management Policy Framework of 2005, as well as the related provisions of the Municipal Systems Act No. 32 of 2000.

Fundamentally, the identified disaster risk reduction activities must be integrated and aligned with the main activities contained in the municipal IDP. Hence the purpose of this Disaster Risk Management Sector Plan is to outline the approach and procedures for an integrated and co-ordinated disaster risk management in the district that focuses on:

- Preventing or reducing the risk of disasters.
- Mitigating the severity of disasters.
- Emergency preparedness.
- Rapid and effective response to disasters; and
- Post-disaster recovery

This Disaster Risk Management Sector Plan is intended to facilitate multi-departmental, multi-agency and multi-jurisdictional co-ordination in both disaster and disaster risk management interventions.

Until recently, the approach to Disaster Management has been reactive and relief-centric. A paradigm shift has now taken place from the relief-centric syndrome to holistic and integrated approach with emphasis on prevention, mitigation and preparedness.

Since 1994 the South African government's approach to dealing with disasters has changed significantly (NDMC, 2008). The change in legislation governing disasters prior 1994 was driven by several factors. One of the main reasons was the need to bring the law into the modern era so that it would be in line with international best practice in the field of disaster risk management. In addition, the government intended to systematically mainstream disaster risk reduction into developmental initiatives at national, provincial and municipal levels.

The uMhlabuyalingana Disaster Risk Management Centre approach to disaster and disaster risk

management activities is primarily based on ethos of the Disaster Management Act No. 57 of 2002 and relevant policy frameworks.

The uMhlabuyalingana Disaster Risk Management Centre is the custodian of the Municipal Disaster Risk Management Plan. Individual services/directorates, departments and other role-players/entities will be responsible for the compilation and maintenance of their own Service's/Entity's Disaster Risk Management plans. Along with the various specific hazard DRM Plans, the Service/ Entity Disaster Risk Management Plans will be considered as integral parts of the Municipal Disaster Risk Management Plan. The following services were provided by the Disaster Management Unit.

TABLE 60: DISASTER MANAGEMENT UNIT POLICY OBJECTIVES AND PROGRAMMES

Service Objectives	Service Targets	2022/2023		2023/2024	
		Target	Target	Target	Target
To prevent and reduce the impact of disasters in uMhlabuyalingana	Conduct risk reduction awareness campaigns	Conduct 6 risk reduction awareness campaigns by 30 June 2023	6 risk reduction awareness campaigns conducted by 30 June 2023	Conduct 6 risk reduction awareness campaigns by 30 June 2024	6 risk reduction awareness campaigns conducted by 30 June 2024
	Review of Disaster Management Plan	Reviewed Disaster Management Plan by 30 June 2023	Reviewed Disaster Management Plan adopted council by 30 June 2024	30 June 2024 (Reviewed Disaster Management Plan)	Disaster Management Plan reviewed and approved by council on 30 June 2024

COMPONENT H: SPORT AND RECREATION

This component includes community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

3.22 SPORTS AND RECREATION

The municipality had built a number of sports fields while some are still under construction. The municipality has established the Local Sports Council which works in different wards to help the municipality in the development of sports. The municipality has supported SAFA in domestic male soccer leagues, in female netball and volleyball (male and female) in three wards, namely Wards 2, 3 and 15.

TABLE 61: SPORT AND RECREATION UNIT POLICY OBJECTIVES AND PROGRAMMES

Service Objectives	Service Targets	2021/2022		2022/2023		2023/2024	
		Target	Actual	Target	Actual	Target	Actual
There were no Sports and Recreation Programmes implemented during the last 3 financial years.							

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes corporate policy offices, financial services, human resource services, ICT services, property services.

3.23 EXECUTIVE AND COUNCIL

The Executive Committee meets monthly to consider reports from the various portfolio committees. There are 34 Councillors that serve the Wards in uMhlabuyalingana Municipality and are allocated to internal portfolios and functions.

TABLE 62: EMPLOYEES FOR THE EXECUTIVE AND COUNCIL

Job Title	Number of Employees	Number of Posts	Number of Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Corporate Policy Offices and Other	22	22	22	0	0%

3.24 FINANCIAL SERVICES

The Financial Services Department is responsible for the Budget and Treasury Office, Revenue Management, Expenditure Management, Asset Management and Supply Chain Management. The Department is also responsible for the implementation of Valuation Roll. The municipality's debt recovery rate decreased by 12% when compared to the previous year rate. The activities of this section are detailed under Financial Performance (Chapter 5).

TABLE 63: DEBT RECOVERY

Details	2023-2024			2022/2023		
	Billed	Collected	% Collected	Billed	Collected	% Collected
Property rates	26 064 891	18 182 385	70%	25 798 808	15 971 064	62%
Refuse removal	543 708	401 141	74%	469 953	797 183	170%
Rental of facilities	495 921	468 713	95%	433 637	358 915	83%
Traffic fines	1 335 550	244 350	18%	1 014 530	149 600	15%

The collection rate on property rates has improved from 62% in 2022/2023 to 70% in 2023/24. Collection rate on refuse removal and rental of facilities has declined from 170% in 2022/2023 to 74% in 2023/2024 financial year while rental of facilities has improved from 83% in 2022/2023 to 95% in 2023/2024 financial year. Traffic fines also improved 15% in 2022/2023 to 18% in 2023/2024 financial year.

TABLE 64: FINANCIAL SERVICES PROGRAMMES

NO	IDP / SDBIP NO.	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATORS/ UNIT OF MEASURE	CURRENT YEAR		Status (Achieved / Not Achieved)
				2023/2024 (TARGET)	2023/2024 (ACTUAL)	
59	MFVM 1/FS/23/24 (IDP/TL)	Compliance with financial legislation and policies	Approved 2024/2025 budget by Council in terms of Sec.24 (1) of the MFMA	Table 2024/2025 budget to Council for approval by 31 May 2024 in terms of Sec.24 (1) of the MFMA	2024/2025 Draft budget tabled to Council for approval on 17 May 2024	Target achieved
60	MFVM 2/FS/23/24 (IDP/TL)		Approved 2023/2024 Mid-Year Financial review conducted in terms of S.72 of the MFMA	Table 2023/2024 Mid-Year Financial Review conducted in terms of S.72 of the MFMA to council by 25 Jan 2024	2023/2024 Mid-Year Financial Review tabled to council on 25 Jan 2024	Target achieved
61	MFVM 3/FS/23/24 (IDP/TL)		Approved Adjustment budget in terms of Section 28 of the MFMA	Table 2023/2024 Adjustment budget in terms of Section 28 of the MFMA to	23/24 Adjustment budget approved by council on 26 Feb 2024	Target achieved

				council for approval by 28 February 2024		
62	MFVM 4/FS/23/24 (IDP/TL)		Number of Unauthorized, Irregular or fruitless and wasteful expenditure Reports tabled to council	4 Unauthorized, Irregular or fruitless and wasteful expenditure Reports tabled to council by 30 June 2024	4 Unauthorized, Irregular or fruitless and wasteful expenditure Reports tabled to council by 30 June 2024	Target achieved
63	MFVM 6/FS/23/24 (IDP/TL)		Percentage of municipality's budget spent on implementing Workplace Skills Plan	1% of the Municipality's Budget spent on implementing the Workplace Skills Plan by 30 June 2024	0% spent by 30 June 2024	Target achieved
64	MFVM 8/FS/23/24 (IDP/TL)		2024/2025 Procurement Plan submitted to Provincial Treasury	Submission of 2024/2025 Procurement Plan to Provincial Treasury by 30 June 2024	2024/2025 Procurement Plan submitted to Provincial Treasury by 30 June 2024	Target achieved
65	MFVM 1/PLID/23/24 (IDP/TL)		Percentage Capital Infrastructure expenditure of approved projects	100% capital Infrastructure expenditure on approved projects by 30 June 2024	92% expenditure by 30 June 2024	Target not achieved
66	MFVM 1.1/CORP/23/24 (IDP/TL)		Percentage of municipality's budget spent on implementing Workplace Skills Plan	1% of the Municipality's Budget spent on implementing the Workplace Skills Plan by 30 June 2024	0% spent by 30 June 2024	Target achieved
67	MFVM 14/FS/23/24 (IDP/TL)		2024/2025 Procurement Plan submitted to Provincial Treasury	Submission of 2024/2025 Procurement Plan to Provincial Treasury by 30 June 2024	2024/2025 Procurement Plan submitted to Provincial Treasury by 30 June 2024	Target achieved
Financial ratios						

68	MFVM 20/FS/23/2 4 (IDP/TL)	To measure municipality's operational efficiency, liquidity and stability	Ratio of months Cash/Cost coverage ratio	3 months cost coverage ratio	5 months cost coverage ratio at 30 June 2024	Target achieved
Revenue Collection						
69	MFVM 12/FS/23/2 4 (IDP/TL)	To improve revenue and all possible revenue streams applicable to KZN271	Percentage of collection Rate	95% Revenue collection rate as a percentage of billed amount per quarter up to 30 June 2024	118%	Target not achieved

TABLE 65: FINANCIAL PERFORMANCE FOR THE FINANCIAL SERVICES UNIT

Details	2022/2023	2023/2024			
	Actual	Original Budget	Adjustment Budget	Actual	Variance Budget
Total Operating Revenue	305 520 698	343 581 558	400 148 592	389 847 703	(10 300 889)
Total Operating Expenditure	272 566 762	253 842 283	362 823 412	350 352 654	12 470 758

Operating revenue indicated in the above table includes revenue collected from service charges, rental of facilities, agency services, licences and permits, commission received, interest received from investments, property rates, government grants, fines and public contributions and donations.

Operating expenditure indicated in the above table as well includes employee related costs, remuneration of councillor's, costs for depreciation and amortisation, impairment loss, finance costs, operating lease rentals, debt impairment, inventory consumed, contracted services, transfers and subsidies, and operational costs.

3.25 HUMAN RESOURCE SERVICES

Human Resources as a component deal mainly with recruitment and selection, which includes staffing, human resources development, health, and safety, maintaining healthy and sound employer-employee relations, human resources administration and benefits management. The Human Resources Strategy is in place and drives programmes and projects to deploy capable municipal staff to achieve service delivery objectives.

The Strategy is aligned to organisational objectives, through IDP and organisational scorecard on how to address human resources challenges and to strengthen the human resource's role and visibility within the organisation. The Municipality has Council-approved Employment Equity Plan and Workplace Skills Plan in place. The subject plans' key focus is on organisational development and change management. Furthermore, the municipality has taken initiative to cascade Individual Performance System to all employee levels and as part of Personal Development Plan (PDP). Employees identify their skills gap which assist in identifying training needs. An annual skills audit is conducted to identify the skills gap and ensure training to bridge the gaps. Municipal officials have gained skills capacity through this process.

All critical positions during the 2023/2024 financial year were filled to ensure successful implementation of the municipality's vision.

TABLE 66: OBJECTIVES AND TARGETS OF HUMAN RESOURCES MANAGEMENT SERVICES

NO	IDP / SDBIP NO.	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR S/ UNIT OF MEASURE	CURRENT YEAR		Status (Achieved / Not Achieved)
				2023/2024 (TARGET)	2023/2024 (ACTUAL)	
1	MTID 4/CORP/23/24 (IDP/TL)	To create an appropriate organisational climate that will attract and ensure retention of staff	Number of WSP submitted to LGSETA	1 WSP submitted to LGSETA by 30 April 2024	1 WSP submitted to LGSETA by 30 April 2024	Target achieved
2	MTID 4.1/CORP/23/24 (IDP/TL)		Number of Employment Equity Reports submitted to Department of Labour	1 Employment Equity Report submitted to Department of Labour by 15 January 2024	1 (Employment Equity Report was submitted to Department of Labour) by 15 January 2024	Target achieved

3	MTID 4.2/CORP/23/24 (IDP/TL)		Number of employees and councillors trained as per Workplace Skills training Programs/ Training Plan	74 employees and 42 councillors trained as per Workplace Skills training Programs/ Training Plan by 30 June 2024	10 employees trained and 0 Councillors trained by 30 June 2024	Target achieved
Organogram and filling of vacant posts						
6	MTID 5/CORP/23/24 (IDP/TL)	To attract and retain qualified and experienced staff across the staff establishment	Reviewed organizational structure approved by council	Review organizational structure and table to council for approval by 30 June 2024	Organizational structure reviewed and adopted by council on 17 May 2024	Target achieved
7	MTID 6/CORP/23/24 (IDP/TL)	To create an appropriate organizational climate that will attract and ensure retention of staff	Number of Final Annual reports (22/23) and oversight report submitted to council for adoption	(a) 1 Final Annual Report submitted to Council by 31 January 2024 (b) 1 Oversight report submitted to council by 31 March 2024	(a) 1 Final Annual Report submitted to Council by 31 January 2024 (b) 1 Oversight report submitted and approved by council on 27 March 2024	Target achieved
8	MTID 6.1/CORP/23/24 (IDP/TL)		Number of signed off Quarterly Top Layer SDBIP reports submitted to council within 30 days after	4 signed off Quarterly Top Layer SDBIP reports submitted to council within 30 days after the end of	4 signed off Quarterly Top Layer SDBIP reports submitted to council within 30 days after the end of the quarter by 30 June 2024	Target achieved

			the end of the quarter.	the quarter by 30 June 2024		
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3.26 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICE

UMhlabuyalingana Municipality has since stopped using outsourced ICT Services and appointed IT personnel in order to ensure the IT service management practice and culture is stable and available, including but not limited to, Helpdesk Management, Change Management, Service Level Management, etc. for effective implementation and management of IT governance. This includes the implementation of IT policies and supporting processes, management, and transparent reporting on IT related risks.

TABLE 67: OBJECTIVES AND TRAGETS OF ICT SERVICES

Service Objectives	Service Targets	2023/2024	
		Target	Actual
To ensure effective governance through regular meeting of Council structures	Number of IT Steering Committee meetings held	4 IT Steering Committee meetings by 30 June 2023	4 IT Steering Committee meetings by 30 June 2023

3.27 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

The Revenue Enhancement Strategy was reviewed during 2022/2023 financial year and approved by council in May 2023 for implementation in July 2023 and there were measures taken by management to encourage rate payers to pay their property rates bills for the municipality, meetings were held, and discounts were approved by council to try and enhance revenue collection. During 2023/2024 financial year, the municipal revenue collection was 68% on billable services which includes property rates, refuse removal and rental of facilities we also have collection on traffic fines as issued by municipal traffic officers.

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises. This section is not applicable in uMhlabuyalingana Municipality area of jurisdiction.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

2023/2024 ANNUAL PERFORMANCE REPORT

NO	IDP / SDBIP NO.	NATIONAL KEY PERFORMANCE AREAS	OUTCOME 9	OBJECTIVE	STRATEGY	KEY PERFORMANCE INDICATORS/ UNIT OF MEASURE	COMPARISON WITH PREVIOUS YEAR		CURRENT YEAR			Status (Achieved / Not Achieved)	Reasons for Underachievement and over achievement	Measures taken to improve performance	Audit Evidence/Portfolio of Evidence
							2022/2023 (TARGET)	2022/2023 (ACTUAL)	2023/2024 (TARGET)	MID-YEAR AMENDED TARGET	2023/2024 (ACTUAL)				
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT															
1	MTID 5/CORP/23/24 (IDP/TL)	Municipal Transformation and Institutional Development	Improved administrative and human resources management practices	To attract, capacitate, retain qualified and experienced staff across the staff establishment	Compile WSP and submit to LGSETA	Number of WSP submitted to LGSETA	1 WSP submitted to LGSETA by 30 April 2023	WSP submitted to LGSETA by 30 April 2024	1 WSP submitted to LGSETA by 30 April 2024	N/A	1 WSP submitted to LGSETA by 30 April 2024	Target achieved	N/A	N/A	a) WSP b) Proof of submission to LGSETA (Acknowledgement of receipt from LGSETA c) Council Resolution

2	MTID 6/CORP/2 3/24 (IDP/TL)				Submission of employment equity report to Department of Labour	Number of Employment Equity Reports submitted to Department of Labour	1 Employment Equity Report submitted to Department of Labour by 31 January 2023	1 Employment Equity Report submitted to Department of Labour by 31 January 2023	1 Employment Equity Report submitted to Department of Labour by 15 January 2024	N/A	1 (Employment Equity Report was submitted to Department of Labour) by 15 January 2024	Target achieved	N/A	N/A	a) Employment Equity Plan (Council Resolution) b) Draft Employment Equity report c) Council resolution (Draft and Final) d) Acknowledgement of receipt from Department of Labour/Proof of submission
3	MTID 7/CORP/2 3/24 (IDP/TL)				Training of councillors and staff as per the WSP/Training plan	Number of employees and councillors trained as per Workplace Skills training Programs/ Training Plan	20 employees trained as per Workplace Skills training Programs/ Training Plan by 30 June 2023	a) 25 employees trained as per Workplace Skills training Program/ Training Plan b) 40 additional employees received trainings by 30 June 2023	74 employees and 42 councillors trained as per Workplace Skills training Programs/ Training Plan by 30 June 2024	20 employees and 20 councillors trained as per Workplace Skills training Programs/ Training Plan by 30 June 2024	10 employees trained and 0 Councillors trained by 30 June 2024	Target not achieved	10 Employee s were trained instead of 20 employee s There was a delay on the appointme nt of a Panel of Service Providers who will conduct trainings for the employee s and councillors .	Panel of Service Providers will be appointed in Q1 of 24/25 Financial Year (by 30 Septemb er). Training of councillor s will be complete d by 31 May 2025. Trainings must be prioritised by the Managem ent by fast tracking the appointm ent of Panel of Service Provider	a) Attenda nce register s for training s provide d b) Report on the training s held (Trainin g list with courses)

	1															in Q1 who will conduct trainings for both Employees and Councillors	
Council and ExCo meetings																	
4	MTID 1/CORP/23/24 (IDP/TL)	Municipal Transformation and Institutional Development	Improved administrative and human resources management practices	To ensure effective governance through regular meeting of council structures	Hold Council Meetings	Number of ordinary council meetings held	4 ordinary council meetings held by 30 June 2023	4 ordinary council meetings and 8 special council meetings held by 30 June 2023	4 ordinary council meetings held by 30 June 2024	N/A	4 ordinary council and 8 special council meetings held by 30 June 2024	Target achieved	N/A	N/A	Signed off minutes and attendance registers		
5	MTID 2/CORP/23/24 (IDP/TL)				Hold ExCO Meetings	Number of ordinary ExCo meetings held	12 ordinary ExCo meetings held by 30 June 2023	12 ordinary ExCo meetings held by 30 June 2023	12 ordinary ExCo meetings held by 30 June 2024	N/A	9 ordinary ExCo meetings held by 30 June 2024	Target not achieved	Three meetings could not quorate because 3 councillors were not available to attend ExCo meetings	Agenda's will be submitted timeously . Councillors will be reminded to attend meetings.	Signed off minutes and attendance registers		
Organogram and filling of vacant posts																	

6	MTID 6/CORP/23/24 (IDP/TL)	Municipal Transformation and Institutional Development	Improved administrative and human resources management practices	To create an appropriate organizational climate that will attract and ensure retention of staff	Review the Organogram	Reviewed organizational structure approved by council	1 review of Organizational structure tabled to council for approval by 30 June 2023	1 review of Organizational structure completed and tabled to council for approval	Review organizational structure and table to council for approval by 30 June 2024	N/A	Organizational structure reviewed and adopted by council on 17 May 2024	Target achieved	N/A	N/A	a) Signed Job descriptions b) Reviewed organogram c) Council resolution
Performance Management and Reporting															
7	MTID 3/MM/23/24 (IDP/TL)	Municipal Transformation and Institutional Development	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Compile and submit quarterly Top layer SDBIP reports to council	Number of signed off Quarterly Top Layer SDBIP reports submitted to council within 30 days after the end of the quarter.	4 signed off Quarterly Top Layer SDBIP reports submitted to council within 30 days after the end of the quarter by 30 June 2023	4 signed off Quarterly Top Layer SDBIP reports submitted to council within 30 days after the end of the quarter by 30 June 2023	4 signed off Quarterly Top Layer SDBIP reports submitted to council within 30 days after the end of the quarter by 30 June 2024	N/A	4 signed off Quarterly Top Layer SDBIP reports submitted to council within 30 days after the end of the quarter by 30 June 2024	Target achieved	N/A	N/A	a) Copy of signed off Top Layer SDBIP quarterly report b) Copy of council resolution
8	MTID 4/MM/23/24 (IDP/TL)				Approval of Annual Performance Report	Number of council approved Annual Performance report	1 Annual Performance Report tabled council by 31 August 2022	1 Annual Performance Report tabled council on 31 August 2022	Table 1 Annual Performance Report to council for approval by 31 August 2023	N/A	1 Annual Performance Report to council for approval on 30 August 2023	Target achieved	N/A	N/A	a) Annual Performance Report b) Council resolution
9	MTID 5/MM/23/24 (IDP/TL)				Submission of Annual Performance Report to Auditor General	Annual Performance report submitted to Auditor General	1 Annual Performance Report submitted to Auditor General by 31 August 2022	1 Annual Performance Report submitted to Auditor General on 31 August 2022	Submit Annual Performance Report to Auditor General by 31 August 2023	N/A	Annual Performance Report submitted to Auditor General on 31 August 2023	Target achieved	N/A	N/A	Proof of submission to AG

10	MTID 6/MM/23/24 (IDP/TL)				Approval of AR and Oversight Report by Council	Number of Final Annual reports (22/23) and oversight report submitted to council for adoption	(a) 1 Final Annual Report submitted to Council by 31 January 2023 (b) 1 Oversight report submitted to council by 31 March 2023	(a) 1 Final Annual Report submitted and adopted by council on 31 January 2023 (b) 1 Oversight report submitted and adopted by council on 31 March 2023	(a) 1 Final Annual Report submitted to Council by 31 January 2024 (b) 1 Oversight report submitted to council by 31 March 2024	N/A	(a) 1 Final Annual Report submitted to Council by 31 January 2024 (b) 1 Oversight report submitted and approved by council on 27 March 2024	Target achieved	N/A	N/A	a) Annual Report and council resolution b) Oversight report and council resolution
11	MTID 7/MM/23/24 (IDP/TL)		To maintain an organizational performance management system as a tool to monitor progress on service delivery	(a) Signing of section 54/56 annual performance agreements (b) Submission of section 54/56 performance agreements to Cogta (c) Section 54/56 managers quarterly performance reviews	a) Number of signed Section 54/56 Annual performance agreements b) Number of signed Section 54/56 Annual performance agreements submitted to Cogta c) Number of Sec 54/56 managers quarterly performance reviews conducted	a) 5 signed Section 54/56 Annual performance agreements b) Submission of signed performance agreements to MEC c) 3 quarterly performance reviews of Sec 54/56 managers conducted	a) 5 signed Section 54/56 Annual performance agreements b) Signed performance agreements were submitted to MEC c) 3 quarterly performance reviews of Sec 54/56 managers were conducted	a) 5 Signed Section 54/56 Annual performance agreements (b) Submit 5 signed performance agreements to MEC c) 3 Sec 54/56 performance reviews conducted	N/A	a) 5 Signed Section 54/56 Annual performance agreements signed (b) 5 signed performance agreements submitted to MEC c) 3 Sec 54/56 performance reviews conducted by 30 June 2024	Target achieved	N/A	N/A	a) Signed Performance agreements b) Proof of submission to CoGTA MEC c) Minutes and attendance registers	
NATIONAL KEY PERFORMANCE AREA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION															
INTEGRATED DEVELOPMENT PLANNING															

12	GGPP 1/MM/23/24 (IDP/TL)	Good Governance and Public Participation	Single Window of Coordination	To develop a credible IDP in terms of short medium-term guide for development and service delivery	(a) Review and adopt the IDP (b) Compile and approve IDP/Budget Process Plan (c) Holding of consultative engagements in respect of IDP	(a) Number of IDP Process plan b) Number of IDP consultation meetings conducted (c) Number of credible Integrated Development Plan (IDP) adopted by council in terms of the Municipal Systems Act	a) 1 IDP/Budget Process plan tabled to council by 31 August 2022 b) 1 Integrated Development Plan (IDP) adopted by council by 31 May 2023 c) 4 IDP consultation meetings held	a) 1 IDP/Budget Process plan tabled to council on 30 August 2022 b) 1 Integrated Development Plan (IDP) adopted by council by 31 May 2023 c) 4 IDP consultation meetings held on 13,14,19 and 25 October 2022	(a) 1 IDP Process plan (b) 4 IDP consultation meetings (c) 1 credible Integrated Development Plan (IDP) adopted by council in terms of the Municipal Systems Act by 31 May 2024	N/A	(a) 1 IDP Process plan approved by council on 30 August 2023 (b) 5 IDP consultation meetings held by 30 June 2024 (c) 1 credible Integrated Development Plan (IDP) adopted by council in terms of the Municipal Systems Act on 17 May 2024	Target achieved	It was decided that the community of ward 8 (Banga Nek Area) should be part of IDP consultation meetings given that the municipality have not visited the area because of its remoteness, hence one additional meeting was convened. Meetings were held earlier due to national elections	N/A	(a) IDP process plan and Council Resolution (b) Public Notice, Report and attendance registers (c) Council resolution for adoption of Draft and Final IDP	
Internal Audit																
13	GGPP 3/MM/23/24 (IDP/TL)	Good Governance and Public Participation	Improved administrative and human resources management practices	Ensure reliability and maintain independence of Internal Audit Activities	To resolve Internal Audit findings	Percentage of Internal Audit Findings resolved on quarterly basis	100% Resolution of Internal Audit findings due within the financial year by 30 June 2023	70% resolution of AG findings by 30 June 2023	100% Resolution of Internal Audit findings due within the financial year by 30 June 2024	0	51% of Internal Audit findings due within the financial year were resolved by 30 June 2024	Target not achieved	(a) Non implementation of internal audit action plans timeously by HOD's	(b) Internal audit action plans to be a standing agenda item at MANCO and Departmental	(a) Consolidated Internal audit action plan (b) Executive summary report on achievements by Internal Audit Manager	

													meetings (b) Initiate consequence management for non-performance		
14	GGPP 4/MM/23/24 (IDP/TL)				To resolve AG Findings	Percentage of Auditor General (AG) findings resolved within the financial year	100% resolution of Auditor General (AG) findings (2021/22) by 30 June 2023	84% resolution of AG findings on 30 June 2023	100% resolution of Auditor General (AG) findings (2022/23) by 30 June 2024	N/A	100% of 2022/2023 Auditor General (AG) findings resolved by 30 June 2024	Target achieved	N/A	N/A	a) Council resolution b) Updated AG action plan c) Status of implementation report of audit action plans
15	GGPP 5/MM/23/24 (IDP/TL)				Execution of internal audit plan	Percentage of internal audits performed/executed against the approved Internal Audit plan	100% of Internal Audit plan audits performed/executed by 30 June 2023	92% of Internal Audit plan performed by 30 June 2023	100% of Internal Audit plan audits performed/executed by 30 June 2024	N/A	95% of audits performed/executed against approved plan by 30 June 2024	Target not achieved	Asset management review was delayed due late submission of audit information by management.	Asset management review was carried forward to July 2024 and finalized.	a) Report on the status of internal audits performed
Declarations, legal and policies															
16	GGPP 3/CORP/23/24 (IDP/TL)	Good Governance and Public Participation	Improved administrative and human resources management	To ensure effective and efficient administration complying with its Legal Mandates	Declaration of financial interest by councillors	Percentage of Councillors who have declared their financial interests	100% of Councillors have declared their financial interest by 30 June 2023	100% of Councillors have declared their financial interest by 30 June 2023	100% of Councillors have declared their financial interest by 30 June 2024	N/A	100% of Councillors declared their financial interest by 30 June 2024	Target achieved	N/A	N/A	a) Signed declaration of interest forms

17	GGPP 4/CORP/2 3/24 (IDP/TL)		ent practices		Review of HR and ICT policies	Number of HR and ICT policies reviewed and adopted	N/A	N/A	8 Council HR Policies, Records Management Policy and 18 ICT Policies reviewed by 30 June 2024	Review 4 Council HR Policies and 18 ICT Policies by 30 June 2024	6 HR Policies reviewed, and 21 ICT Policies reviewed and adopted by council on 28 June 2024	Target achieved	Policies were adjusted from 8 to 4 because of a delay in the appointme nt of Service Providers to assist the municipalit y with review of policies. 6 policies were then reviewed internally. Once Service Provider is appointed an outstandin g policy will then be reviewed as planned in 2024/25 SDBIP (Financial Year)	N/A	a) List of policies reviewed b) Council resolutions
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18	GGPP 5/CORP/2 2324 (IDP/TL)				Review of strategies, frameworks and plans	Number of HR Strategies, Frameworks and HR plans reviewed and adopted	N/A	N/A	a) 3 Strategies reviewed and adopted (Retention Strategy, HR Strategy and ICT Strategy) b) 1 HR plan reviewed and adopted (Human Resource Training Plan) c) 1 Framework reviewed and adopted (IT Governance Framework) by 30 June 2024	N/A	a) 3 Strategies reviewed and adopted by council (Retention Strategy, HR Strategy and ICT Strategy) b) 1 HR plan reviewed and adopted by council (Human Resource Training Plan) c) 1 Framework reviewed and adopted by council (IT Governance Framework) on 28 June 2024	Target achieved	N/A	N/A	a) List of reviewed Strategies/frameworks/plans b) Council resolution
19	GGPP 4/CS/23/24 (IDP/TL)		To enhance municipality's waste management capacity	(a) Review integrated waste management plan (b) Review waste management By-laws	Reviewed and Council approved Integrated waste management plan and Waste management by laws	a) 1 Reviewed Waste Management plan b) 1 Reviewed Waste management policy by 30 June 2023	a) 1 Reviewed Waste Management plan and b) 1 Reviewed Waste management policy approved by council on 30 May 2023	a) Reviewed integrated waste Management plan b) Reviewed waste management by laws by 30 June 2024	N/A	a) Reviewed integrated waste Management plan approved by council on 30 April 2024 b) Reviewed waste management by laws approved by council on 30 April 2024	Target achieved	N/A	N/A	a)Waste management by laws b) Integrated waste management plan c) Council resolution	
20	GGPP 5/CS/23/24 (IDP/TL)		To ensure effective and efficient administration complying with its Legal Mandates	Review of indigent policy	Reviewed and Council approved Indigent policy	1 (Indigent policy reviewed by 30 June 2023)	1 (Indigent policy reviewed and approved by council on 30 May 2023)	Review and table Indigent policy to council for approval by 30 June 2024	N/A	Reviewed Indigent policy approved by council on 28 June 2024	Target achieved	N/A	N/A	Reviewed Indigent Policy and Council resolution	
Public Communication															

CROSS CUTTING INTERVENTIONS

CROSS CUTTING INTERVENTIONS															
21	CCI 2/MM/23/24 (IDP/TL)	Cross Cutting Interventions	Single window of co-ordination	To bring the organization to an enabled risk maturity level	Complete risk action plans relevant to top ten organizational risks	Percentage completion of Action Plans relevant to the top 10 organisational risks	100% completion of Action Plans relevant to the top 10 organisational risks by 30 June 2023	70% of Action Plans completed relevant to the top 10 organisational risks by 30 June 2023	100% completion of Action Plans relevant to the top 10 organisational risks by 30 June 2024	N/A	95% of action plans completed by 30 June 2024	Target not achieved	This is one of the major organisational risks and it was not conducted due to Asset conditional assessment not being conducted. Only the municipal fleet assessment was done. No asset disposal was conducted.	Management is busy compiling a comprehensive conditional assessment report for the entire organisation, and it will be submitted to the MM for approval in the second quarter. The asset disposal will be conducted in the second quarter of 24/25 financial year.	a.) Updated top 10 organisational risk register and Action Plan b.) Sign-off document as proof of endorsement by MM c.) Executive summary report on achievements by Risk Manager
22	CCI 3/MM/23/24 (IDP/TL)				Conduct risk assessments	Number of Risk assessments conducted	1 Risk assessment conducted	1 risk management assessment conducted on 06 and 07 June 2023	1 Risk assessment conducted	N/A	1 risk management assessment was conducted on the 29-30 April 2024	Target achieved	N/A	N/A	a) Risk register (OFMM) b) Attendance Register

23	CCI 4/MM/23/24 (IDP/TL)				(a) Review Business Continuity Plan (BCP) (b) Compile reports on the implementation of the Business Continuity Plan (BCP)	a) Reviewed Business Continuity Plans b) Number of reports on implementation of Business Continuity Plan (BCP)	a) 1 BCP reviewed b) 1 Report on the implementation of Business Continuity Plan (BCP)	1 report on implementation of BCP compiled	a) 1 BCP reviewed b) 1 Report on the implementation of Business Continuity Plan (BCP) by 30 June 2024	N/A	a) 1 BCP reviewed and tabled to Council on the 28 June 2024 b) 1 report on the implementation of BCP is prepared by 30 June 2024	Target achieved	N/A	N/A	a) Report on implementation of BCP b) Reviewed BCP c) Council resolution adopting BCP
Spatial Development															
24	CCI 2/PLID/23/24 (IDP/TL)	Cross Cutting Interventions	Single window of coordination	To promote development of efficient and sustainable settlement pattern	Review of SPLUMA compliant SDF	Reviewed and council approved SPLUMA compliant SDF for 2024/2025	1 SPLUMA compliant SDF for 2023/2024 to 2026/2027 approved by 30 June 2023	Final SDF for 2023/2024 to 2026/2027 reviewed and adopted by council on 29 June 2023	Review and table to council SPLUMA compliant SDF for 2024/2025 by 30 June 2024	N/A	2024/2025 SDF adopted by council by 30 June 2024	Target achieved	N/A	N/A	a) Reviewed SDF b) Council resolution
KPA: BASIC SERVICE DELIVERY															
Waste collection															
25	BSDID 1/CS/23/24 (IDP/TL)	Basic Service and Infrastructure Development	Improve access to basic service delivery	Provision/Subsidization of basic services to the community in a sustainable manner	Collection of waste from Areas benefiting from free basic waste disposal services	Number of areas benefiting from free basic solid waste disposal	30 areas benefiting from waste collection services by 30 June 2024	39 areas benefiting from waste collection services by 30 June 2024	39 areas benefiting from free basic waste disposal services by 30 June 2024	N/A	39 areas benefited from waste collection services by 30 June 2024	Target achieved	N/A	N/A	a) list of areas b) truck routes
Indigent Register and support															

26	BSDID 3/CS/23/24 (IDP/TL)	Basic Service and Infrastructure Development	Improve access to basic service delivery	Provision/Subsidization of basic services to the community in a sustainable manner	Update Indigent Register	Updated and Council approved Indigent Register	1 Updated and Council approved Indigent Register by 30 June 2023	1 Indigent Register Updated and approved by council 29 June 2023	Update Indigent Register and table to council for approval by 30 June 2024	N/A	Final Indigent register tabled and approved by council on 28 June 2024	Target achieved	N/A	N/A	Updated indigent register and Council Resolution
Traffic															
27	BSDID 4/CS/23/24 (IDP/TL)	Basic Service and Infrastructure Development	Improve access to basic service delivery	Provision of efficient and effective security services and promotion of road safety	Execution of law enforcement operations	Number of Vehicles Stopped and Checked	18 000 Vehicles Stopped and Checked by 30 June 2023	31 919	18 000 Vehicles Stopped and Checked by 30 June 2024	N/A	26 713 Vehicles Stopped and Checked by 30 June 2024	Target achieved	The target was to stop and check 18 000 vehicles, but due to more road blocks that were conducted during festive season and easter holidays, we managed to achieved morethan what was planned.	N/A	Daily/Monthly crime returns
28	BSDID 5/CS/23/24 (IDP/TL)					Number of vehicles screened for speed	9000 vehicles screened for speed by 30 June 2023	12 992	9000 vehicles screened for speed by 30 June 2024	N/A	10 908 vehicles screened for speed by 30 June 2024	Target achieved	The target was to screen 9000 vehicles for speed, but due to more roadblock s that were conducted during festive	N/A	Daily/Monthly crime returns

												season and easter holidays, we managed to achieved more than what was planned.			
29	BSDID 6/CS/23/24 (IDP/TL)					Number of Multi-Disciplinary Roadblocks	24 Multi-Disciplinary Roadblocks by 30 June 2023	37	24 Multi-Disciplinary Roadblocks by 30 June 2024	N/A	34 Multi-Disciplinary Roadblocks conducted by 30 June 2024	Target achieved	We achieved more than what was planned because more Multi-Disciplinary roadblocks were conducted during festive season and easter holidays.	N/A	Reports and Attendance registers
30	BSDID 7/CS/23/24 (IDP/TL)					Number of Direct Charges issued for Drunken driven	12 Direct Charges issued for Drunken/Speed Driving by 30 June 2023	29	12 Direct Charges issued for Drunken driven by 30 June 2024	N/A	44 Direct Charges issued for Drunken driven by 30 June 2024	Target achieved	More arrest or direct charge for drunken driving happened during festive season and easter holidays due to more roadblocks that were conducted	N/A	Direct Charge forms

31	BSDID 8/CS/23/24 (IDP/TL)					Number of Routine road side roadblocks conducted	720 Routine road side roadblocks conducted by 30 June 2023	1 037	720 Routine road side roadblocks conducted by 30 June 2024	N/A	878 Routine road side roadblocks conducted by 30 June 2024	Target achieved	We came up with a strategy of changing spots while doing routine roadside roadblock s during festive season and easter holidays, then we end up achieving more than what was planned	N/A	Daily/Monthly crime returns
32	BSDID 9/CS/23/24 (IDP/TL)					Number of Speed operations conducted	240 Speed operations conducted by 30 June 2023	547	240 Speed operations conducted by 30 June 2024	N/A	424 Speed operations conducted by 30 June 2024	Target achieved	The over achievem ent of speed operation was due to the strategy of changing spots while doing operation during festive season and Easter holidays.	N/A	Daily/Monthly crime returns
33	BSDID 10/CS/23/2 4 (IDP/TL)					Number of road safety awareness campaign conducted	N/A	N/A	12 road safety awareness campaigns conducted by 30 June 2024	N/A	14 road safety awareness campaigns conducted by 30 June 2024	Target achieved	More road safety awarenes s campaing were conducted towards	N/A	Reports and Attendance registers

													the Festive season and easter holidays.		
Licensing															
34	BSDID 11/CS/23/24 (IDP/TL)	Basic Service and Infrastructure Development	Improve access to basic service delivery	Provision of efficient and effective vehicle licencing services and promotion of road safety	Conduct motor vehicle, driver licensing and registration operations	Number of Learner's Licences booked	1 260 Learners Driver's Licenses issued by 30 June 2023	2 519	1 260 Learner's Licences booked by 30 June 2024	N/A	2 542 Learner's Licences booked by 30 June 2024	Target achieved	We planned to have 1260 bookings for Leaner's Licences but through the engagement with Isicabazini Development Center who gave us morethan 250 students for Leaner's Licences, we end up achieving morethat what was planned and this has also have a good impact on revenue.	N/A	System generated report (License-pro report)

35	BSDID 12/CS/23/2 4 (IDP/TL)					Number of Applicants tested for driving licenses	2 880 Applicants tested for driving licenses by 30 June 2023	2 870	1 800 Applicants tested for driving licenses by 30 June 2024	N/A	2 764 Applicants tested for driving licenses by 30 June 2024	Target achieved	We planned to have 1800 Applicants tested for driving Licences but through the engagement with Isicabazini Development Center who gave us more than 250 students for Drivers Licences, we end up achieving more than what was planned and this has also have a good impact on revenue.	N/A	System generated report (e-natis report)
36	BSDID 13/CS/23/2 4 (IDP/TL)					Number of Temporary Driving Licenses issued	600 Temporary Driving Licenses issued by 30 June 2023	1 120	800 Temporary Driving Licenses issued by 30 June 2024	N/A	1 240 Temporary Driving Licenses issued by 30 June 2024	Target achieved	We have developed a strategy where a person comes for driving licence renewal, we encourage them to also consider a temporary	N/A	System generated report (eNatis report)

												driving licence incase there are delays in Driving Licence card.			
37	BSDID 14/CS/23/24 (IDP/TL)					Number of PrDP application	480 PrDP issued by 30 June 2023	955	480 PrDP applications by 30 June 2024	N/A	920 PrDP applications by 30 June 2024	Target achieved	This target was overachieved due to the awareness that we had in January 2024 reminding Taxi Owners that PETS (Shanela) is operating in UMkhanyakude District for the period (January - March 2024). Taxi Owners have then take a initiatives to ensure that all thier Taxi Drivers have PrDP to avoid the impounding of their vehicles .	N/A	System generated report (eNatis report)

38	BSDID 15/CS/23/2 4 (IDP/TL)					Number of vehicle licenses renewed	720 vehicle licenses renewed by 30 June 2023	2 325	720 vehicle licenses renewed by 30 June 2024	N/A	3 983 vehicle licenses renewed by 30 June 2024	Target achieved	This target was over achieved due to the introductio n of new ZN registratio n number plate in December by the Departme nt of Trancport. During the period of January - March people were coming in numbers to renew their disk and to change their registratio n number plate to ZN number plate.	N/A	System generated report (eNatis report)
39	BSDID 16/CS/23/2 4 (IDP/TL)					Number of Drivers Licenses renewed	1 200 Drivers Licenses renewed by 30 June 2023	1 943	1 200 Drivers Licenses renewed by 30 June 2024	N/A	2 040 Drivers Licenses renewed by 30 June 2024	Target achieved	This target was over achieved due to the introductio n of new ZN registratio n number plate in December by the Departme nt of	N/A	System generated report (eNatis report)

													Transport. During the period of January - March people were coming in numbers to renew their disk and to change their registration number plate to ZN number plate.		
Library Services															
40	BSDID 17/CS/23/24 (IDP/TL)	Basic Service and Infrastructure Development	Improved Access to Basic Services	To enhance skills development and life-long learning	Conduct library outreach programs	Number of Books circulated	10 800 books circulated by 30 June 2023	22 455	10 800 books circulated by 30 June 2024	N/A	19 455 books circulated by 30 June 2024	Target achieved	This target was over achieved due to the borrowing / circulation of more books during Assignment submission period and during the Examination period.	N/A	System Generated Report
41	BSDID 18/CS/23/24 (IDP/TL)					Number of library services promotion conducted	4 promotions conducted by 30 June 2023	5	4 promotions conducted by 30 June 2024	N/A	7 promotions conducted by 30 June 2024	Target achieved	Instead of doing library promotion in Manguzi only we came up	N/A	Reports and Attendance Registers

												with a strategy to extend / expand the promotion to other libraries, like Mseleni and Skhemelele.			
42	BSDID 19/CS/23/24 (IDP/TL)					Number of Library Users with access to internet	2 100 Library Users with access internet by 30 June 2023	5 382	1 500 people access internet by 30 June 2024	N/A	5 465 people access internet by 30 June 2024	Target achieved	We have more Matric students coming for internet access and also those who come for the assistance in CAO applications.	N/A	Daily signed register
43	BSDID 20/CS/23/24 (IDP/TL)					Number of book exchange	4 Book exchange by 30 June 2023	4	4 Book exchange by 30 June 2024	N/A	4 Book exchange by 30 June 2024	Target achieved	N/A	N/A	Report, List of books exchanged
44	BSDID 21/CS/23/24 (IDP/TL)					Number of People trained on basic computer skills	360 people trained on basic computer skills by 30 June 2023	599	360 people trained on basic computer by 30 June 2024	N/A	538 people trained on basic computer by 30 June 2024	Target achieved	We have achieved more than what was planned because of schools coming to library with their learners for assistance in basic computer skills.	N/A	Daily signed register

Buildings and Structures															
45	BSDID 2/PLID/23/24 (IDP/TL)	Basic Service and Infrastructure Development	Improved Access to Basic Services	To provide and improve access to community/public facilities to minimum standards	Construction of market stalls	Number of market stalls completed	10 market stalls completed by 30 June 2023 (Manguzi hospital road markets Phase 1)	10 market stalls completed by 30 June 2023 (Manguzi hospital road markets Phase 1)	6 Market stalls completed by 30 June 2024	New	0 Market stalls completed by 30 June 2024	Target not achieved	There was a change of scope and the conditional grant approval was done post the approval of the SDBIP.	A new contract has been awarded to complete the scope of work i.e. refurbishments of existing structures by the 3rd quarter of the 2024/25 FY as agreed and approved by the funder and all key stakeholders	a. Progress reports b. Completion Certificate
Sports Fields															
46	BSDID 3/PLID/23/24 (IDP/TL)	Basic Service and Infrastructure Development	Improved Access to Basic Services	To provide and improve access to community/public facilities to minimum standards	Refurbish Manguzi sport field	Percentage of Refurbished sports field	N/A	N/A	17680 m2 of Manguzi Sport field refurbishment	100 % Refurbishment of Manguzi Sport field by 30 June 2024	96% refurbishments completed at Manguzi sports field by 30 June 2024	Target not achieved	Contractor still has to attend to the snag list to the satisfaction of the municipality and the funder as per the project specification.	The municipality have called upon completion of the snag list items and that issues are addressed quickly to the required	a. Appointment letter b. Progress reports c. Completion Certificate

														standard for the project to be approved and closed. The project or the snag list will be completed by 30 September 2024.	
Electrification															
47	BSDID 4/PLID/23/24 (IDP/TL)	Basic Service and Infrastructure Development	Improved Access to Basic Services	To facilitate the provision of reliable source of energy to uMhlabuyalingan a municipality	Electrification of households (Oqondweni electrification)	Number of households electrified	N/A	N/A	200 households electrified (Oqondweni Phase 2) by 30 June 2024	N/A	0 households electrified by 30 June 2024 Transformers installed Electrical infrastructure installed and completed in 200 household units Quality inspection completed	Target not achieved	Due to outage delays from Eskom 200 households could not be electrified by 30 June 2024.	The municipality has engaged Eskom and was given the month of September as outage date. Based on ESKOM engagements this is likely to be completed by October 2024	PCS File (200 connections list)
48	BSDID 5/PLID/23/24 (IDP/TL)				Electrification of households (Siholwa Electrification)	Number of households electrified	N/A	N/A	300 households electrified (Siholwa Phase 2 electrification) by 30 June 2024	N/A	300 households electrified (Siholwa Phase 2 electrification) by 30 June 2024	Target achieved	N/A	N/A	PCS File (300 connections list)

49	BSDID 6/PLID/23/24 (IDP/TL)				Installation of meters (Manguzi market stalls)	Number of meters installed	N/A	N/A	40 prepaid electrical metres installed at Manguzi Market Stalls by 30 June 2024	N/A	62 prepaid electrical metres installed at Manguzi Market Stalls by 30 June 2024	Target achieved	N/A	N/A	a) appointment letter b) Progress reports c) Close-out report
50	BSDID 7/PLID/23/24 (IDP/TL)				Installation of meters (Skhemelele market stalls)	Number of meters installed	N/A	N/A	10 prepaid electricity metres installed at Skhemelele Market Stalls by 30 June 2024	N/A	0 prepaid electricity metres installed at Skhemelele Market Stalls by 30 June 2024	Target not achieved	The municipality awaiting main supply connections from Eskom as prepaid meters face a risk of theft if connected with no source of energy,	Application was done for electrical main supply connection to Skhemelele markets and was approved by Eskom. Based on ESKOM engagements this is likely to be concluded by December 2024	Close-out report
Roads															
51	BSDID 8/PLID/23/4	Basic Service and Infrastructure Development	Improved Access to Basic Services	To provide access and facilitate vehicular movement in Umhlabuyalingana	Construction of tarred roads (Manguzi)	Number of Kilometres of tarred road constructed	2,2 km of Manguzi Internal gravel road upgraded to surfaced road (tarred road) by 30 Jun3 2023	0 km of Manguzi Internal gravel road upgraded to surfaced road (tarred road) by 30 Jun3 2023.	2,1 km of Manguzi Phase 1 Internal road tarred by 30 June 2024	N/A	2.1 km 's of Manguzi Phase 1 internal roads completed by 30 June 2024	Target achieved	N/A	N/A	a) Engineers Works completion certificate

52	BSDID 9/PLID/23/ 24 (IDP/TL)				Construction of gravel road (Skhemelele)	Number of Kilometres of gravel road constructed	N/A	N/A	3,2Km of Skhemelele Internal gravel road phase 1 completed by 30 June 2024	N/A	4 Km's of Skhemelele internal gravel road phase 1 completed by 30 June 2024	Target achieved	During contractor introduc in the communit y requested the extension of the road by 0,8km's in order to reach Lulwane communit y hall.	N/A	a) Engineers Works completion certificate
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LOCAL ECONOMIC DEVELOPMENT

53	LED 5/PLID/23/ 24 (IDP/TL)	Local Economic Development	Single window of coordinati on	To implement and coordinate expanded public works program and community works program in a manner that enhances skills development and optimizes decent employment	Creation/mainte nance of jobs through EPWP	Number of jobs created/mainta ined through EPWP	100 job opportunities created/mainta ined by 30 June 2023 (non- cumulative quarterly target)	104 job opportunities created/maint ained by 30 June 2023	100 job opportunities created/mainta ined by 30 June 2024 (non- cumulative quarterly target)	N/A	128 Jobs created/mainta ined through EPWP by 30 June 2024	Target achieved	The minimum target of 100 is set by the National Departme nt of Public Works in line with the Integrated EPWP Grant. 28 more job opportuni ties were created. The municipali ty core- funds the programm e and also reports on number of opportuni ties created by	N/A	EPWP Employees data
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												projects that are EPWP compliant			
54	LED 6/PLID/23/24 (IDP/TL)				Creation/maintenance of jobs through CWP	Number of jobs created/maintained through CWP	1000 job opportunities created/maintained by 30 June 2023 (non-cumulative quarterly target)	1 880 job opportunities created/maintained by 30 June 2023	1 500 job opportunities created/maintained by 30 June 2024 (non-cumulative quarterly target)	N/A	1 875 Jobs created/maintained through CWP by 30 June 2024	Target achieved	CWP opportunities are accumulative, some participants vacate the programme for various reasons and new ones replace those but all get reported as opportunities created.	N/A	CWP Employees data
55	LED 8/PLID/23/24 (IDP/TL)		To create an environment conducive for investment and economic growth and to facilitate investment	Review of LED strategy	Reviewed LED strategy	Approval of Reviewed LED strategy by 30 June 2023	Reviewed LED strategy approved by council on 29 June 2023	Approval of Reviewed LED strategy by 30 June 2024	N/A	LED Strategy reviewed and adopted by council on 28 June 2024	Target achieved	N/A	N/A	(a) LED Strategy (b) Council resolution	
KPA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT															
Budget Approval, Adjustment budget, Mid-year review, Expenditure															

56	MFVM 1/FS/23/24 (IDP/TL)	Municipal Financial Viability and Management	To improve Municipal Finance and Administra tive Capability	Compliance with financial legislation and policies	Approval of annual budget	Approved 2024/2025 budget by Council in terms of Sec.24 (1) of the MFMA	1 council approved 2023/2024 annual budget by 31 May 2023 in terms of Sec.24 (1) of the MFMA	2023/2024 annual budget by 31 May 2023 in terms of Sec.24 (1) of the MFMA	Table 2024/2025 budget to Council for approval by 31 May 2024 in terms of Sec.24 (1) of the MFMA	N/A	2024/2025 Draft budget tabled to Council for approval on 17 May 2024	Target achieved	The final budget was supposed to be adopted on the 30th of May 2024 according to the municipal calendar but the date for council meeting was re scheduled due to national elections to take place on the 29th of May 2024	N/A	a) 2024/2025 IDP/Budget Process plan b) 2024/25 Draft and Final budget c) Council resolutions
57	MFVM 2/FS/23/24 (IDP/TL)				Conduct mid- year financial and performance review	Approved 2023/2024 Mid-Year Financial review conducted in terms of S.72 of the MFMA	1 Mid-Year Financial Review conducted in terms of S.72 of the MFMA by 25 Jan 2023	1 Mid-Year Financial Review conducted in terms of S.72 of the MFMA approved by council on 25 Jan 2023	Table 2023/2024 Mid-Year Financial Review conducted in terms of S.72 of the MFMA to council by 25 Jan 2024	N/A	2023/2024 Mid-Year Financial Review tabled to council on 25 Jan 2024	Target achieved	N/A	N/A	a) 2023/2024 mid- year financial review report b) Council resolution
58	MFVM 3/FS/23/24 (IDP/TL)				Approval of adjustment budget	Approved Adjustment budget in terms of Section 28 of the MFMA	1 approved 2022/2023 adjustment budget in terms of Section 28 of the MFMA by 28 February 2023	1 approved 2022/2023 adjustment budget in terms of Section 28 of the MFMA approved by council on 27 February 2023	Table 2023/2024 Adjustment budget in terms of Section 28 of the MFMA to council for approval by 28 February 2024	N/A	23/24 Adjustment budget approved by council on 26 Feb 2024	Target achieved	N/A	N/A	a) 2023/2024 Adjustment Budget b) Council resolution

59	MFVM 4/FS/23/24 (IDP/TL)				Compile reports on Unauthorized, irregular fruitless and wasteful expenditure	Number of Unauthorized, Irregular or fruitless and wasteful expenditure Reports tabled to council	4 Unauthorized, Irregular or fruitless and wasteful expenditure Reports tabled to council by 30 June 2023	4 UIFWE register reported to council	4 Unauthorized, Irregular or fruitless and wasteful expenditure Reports tabled to council by 30 June 2024	N/A	4 Unauthorized, Irregular or fruitless and wasteful expenditure Reports tabled to council by 30 June 2024	Target achieved	N/A	N/A	A) Unauthorized, Irregular or fruitless and wasteful expenditure reports b) Council resolution
60	MFVM 6/FS/23/24 (IDP/TL)				Compile and submit to council MFMA section 52 reports	Number of quarterly financial reports submitted to council within 30 days of the end of each quarter in terms of S.52 of the MFMA.	4 quarterly financial reports submitted to council within 30 days of the end of each quarter in terms of S.52 of the MFMA.	4 Section 52 reports tabled to council	4 quarterly financial reports submitted to council within 30 days of the end of each quarter in terms of S.52 of the MFMA by 30 June 2024	N/A	4 quarterly financial reports submitted to council within 30 days of the end of each quarter in terms of S.52 of the MFMA by 30 June 2024	Target achieved	N/A	N/A	A) Unauthorized, Irregular or fruitless and wasteful expenditure reports b) Council resolution
61	MFVM 7/FS/23/24 (IDP/TL)				Submission of AFS to Auditor General	2022/2023 approved Annual Financial Statements submitted to Auditor General by 31 August 2023	1 2021/22 AFS tabled to council for adoption	1 2021-22 AFS tabled to council	Compile and submit approved 2022/2023 Annual Financial Statements to Auditor General by 31 August 2023	N/A	2022/2023 AFS submitted to AG on 31 Aug 2023	Target achieved	N/A	N/A	A) Unauthorized, Irregular or fruitless and wasteful expenditure reports b) Council resolution
62	MFVM 1/PLID/23/ 24 (IDP/TL)				Expenditure of allocated infrastructure budget	Percentage Capital Infrastructure expenditure of approved projects	100% capital Infrastructure expenditure on approved projects by 30 Jun 2023	84%	100% capital Infrastructure expenditure on approved projects by 30 June 2024	N/A	92% expenditure by 30 June 2024	Target not achieved	The municipality did not achieve the target of 100% on capital expenditure because one of the infrastructure projects which is the Refurbishment of	These projects will now be rolled out and be completed in the second quarter and third quarter of the 2024/2025 financial year as	A) Unauthorized, Irregular or fruitless and wasteful expenditure reports b) Council resolution

												Manguzi Informal Traders Market was not fully spent as per the budget provision for 2023/2024 financial year	per the approved project plans.		
63	MFVM 2/CORP/23/24 (IDP/TL)				Expenditure of allocated budget on implementing WSP	Percentage of municipality's budget spent on implementing Workplace Skills Plan	1% of the Municipality's Budget spent on implementing the Workplace Skills Plan by 30 June 2023	1,01%	1% of the Municipality's Budget spent on implementing the Workplace Skills Plan by 30 June 2024	N/A	0% spent by 30 June 2024	Target not achieved	Trainings were not conducted because there was a delay in the appointment of Panel of Service Providers to conduct trainings for both employees and Councillors.	Panel of Service Providers will be appointed in Q1 of 24/25 Financial Year (by 30 September). Training of councillors will be completed by 31 May 2025.	A) Unauthorized, Irregular or fruitless expenditure reports b) Council resolution
64	MFVM 14/FS/23/24 (IDP/TL)				Compilation, approval and submission of procurement plan	2024/2025 Procurement Plan submitted to Provincial Treasury	1 approved Procurement Plan for 2023/2024 by 30 June 2023	1 Procurement plan approved by council	Submission of 2024/2025 Procurement Plan to Provincial Treasury by 30 June 2024	N/A	2024/2025 Procurement Plan submitted to Provincial Treasury by 30 June 2024	Target achieved	N/A	N/A	A) Unauthorized, Irregular or fruitless expenditure reports b) Council resolution
Financial ratios															

65	MFVM 21/FS/23/2 4 (IDP/TL)	Municipal Financial Viability and Management	To improve Municipal Finance and Administra tive Capability	To measure municipality's operational efficiency, liquidity and stability	calculation of ratio quarterly	Ratio of months Cash/Cost coverage ratio	N/A	N/A	3 months cost coverage ratio	N/A	5 months cost coverage ratio at 30 June 2024	Target achieved	The ratio is higher than the norm which is 1- 3 months, which then means the municipalit y is not at risk of not being able to meet its financial obligations monthly and to provide services to the communit y although it has decreased when compared to the prior year ratio. The reason why the ratio is higher is because of high balances on cash and cash equivalent s as well as on short term investmen ts. This higher ratio confidently demonstra tes the	N/A	a) Report on Financial Performance Ratio
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													Municipality's ability to manage its debts effectively while ensuring the continuous provision of essential services to the community.		
66	MFVM 22/FS/23/24 (IDP/TL)				calculation of ratio quarterly	Current ratio (current assets/ current liabilities)	N/A	N/A	2,1	N/A	3,34	Target achieved	The ratio is higher than the norm which is 1.5 to 2.1. The reason why the ratio is higher than the norm is because current liabilities balance decreased by 8% when compared to prior year balance. The ratio	N/A	a) Report on Financial Performance Ratio

												surpasses the standard range of 1.5 to 2.1, indicating the municipality's capacity to fulfil its present or near-term financial obligations promptly.			
67	MFVM 23/FS/23/24 (IDP/TL)				calculation of ratio quarterly	Capital Expenditure Budget Implementation ratio	N/A	N/A	10%	N/A	14%	Target achieved	The ratio adheres to the standard range of 10% to 20%. This reflects the municipality's emphasis on directing expenditure toward service delivery, particularly focusing on infrastructure assets rather than administra	N/A	a) Report on Financial Performance Ratio

													ive assets.		
68	MFVM 24/FS/23/24 (IDP/TL)				calculation of annually	Repairs and Maintenance as a % of Property, Plants and Equipment and Investment Property (Carrying Value	N/A	N/A	8%	N/A	11%	Target achieved	The ratio is above the norm of 8%, which means the Municipality is committed to maintaining quality assets by preventing or correcting the deterioration, decay, or damage to PPE.	N/A	a) Report on Financial Performance Ratio
Revenue Collection															
69	MFVM 12/FS/22/23 (IDP/TL)	Municipal Financial Viability and Management	To improve Municipal Finance and Administrative Capability	To improve revenue and all possible revenue streams applicable to uMhlabuyalingana	Collection of billed revenue	Percentage of collection Rate	95% Revenue collection rate as a percentage of billed amount per quarter up to 30 June 2023	88%	95% Revenue collection rate as a percentage of billed amount per quarter up to 30 June 2024	N/A	118%	Target achieved	The ratio is 118% and it is above the norm which is 95%, high collection rate is because of the upfront payment	N/A	Proof of revenue collected



CHAPTER FOUR

Organisational Development

(Performance Report Part-2)



COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The Organisational structure is reviewed annually and has been set out into six (5) effective departments to achieve the Municipality's objectives. There are a number of vacancies requiring personnel within the Office of the Municipal Manager, Corporate Services, Community Services and Technical Services, LED and Planning Departments. Departments struggle with filling critical positions and budget constraints that are being overcome by reviewing the organogram and budget.

One major role that the Human Resources is tasked with is to ensure that employees are looked well after and that their morale is enhanced on a continuous basis. The following programmes were implemented in the 2022/2023 financial year and are implemented annually:

- Employee Wellness
- Employee Assistance Program
- Employee Performance Management

Staff Compliment: The total number of employees at the end of June 2022/2023 financial year was 161 and including new filled positions.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCY RATE

TABLE 68: EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Number of Employees				
	2021/2022	Year 2022/2023			
	Employees No.	Approved Posts No.	Employees No.	Approved Posts No.	Employees No.
Water	-	-	-	-	-
Wastewater (Sanitation)	-	-	-	-	-
Electricity	2	2	3	3	3
Waste Management	23	23	24	24	24
Housing	-	-	-	-	-
Wastewater (Storm water Drainage)	-	-	-	-	-
Road	10	10	10	10	10

Transport	13	13	13	13	13
Management	12	12	12	12	12
Planning	3	3	3	3	3
Local Economic Development	2	2	2	2	2
Planning (Strategic & Regulatory)	1	1	1	1	1
Community & Social Services	21	21	21	21	21
Environmental Protection	-	-	-	-	-
Health	-	-	-	-	-
Security & Safety	10	10	10	10	10
Sport & Recreation	1	1	1	1	1
Corporate Policy Offices and Other	19	19	19	19	19
Totals	128	128	128	128	128

Vacancy Rate: The posts for the 2023/2024 financial year were according to the approved organogram for the municipality. The actual positions filled are indicated in table 91 below.

TABLE 69: NUMBER OF FILLED POSITIONS PER FUNCTIONAL LEVEL

Designation	Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	3	0	0%
Other S57 Managers (Finance Posts)	0	0	0%
Police Officers (Traffic Officers)	7	0	0%
Fire fighters	9	0	0%

Senior management Levels 15 (excluding Finance Posts)	17		0	0%
Senior management Levels 15 (Finance Posts)	3		0	0%
Highly skilled supervision: (excluding Finance Posts)	23		1	4.34%
Highly skilled supervision: (Finance Posts)	7		0	0%
Total	71		1	4.34%

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

TABLE 70: TURNOVER RATE

Turn-over Rate			
	Total Appointment as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate
Year -2023/2024	18	06	33.33%
*Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year.			

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

uMhlabuyalingana Municipality developed and reviewed the following workforce management policies within the 2023/2024 financial year.

4.2 POLICIES

HR POLICIES AND PLANS

Name of Policy	Completed %	Reviewed %	Date adopted by Council	Reviewed by Council
Overtime & Policy	100%	100%	18/05/2016	02/06/2022
Occupational Health & Safety Policy	100%	-	28/08/2015	
Subsistence & Travelling Policy	100%	100%	28/07/2016	28/02/2022
Work and Attendance Policy	100%	-	18/05/2016	-
Termination Policy				
Retention Strategy	100%	100%	18/05/2016	28/06/2024
Employment Practice Policy	100%	-	31/03/2015	28/06/2024
Delegation of Powers Framework & Delegations Register	100%	100%	31/03/2015	
Disciplinary Procedure Policy	100%	-	06/10/2015	-
Homeowners Policy	100%	100%	06/10/2016	02/06/2022

Remuneration and Increase Policy	100%	100%	30/12/2016	30/05/2019
Alcohol and Subsistence	100%	-	26/04/2017	-
Confidentiality Policy	100%	100%	26/04/2017	02/06/2022
Acting Policy	100%	100%	26/04/2017	28/06/2024
Telephone & Cell phone Management Policy	100%	-	30/04/2021	28/02/2022
Benefit Allowance Policy	100%	100%	30/12/2016	28/06/2018
Employment Equity Policy	100%	100%	06/10/2015	28/02/2018
Leave of Absence Policy	100%	100%	06/10/2015	28/06/2024
Security Policy	100%	100%	26/04/2017	02/06/2022
Study Assistance Policy for Councillors	100%	100%	26/04/2017	02/06/2022
Termination of Employment Policy	100%	100%	06/10/2015	31/05/2016
Training Development Policy	100%	100%	30/12/2016	28/02/2022

4.3 INJURIES, SICKNESS AND SUSPENSIONS

TABLE 71: INJURIES, SICKNESSES AND SUSPENSIONS

Designation	Type of Injury	Status
General Worker	Permanent injury	Claim completed

Table 87: Number of Days and Cost of Sick Leave

Number of Days and Cost of Sick Leave

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	Average sick leave per employee	Estimated Cost
	Days	%	No.	No.	Days	R'000
Lower skilled (Levels 1-2)	0	0	0	0	0	0

Skilled (Levels 3-5)	170	0	8	21	12%	R5 125.50
Highly skilled production (Levels 6-8)	202	7	20	50	24%	R19 400.08
Highly skilled supervision (Levels 9-12)	294	1	40	69	23%	R46 716.60
Senior management (Levels 13-15)	68	0	13	20	29%	R22 423.68
MM and S57	68	0	2	5	7%	R33 531.80
Total	802	8	83	165	95%	R127 197.34
*Number of employees in post at the beginning of the year						
*Average is calculated by taking in column 2 divided by total employees in column 5						

Table 88: Number and Period of Suspensions

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised
N/A	N/A	N/A	N/A	N/A

Table 89: Disciplinary Action Taken on Cases of Financial Misconduct

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary Action Taken	Date Finalized
N/A	N/A	N/A	N/A

4.4 PERFORMANCE REWARDS

Table 90: Performance Rewards by Gender

Performance Rewards by Gender						
Designations	Beneficiary Profile					
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2022/2023 R'000	Proportion of beneficiaries within group %	
Lower skilled (Levels 1-2)	Female	-	-	R 0.00	-	
	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	1	1		R 0.00	0%
	Male	3	3		R 0.00	0%
Total		4	4		R 0.00	
Has the statutory municipal calculator been used as part of the evaluation process?						
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).						

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

In accordance with the Government: Municipal Finance Management Act, Act 53 of 2003 and National Treasury: Competency Regulations, uMhlabuyalingana Municipality's financial competency development is as detailed in Table 4.7. The Municipality has built capacity in the management and finance departments, improving competency and performance in the functional areas.

Table 91: Progress Report on Financial Competency Development

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipali ty (Regulatio n 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulatio n 14(4)(a) and (c))	Consolidat ed total of A and B	Consolidat ed competenc y assessmen ts completed for A and B (Regulation 14(4)(a),(b) and (d))	Consolidat ed total number of officials whose performanc e agreements comply Regulation 16 (Regulation 14(4)(f))	Consolidat ed total number of officials that meet prescribed competenc y levels (Regulation 14(4)(e))
Financial Officials	0	0	0			
Accounting officer	1	0	1			
Chief financial officer	1	0	1			
Senior Managers	2	0	2			
Any other financial officials	12	0	12			
Supply Chain Manageme nt Officials	3	0	3			
Heads of Supply chain manageme nt units	1	0	1			
Supply chain manageme nt senior managers	0	0	0			
Total	20	0	20			
*This is a statutory report under the National Treasury: Local Government, MFMA Competency Regulations (June 2007)						

Table 92: Qualification Profile for Leadership, Governance and Managers for 2023/2024

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated total of A and B	Consolidated competency assessments completed for A and B (Regulation 14(4)(a),(b) and (d))	Consolidated total number of officials whose performance agreements comply Regulation 16 (Regulation 14(4)(f))	Consolidated total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials	0	0	0			
Accounting officer	1	0	1			
Chief financial officer	1	0	1			
Senior Managers	2	0	2			
Any other financial officials	12	0	12			
Supply Chain Management Officials	3	0	3			
Heads of Supply chain management units	1	0	1			
Supply chain management senior managers	0	0	0			
Total	20	0	20			
*This is a statutory report under the National Treasury: Local Government, MFMA Competency Regulations (June 2007)						
INFORMATION NOT AVAILABLE						

Table 93: Number of Employees whose Salaries Were Increased Due to Upgrade of Position

Number of Employees Whose Salaries were Increased Due to their Positions being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-15)	Female	0
	Male	0
MM and S57	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 number at the right-hand side of the column		

Table 94: Employees whose Salary Levels Exceed Grade

Table 95: 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

Disclosures of Financial Interests

Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in Appendix.



CHAPTER FIVE

FINANCIAL PERFORMANCE



COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

Financial performance of uMhlabuyalingana Municipality is analysed using the following 3 main components in this chapter (5)

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

5.1 STATEMENT OF FINANCIAL PERFORMANCE

During 2023/2024 financial year, the municipality collected a total revenue of R389 847 703, (2022/2023: R307 942 092). In 2023/2024 financial year, the municipality had operating expenses of R350 827 185 (2022/2023: R 277 836 944) and capital expenditure of R53 466 854 (2022/2023: R54 499 222).

Consultancy fees for 2023/2024 financial year amounts to R10 284 354 (2021/2022: R7 899 610) which is including legal fees, business and advisory services and infrastructure and planning services fees.

Table 97: Statement of Financial Performance

Description	Original Budget	Final Budget	Actual Income & Expenditure	Variance	Actual Income As % Of Final Budget
Financial Performance					
<u>Revenue from exchange transactions</u>					
Service charges	469 953	543 709	543 709	-	100%
Rental of facilities	432 976	496 618	495 921	(697)	99%
Agency services	-	266 354	266 035	(319)	99%
Licences and permits	2 701 536	2 665 056	2 620 860	(44 196)	98%
Commission received	-	10 595	10 590	(5)	99%
Other income	1 029 890	1 865 366	1 849 218	(16 148)	99%
Interest received- investment	7 783 687	9 888 827	9 880 939	(7 888)	99%
Total revenue from exchange transactions	12 418 042	15 736 525	15 667 272	(69 253)	
Taxation revenue					
Property Rates	25 101 808	23 907 804	23 907 804	-	100%
Interest on consumer debtors	-	2 157 088	2 157 088	-	100%
Total taxation revenue	25 101 808	26 064 892	26 064 892	-	

Transfer revenue					
Government grants and subsidies	287 254 000	291 666 673	286 497 776	(5 168 897)	98%
Public contributions and donations	-	38 075 896	38 075 896	-	100%
Fines, penalties and forfeits	807 708	1 344 606	1 335 550	(9 056)	99%
INEP contract revenue	18 000 000	24 760 000	20 032 636	(4 727 364)	80%
Beach development	-	2 500 000	2 173 681	(326 319)	86%
Total revenue from non-exchange transactions	306 061 708	358 347 175	348 115 539	(10 231 636)	
TOTAL REVENUE	343 581 558	400 148 592	389 847 703	(10 300 889)	
Expenditure					
Employee Costs	(95 593 797)	(90 903 018)	(88 217 837)	2 685 181	97%
Remuneration of Councillors	(15 449 044)	(15 842 066)	(15 724 110)	117 956	99%
Depreciation and amortisation	(21 531 873)	(27 365 573)	(25 490 686)	1 874 887	93%
Impairment loss / Reversal of impairment	(4 839 235)	(13 183 316)	(13 208 210)	(24 894)	100%
Finance costs	(995 202)	(1 571 164)	(1 546 717)	24 447	98%
Lease rentals on operating lease	-	(1 381 788)	(1 381 429)	359	99%
Debt Impairment	(4 339 235)	(14 492 006)	(11 196 297)	3 295 709	77%
Inventory consumed	(2 461 450)	(4 621 450)	(4 441 012)	180 438	96%

Contracted service	(48 265 679)	(106 040 230)	(105 034 591)	1 005 639	99%
Transfer and Subsidies	(17 739 130)	(22 603 857)	(21 184 799)	1 419 058	93%
Operational costs	(42 627 638)	(63 440 439)	(61 847 498)	1 592 941	98%
Total Expenditure	(253 842 283)	(361 444 907)	(349 273 186)	12 171 721	
Operating Surplus	89 739 275	38 703 685	40 574 517	(1 870 832)	
Asset write-offs	-	(1 846 500)	(1 547 463)	299 037	83%
Actuarial gains/(losses)	-	467 995	467 995	-	100%
Surplus/Deficit for The Year	89 739 275	37 325 180	39 495 049	(1 571 795)	

5.2 FINANCIAL RATIOS FOR 2023/2024

5.2.1 Asset Management

5.2.1.1 Capital expenditure to total expenditure ratio is 13% in 2023/2024 financial year, in 2022/2023 financial year it was 16%. This ratio indicates a decrease of 3% when compared to the performance of 2022/2023 financial year. This ratio indicates that the municipality is investing enough in assets since the ratio is above 10% and capital expenditure reported in the current year is largely directed towards service delivery infrastructure and not administrative assets however it is not enough since there is a decrease when compared to prior year.

5.2.2 Debtors Management:

5.2.2.1 The collection ratio is 68% in 2023/2024 financial year in 2022/2023 financial year it was 62%. Although debtor's collection has increased by 6% when compared to prior year but it is still below the norm of 95%. This ratio indicates that the quality of credit control and quality of revenue management needs to be assessed properly and corrective measures should be implemented.

5.2.3 Liquidity Management:

5.2.3.1 The cash /cost coverage ratio indicated that 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 is 4 months and the norm is 1- 3 months. This is the indication that the municipality is not under the risk of not being able to meet its obligations to provide basic service delivery or that its financial commitment is not compromised. In the prior year the ratio was 5 months which then indicates that in the current year the ratio has decreased when compared to prior year 2022/2023.

5.2.3.2 The current ratio is 3.25 for 2023/2024 financial year, it is used to assess the municipality's ability to pay back its short-term liabilities with its short-term assets which is cash, inventory and receivable.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

During 2023/2024 financial year, the capital expenditure was 92 % of the Capital budget. 79% was grant funded and only 13% was funded by internal funds. Capital grants were received from the Municipal Infrastructure Grant (MIG), tourism grant (EDTEA) for Beach development, and refurbishment of Manguzi Market Stalls.

5.3 CAPITAL EXPENDITURE

Table 98: Capital Expenditure Funding Sources

	2022/20 23 Actual	Original budget 2023/2024	Adjustment budget 2023/2024	Actual spending 2023/2024	%
Source of Finance					
Grants and subsidies	46 752 576	45 543 155	46 507 209	46 010 383	99%
Internally generated funds		13 285 640	11 624 770	7 456 451	64%
Capital Expenditure					
Roads	38 523 193	41 630 112	42 480 915	42 480 915	100 %
Community halls, markets and centres	13 594 737	3 913 043	4 026 294	3 529 467	87%
Other assets	9 898 850	13 285 640	11 624 770	7 456 451	64%

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.4 CASH FLOW

Table 99: Cashflow Outcomes

Cash Flow Statement	2023/2024	2022/2023
Receipts		
Sale of goods and services	29 692 744	31 992 774
Grants	287 254 000	267 807 448
Interest income	9 880 939	7 590 538
Receipts on INEP projects	24 760 000	5 475 978
	351 587 683	312 866 738
Payments		
Employee costs	(103 817 255)	(91 834 469)
Suppliers	(180 570 627)	(154 320 009)
Finance costs	(4 523)	(21 962)
INEP expenditure	(23 037 532)	(5 475 978)
Net cash flows from operating activities	44 157 746	61 214 320
Cash flows from investing activities		
Purchases of property plant and equipment	(53 466 834)	(55 230 460)
Purchases of other intangible assets	-	(173 000)
Net cash flows from investing activities	(53 466 834)	(55 403 460)
Cash flow from financing activities		
Net increase / decrease in cash and cash equivalents	(9 309 088)	5 810 860
Cash and cash equivalents at the beginning of the year	108 252 886	102 442 026
Cash and cash equivalents at the end of the year	98 943 798	108 252 886

5.5 BORROWINGS AND INVESTMENTS

Table 100: Municipal and Entity -Investments

Municipal and Entity Investments	2023/2024	2022/2023	2021/2022
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank	49 181 926	25 591 507	19 160 687
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers' Acceptance Certificates			
Negotiable Certificates of Deposit – Banks			
Repurchase Agreements – Banks			
Municipal Bonds			
Other			
Municipality sub-total	49 181 926	25 591 507	19 160 687
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers' Acceptance Certificates			
Negotiable Certificates of Deposit – Banks			
Repurchase Agreements – Banks			
Municipal Bonds			
Other			
Entities sub-total	0	0	0
Consolidated total	49 181 926	25 591 507	19 160 687

The municipality did not have borrowings but only has short term investments. Short term investments are made to different banks in different types of investment accounts such as fixed deposits and money market accounts.

5.6 PUBLIC-PRIVATE PARTNERSHIPS

Public-Private Partnerships: The municipality did not have partnership agreements during 2023/2024 financial year.

COMPONENT D: OTHER FINANCIAL MATTERS

5.7 SUPPLY CHAIN MANAGEMENT

uMhlabuyalingana Municipality has a centralised SCM Unit which is under the management of the CFO. The unit has 4 officials, 3 of these officials have done training on the prescribed level of competency requirements. All the SCM Committees have been established and are functioning properly in the implementation of the SCM Policy.

5.8 GRAP COMPLIANCE

The municipality has fully implemented the Standards of GRAP (Generally Recognised Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from any standard.



CHAPTER SIX

AUDITOR GENERAL'S REPORT 2023/2024





AUDITOR-GENERAL
SOUTH AFRICA

The Municipal Manager
uMhlabuyalingana Municipality
PO Box 901
Kwangwanase
3973

Date: 30 November 2024

Reference: 21276reg23-24

Dear Sir

Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Umhlabuyalingana local municipality for the year ended 30 June 2024.

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa section 126(3) of the Municipal Finance Management Act 56 of 2003 (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and the annual performance report and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements, the annual performance report or our report on compliance with legislation. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the auditor's report in the municipality's annual report to be tabled.
4. Prior to printing or copying the annual report which will include the auditor's report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the auditor's report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in



AUDITOR - GENERAL
SOUTH AFRICA

The Municipal Manager
uMhlabuyalingana Municipality
PO Box 901
Kwangwanase
3973

Date: 30 November 2024

Reference: 21276reg23-24

Dear Sir

Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Umhlabuyalingana local municipality for the year ended 30 June 2024.

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa section 126(3) of the Municipal Finance Management Act 56 of 2003 (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and the annual performance report and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements, the annual performance report or our report on compliance with legislation. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the auditor's report in the municipality's annual report to be tabled.
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 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the auditor's report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in

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Auditor-General of South Africa
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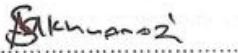
the hard copy that is provided to you. The official logo will be made available to you in electronic format.

5. Please notify the undersigned Business Unit Leader / Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
6. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), members of the staff of the Auditor General (AG), or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party without the permission of the AG or his/her delegate, unless this is to a legislature or internal committee of a legislature or a court in a criminal matter.
7. Until the steps described in paragraphs 2 and 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and you are therefore requested to treat it as confidential.
8. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed



Senior Manager: KZN

Enquiries: Charles Magaba
Telephone: 033 264 7400

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council of uMhlabuyalingana Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the uMhlabuyalingana Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMhlabuyalingana Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act no.56 of 2003) and the Division of Revenue of South Africa, 2021 (Act No.05 of 2023)(Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 57 to the annual financial statement, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statement of the municipality at, and for the year ended, 30 June 2024

Material impairments – receivables from exchange and non-exchange transactions

8. As disclosed in note 4 to the annual financial statements, material impairments of R70.72 million (2023: R63.78 million) were estimated as a result of the possible collectability of receivables from non-exchange and receivables from non-exchange transactions.

Other Matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

10. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

11. 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 requirement of the MFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

13. 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance

against predetermined objectives for the selected development priorities presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

16. I selected the following development priorities presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected development priorities that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Development priority	Page numbers	Purpose
KPA 4 - Basic Service Delivery and Infrastructure Development	xx - xx	Provision of basic services to the local community
KPA 5 - Local Economic Development	xx -xx	Provision of employment opportunities to the local community

17. I evaluated the reported performance information for the selected development priorities 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.

18. 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 taken to improve performance

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

20. I did not identify any material findings on the reported performance information for the development priorities.

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

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

23. The table that follows provides information on the achievement of planned targets and list 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 XX to XX.

Basic Service delivery and infrastructure development

<i>Targets achieved: 97%</i> <i>Budget spent: 100%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of meters installed	10 prepaid electricity metres installed at Skhemelele Market Stalls by 30 June 2024	0 prepaid electricity metres installed at Skhemelele Market Stalls by 30 June 2024
Number of households electrified	200 households electrified (Oqondweni Phase 2) by 30 June 2024	0 households electrified by 30 June 2024 Transformers installed Electrical infrastructure installed and completed in 200 household units Quality inspection completed
Percentage of refurbished sports field	100 % Refurbishment of Manguzi Sport Field by 30 June 2024	96% refurbishments completed at Manguzi sports field by 30 June 2024

Material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure development. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

25. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
26. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
27. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

29. Reasonable steps were not taken to prevent irregular expenditure amounting to R47.09 million as disclosed in note 48 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

Annual Financial Statements and Annual Report

30. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of bad debts written-off and commitments identified in the submitted annual financial statements and were subsequently corrected by management, resulting in the financial statement receiving an unqualified audit opinion

Procurement and contract management

31. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(1)(a) and (c).
32. Some of the quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.
33. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM regulation 19(a).
34. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2).

35. Some of the contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM regulation 29(5)(b).
36. Some of the contracts and quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act and its regulations. Similar non-compliance was also reported in the prior year.
37. Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11 and/or 2022 Preferential Procurement Regulation 4(4) and 5(4). Similar non-compliance was also reported in the prior year.
38. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
39. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of MFMA 112(1)(j) and SCM Regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).

Revenue management

40. An effective system of internal control for debtors / revenue was not in place, as required by section 64(2)(f) of the MFMA.

<h4>Other information in the annual report</h4>

41. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
42. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
43. 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.
44. I did not receive the other information prior to the date of this audit report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate that 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

45. 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.
46. The matters reported below are limited to the significant internal control deficiencies that resulted in material findings on the annual performance report and the material findings on compliance with legislation included in this report.
47. Management did not implement adequate internal controls to ensure the preparation of accurate financial statements as numerous material misstatements were identified that resulted in the non-compliance reported under compliance with legislation

Auditor - General

Pietermaritzburg

30 November 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

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 a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act of 56 of 2003	Section 122(1), 122(2) Section 126(1)(b) Section 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii) Section 127(2), 127(5)(a)(i), 127(5)(a)(ii) Section 129(1), 129(3) Section 53(1)(c)(ii) Section 72(1)(a)(ii) Section 24(2)(c)(iv) Section 54(1)(c) Section 62(1)(f)(i), 63(2)(a), 63(2)(c) Section 62(1)(f)(iii) Section 64(2)(e) Section 64(2)(f) Section 64(2)(b), 64(2)(c), 64(2)(g) Section 65(2)(e) Section 11(1) Section 65(2)(a) Section 87(8) Section 15 Section 28(1) Section 29(1) Section 29(2)(b) Section 13(2) Section 14(1), 14(2)(a), 14(2)(b) section 117 section 116(2)(b) section 116(2)(c)(ii) section 112 (1)(j) Section 171(4)(a), 171(4)(b)
MFMA: Municipal budget and Reporting Regulations, 2009	regulation 71(1)(a) – Municipalities regulation 71(1)(b) – Municipalities regulation 71(2)(a) – Municipalities regulation 71(2)(b) – Municipalities regulation 71(2)(d) - Municipalities
MFMA: Municipal investment Regulations, 2005	Regulation 3 91) (a), 393), 6, 7, 12(2), 12(3)

Legislation	Sections or regulations
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulation 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulation 5, 12(1) (c), 12(3), 13(b), 13(c0(i), 16(a), 17(1)(a) Regulation 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(20(a) Regulation 27(2) (e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(b) Regulation 29(5)(a)(ii), 29 (5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c) Regulation 38(1)(d)(ii), 38(10(e)), 38(1)(g)(i), 38(1)(g)(iii), 43, 44, 46 (2)(e) and 46(2)(f)
Municipal Systems Act 32 of 2000	Section 29(1)(b)(ii), 29(2)(a), 29(2)(c), 29(3)(b) Section 27(1) Section 42 Section 25(1), Section 26(a) Section 26(c), 26(i), 26(h) Section 41(1)(a), 41(1)(b), 43(2), 34(a) and 41(1)(c)(ii) Section 34(b), 38(a) Section 74(1) Section 96(b) Section 57(6)(a) Section 56(1)(a) Section 93J (1) Section 66(1)(b) Section 54A(1)(a) Section 67(1)(d) Section 57(2)(a)
MSA: Municipal Planning and Performance Management Regulation, 2001	regulation 15(1)(a)(i), reg 2(1)(e), reg 2(3)(a), reg 9(1)(a), regulation 10(a), reg 12(1) regulation 3(4)(b) and 15(1)(a)(ii) regulation and 3(6)(a) regulation 3(3) regulation 8



AG ACTION PLAN 2023/2024





APPENDICES



1. APPENDIX A: COUNCILORS AND COMMITTEE ALLOCATION 2023/2024

Number		Gender	Affiliation	Ward/PR
1	Cllr. T.P Manzini	Female	ANC	WC 1
2	Cllr. J.P. Zikhali	Female	IFP	WC 2
3	Cllr. T. Mngomezulu	Male	ANC	WC 3
4	Cllr. L.D. Tembe	Male	ANC	WC 4
5	Cllr. S .M. Manukuza	Male	IFP	WC 5
6	Cllr. F. S Mpanza	Male	ANC	WC 6
7	Cllr. B.K Mbuyazi	Male	IFP	WC 7
8	Cllr. S.M. Tembe	Male	ANC	WC 8
9	Cllr. M.V. Mahamba	Male	IFP	WC 9
10	Cllr. S.J. Mabika	Male	ANC	WC 10
11	Cllr. L.S. Ntuli	Male	ANC	WC 11
12	Cllr. B.D. Mtshali	Male	ANC	WC 12
13	Cllr. I.T. Gwala	Male	IFP	WC 13
14	Cllr. P.V. Khathwane	Male	IFP	WC 14
15	Cllr. N.C. Mdletshe	Male	ANC	WC 15
16	Cllr. N.J. Khumalo	Male	IFP	WC 16

17	Cllr. K.A Buthelezi	Male	ANC	WC 17
18	Cllr. B.E Biyela	Male	IFP	WC 18
19	Cllr. A.T. Nxumalo	Male	ANC	WC19
20	Cllr. S.S. Mkhumbuzi	Male	ANC	WC 20
21	Cllr. Z.V Mthembu	Male	ABMM	PR
22	Cllr. N.P. Khumalo	Male	ACDP	PR
23	Cllr. Z.M. Mhlongo	Female	ANC	PR
24	Cllr. K.C. Mthembu	Male	ANC	PR
25	Cllr. T.N. Magagula	Male	ANC	PR
26	Cllr. N.P Mthembu	Female	ANC	PR
27	Cllr. W.N.O Nxumalo	Female	ANC	PR
28	Cllr. F.G Mlambo	Female	ANC	PR
29	Cllr. T.S. Myeni	Male	DA	PR
30	Cllr. D. Mlambo	Male	EFF	PR
31	Cllr. P.T. Vumase	Female	EFF	PR
32	Cllr. M.D. Mathenjwa	Female	IFP	PR
33	Cllr. S.M. Gumede	Female	IFP	PR
34	Cllr. M.Z. Mhlongo	Male	IFP	PR
35	Cllr. T.S. Khumalo	Male	IFP	PR

36	Cllr. H.K. Gumede	Female	IFP	PR
37	Cllr. H.N. Ntshangase	Female	IFP	PR
38	Cllr. K.A Kunene	Female	IFP	PR
39	Cllr. E.Z. Mtshali	Female	NFP	PR

2. APPENDIX B-1: RECORD OF ATTENDANCE AT COUNCIL MEETINGS FOR 2023/2024

	31 July 2023	30 Aug 2023	29 Sep 2023	19 Oct 2023	Nov 2023	18 Dec 2023	25 Jan 2024	26 Feb 2024	28 Feb 2022	27 Mar 2024	30 Apr 2024	17 May 2024	28 June 2024
Cllr. T.P Manzini	√	√	√	√	√	√	√	√	x	x	√	√	√
Cllr. J.P. Zikhali	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. T. Mngomezulu	√	√	√	√	√	√	√	√	v	√	√	√	√
Cllr. L.D. Tembe	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. S.M. Manukuza	√	√	√	√	√	v	√	√	√	√	√	√	√
Cllr. F. S Mpanza	v	√	√	√	√	x	√	√	√	√	√	√	√
Cllr. B.K Mbuyazi	√	√	√	√	√	x	√	√	√	√	√	√	√
Cllr. S.M. Tembe	√	√	√	√	√	x	√	√	√	√	√	√	√
Cllr. M.V. Mahamba	√	√	√	√	√	√	√	√	√	√	√	√	√

Cllr. S.J. Mabika	√	√	√	√	√	x	√	√	√	√	√	√	√
Cllr. L.S. Ntuli	√	√	√	√	√	x	√	√	√	√	√	√	√
Cllr. B.D. Mtshali	√	√	√	√	√	x	√	√	√	√	√	√	√
Cllr. I.T. Gwala	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. P.V. Khathwane	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. N.C. Mdletshe	√	√	√	√	√	√	x	√	√	√	√	√	√
Cllr. N.J. Khumalo	√	√	√	√	√	x	√	√	√	√	√	√	√
Cllr. K.A Buthelezi	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. B.E. Biyela	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. A.T. Nxumalo	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. S.S. Mkhumbuzi	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. Z.V Mthembu	√	√	√	x	√	√	√	x	√	√	√	√	√

Cllr. N.P. Khumalo	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. Z.M. Mhlongo	√	x	√	√	√	√	√	√	√	√	√	√	√
Cllr. K.C. Mthembu	√	√	√	√	√	x	√	√	√	√	√	√	√
Cllr. T.N. Magagula	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. N.P Mthembu	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. W.N.O Nxumalo	√	√	√	√	√	√	x	√	√	√	√	√	√
Cllr. F.G Mlambo	√	√	√	√	√	x	√	√	√	√	√	√	√
Cllr. T.S. Myeni	X	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. D. Mlambo	√	√	√	√	√	√	√	√	√	√	x	√	√
Cllr. P.T. Vumase	√	√	√	√	√	x	√	√	√	√	√	√	√
Cllr. M.D. Mathenjwa	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. S.M. Gumede	√	√	√	√	√	√	√	√	√	√	√	√	√

Cllr. M.Z. Mhlongo	√	√	√	x	√	√	√	√	√	√	√	√	√
Cllr. T.S. Khumalo	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. H.K. Gumede	X	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. H.N. Ntshangase	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. K.E. Kunene	√	√	√	√	√	√	√	√	√	√	√	√	√
Cllr. E.Z. Mtshali	X	√	√	√	√	x	√	√	√	√	√	√	√

3. APPENDIX B-2: RECORD OF ATTENDANCE-EXCO MEETINGS FOR 2023/2024

	26 July 2023	28 Aug 2023	26 Sep 2023	31 Oct 2023	Nov 2021	08 Dec 2023	23 Jan 2024	28 Feb 2024	22 Mar 2024	25 Apr 2024	26 May 2024	30 June 2024	TOTAL 8
Cllr. T.S Khumalo (Mayor)	√	√	√	√	√	√	√	√	√	√	√	√	12
Cllr. E.Z. Mtshali (D. Mayor)	√	√	√	√	√	√	√	√	√	√	√	√	12
Cllr. H.K. Gumede	√	X	√	√	√	√	√	√	√	√	√	√	12
Cllr. P.T. Vumase	√	√	√	√	√	√	√	√	√	√	X	√	11
Cllr. L.D. Tembe	√	√	X	√	√	√	√	√	√	√	√	√	11
Cllr. K.C. Mthembu	√	√	X	√	√	√	√	√	√	√	X	√	10
Cllr. Z.M. Mhlongo	X	X	X	X	√	X	√	X	X	X	X	√	3
Cllr. M.D. Mathenjwa (SPEAKER)	X	X	X	X	X	X	√	X	X	X	X	X	1

4. APPENDIX B3: APPENDIX B-4: RECORD OF ATTENDANCE- CORPORATE SERVICES PORTFOLIO COMMITTEE MEETINGS FOR 2023/2024

Councillor Details	July 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	April 2024	May 2024	June 2024	TOTAL 04

APPENDIX B4: RECORD OF ATTENDANCE- PLANNING, LOCAL ECONOMIC DEVELOPMENT AND TECHNICAL SERVICES PORTFOLIO COMMITTEE MEETINGS FOR 2023/2024

Councillor Details	July 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	April 2024	May 2024	June 2024	TOTAL 04
Cllr. E.Z Mtshali (Chairperson)	N	Y	N	N	N	Y	Y	N	Y	Y	Y	Y	07
Cllr. L.D Tembe	Y	N	Y	Y	Y	N	N	Y	N	N	N	N	05
Cllr. S.M Gumede	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	12
Cllr. M.Z. Mhlongo	N	Y	N	Y	N	N	N	Y	N	Y	N	Y	05
Cllr. N.P Mthembu	N	Y	N	Y	Y	N	N	Y	N	N	N	N	04
Cllr. C.N Mdletshe	Y	Y	Y	Y	N	N	N	Y	N	N	Y	N	06
Cllr. P.V Khathwane	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	11
Cllr. N.J Khumalo		Y	Y	Y	Y	Y	Y	N	Y	Y	N	Y	09
Cllr. S.J Mabika	Y	N	N	Y	N	Y	N	Y	Y	N	Y	Y	07

APPENDIX B5: RECORD OF ATTENDANCE- COMMUNITY SERVICES PORTFOLIO COMMITTEE MEETING FOR 2023/2024

Councillor Details	13 July 2022	16 Aug 2022	20 Sep 2022	03 Oct 2022	12 Oct 2022	17 Nov 2022	13 Dec 2022	20 Jan 2023	27 Feb 2023	17 Mar 2023	17 April 2023	22 May 2023	19 June 2023	TOTAL
Cllr. H.K Gumede (Chairperson)	√	√	√	√	√	√	√	√	√	√	√	√	√	13
Cllr. B.E Biyela	√	√	√	√	√	√	√	√	√	X	√	√	√	12
Cllr. S.M. Tembe	√	√	√	√	√	√	X	√	X	X	√	√	√	10
Cllr. M.Z. Mhlongo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	X	√	√	X	X	X	02
Cllr. T.N Magagula	√	√	√	√	√	√	√	√	X	X	X	X	X	08
Cllr. N.J Khumalo	√	√	√	X	√	√	√	√	√	√	√	√	√	12
Cllr. Z.M. Mhlongo	√	√	X	√	√	√	√	√	X	X	X	X	√	08
Cllr. N.P Khumalo	√	√	√	√	X	√	√	√	√	√	X	√	√	11
Cllr S.S Mkhumbuzi	N/A	N/A	N/A	N/A	N/A	√	√	√	X	X	√	√	√	06

Please note that Cllr M.Z Mhlongo joined the Portfolio Committee in 3rd Quarter and Cllr S.S Mkhumbuzi joined the Portfolio Committee in middle of 2nd Quarter.

APPENDIX B-5: RECORD OF ATTENDANCE- FINANCE PORTFOLIO COMMITTEE MEETING FOR 2023/2024

Councillor Details	July 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	April 2023	May 2023	June 2023	TOTAL 04
Cllr TS Khumalo (Mayor)	√	√	√	√	√	√	√	√	√	√	√	√	12
Cllr. M.D. Mathenjwa (Speaker)	√	√	√	√	X	X	X	X	X	X	X	X	04
Cllr SM Manukuza					√	X	√	√	√	√	√	√	07
Cllr MV Mahamba					√	X	√	√	√	√	√	√	07
Cllr JP Zikhali					√	√	√	√	√	√	√	√	08
Cllr KC Mthembu					√	X	√	√	√	X	X	√	04
Cllr WNO Nxumalo					√	√	√	√	√	X	√	√	07
Cllr SM Gumede					√	√	√	√	√	X	√	X	06
Cllr S Mabika											√	√	02
Cllr KA Buthelezi					X	√	√	√	√	√	√	√	07
Cllr OT Nxumalo					X	X	√	√					02

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE 2023/2024

DEPARTMENT	SECTION 54 & 56 DIRECTORS/ MANAGERS
OFFICE OF THE MUNICIPAL MANAGER	Municipal Manager: Mr N.P.E Myeni
Section Unit-Risk Management	Manager Risk & Compliance: Mrs T.P. Nhlenyama
Section/Unit-IDP & Performance Management	Manager IDP: Mr M.N. Mthembu Manager PMS: Mr N.J. Mpontshane
Unit-Internal Audit	Manager Internal Audit: Miss K. Bhengu
Strategic Planning	Manager Strategic Planning: Mr M.S Mnguni
CORPORATE SERVICES DEPARTMENT	Director Corporate Services: Mr CR Khumalo Deputy Director Corporate Services: Mr T.S. Mkhabela
Section/Unit-Human Resource Management	Manager HR: Miss L. Sithole
Section/unit-Legal and Administrative	N/A
Section/Unit-Information, Communication and Technology	Manager IT: Mr M.S. Ngubane
DEPARTMENT: TECHNICAL SERVICES, PLANNING & LED	Director Technical Services, Planning & LED: Mr DI Tembe Deputy Director Technical Services, Planning & LED: Mr S Zikhali
Section/Unit: Civil Engineering	Manager Technical: Mrs F.S. Msabala
Section/Unit: Maintenance	Mr S.M Mthethwa
Section/Unit: Solid Waste	Manager Waste: Mrs N.F. Mngomezulu
Section/Unit: Town Planning	Manager Planning & Development: Miss Z. Macingwana

Section/Unit: LED	Manager LED & Tourism: Miss N. Mathe
COMMUNITY SERVICES DEPARTMENT	Director Community Services: Mr W.S. Nhlenyama
Traffic, Law Enforcement and Licensing	Manager Public Safety: Mr S.L. Mahaye
Library and Information Management	Librarian: Miss S.F. Ndlazi
Community Development & Special Projects	Manager Special Programmes: Mr T.D. Mlambo
DEPARTMENT: FINANCE-BUDGET & TREASURY	Chief Financial Officer: Ms NP Mkhabela
Supply Chain Management	Manager SCM: Mr M.N Mthembu

APPENDIX D: MUNICIPAL / ENTITY FUNCTIONS 2023/2024

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	No	N/A
Building regulations	Yes	N/A
Childcare facilities	No	N/A
Electricity and gas reticulation	No	N/A
Firefighting services	Yes	N/A
Local tourism	Yes	N/A
Municipal airports	No	N/A
Municipal planning	Yes	N/A
Municipal health services	No	N/A
Municipal public transport	No	N/A
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	No	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	N/A
Stormwater management systems in built-up areas	No	N/A
Trading regulations	Yes	N/A
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	N/A
Beaches and amusement facilities	No	N/A

Billboards and the display of advertisements in public places	Yes	N/A
Cemeteries, funeral parlours and crematoria	Yes	N/A
Cleansing	Yes	N/A
Control of public nuisances	No	N/A
Control of undertakings that sell liquor to the public	Yes	N/A
Facilities for the accommodation, care and burial of animals	No	N/A
Fencing and fences	No	N/A
Licensing of dogs	No	N/A
Licensing and control of undertakings that sell food to the public	No	N/A
Local amenities	Yes	N/A
Local sport facilities	Yes	N/A
Markets	Yes	N/A
Municipal abattoirs	No	N/A
Municipal parks and recreation	Yes	N/A
Municipal roads	Yes	N/A
Noise pollution	No	N/A
Pounds	Yes	N/A
Public places	Yes	N/A
Refuse removal, refuse dumps and solid waste disposal	Yes	N/A
Street trading	Yes	N/A
Street lighting	Yes	N/A
Traffic and parking	Yes	N/A

APPENDIX E: WARD REPORTING 2023/2024

Ward	Name of Ward Councillor & Elected Ward Committee Members	Name of Ward Councillor & Elected Ward Committee Members	Committee Established Yes/No	Committee Established Yes/No	Monthly Committee Meetings Held	Monthly Committee Meetings Held	Monthly Reports Submitted	Monthly Reports Submitted	Quarterly Ward Meetings Held	Quarterly Ward Meetings Held
1	Cllr: KO TEMBE Ward Committee Members: Ntimbane Nkululeko Msweli Siphiwe Mngomezulu Joyce Ngubane Thandiwe Mthembu Zwelakhe Mthembu Makhuza Ngubane Israel Nxumalo Gugu Gumede Thomas Manzini Thabisile	Cllr: T.P MANZINI Ward Committee Members: Mkhonto Paulos Ndlovu Samkele Mthembu Makhuza Mthembu Musawenko si Mathenjwa Jabulani Mahlangu Nkanyiso Manzini Thandazile Ngubane Israel Mlambo Nonhlanhla Tembe Kholwa	Yes	Yes	1	1	10	10	3	3
2	Cllr: BN NTSELE Ward Committee Members: Senzeni Ntuli	Cllr: JP ZIKHALI Ward Committee Members: Mnguni Nompumelelo	Yes	Yes	1	1	10	10	3	3

	Bhekisisa S Ncube Mkhonto D zikhali Mthethwa Ngobane Mdletshe Terresa Nomandla Vusi Sindisiwe R Zikhali Desire L Ngubane Bongiwe P Ntuli Nokuthula Ntombela	Tembe Mandlakayi se Ncube Bhekisisa Mdluli Lindiwe Ngubane Thandeka Zikhali Samkelisiwe Zikhali Hezekiel Zikhali Makhosazane Zikhali Qaphelani Zikhali J Mahlathi								
3	Cllr: TN MAGAGULA Ward Committee Members: Malambula Zefani Fela Linda Jabulani Nxumalo Jabu Mbuyazi Sibongie Zikhali Nombango Zikhali Benjamin Zikhali Dumsani Mzobe Siphamandla Ncube Lindokuhle	Cllr: T MNGOMEZ ULU Ward Committee Members: Gumede Ayanda Mnguni Nobuhle Nxumalo Betty Mpanza Nhlanhla Linda Jabulani Sbiya Slindile Ntuli Mbali Gumede Ntombifuthi Nomandla Makhosazane Mkhize Hlalaphi	YES	YES	1	1	10	10	3	3

	Mpanza Nhlahla										
4	Cllr: L.D TEMBE Ward Committee Members: Mavundla Thobisile Mthembu Mthokozisi Ngubane Bongani Sibiya Khethiwe Mbonambi Monica Gumede Sbonakalis o Manzini Sphiwe Shange Bongani Zungu Busisiwe Joseph Tembe	Cllr: L.D TEMBE Ward Committee Members: Mthembu Musa Makhanya Themban Zikhali Manqoba Makhoba Mwali Manzini Sphiwe Gumede Emmar Mahlangu Jabulani Mthembu James Mthembu Maria Tembe Jubumshad o	YES	YES	1	1	10	10	3	3	
5	Cllr: TJ NXUMALO Ward Committee Members: Mbazini Zodwa Mbonambi Selby Nxumalo Lindiwe Moses Mthembu	Cllr: SM MANUKUZ A Ward Committee Members: Manukuza Zodwa Ntuli Thulisile Qwabe Thembinkos i Mbonambi Bheki	YES	YES	1	1	10	10	3	3	

	Kunene Khanyisile Manukuza Zodwa Zikhali Zanele Mnguni Ronald Nhleko Siphiwe Masango Freeman	Mabika Bekezela Mabuza Sizakele Ngubane Thandazile Mthembu Khululiwe Khumalo Mduduzi S.S Mbonambi								
6	Cllr: MD MATHENJ WA Ward Committee Members: Mpanza Cabangile Ndlazi Jabu Tembe Danger Duze Andile Khumalo John Gumede Israel Ngwenya Nokuthula Khumalo Thokozani Mdluli Snehlanhla Ngwenya Themba	Cllr: FS MPANZA Ward Committee Members: Mthembu Zikhona Tembe William Gumede Thandiwe Zikhali Sipho Zikhali Jabulani Ndlazi Ntethelelo Khoza Nonhlanhla Tembe Danger Dladla Welcome Tembe Zakhele S	YES	YES	1	1	10	10	3	3
7	Cllr: ET Nxumalo	Cllr: BK MBUYAZI	YES	YES	1	1	10	10	3	3

	Ward Committee Members: Mbonambi Thandazile Khumalo Happy Mthombeni Thenjiwe Mthethwa Phumelaphi Ngxongo Sifiso Mthethwa Smanga Ndlazi Duduzile Mpontshane Sizwe Ntuli Dennis Nxumalo Mlondoloz	Ward Committee Members: Mlambo Mandlenkosi Zungu Siphonxumalo Nomfundo Mthethwa Mshado Ngobese Bheki Mthethwa Ntombikayise Mabika Mandla Mlambo Themba Tembe Sphilile Mlondo Nxumalo								
8	Cllr: GS Mthembu Ward Committee Members: Mbonambi Thabisile Mthembu Sizwe Gumede Jabulani Ngubane Lefina Mthembu William James Qwabe Mbonambi Bonginkosi	Cllr: SM TEMBE Ward Committee Members: Mageba Bheki Mlambo Sbongile Sthole Zodwa Vumase Phumzile Mthembu Mpikiswane Ntsele Vusi Mathenjwa Nkosinathi Ngubane Lefina	YES	YES	1	1	10	10	3	3

	Nsele Nombuso Mageba Nonhle Mathenjwa Mthokozisi	Mthembu Nonhlanhla Mthethwa Rose N									
9	Cllr: DA TEMBE Ward Committee Members: Tembe Zodwa Gumede Mashabalal a MthembuT hokozani Ndimande Bonisiwe Manzini Thokozani Tembe Doreen Nontokoza Khumalo Msweli Amanda Gumede Ngodiyane Mathe Nhlanhla	Cllr: MV MAHAMBA Ward Committee Members: Hlatshwayo Phumelele Gumede Thobile Tembe Jacob Ndlazi Sbongiseni Ndlovu Themba Tembe Mazwi Gumede Nokuthula Tembe Thandazile Tembe Simpfiwe Tembe David A	YES	YES	1	1	10	10	3	3	
10	Cllr: MI MTHEMBU WardCom mittee Members: Khumalo Mantombi Tembe Zodwa	Cllr: SJ Mabika Ward Committee Members: Silwane Nomusa Mabika Khumbulani Manzini Khanyisani	YES	YES	1	1	10	10	3	3	

	Mngomezulu Hlengiwe Sibiya Ephaime Nsele Letus Mkhumbuzi sabelo Ndoda Mhlongo Mathenjwa Nonhlahla	Mpanza Bongi Sbiya Zipho Ngubane Philani Ngubane Thokozani Zikhali Veronica Mthembu Dumisani Vilane Peter J									
11	Cllr: NS MTHETHWA A Ward Committee Members: Zikhali Manqoba C Mnguni Nonkululeko Ngubane Comfort Mthembu Sthandwa Thabethe Nomasonto Nsele Gladys Cele Getty Nxumalo Z Mlambo Mpiyakhe Vumase Jabu	Cllr: LS NTULI Ward Committee Members: Mtethwa Nqanawe Ngubane Fihliwe Khanyile Noxolo Tembe Bhekithemba Mthembu Nkululeko Dladla Tshelwaphi Kubheka Khululiwe Sbiya Enock Ngubane Sakhile Mthethwa Sipho	YES	YES	1	1	10	10	3	3	
12	Cllr: N VUMASE WardCom mitteeMem bers:	Cllr: BD MTSHALI Ward Committee Members:	YES	YES	1	1	10	10	3	3	

	Gwala Thandazile Mthembu Lungile Mtshali Khanyisile Maphumulo Sipho Mthembu Angel Hobe Bongiwe Gumede Maria Mthembu Bolile Zungu L.T Manzini M.B	Iadla Hlengiwe Sbiya Mzamo Zikhali Sabatha Hobe Lalelani Zungu Lizzy Tembe Nkanyiso Tembe Lindiwe Mthembu Nabo Ngubane Shades Tembe Busi T									
13	Cllr: JB GWALA WardCom mitteeMem bers: Sibiya Winnie Thabethe Aron Nhleko Velaphi Khoza Slindile Nhleko Hendrick Mthembu Vusi Gwala Rose Makhoba Slindile Khumalo Justice	Cllr: TS GWALA Ward Committee Members: Nxumalo Zethu Nsele Thabo Gumede Mthokozisi Zikhali Ntombifuthi Mthembu Sebenzile Mdluli Nomusa Mabika Bheki S Manukuza Khanyi Dlamini Sfiso Mkhabela Zweli S	YES	YES	1	1	10	10	3	3	

	Malwane Vela									
14	Cllr: NJ NDABENI WardCom mitteeMem bers: Xaba Regina Jobe Jabulisiwe Gumede Khululiwe Ngcobo Siyabonga Mzila Sindisiwe Mlambo Sthembiso Gumede Ndumiso S Mlambo Nqobile Gumede Philani Gumede Ncamsile	Cllr: PV KHATHWA NE Ward Committee Members: Gumede Mduduzi Masinga Thomas Mgabhi Doctor Mhlongo Nomalanga Qwabe Mandlenkos i Ndimande Wiseman Mlambo Nkosingiphil e Mabika Tholakele Gumede Innocent A Tembe Ayanda	YES	YES	1	1	10	10	3	3
15	Cllr: NC MDLETSHE Ward Committee Members: Mdluli Bongani Mabika Mandla	Cllr: NC MDLETSHE Ward Committee Members: Shiba Siph o Tembe Sfiso Maphanga Bekezela	YES	YES	1	1	10	10	3	3

	Mzila Zanele Maphanga Bekezela Gumede Welile Mgabhi Mfanafuthi Mathenjwa Gugulethu Mdletshe Tholakele Gumede Gugulethu Mhlongo Mpikiswano	Gumede Bhekinkosi Ndlovu Barker Mdletshe Tholakele Ntuli Dumisani Ngwenya Nokuthula Ngubane Sthembiso P Gumede								
16	Cllr: EG MHLONGO WardCom mittee Members: Msimango James Khumalo Nelisiwe Tembe Busisiwe Mkhonto Senzo Mdletshe Zama Mthembu Sipho Msane Filimuzi Ndlazi Syabonga Mthembu Nkululeko Zamisa Nokuthula	Cllr: NJ KHUMALO Ward Committee Members: Dlamini Bhekifa Tembe Sipho Mabika Fikile Mpunzi Thobeka Gumede Nonhlanhla Mthembu Bongiwe Gumede Zeblon Ngwenya Funisiwe Khumalo Mfanafuthi Mthembu Babiyakhe	YES	YES	1	1	10	10	3	3

17	Cllr: SN TEMBE	Cllr: KA BUTHELEZ I	YES	YES	1	1	10	10	3	3
	WardCom mittee Members: Sibiya Nozipho Njokweni Thokozani Mthembu Nokulunga Ngwenya Mduduzi Sithole Mandla Makhanya Petros Ngubane Balekile Mthembe Nqobile Mthembu Jabulani Mdluli Olga	Ward Committee Members: Tembe Gugu Ngubane Paul Ngubane Bongani Masinga Madonse Mlambo Neliswa Njokweni Thokozani Sibiya Jabu Mthembu Thuli Tembe Zama Ntuli Themba E								
18	Cllr: JE STHOLE	Cllr: BE BIYELA	YES	YES	1	1	10	10	3	3
	WardCom mittee Members: Mhlongo Muzwakhe Masinga Zecus Maphanga Hlengiwe Manzini Fikile Thusi Bongumus a	Ward Committee Members: Sibiya Stephanie Mthembu Thembeni Msolwa Musa Makhanya Sphamandl a Mabika Thulisiwe Gumede Thandi Mthembu Nhlanhla								

	Mthembu Thobile Tembe Sayitsheni Mthembu Thulisiwe Khanyile Jabulani Tembe Jonas	Zungu Philile Thusi Jabulani Tembe Mahlathi N							
19.	Cllr: SP MABIKA Ward Committee Members: Nhlonzi Ntethelelo Sibiya Dumsani Nxumalo Thembi Ndlazi Duduzile Mngomezulu Mxilolisi Manzini Thandazile Zikhali Maureen Ntuli Nomvelo Nsibande Mthokozisi Nxumalo Vusumuzi		YES	1		10		3	
20.	Cllr: SS MKHUMBUZI Ward Committee Members: Sizani Tembe Gina Nelisiwe Gumede Sebenzile Mbuyiza Dudu Mabika Zakhela Khumalo Thokoza Thembe Phumasilwe Ndlovu Bonakele Dlamini Thembisile Mthembu Siphoh		YES	1		10		3	

CAPITAL PROJECTS: SIX LARGEST 2023/2024

Ward Title: Ward				
Capital Projects: Seven Largest in 2023/2024				
Ward No.	Project Name and Detail	Start Date	End Date	Total Value
01	Multi-Purpose Hall (Manguzi Multi-purpose hall)	01-07-2016	30 June 2024	R50 827 334
01	6 market stalls (Refurbishment of Manguz Informal Traders Markets 1)	01 -07- 2021	To be completed by 30 June 2024	R3 982 673
04	2,1 km of Manguzi Internal gravel road upgraded to surfaced road (tarred road)	01-07-2021	30 June 2024	R9 820 314
06	3,2Km of Skhemelele Internal gravel road phase 1 completed by 30 June 2024		30 June 2024	

APPENDIX G: RECOMMENDATIONS OF THE AUDIT COMMITTEE FOR THE YEAR 2023/2024

Not available at the time of submission of the Draft Annual Report. The Audit Committee Report and recommendation will be presented at the Council Meeting and be included in the report.

APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS 2023/2024

Long Term Contracts (20 Largest contracts entered during 2023/2024)					
Name of Service Provider (Entity or Municipal Department)	Description of Service Rendered	Start Date of Contract	Expiry Date of Contract	Project Manager	Contract Value
Camelsa Consulting	System support	01/08/2024	30/08/2025	Mr P Mukwevho	R1 863 732
Lateral unison	Insurance services	01/07/2024	31/12/2024	Mr MW Letsela	R 1 168 398
Ntshidi & Association	Internal Auditors	05/10/2022	10/05/2025	Mr SH Mzimela	R 3 470 527.80
Travel With flair	Accommodation and travel services	01/07/2024	31/12/2024	Mr R Wike	R540 000.00
Chirwa Security services (VIP)	Security Services	01/04/2023	31/03/2026	Mr. Chirwa	R6 459 943.56
Chirwa Security services	Security Services	01/04/2023	31/03/2026	Mr. Chirwa	R28 792 372.57
BPG Mass Appraisal	Valuation roll	01/07/2023	30/06/2028	Mr WFJ Hamilton	R1 669 479.00
Public Private Partnerships					
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

The municipality did not enter any Public Private Partnerships during 2023/2024

The above information will be updated with the current Contract Register for the year ended 30 June 2024

APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER'S PERFORMANCE SCHEDULE 2023/2024

The service provider's performance assessment is done in line with section number 46 (a, b & c) of chapter 6 the municipal systems act and regulation 32 of 200 Section 116 of the Municipal Finance Management Act regulates contract management, monitoring of contracts on monthly basis. 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 102: Service Provider's Performance

ASSESSMENT CRITERIA		
Legend	Rating/Scoring	Criteria
Poor	1	<i>Poor communication with the municipality</i>
		<i>Service Level Agreement not adhered to</i>
		<i>Set targets not met</i>
		<i>Poor reporting</i>
Average	2	<i>Effective communication</i>
		<i>Meet targets as per Service Level Agreement/Project Scope or Contract</i>
		<i>reporting</i>
		<i>Turnaround time of resolving faults and queries too long</i>
Good	3	<i>Meet targets as per Service Level Agreement/Project Scope or Contract</i>
		<i>Good Communication</i>
		<i>Faults and queries resolved on time</i>
		<i>Report constantly</i>
Very Good	4	<i>Exceed the set expectations in terms of Service Level Agreement/Project Scope or Contract</i>
		<i>Constant communication with a clear contact person</i>
		<i>Queries and faults resolved before targeted date/time</i>
Excellent	5	<i>Exceed the set expectations in terms of Service Level Agreement/Project Scope or Contract</i>
		<i>Provide clear risk management plan</i>
		<i>Excellent communication skills</i>
		<i>No outstanding queries (Clean record of queries)</i>
		<i>Excellent reporting</i>

NO	SERVICE PROVIDER	EXISTENCE OF CONTRACT/SLA	EXTENTION PERIOD YES/NO	SCOPE OF WORK	PERFORMANCE OF THE SERVICE PROVIDER	COMMENTS
1.	Chirwa investment for security services	Yes	Yes	Provision of Security Services	Average The municipal employee assets register of in and out assets is not properly checked.	<i>*effective communication</i> <i>*meet targets as per service level /project scope or contract</i> <i>*Reporting</i> <i>*Turnaround time of resolving faults and queries too long</i>
2	Lateral Unison Insurance brokers	Yes	Yes	Provision of insurance services	Average The pending matters for renovation of Municipal building and write off of Mayors vehicle as per insurance recommendation has taken too long to respond	<i>*effective communication</i> <i>*meet targets as per service level /project scope or contract</i> <i>*Reporting</i> <i>*Turnaround time of resolving faults and queries too long</i>
3	Telkom SA Limited	Yes	Yes	Hosted exchange email	Good No issues have been identified during the first quarter that related to Telkom (hosting exchange email)	<i>*Meet targets as per Service Level Agreement/Project Scope or Contract</i> <i>* Faults and queries resolved on time</i>

4	G4s cash solution	Yes	Yes	Cash Management and Ancillary services	Good No report received from traffic section indicating poor service from service provider assumption is that target met	*Meet targets as per Service Level Agreement/Project Scope or Contract * Good Communication * Faults and queries resolved on time * Report constantly
5	Calmesa Consulting cc (Pty) Ltd	Yes	Yes	Financial System - Pastel	Average Turnaround time of queries logged are not resolved in time.	* effective communication *meet targets as per service level /project scope or contract *Reporting *Turnaround time of resolving faults and queries too long
6	Ntshidi and Associates CC	Yes	Yes	Provision of Internal Audit Services	Very Good internal audit service are still providing expected services no issues were raised by Audit Committee.	* Exceed the set expectations in terms of Service Level Agreement/Project Scope or Contract *Queries and faults resolved before targeted date/time
7	Travel With Flair	Yes	Yes	Travelling services (Car Hire, Flights and Accommodation)	Good No issues have been identified	*Meet targets as per Service Level Agreement/Project Scope or Contract

					in the provision of travelling services	<p>* Good Communication</p> <p>* Faults and queries resolved on time</p> <p>* Report constantly</p>
8	BPG MASS	Yes	Yes	Valuation of property /rate	Good service provided was at the acceptable level objections were received and attended too currently there is no issue regarding the development of valuation roll	<p>*Meet targets as per Service Level Agreement/Project Scope or Contract</p> <p>* Good Communication</p> <p>* Faults and queries resolved on time</p> <p>* Report constantly</p>
9	Vodacom	Yes	Yes	Provision for internet services	Good No issues were raised for upgrade of internet speed	<p>Meet targets as per Service Level Agreement/Project Scope or Contract</p> <p>* Good Communication</p> <p>* Faults and queries resolved on time</p> <p>* Report constantly</p>
10	Telephone services	Yes	Yes	Provision of Telephone services	Average The issues of linkage of lines from Telkom to Nashua at Mbazwane has not yet been resolved, turnaround time of solving is too long	<p>* effective communication</p> <p>*meet targets as per service level /project scope or contract</p> <p>*Reporting</p> <p>*Turnaround time of resolving faults and queries too long</p>
11	MIL Consulting Engineers	Yes	Yes	Consultant for Manguzi internal Roads	Good No issues	<p>Meet targets as per Service Level Agreement/Project Scope or Contract</p> <p>* Good Communication</p>

						<p>* Faults and queries resolved on time</p> <p>* Report constantly</p>
12	Sikwayo Holding pt LTD JV LL Trading	Yes	Yes	Construction Manguzi Internal Road	Poor Contractor is behind the project Plan	<p>*Poor communication with the Municipality</p> <p>* service level agreement not adhered to</p> <p>* set target not met</p> <p>*poor reporting</p>
13	ODG Technology	Yes	Yes	Consultant of Siholwa Electrification phase 2	Good No issues	<p>Meet targets as per Service Level Agreement/Project Scope or Contract</p> <p>* Good Communication</p> <p>* Faults and queries resolved on time* Report constantly</p>
14	A one Elect cc/A A1 Electrical	Yes	Yes	Construction of Siholwa Electrification phase two	Good No issues were raised	<p>Meet targets as per Service Level Agreement/Project Scope or Contract</p> <p>* Good Communication</p> <p>* Faults and queries resolved on time* Report constantly</p>

18	Gilja Consulting pty LTD	Yes	Yes	Consultant for GRAAP Complaint Fixed assets	Good The project scope is inline.	<i>Meet targets as per Service Level Agreement/Project Scope or Contract</i> <i>* Good Communication</i> <i>* Faults and queries resolved on time* Report constantly</i>
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APPENDIX J: DISCLOSURE OF FINANCIAL INTERESTS 2023/2024

Period 1 July 2023 to 30 June 2024		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		Nil
Member of MayCo / Exco		Nil
		Nil
Councillors		Nil
		Nil
Municipal Manager Mr N.P.E. Myeni		<ul style="list-style-type: none"> • Bandengokuhle Project and logistics: Trucking Business 100% ownership • Super Quick Manguzi: Tyre Business 100% • HB Unique Fitment Centre: Tyre Business 50% • Emmanathi Trading: Blocks Business 50% • Emmanathi Shipping: Shipping Agency 40% • Emmanathi Trading: Mining River Sand 50% • Land and Property: House Empangeni • Land and Property: House Esikhawini • Land and Property: Flat Empangeni • Cottages or Rental Flats: Eskhawini • Cottages or Rental Flats: Skhemelele
Chief Financial Officer		<ul style="list-style-type: none"> • MTN-Zakhele shares • Empangeni: Land and Property • Durban: Land and Property • Hluhluwe: Land and Property
(Executive) Directors		Director Community Services Land and Property: Hous
		Director Corporate Services <ul style="list-style-type: none"> • Nathi Shares • MTN Zakhele Shares • Directorship: Phiwa Trading and Projects Land and Property: Residential and Site and Ulundi
		Director PLID <ul style="list-style-type: none"> • Interest and trust: DIS Tembe family trust and Migudu Holding trust

		<ul style="list-style-type: none"> Land and Property: A06 San Michalle
Other Executive Directors, Deputy MM and Deputy Managers		Nil
<p><i>* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A</i> <i>T J</i></p>		

APPENDIX K (I): REVENUE COLLECTION BY VOTE FOR 2023/2024

REVENUE TYPE	AMOUNT (R)
Service Charges	543 709
Property Rate	23 907 804
Government Grants and Subsidies	286 497 776
Rental Income	495 921
Fines, Penalties and Forfeits	1 335 550
Interest Received – Investments	9 880 939
Interest on Rates – Outstanding debtors	2 157 088
Other Income	1 849 218
Licensing and permits	2 620 860
Commission Received	10 590
Agency services	266 035
Public Contributions and donations	38 075 896
INEP contract revenue	20 032 636
Beach development	2 173 681
TOTAL	389 847 703

APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE FOR 2023/2024

REVENUE TYPE	AMOUNT (R)
Service Charges	543 709
Property Rate	23 907 804
Government Grants and Subsidies	286 497 776
Rental Income	495 921
Fines, Penalties and Forfeits	1 335 550
Interest Received – Investments	9 880 939
Interest on Rates – Outstanding debtors	2 157 088
Other Income	1 849 218
Licensing and permits	2 620 860
Commission Received	10 590
Agency services	266 035
Public Contributions and donations	38 075 896
INEP contract revenue	20 032 636
Beach development	2 173 681
	389 847 703

APPENDIX L: CONDITIONAL GRANTS RECEIVED DURING 2023/2024

GRANT NAME	AMOUNT RECEIVED (R)
Municipal Infrastructure Grant	45 883 000
Financial Management Grant	1 850 000
Community Library Services Grant	969 000
Provincialization of Libraries Grant	1 964 000
Integrated National Electrification Programme Grant	24 760 000
Expanded Public Works Programme Grant	2 037 000
Tourism Grant (Manguzi Informal Traders Market Stalls)	4 500 000
Total	R81 963 000

APPENDIX L: CONDITIONAL GRANTS RECEIVED INCLUDING MIG DURING 2023/2024

GRANT NAME	AMOUNT RECEIVED (R)
Municipal Infrastructure Grant	39 523 000
Financial Management Grant	1 850 000
Community Library Services Grant	969 000
Provincialization of Libraries Grant	1 964 000
Integrated National Electrification Programme Grant	6 000 000
Expanded Public Works Programme Grant	1 975 000
Tourism Grant (Kosi Bay Fish Market)	1 000 000
Tourism Grant (Manguzi Informal Traders Market Stalls)	4 500 000
Tourism Grant (Beach development)	2 500 000
Total	R60 281 000

APPENDIX M(i) AND M (ii) CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME 2023/2024

PROJECT DESCRIPTION	AMOUNT (R)
Roads	
Manguzi/ Kosi Bay Internal Roads	R 22 640 040
Manguzi Internal Roads Phase 2 (Ward 4 and ward 1)	R8 144 508
Skhemelele Internal Roads (ward 6)	R5004 570
Refurbishment of Manguzi Informal traders Market (Ward 1)	R2 887 427
Manguzi Sport field Refurbishment (Ward 1)	R6 490 435
Total	R35 789 118
Markets and sports fields	
Refurbishment of Manguzi Informal traders Market	R2 887 427
Manguzi Sport field Refurbishment (Ward 1)	R6 490 435
Total	R9 377 862
TOTAL	R45 166 980

APPENDIX N: CAPITAL PROGRAMME BY PROJECT CURRENT YEAR 2023/2024

APPENDIX O: CAPITAL PROGRAMME BY PROJECT BY WARD CURRENT YEAR 2023/2024

Below is the table with capital projects implemented in 2023/2024 financial year

PROJECT DESCRIPTION	AMOUNT (R)
Manguzi /Kosi Bay Internal Roads (ward4)	R 22 640 040
Manguzi Internal Roads Phase 2 (Ward 4 and ward 1)	R 8 144 508
Skhemelele Internal Roads (ward 6)	R 5 004 570
Refurbishment of Manguzi Informal traders Market (Ward 1)	R 2 887 427
Manguzi Sport field Refurbishment (Ward 1)	R 6 490 435
Oqondweni Phase 2 (Ward 7)	R 9 530 970
Siholwa (ward 11)	R 10 501 667
Total	R65 199 617

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS 2023/2024

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Waste
Schools				
Clinics				

This information is not yet published on 2022 census data.

APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION 2023/2024

Service backlogs experienced by the community where another sphere of government is the service provider (whether or not the municipality acts on agency basis)		
Service and locations	Scale of backlogs/ Challenge	Impact of backlogs
Clinics		
Housing		
Driving Licensing and Testing Centre		
None	None	None

APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY-2023/2024

Loans/Grants Made by the Municipality	Project Name	Conditions Attached to Funding	Year	Total Amount Committed Over Previous & Future Years
uMhlabuyalingana Municipality did not have any loans.				

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT 2023/2024

Presidential outcome for Local Government		
Outcome/Output	Progress to date	Number or percentage achieved
A	B	C
Output: Improving access to basic services		
Provision of Basic Services	Households and businesses having access to refuse removal. services at the minimum level.	
	Households having access to electricity services.	
The Community Works Programme functions in the Municipality, but is managed on behalf of national government by an external service provider.	CWP job opportunities that were created during 2023/2024 financial year	
EPWP	EPWP job opportunities that were created during 2023/24 financial year	
Output: Deepen democracy through a refined Ward Committee Model		



VOLUME 2

AUDITED ANNUAL FINANCIAL STATEMENTS

2023/2024





**uMhlabuyalingana Local Municipality
(Registration number KZN 271)
Annual Financial Statements
for the year ended 30 June 2024**

uMhlabuyalingana Local Municipality

(Registration number KZN 271)

Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998)
Nature of business and principal activities	The main purposes of the municipality is to engage in local governance activities which include planning and promotions of integrated development planning, economic and environmental development and supplying of services to the community.
Executive committee	
Mayor	Clr. TS Khumalo
Deputy Mayor	Clr. EZ Mtshali
Speaker	Clr. MD Mathenjwa
MPAC Chairperson	Clr. TS Myeni
Ordinary Executive Members	
	Clr. ZM Mhlongo
	Clr. KC Mthembu
	Clr. HK Gumede
	Clr. LD Tembe
	Clr. PT Vumase
	.
Councillors	
	Clr. TP Manzini
	Clr. JP Zikhali
	Clr. T Mngomezulu
	Clr. FG Mlambo
	Clr. SS Manukuzo
	Clr. FS Mpanza
	Clr. BK Mbuyazi
	Clr. SM Tembe
	Clr. MV Mahamba
	Clr. SJ Mabika
	Clr. SL Ntuli
	Clr. BD Mtshali
	Clr. IT Gwala
	Clr. PV Khathwane
	Clr. NC Mdlletshe
	Clr. NJ Khumalo
	Clr. KA Buthelezi
	Clr. BE Biyela
	Clr. PS Mabika
	Clr. SS Mkhumbuzi
	Clr. KA Kunene
	Clr. NP Khumalo
	Clr. TS Myeni
	Clr. TN Magagula
	Clr. WNO Nxumalo
	Clr. SM Gumede
	Clr. MZ Mhlongo
	Clr. TS Khumalo
	Clr. HN Ntshangase
	Clr. ZV Mthembu - recalled from the local council on 14 June 2024
Grading of local authority	Medium capacity municipality
Chief Finance Officer (CFO)	Mrs. NP Mkhabela
Accounting Officer	Mr. NPE Myeni
Registered office	Municipal Building

uMhlabuyalingana Local Municipality

(Registration number KZN 271)

Annual Financial Statements for the year ended 30 June 2024

General Information

	Kwangwanase 3973
Business address	Main Street Manguzi 3973
Postal address	Private Bag X 901 Kwangwanase 3973
Bankers	Nedbank Limited First National Bank Standard Bank of SA Limited
Auditors	Auditor General of South Africa Registered Auditors
Attorneys	AP Shangase Associates Millicent Hlangwa Attorneys

uMhlabuyalingana Local Municipality
(Registration number KZN 271)
Annual Financial Statements for the year ended 30 June 2024

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

uMhlabuyalingana Local Municipality

(Registration number KZN 271)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is 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 government grants. 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 have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 73, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and are hereby signed by him.

Accounting Officer
Mr. NPE Myeni

uMhlabuyalingana Local Municipality
(Registration number KZN 271)
Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	3	162,134	66,111
Receivables from non-exchange transactions	4	2,038,456	3,693,464
VAT receivable	10	-	1,187,659
Receivables from exchange transactions	5	423,363	732,641
Cash and cash equivalents	6	98,943,798	108,252,886
		101,567,751	113,932,761
Non-Current Assets			
Property, plant and equipment	7	428,171,238	377,334,177
Intangible assets	8	-	370,025
		428,171,238	377,704,202
Total Assets		529,738,989	491,636,963
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	20,068,937	22,854,333
VAT payable	10	788,209	-
Employee benefit obligation	11	526,337	464,527
Unspent conditional grants	12	7,155,291	6,399,067
Provisions	13	543,325	548,813
Beach development grant	14	267	2,500,000
INEP liability	15	1,722,892	424
		30,805,258	32,767,164
Non-Current Liabilities			
Employee benefit obligation	11	3,913,532	3,935,503
Provisions	13	26,204,535	25,613,680
		30,118,067	29,549,183
Total Liabilities		60,923,325	62,316,347
Net Assets		468,815,664	429,320,616
Accumulated surplus		468,815,664	429,320,616
Total Net Assets		468,815,664	429,320,616

* See Note 56 & 57

uMhlabuyalingana Local Municipality

(Registration number KZN 271)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	16	543,709	469,953
Rental of facilities and equipment	17	495,921	433,638
Agency services	18	266,035	163,930
Licences and permits	19	2,620,860	2,540,480
Commissions received	20	10,590	9,579
Other income	21	1,849,218	749,493
Interest received - investment	22	9,880,939	7,590,538
Total revenue from exchange transactions		15,667,272	11,957,611
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	23,907,804	23,377,413
Interest on debtors	24	2,157,088	2,421,394
Transfer revenue			
Government grants & subsidies	25	286,497,776	263,624,158
Public contributions and donations	26	38,075,896	70,988
Fines, Penalties and Forfeits	27	1,335,550	1,014,550
INEP contract revenue	28	20,032,636	5,475,978
Beach development	29	2,173,681	-
Total revenue from non-exchange transactions		374,180,431	295,984,481
Total revenue		389,847,703	307,942,092
Expenditure			
Employee related costs	30	(88,217,837)	(76,510,795)
Remuneration of councillors	31	(15,724,110)	(14,592,308)
Depreciation and amortisation	32	(25,490,686)	(24,863,654)
Finance costs	33	(1,546,717)	(2,574,445)
Lease rentals on operating lease	34	(1,381,429)	(2,375,774)
Debt impairment and bad debts written off	35	(11,196,297)	(15,528,205)
Inventory consumed	3	(4,441,012)	(3,570,252)
Contracted services	36	(105,034,591)	(70,464,537)
Transfers and Subsidies	37	(21,184,799)	(18,099,158)
Operational costs	38	(61,847,498)	(53,041,154)
Total expenditure		(336,064,976)	(281,620,282)
Operating surplus		53,782,727	26,321,810
Assets written off	7&8	(1,547,463)	(884,189)
Actuarial gains/losses	11	467,995	78,644
Impairment loss	39	(13,208,210)	4,588,883
		(14,287,678)	3,783,338
Surplus for the year		39,495,049	30,105,148

* See Note 56 & 57

uMhlabuyalingana Local Municipality
 (Registration number KZN 271)
 Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	398,925,960	398,925,960
Adjustments		
Correction of errors - note 57	289,508	289,508
Balance at 1 July 2022 as restated*	399,215,468	399,215,468
Changes in net assets		
Surplus for the year	30,105,148	30,105,148
Total changes	30,105,148	30,105,148
Opening balance as previously reported	431,590,386	431,590,386
Adjustments		
Correction of errors 57	(2,269,771)	(2,269,771)
Restated* Balance at 1 July 2023 as restated*	429,320,615	429,320,615
Changes in net assets		
Surplus for the year	39,495,049	39,495,049
Total changes	39,495,049	39,495,049
Balance at 30 June 2024	468,815,664	468,815,664

* See Note 56 & 57

uMhlabuyalingana Local Municipality

(Registration number KZN 271)

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		29,692,744	31,992,774
Grants		287,254,000	267,807,448
Interest income		9,880,939	7,590,538
Receipts on INEP projects		24,760,000	5,475,978
		<u>351,587,683</u>	<u>312,866,738</u>
Payments			
Employee costs		(103,817,255)	(91,834,469)
Suppliers		(180,570,627)	(154,320,009)
Finance costs		(4,523)	(21,962)
INEP expenditure		(23,037,532)	(5,475,978)
		<u>(307,429,937)</u>	<u>(251,652,418)</u>
Net cash flows from operating activities	42	44,157,746	61,214,320
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(53,466,834)	(55,230,460)
Purchase of other intangible assets	8	-	(173,000)
Net cash flows from investing activities		(53,466,834)	(55,403,460)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		(9,309,088)	5,810,860
Cash and cash equivalents at the beginning of the year		108,252,886	102,442,026
Cash and cash equivalents at the end of the year	6	98,943,798	108,252,886

* See Note 56 & 57

uMhlabuyalingana Local Municipality

(Registration number KZN 271)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	469,953	73,756	543,709	543,709	-	1
Rental of facilities and equipment	432,976	63,642	496,618	495,921	(697)	
Agency services	-	266,354	266,354	266,035	(319)	1
Licences and permits	2,701,536	(36,480)	2,665,056	2,620,860	(44,196)	1
Commissions received	-	10,595	10,595	10,590	(5)	1
Other income - (rollup)	1,029,890	835,476	1,865,366	1,849,218	(16,148)	1
Interest received - investment	7,783,687	2,105,140	9,888,827	9,880,939	(7,888)	1
Total revenue from exchange transactions	12,418,042	3,318,483	15,736,525	15,667,272	(69,253)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	25,101,808	(1,194,004)	23,907,804	23,907,804	-	1
Interest on consumer debtors	-	2,157,088	2,157,088	2,157,088	-	1
Transfer revenue						
Government grants & subsidies	287,254,000	4,412,673	291,666,673	286,497,776	(5,168,897)	1
Public contributions and donations	-	38,075,896	38,075,896	38,075,896	-	1
Fines, Penalties and Forfeits	807,708	536,898	1,344,606	1,335,550	(9,056)	1
INEP contract revenue	18,000,000	6,760,000	24,760,000	20,032,636	(4,727,364)	2
Beach development	-	2,500,000	2,500,000	2,173,681	(326,319)	2
Total revenue from non-exchange transactions	331,163,516	53,248,551	384,412,067	374,180,431	(10,231,636)	
Total revenue	343,581,558	56,567,034	400,148,592	389,847,703	(10,300,889)	
Expenditure						
Personnel	(96,593,797)	4,690,779	(90,903,018)	(88,217,837)	2,685,181	1
Remuneration of councillors	(15,449,044)	(393,022)	(15,842,066)	(15,724,110)	117,956	1
Depreciation and amortisation	(21,531,873)	(5,833,700)	(27,365,573)	(25,490,686)	1,874,887	1
Impairment loss/ Reversal of impairments	(4,839,235)	(8,344,081)	(13,183,316)	(13,208,210)	(24,894)	1
Finance costs	(995,202)	(575,962)	(1,571,164)	(1,546,717)	24,447	1
Lease rentals on operating lease	-	(1,381,788)	(1,381,788)	(1,381,429)	359	1
Debt Impairment	(4,339,235)	(10,152,771)	(14,492,006)	(11,196,297)	3,295,709	3
Inventory consumed	(2,461,450)	(2,160,000)	(4,621,450)	(4,441,012)	180,438	1
Contracted Services	(48,265,679)	(57,774,551)	(106,040,230)	(105,034,591)	1,005,639	1
Transfers and Subsidies	(17,739,130)	(4,864,727)	(22,603,857)	(21,184,799)	1,419,058	1
Operational costs	(42,627,638)	(20,812,801)	(63,440,439)	(61,847,498)	1,592,941	1
Total expenditure	(253,842,283)	(107,602,624)	(361,444,907)	(349,273,186)	12,171,721	
Operating surplus	89,739,275	(51,035,590)	38,703,685	40,574,517	1,870,832	
Asset write-offs	-	(1,846,500)	(1,846,500)	(1,547,463)	299,037	4
Actuarial gains/losses	-	467,995	467,995	467,995	-	1

uMhlabuyalingana Local Municipality

(Registration number KZN 271)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	-	(1,378,505)	(1,378,505)	(1,079,468)	299,037	
Surplus before taxation	89,739,275	(52,414,095)	37,325,180	39,495,049	2,169,869	
Surplus/(deficit) for the year from continuing operations	89,739,275	(52,414,095)	37,325,180	39,495,049	2,169,869	
Transfers and subsidies - Capital allocation	(58,828,795)	696,816	(58,131,979)	(53,466,854)	4,665,125	1
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	30,910,480	(51,717,279)	(20,806,799)	(13,971,805)	6,834,994	

1. Variances between budget and actual amounts have been noted. Management considers the variance to be within an acceptable norm of 10% and do not require an explanation.

2. Variance on INEP grant and Beach Development grant are a result of a VAT net effect. Additionally, the INEP grant was not fully utilised.

3. Debt impairment variance is because of the decrease in traffic fines provision due to that traffic fines had to be written off after they have expired after 2 years of them being issued.

4. Asset write off variance is because of conditional assessment results.

uMhlabuyalingana Local Municipality

(Registration number KZN 271)

Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023
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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.

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.

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 judgements 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:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Trade receivables

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

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1.4 Significant judgements and sources of estimation uncertainty (continued)

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 13 - Provisions.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follows:

- 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.

Additional information is disclosed in Note .

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured 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, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the 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 municipality 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 are 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.

Other

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

1.5 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.

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1.5 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

Property, plant and equipment are depreciated on the 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
Buildings	Straight-line	30 years
Boreholes	Straight-line	30 years
Furniture and fixtures	Straight-line	5 - 10 years
Motor vehicles	Straight-line	3 - 7 years
Office equipment	Straight-line	3 - 7 years
Computer equipment	Straight-line	3 - 7 years
Infrastructure	Straight-line	10 - 20 years
Road and paving	Straight-line	10 - 20 years
Gravel roads	Straight-line	10 - 20 years
Community hall	Straight-line	30 years
Bins and containers	Straight-line	15 years
Libraries	Straight-line	30 years
Fence	Straight-line	5 - 10 years
Gates	Straight-line	5 - 10 years
Jojo tanks	Straight-line	30 years
Park facilities	Straight-line	10 years
Landfill sites	Straight-line	5 - 30 years
Specialised vehicles	Straight-line	10 years
Special plant and equipment	Straight-line	10 - 15 years
Street lights	Straight-line	10 - 20 years

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1.5 Property, plant and equipment (continued)

Machinery	Straight-line	2 - 15 years
Halls building	Straight-line	20 - 30 years

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

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

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

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

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

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

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.

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

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

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

The municipality shall assess at each reporting date whether there is any indication that the municipality's 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 shall revise the expected useful life and/or residual value accordingly. The change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3).

In assessing whether there is any indication that the expected useful life of an asset has changed, the municipality considers the following indications:

- The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- The use of the asset has changed, because of the following:
 - The Municipality has changed the manner in which the asset is used
 - The Municipality has changed the utilisation rate of the asset.
- The Municipality has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
- Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
- Legal or similar limits placed on the use of the asset have changed.
- The asset was idle or retired from use during the reporting period.
- The asset is approaching the end of its previously expected useful life.

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1.5 Property, plant and equipment (continued)

- Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period.
- The asset is assessed as being impaired in accordance with GRAP 21 and GRAP 26.

In assessing whether there is any indication that the expected residual value of an asset has changed, the municipality shall consider whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included in paragraph .57 of GRAP 17.

1.6 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.

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

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

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.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	5 years

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

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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Significant Accounting Policies

1.7 Financial instruments

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

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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1.7 Financial Instruments (continued)

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

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

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

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
Cash and cash equivalents	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Receivables and exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
VAT receivables	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
Unspent conditional grants	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

The entity has the following types of residual interests (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets; (individually for all significant debtors account and collectively for other debtors with similar credit risk characteristics), other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. Impairment losses are recognised in surplus or loss. Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised. Reversals of impairment losses are recognised in surplus or loss.

1.8 Statutory receivables

Identification

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

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

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1.8 Statutory receivables (continued)

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality assesses in accordance with its Credit Control Policy.

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.

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1.8 Statutory receivables (continued)

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

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

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

Derecognition

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

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

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

1.9 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 - lessee

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

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

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

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

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1.9 Leases (continued)

Operating leases - lessor

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

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

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

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

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

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.

1.10 Inventories

Inventories comprise current assets, consumption or distribution during the ordinary course of business.

Inventories shall be recognised as an asset if, and only if:

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

Inventories are initially measured at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their present location and condition.

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

Inventories held for sale in the ordinary course of business are valued at the lower of cost and net realisable value, or where unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Inventories held for consumption, distribution, consumables stores, raw materials, are valued at lower of cost or net replacement cost.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset. The first-in-first-out method is the basis of allocating costs to inventories.

Redundant and slow-moving inventories are identified and written down to the estimated net realisable value, and are recognised as an expense in the period in which the write-down or loss occurs. Inventories identified for write-down/write-off, but for which a council resolution, to authorise the write-down/write-off, has not yet been obtained, is provided for as a provision for obsolete stock. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

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1.10 Inventories (continued)

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.12 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.

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.

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1.12 Impairment of cash-generating assets (continued)

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.

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.

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:

Recognition and measurement

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued 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 cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable 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 cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 Employee benefits

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

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

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

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1.13 Employee benefits (continued)

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

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

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

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

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.

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1.14 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 53.

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

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

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

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

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

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

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

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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1.15 Commitments (continued)

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

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

1.16 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.

Interest, royalties and dividends

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

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

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

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

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1.17 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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1.17 Revenue from non-exchange transactions (continued)

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

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

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

Fines

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

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

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

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.19 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.

1.20 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

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1.20 Accounting by principals and agents (continued)

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.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

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

1.21 Insurance fund

The insurance fund is accounted for at net of cost, and any liability thereto, and adjustments are made only where there are valid claims to the fund.

1.22 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.23 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.24 Fruitless and wasteful expenditure

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

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

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1.25 Irregular expenditure

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

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

1.26 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.

Measurement

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

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

1.27 Budget information

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

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

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

The approved budget covers the fiscal period from 01-Jul-23 to 30-Jun-25.

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

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

1.28 Related parties

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

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

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1.28 Related parties (continued)

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

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

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

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

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

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

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

1.29 Events after reporting date

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

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

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

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

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1.30 Retention

Retention is also commonly called retainage and is a term referring to the percentage of payment held back from a construction contract.

This is a financial term and the owners of a building, or those who are paying for its work to be done, take the lead in drawing up and enforcing the retention plan. General contractors sometimes have retention plans as well.

Retention is a percentage of the amount certified as due to the contractor on an interim certificate, that is deducted from the amount due and retained by the client.

The purpose of retention is to ensure that the contractor properly completes the activities required of them under the contract. Retention can also be applied to nominated sub-contractors, and the main contractor may also apply retention to domestic subcontractors.

Often the percentage of retention ranges from 5% to 10% depending on:

- a) The risk of the project, if the risk of failure is high then the percentage will be at maximum 10%.
- b) The experience of the awarded contractor, if the contractor has minimum experience of the work to be executed then the percentage will be maximum 10%.

Half of the amount retained is released on certification of practical completion ('substantial completion' for Institution of Civil Engineers (ICE) contracts) and the remainder is released upon certification of making good defects (or 'final statement' for design and build contracts such as Joint Contracts Tribunal (JCT)).

Interim certificates should make clear the amount of retention and a statement should also be prepared showing retention for nominated sub-contractors. The contract may require that retention is kept in a separate bank account and that this is certified to contractors. In this case, the client will generally keep any interest paid on the account.

The retention that has been held by the municipality for more than three years has been written off against recoveries.

1.31 Contracted services

Contracted Services are distinguish between Outsourced Services, Contractors and Professional and Special Services.

Outsourced services

The municipality should have the capacity and expertise to carry out certain services, but for some reasons not utilising their own staff. The reasons might include temporary incapacity or the outsourcing of services to save costs. In evaluating the classification of outsourced services it should be established whether the services being procured could have been provided by the municipality itself. It could also be that the municipality ordinarily has the expertise to provide the service but temporarily could not do so or to save costs.

Consultants and professional services

Consulting services refer to specialist services and skills provided that are required for the achievement of a specific objective, with the aim of providing expert and professional advice on a time and material basis. It is unnecessary to maintain these skills in-house, since they are required on a once-off or temporary basis. Therefore a consultant is a professional person appointed by the department to provide technical and specialist advice or to assist with the design and implementation of specific projects/programs. The legal status of this person can be an individual a partnership or a corporation. The fact that a consultant is defined as a professional person implies that the consultant is professionally qualified. The provision of advice or service is in line with a contractual arrangement. Remuneration is usually based on an hourly fee or a fixed fee for a product/deliverable. This category consists of groups for "Business and Advisory Services", "Infrastructure and Planning", "Laboratory" and "Legal Service".

Contractors

Contractors are required to provide services that are not the core business of the municipality. It is normally not cost effective to maintain these skills within the department. Contractors include costs associated with the use of contracted individuals or businesses on projects or tasks. This does not include amounts payable to contractors in respect of provision of services such as cleaning and security even if a staff element can be identified.

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Figures in Rand 2024 2023

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 1 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 Mergers	01 April 2025	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	01 April 2025	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2025	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	1 April 2099	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	1 April 2099	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	1 April 2099	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	1 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	1 April 2025	Unlikely there will be a material impact
• GRAP 21: Impairment of Non-Cash Generating Assets	01 April 2025	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2025	Unlikely there will be a material impact
• GRAP 2020: Improvements to the Standards of GRAP 2020	01 April 2025	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2025	Unlikely there will be a material impact

3. Inventories

Opening balance	66,111	164,563
Inventory purchased	4,537,035	3,471,800
Inventory consumed	(4,441,012)	(3,570,252)
	<u>162,134</u>	<u>66,111</u>

Inventory consist of stationery, cleaning materials and consumable materials. Stock take was conducted at 30 June 2024 to determine the quantity and value of inventory at hand.

Inventories was assessed for redundancy and abnormal wastage. No obsolete inventory was discovered.

4. Receivables from non-exchange transactions

Gross balances		
*Debtors - Property rates	69,664,393	64,400,222
Employee debtors	51,848	17,749
Traffic fines	1,919,595	2,149,750
	<u>71,635,836</u>	<u>66,567,721</u>

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Figures in Rand	2024	2023
Less: Allowance for impairment/write off		
Debtors - Property rates	(68,042,946)	(61,418,603)
Employee debt written off	-	(15,322)
Traffic fines	(1,554,434)	(1,440,332)
	(69,597,380)	(62,874,257)
Net balance		
Debtors - Property rates	1,621,447	2,981,619
Employee debtors	51,848	2,427
Traffic fines	385,161	709,418
	2,038,456	3,693,464

*Total consumer debtors excludes debtors with credit balance as at 30 June 2024 of R 20 754 (2023: R 13 064).

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

Property Rates Debtors		
Opening balance	(61,418,603)	(49,742,672)
Allowance for impairment - property rates debtors	(6,624,343)	(11,975,897)
Amounts written off as uncollectible	470,633	299,966
	(67,572,313)	(61,418,603)
Traffic fines		
Opening balance	(1,440,333)	(7,782,848)
Impairment reversal	-	6,474,554
Allowance for impairment	(114,102)	(132,039)
	(1,554,435)	(1,440,333)
Net balance	(69,126,748)	(62,858,936)

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Figures in Rand	2024	2023
Summary of debtors by customer classification		
Fines		
Current (0 -30 days)	29,950	354,700
31 - 60 days	45,550	32,800
61 - 90 days	83,650	43,950
91 - 120 days	68,500	418,350
121 - 365 days	1,692,046	1,299,950
	<u>1,919,696</u>	<u>2,149,750</u>
Less: Allowance for impairment	(1,554,434)	(1,440,332)
	<u>365,262</u>	<u>709,418</u>
Business		
Current (0 -30 days)	758,968	1,281,166
31 - 60 days	642,681	511,110
61 - 90 days	547,485	505,349
91 - 120 days	550,117	490,480
121 - 365 days	29,779,478	26,093,562
	<u>32,278,729</u>	<u>28,881,667</u>
Less: Allowance for impairment	(31,537,243)	(28,376,929)
	<u>741,486</u>	<u>504,738</u>
Government and ITB		
Current (0 -30 days)	462,693	691,395
31 - 60 days	231,346	345,034
61 - 90 days	231,347	344,142
91 - 120 days	231,347	273,568
121 - 365 days	31,912,893	29,130,635
	<u>33,069,626</u>	<u>30,784,774</u>
Less: Allowance for impairment	(33,069,626)	(29,673,232)
	<u>-</u>	<u>1,111,542</u>
Residential		
Current (0 -30 days)	102,568	86,083
31 - 60 days	102,104	86,112
61 - 90 days	101,641	86,112
91 - 120 days	101,084	86,112
121 - 365 days	4,444,506	4,389,421
	<u>4,851,903</u>	<u>4,733,840</u>
Less: Allowance for impairment	(3,436,075)	(3,381,507)
	<u>1,415,828</u>	<u>1,352,333</u>
Total		
Current (0 -30 days)	1,348,749	2,195,304
31 - 60 days	1,229,131	966,669
61 - 90 days	1,132,121	960,369
91 - 120 days	1,132,816	872,270
121 - 365 days	64,821,576	59,405,669
	<u>69,664,393</u>	<u>64,400,281</u>
Less: Allowance for impairment	(68,042,946)	(61,431,667)
	<u>1,621,447</u>	<u>2,968,614</u>
Employee Debtors		

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Figures in Rand	2024	2023
Current (0 -30 days)	51,848	17,749

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Notes to the Annual Financial Statements

Figures in Rand

	2024	2023
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Statutory receivables general information

Transaction(s) arising from statute

Property Rates - Municipal Property Rate Act (MPR Act) section states that local municipality may levy a rate on properties in its area.

Traffic Fines - Traffic fines are issued in terms of National Road Traffic Regulation of 2000 and the National Road Traffic Act 93 of 1996.

VAT Receivable - VAT Receivable refers to amounts owing to the municipality by the South African Revenue Services in terms of the Value Added Tax Act 89 of 1991.

Determination of transaction amount

Property Rates - Property Rates amount are determined in terms of Section 11 of MPR Act and the approved rates policy of municipality.

Traffic Fines - All Traffic Fines are governed by the National Road Traffic Regulation of 2000 and the National Road Traffic Act 93 of 1996 which is applicable to the offence.

VAT Receivable - VAT Receivable from the South African Revenue Services is calculated as the net amount of Output VAT collected and input VAT paid in terms of the Value Added Tax Act 89 of 1991.

Interest or other charges levied/charged

Property Rates - Interest is charged on outstanding rates and then written off as per Council Resolution.

Traffic Fines - No interest is charged on outstanding fines.

VAT Receivable - None.

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

Statutory receivable are subsequently measured at amortised cost. For statutory receivables, this includes the effect of impairments.

GRAP 104 tells us that an impairment of a financial asset is calculated as being the difference between the expected future cash flows and their present (discounted) value.

This means another discounting calculation, distinct from any discounting calculations that may have been required to determine fair value at initial recognition.

An impairment calculation is forward-looking and one must therefore use the number of days that the particular financial asset is still expected to be outstanding based on the best information available at year-end. For this estimation it will be best to use a combination of key indicators that will provide a list of debtors that are most likely to be impaired.

VAT Receivable is assessed in terms of GRAP 108.

Statutory receivables past due but not impaired

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2024, 3,710,001 (2023: 3,086,559) were past due but not impaired.

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

1 month past due	1,348,749	1,086,572
2 months past due	1,229,131	1,003,067
3 months past due	1,132,121	996,920

Factors the entity considered in assessing statutory receivables past due but not impaired

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2023

Consideration was given to past trends in terms of how the municipality has fared in terms of its revenue collections and its ability to institute legal processes that assist with the collections process. Of the total outstanding balance majority lies in debt in excess of 1 year past due date.

Receivables from non-exchange transactions pledged as security

There were no receivables from non-exchange transactions that were pledged as security.

5. Receivables from exchange transactions

Gross balances

Refuse	526,389	387,083
*Rental	758,849	690,471
Prepayments	-	3,507
Creditors with debit balance	128,079	430,725
Cashier shortage	142,572	129,762
	1,555,889	1,641,548

*Rental excludes debtors with credit balance of R8 238.

Less: Allowance for impairment

Refuse	(412,117)	(342,138)
Rental	(720,409)	(566,769)
	(1,132,526)	(908,907)

Net balance

Refuse	114,272	44,945
Rental	38,440	123,702
Prepayments	-	3,507
Creditors with debit balance	128,079	430,725
Cashier shortage	142,572	129,762
	423,363	732,641

Refuse

Current (0 -30 days)	48,903	56,606
31 - 60 days	41,985	5,832
61 - 90 days	36,155	5,832
91 - 120 days	23,795	5,832
121 - 365 days	375,551	312,981
	526,389	387,083

Rental

Current (0 -30 days)	37,828	73,055
31 - 60 days	36,412	33,860
61 - 90 days	31,103	25,964
91 - 120 days	24,800	25,021
121 - 365 days	628,706	532,571
	758,849	690,471

Cashier shortage

121 - 365 days	142,572	129,762
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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
Other		
Current (0 -30 days)	-	3,507
Reconciliation of allowance for impairment		
Balance at beginning of the year	(908,909)	(1,912,974)
Contributions to allowance	(228,573)	(195,998)
Unused amounts reversed	-	925,156
Rental debtors written off	4,956	274,907
	(1,132,526)	(908,909)
Consumer debtors past due but not impaired		
Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2024, 232,385 (2023: 119,384) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	86,730	48,268
2 months past due	78,397	36,691
3 months past due	67,258	31,425
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Petty cash	1	118
Bank balances	49,761,790	82,657,039
Short-term deposits	49,181,926	25,591,507
Cash in transit	81	4,222
	98,943,798	108,252,886

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Figures in Rand		2024	2023			
The municipality had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
First National Bank - Current Account Hluhluwe - 62025236408	49,761,790	82,657,039	83,174,003	49,761,790	82,657,039	83,174,003
First National Bank - Call Account Hluhluwe - 62055161146	2,304,837	2,156,556	2,048,847	2,304,837	2,156,556	2,048,847
First National Bank - Call Account Hluhluwe - 62266899825	1,578,974	1,477,392	1,405,883	1,578,974	1,477,392	1,405,883
First National Bank - Call Account Hluhluwe - 74275256516	6,383,932	5,840,590	5,510,368	6,383,932	5,840,590	5,510,368
Standard Bank - Call Account Empangeni - 06882449	24,526	23,000	21,771	24,526	23,000	21,771
Nedbank - Call Account Richards Bay - 28702097	-	-	38,861	-	-	38,861
First National Bank - Call Account Hluhluwe - 62424086785	2,387,775	2,210,263	2,076,412	2,387,775	2,210,263	2,076,412
First National Bank - Fixed Deposit Account - 74622621601	9,404,544	8,619,584	8,058,545	9,404,544	8,619,584	8,058,545
Nedbank - Notice Deposit - 03/7881177756	27,097,337	5,264,122	-	27,097,337	5,264,122	-
Total	98,943,715	108,248,546	102,334,690	98,943,715	108,248,546	102,334,690

Bank balances and cash book balances exclude petty cash and cash in transit balances.

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7. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	41,602,448	(19,944,028)	21,658,420	43,292,163	(19,516,842)	23,775,321
Community assets	211,056,426	(50,571,843)	160,484,583	199,493,269	(50,002,257)	149,491,012
Computer equipment	3,655,293	(1,675,331)	1,979,962	2,758,659	(1,227,317)	1,531,342
Furniture and fixtures	3,093,180	(1,865,622)	1,227,558	4,608,283	(2,798,789)	1,809,494
Infrastructure	388,531,839	(167,722,394)	220,809,445	318,483,980	(137,440,471)	181,043,509
Motor vehicles	9,784,941	(3,663,229)	6,121,712	6,159,865	(2,772,859)	3,387,006
Plant and machinery	24,238,855	(8,750,717)	15,488,138	23,232,023	(7,398,706)	15,833,317
Solid waste	916,689	(515,269)	401,420	916,689	(453,513)	463,176
Total	682,879,671	(254,708,433)	428,171,238	598,944,931	(221,610,754)	377,334,177

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Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Additions through WIP	Write-offs	Donations received	Donations made	WIP Transfers in	WIP Transfers out	Landfill site additions	Depreciation	Impairment loss	Transferred to minor assets	Total
Buildings	23,775,321	226,130	-	(434,738)	-	(357,009)	-	-	-	(1,539,312)	(11,972)	-	21,658,420
Community assets	149,491,012	133,182	9,862,139	(118,991)	3,655,907	-	-	-	420,845	(6,694,179)	3,734,668	-	160,484,583
Computer equipment	1,531,342	1,159,197	-	(56,350)	-	-	-	-	-	(634,177)	-	(20,050)	1,979,962
Furniture and fixtures	1,809,494	641,069	-	(21,119)	18,400	-	-	-	-	(370,280)	-	(850,006)	1,227,558
Infrastructure asset	181,043,509	-	35,788,906	(42,710)	34,401,589	-	36,184,014	(36,184,014)	-	(13,450,942)	(16,930,907)	-	220,809,445
Motor vehicles	3,387,006	4,259,359	-	(563,536)	-	-	-	-	-	(961,117)	-	-	6,121,712
Plant and machinery	15,833,317	1,396,852	-	(48,356)	-	-	-	-	-	(1,670,558)	-	(23,117)	15,488,138
Solid waste	463,176	-	-	-	-	-	-	-	-	(61,756)	-	-	401,420
	377,334,177	7,815,789	45,651,045	(1,285,800)	38,075,896	(357,009)	36,184,014	(36,184,014)	420,845	(25,382,321)	(13,208,211)	(893,173)	428,171,238

Transfer of minor assets refers to additions of assets that are below the value of R5 000.00, in terms of the Asset Management Policy, and have been expensed.

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Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Additions through WIP	Assets written off	Donated assets	WIP Transfers in	WIP Transfers out	Landfill site additions	Depreciation	Impairment loss	Reclassification	Total
Buildings	25,362,222	-	-	-	-	-	-	-	(1,486,460)	(100,441)	-	23,775,321
Community assets	133,736,841	-	14,940,042	(173,991)	-	55,418,473	(55,418,473)	603,908	(4,688,281)	5,072,493	-	149,491,012
Computer equipment	1,257,553	1,141,494	-	(9,814)	70,988	-	-	-	(499,597)	-	(429,282)	1,531,342
Furniture and fixtures	975,243	552,815	-	(26,042)	-	-	-	-	(164,777)	-	472,255	1,809,494
Infrastructure assets	165,077,103	731,243	31,725,386	-	-	30,388,795	(30,388,795)	-	(16,107,051)	(383,172)	-	181,043,509
Motor vehicles	3,095,884	1,910,327	-	(619,834)	-	-	-	-	(582,423)	-	(416,948)	3,387,006
Plant and machinery	12,475,262	4,229,161	-	(50,772)	-	-	-	-	(1,194,309)	-	373,975	15,833,317
Solid waste	529,726	-	-	(3,969)	-	-	-	-	(62,581)	-	-	463,176
	342,509,834	8,565,040	46,665,428	(884,422)	70,988	85,807,268	(85,807,268)	603,908	(24,785,479)	4,588,880	-	377,334,177

Pledged as security

There was no property, plant and equipment pledged as security.

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Figures in Rand	2024	2023
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Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	8,539,405	3,069,700	11,609,105
Additions/capital expenditure	35,789,118	9,862,139	45,651,257
Transferred to completed items	(36,184,014)	-	(36,184,014)
	8,144,509	12,931,839	21,076,348

Included in property, plant and equipment are projects that have been identified as taking significantly longer period of time to complete that expected, due to the following.

Refurbishment of Manguzi Market Stalls

- The cumulative expenditure has amounted to R5 957 127.36

Post the approval and receiving of partial funding for the project from KZN EDTEA, there was a subsequent funding approval from the Department of Small Business Development (DSBD) (direct to private sector) on the same project, due to the dual blended funding models, there were delays in reaching a consensus between all the involved role players insofar as to which exact works would be financed by which funding in order to meet the accounting requisites.

The management embarked on a process to both cautiously and legislatively manage, reconcile and align the scope of work to each funding in order to comply with the legislative conditions so that both fundings can be properly utilised and be accounted for on the same project to achieve the ultimate objective. This process is much longer to acquire the necessary approvals/consents from both funders.

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Total
Opening balance	7,202,812	43,548,133	50,750,945
Additions/capital expenditure	31,725,386	14,940,042	46,665,428
Transferred to completed items	(30,388,794)	(55,418,474)	(85,807,268)
	8,539,404	3,069,701	11,609,105

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Figures in Rand	2024	2023
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		
Air-conditioner Regas	-	65,471
Carpert cleaning	-	8,854
Carport shelter and mounting enclosure	227,717	-
Community hall repairs	417,600	-
Concrete slab repair	-	161,205
Contracted - Hiring Excavator	952,800	1,499,847
Contracted Service - Motor Vehicle	12,467,658	12,390,945
Contracted Services - Plumbing	443,554	401,262
Contracted services - G5 Material	195,900	909,090
Contracted services - G7 Material	5,059,265	1,345,120
Electrical	740,052	633,837
Employee cost	1,957,100	-
Honey sucking	956,721	788,808
Landfill site	9,667,634	7,661,597
Main building renovations	3,142,050	1,380,731
Road marking and maintenance	3,097,380	334,842
Security gate and fence repair	190,861	157,172
Septic tank repair	-	114,269
Server Room repair	-	51,983
Small machine maintenance	206,005	345,986
Sportfield	855,977	-
TLB hire	2,175,810	1,576,500
Tipper truck & Grader	4,123,056	2,017,688
Water tanker	49,997	304,234
	46,927,137	32,149,441

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

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8. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	-	-	-	789,515	(419,490)	370,025

Reconciliation of intangible assets - 2024

	Opening balance	Disposals	Amortisation	Total
Computer software, other	370,025	(261,661)	(108,364)	-

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	275,201	173,000	(78,176)	370,025

Pledged as security

There were no intangible assets pledged as security.

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

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9. Payables from exchange transactions		
Accrued bonus	1,855,687	1,722,303
Accrued leave pay	5,801,131	5,253,006
Debtors with credit balance	28,993	13,064
Employee accruals	3,628	242,191
Hall hire deposits received	14,100	3,400
Performance bonus accrual	231,858	-
Refunds due	5,567	3,550
Retention creditors	5,291,570	9,709,759
Trade payables	6,709,047	5,784,726
Unallocated deposits	127,356	122,334
	20,068,937	22,854,333
Ageing of trade and other payables		
Current (0 - 30 days)	6,532,054	5,603,170
31 - 60 days	127,766	129,418
61 - 90 days	9,227	8,250
91 - 120 days	-	5,824
120 - 150 days	-	5,002
> 180 days	40,000	33,060
	6,709,047	5,784,724
10. VAT (payable)/receivable		
Net VAT	(788,209)	1,187,659
Reconciliation of VAT		
Opening balance	1,187,659	(2,823,659)
Input VAT Accrual	17,943,557	24,634,399
Output VAT Accrual	(3,587,971)	(1,458,330)
Net VAT Claimed during the year	(18,804,963)	(22,987,254)
	(3,261,718)	(2,634,844)
VAT Control (Cash basis)	2,473,509	3,822,503

The municipality is registered on a payment basis for VAT purposes.

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
11. Employee benefit obligations		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(4,400,030)	(3,820,258)
Service cost	(478,750)	(431,595)
Interest cost	(482,354)	(437,592)
Expected benefit payment	453,269	210,771
Actuarial (gain)/loss	467,996	78,644
	(4,439,869)	(4,400,030)
Non-current liabilities	(3,913,532)	(3,935,503)
Current liabilities	(526,337)	(464,527)
	(4,439,869)	(4,400,030)
Net expense recognised in the statement of financial performance are as follows:		
Current service cost	478,750	431,595
Interest cost	482,354	437,592
Actuarial (gains)/losses	(467,995)	(78,644)
	493,109	790,543
Assumptions used at the reporting date		
Discount rates used:		
General Inflation Rate	11.10 %	11.57 %
Consumer Price Index (CPI)	5.92 %	5.92 %
Real Rate	6.29 %	6.92 %
Net Discount Rate	4.53 %	4.35 %
Members withdrawn from services: (Average for males and females)		
Age 20	12.00 %	12.00 %
Age 25	6.60 %	6.60 %
Age 30	5.10 %	5.10 %
Age 35	3.60 %	3.60 %
Age 40	2.60 %	2.60 %
Age 45	1.80 %	1.80 %
Age 50	1.10 %	1.10 %

GRAP 25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

uMhlabuyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

	2024	2023
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12. Unspent conditional grants

Unspent conditional grants and receipts comprises of:

Arts and Culture	100,000	100,000
COGTA - Small Town Rehabilitation	162,260	162,260
Manguzi Market grant	5,168,897	3,982,673
Other grants	706,286	706,286
Tourism grant	-	430,000
Town planning	110,653	110,653
Urban Development	907,195	907,195
	7,155,291	6,399,067

Movement during the year

Balance at the beginning of the year	6,399,067	6,410,225
Additions during the year	57,203,000	56,086,155
Income recognition during the year	(56,446,776)	(56,097,313)
	7,155,291	6,399,067

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 25 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

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Figures in Rand 2024 2023

13. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Interest cost	Additions	Utilised during the year	Total
Mbazwana landfill site	8,073,545	-	-	-	8,073,545
Performance bonus	548,813	-	226,370	(231,858)	543,325
Skhemelele landfill site	7,362,548	-	-	(889,800)	6,472,748
Thandizwe landfill site	10,177,587	1,059,840	420,815	-	11,658,242
	26,162,493	1,059,840	647,185	(1,121,658)	26,747,860

Reconciliation of provisions - 2023

	Opening Balance	Interest cost	Change in estimate	Additions	Total
Mbazwana landfill site	7,192,336	666,623	-	214,586	8,073,545
Performance bonus	412,723	-	-	136,090	548,813
Skhemelele landfill site	8,272,113	607,916	(1,517,481)	-	7,362,548
Thandizwe landfill site	8,947,913	840,351	-	389,323	10,177,587
	24,825,085	2,114,890	(1,517,481)	739,999	26,162,493

Non-current liabilities	26,204,535	25,613,680
Current liabilities	543,325	548,813
	26,747,860	26,162,493

Performance bonuses

A section 56/57 bonus provision is also provided for. The bonus is performance based, and is dependant on a performance assessment. The timing of the bonus is uncertain.

Environmental rehabilitation provision

The municipality operates two Landfill sites, which are Thandizwe and Mbazwana.

Skhemelele is in the process of being closed down.

The Municipality estimated rehabilitation cost are 2024: R26 204 535 (2023: R 25 613 680) to restore the landfill site at the end of its useful life, estimated to be 7 years from the date of revaluation. The amount of rehabilitation is dependent on future costs technology, inflation and site consumption. The discount rate of the provision was 2024: 10.00% (2023: 9.00%).

The financial implication of rehabilitating the landfill site was determined by the independent practitioner engineer Zin Waste and Landfills.

The date on which Zin Waste and Landfills valued landfill sites was 30 June 2024. The landfill sites are revalued every four years.

During the financial period there was no change in rehabilitation cost for Mbazwana Landfill Site as a result of non-functioning for at least two years. However, Thandizwe Landfill Site had resulted in an increase in the underlying assets and provision to R 11 658 242.

Skhemelele Landfill Site is in the process of being rehabilitated. Detailed design for the closure of the site as laid out in the Environmental Management Programme (EMPr). The closure and rehabilitation activities will comply with the Minimum Requirements for Waste Disposal by Landfill (Second Edition, 1998). In compliance with the requirements for a communal landfill, during closure of the existing landfill the following activities will be conducted:

Closure

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Depending on the volume of waste on site, the waste must be consolidated and taken to a licensed landfill facility or the waste must be consolidated and capped on site;		
<ul style="list-style-type: none"> • Reshaping and recontouring of borrow pits so that they are no longer a safety hazard must take place; • Placement of a "no dumping" notice at the site; and, • Closing and locking the gate to the site so that no illegal dumping can take place. 		
14. Beach development grant		
Unspent grant	267	2,500,000
15. INEP liability		
Integrated National Electrification Program	1,722,892	424
See note 54 for reconciliation, unfulfilled conditions and other contingencies attaching to grant.		
16. Service charges		
Refuse removal	543,709	469,953
17. Rental of facilities and equipment		
Premises		
Rental income	466,791	421,029
Facilities and equipment		
Hall hire	29,130	12,609
	495,921	433,638
18. Agency services		
Motor licensing	266,035	163,930
19. Licences and permits		
License income	2,620,860	2,540,480
20. Commission received		
Commission received	10,590	9,579
21. Other income		
Bad debts recovered	-	178,490
Building plans revenue	23,739	27,391
Business licencing	44,636	57,002
Insurance refund	978,445	283,386
LG SETA income	174,260	156,926
Law enforcement fines	7,600	1,700
Library income	34,267	40,685
Retention recovered	586,271	-
Tender Documents	-	3,913
	1,849,218	749,493

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Figures in Rand	2024	2023
22. Investment revenue		
Interest revenue		
Bank	6,290,520	6,159,676
Investments	3,590,419	1,430,862
	9,880,939	7,590,538
23. Property rates		
Rates received		
Commercial	6,775,995	6,772,080
Municipal	1,399,400	1,397,667
Residential	616,000	656,040
State properties	15,116,640	14,551,973
Less: Income forgone	(231)	(347)
	23,907,804	23,377,413
Valuations		
Business and commercial	785,950,000	785,950,000
Place of worship	6,300,000	6,300,000
Protected area	164,500,000	164,500,000
Public service infrastructure	8,770,000	8,770,000
Public service purposes	1,006,400,000	1,006,400,000
Residential / hospitality	131,200,000	131,200,000
State trust land	97,000,000	660,200,000
Vacant land	623,561,000	60,361,000
	2,823,681,000	2,823,681,000

Property valuations is performed after 5 years. The last general valuation roll came into effect on 1 July 2019. Annual valuations are processed on an annual basis to take into account changes in individual property value due to alterations and subdivisions.

A tariff of R0,0025 (2024: R0,0025) is applied to property valuations of ITB to determine assessment rates. The billing remained constant from previous year.

Business Properties are billed at R0,0087 (2024: R0,0087) per Rand for a period. Hospitality will be included in this category.

Residential Properties are billed at R0,0077 (2024: R0,0077) per Rand for a period.

Public Service Properties are billed at R0,0154 (2024: R0,0154) per Rand for a period.

Agricultural Properties are billed at R0,001925 (2024: R0,001925) per Rand for a period.

Vacant land is billed at R0,001925 (2024: R0,001925) per Rand for a period.

Protected Area and Public Benefit Organisations are valued but exempt from billing.

24. Interest on debtors

Property rates	2,157,088	2,421,394
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Figures in Rand	2024	2023
25. Government grants & subsidies		
Operating grants		
Equitable share	230,051,000	213,526,448
Extended Public Works Programme Grant	2,037,000	1,975,000
Financial Management Grant	1,850,000	1,850,000
Library Grant	2,933,000	2,933,000
Tourism Grant	430,000	570,000
	237,301,000	220,854,448
Capital grants		
Manguzi Informal Market Grant	3,313,776	3,246,710
Municipal Infrastructure Grant	45,883,000	39,523,000
	49,196,776	42,769,710
	286,497,776	263,624,158
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	56,446,776	50,097,710
Unconditional grants received	230,051,000	213,526,448
	286,497,776	263,624,158
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Tourism Grant		
Balance unspent at beginning of year	430,000	-
Current-year receipts	-	1,000,000
Conditions met - transferred to revenue	(430,000)	(570,000)
	-	430,000
Conditions still to be met - remain liabilities (see note 12).		
COGTA - Small Town Rehabilitation		
Balance unspent at beginning of year	162,260	162,260
Conditions still to be met - remain liabilities (see note 12).		
Spatial Development		
Balance unspent at beginning of year	100,000	100,000
Conditions still to be met - remain liabilities (see note 12).		
Urban Development Grant		
Balance unspent at beginning of year	907,195	907,195
Conditions still to be met - remain liabilities (see note 12).		

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Figures in Rand	2024	2023
Other grants		
Balance unspent at beginning of year	706,286	706,286
Conditions still to be met - remain liabilities (see note 12).		
Financial Management Grant		
Current-year receipts	1,850,000	-
Conditions met - transferred to revenue	(1,850,000)	-
	-	-
Conditions met.		
Municipal Infrastructure Grant		
Current-year receipts	45,883,000	-
Conditions met - transferred to revenue	(45,883,000)	-
	-	-
Conditions met.		
Extended Public Works Programme Grant		
Current-year receipts	2,037,000	-
Conditions met - transferred to revenue	(2,037,000)	-
	-	-
Conditions met.		
Library Grant		
Current-year receipts	2,933,000	-
Conditions met - transferred to revenue	(2,933,000)	-
	-	-
Conditions met.		
Town Planning Grant		
Balance unspent at beginning of year	110,653	110,653
Conditions still to be met - remain liabilities (see note 12).		
Manguzi Informal Market Grant		
Balance unspent at beginning of year	3,982,673	2,729,383
Current-year receipts	4,500,000	4,500,000
Conditions met - transferred to revenue	(3,313,776)	(3,246,710)
	5,168,897	3,982,673
Conditions still to be met - remain liabilities (see note 12).		

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
26. Public contributions and donations		
Library Services	18,400	70,988
SANRAL	38,057,496	-
	38,075,896	70,988
27. Fines, Penalties and Forfeits		
Municipal Traffic Fines	1,335,550	1,014,550
28. INEP Contract revenue		
Grant income received for INEP projects	20,032,636	5,475,978
29. Beach development		
Grant income received for Beach Development	2,173,681	-

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
30. Employee related costs		
Basic	61,103,474	53,608,680
Acting allowances	59,379	183,392
Bonus	226,370	136,090
Car allowance	4,995,000	4,494,789
Cellphone allowance	1,413,959	1,170,379
Group Life insurance	617,842	518,030
Leave pay provision charge/(reversal)	684,807	(478,537)
Long-service awards	478,750	431,595
Medical aid - company contributions	3,118,662	2,826,480
Overtime payments	1,503,859	1,736,079
Pension	7,662,962	6,243,670
Rural allowance	750,360	610,871
SALGABC - Levies	22,919	20,488
Standby allowance	1,401,665	1,226,546
UIF	434,220	385,984
13th Cheques	3,743,609	3,396,279
	88,217,837	76,510,795
Remuneration of Municipal Manager (N.P.E. Myeni) - Appointed 01 September 2022		
Annual Remuneration	1,373,756	1,124,044
Performance bonus	113,624	-
Car Allowance	180,000	150,000
Leave encashment	-	112,148
Contributions to UIF, Medical, Pension Funds and other benefits	18,450	13,812
Cellphone allowance	32,400	27,000
Rural allowance	135,681	110,710
Acting allowance	-	13,114
	1,853,911	1,550,828
Remuneration of Municipal Manager (NP Gamede) - Contract ended 30 August 2022		
Annual remuneration	-	194,901
Car allowance	-	30,000
Contributions to UIF, medical and pension funds	-	2,644
Cellphone allowance	-	5,400
Rural allowance	-	19,490
Lumpsum directive	-	225,427
	-	477,862
Remuneration of Chief Finance Officer (N.P. Mkhabela) - Appointed 01 February 2023		
Annual Remuneration	979,074	432,040
Car Allowance	162,000	60,500
Performance bonus	2,080	-
Contributions to UIF, Medical, Pension Funds and other benefits	143,937	54,869
Cellphone allowance	25,400	9,300
Rural allowance	110,082	45,581
Acting allowance	-	68,025
	1,422,573	670,315
Remuneration of Chief Finance Officer (N.P.E Myeni) - Contract ended 30 August 2022		
Annual remuneration	-	166,219
Car allowance	-	27,000

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Figures in Rand	2024	2023
Contributions to UIF, medical and pension funds	-	2,311
Cellphone allowance	-	4,600
Rural allowance	-	18,133
	-	218,263

Remuneration of Corporate and Human Resources (C.R. Khumalo) - Appointed 1 October 2022

Annual Remuneration	1,031,097	763,262
Car Allowance	162,000	121,500
Performance Bonuses	1,901	-
Contributions to UIF, Medical, Pension Funds and other benefits	14,411	9,824
Cellphone allowance	25,200	18,900
Rural allowance	101,584	74,801
	1,336,193	988,287

Remuneration of Corporate and Human Resources (N.V.F Msane) - Contract ended 30 Sept 2022

Annual remuneration	-	188,248
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Remuneration of Community Director (W.S. Nhlenyama) - Appointed 12 September 2022

Annual Remuneration	1,034,067	825,750
Car Allowance	162,000	131,259
Performance Bonuses	1,901	-
Contributions to UIF, Medical, Pension Funds and other benefits	14,411	3,804
Cellphone allowance	25,200	20,418
Rural allowance	101,759	80,927
	1,339,338	1,062,158

Remuneration of Director Technical Services (DI Tembe) - Appointed 1 November 2022

Annual Remuneration	1,122,289	741,272
Car Allowance	162,000	108,000
Performance Bonuses	106,863	-
Contributions to UIF, Medical, Pension Funds and other benefits	15,553	9,466
Cellphone allowance	25,200	16,800
Rural allowance	110,873	72,771
	1,542,778	948,309

Remuneration of Community Director (S.Shange) - Contract ended 30 August 2022

Lumpsum directive	-	161,056
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Remuneration of Director Corporate and Human Resources (TS Mkhabela) - Acting

Acting allowance	-	45,350
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Remuneration of Community Director (N.F .Mngomezulu) - Acting

Acting allowance	-	28,597
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Figures in Rand	2024	2023
31. Remuneration of councillors		
Mayor	1,007,281	948,627
Deputy Mayor	479,007	451,223
Executive Committee Members	2,262,014	2,110,065
Speaker	816,467	768,725
Councillors	7,137,818	6,838,682
Travel Allowance	2,379,274	2,183,650
Cellphone and Data Allowance	1,642,249	1,291,336
	15,724,110	14,692,308
Mayor Cllr T.S Khumalo (Appointed 22 November 2021)		
Annual remuneration	681,861	658,557
Car allowance	238,518	219,519
Cellphone allowance	45,600	40,800
Data allowance	7,608	1,200
Backpay	33,694	28,550
	1,007,281	948,626
Deputy Mayor Cllr E.Z Mtshali (Appointed 02 June 2022)		
Annual remuneration	304,312	293,911
Car allowance	106,450	99,913
Backpay	15,038	40,800
Cellphone allowance	45,600	1,200
Data allowance	7,608	15,398
	479,008	451,222
Speaker Cllr M.D Mathenjwa (Appointed 22 November 2021)		
Annual remuneration	545,489	526,846
Car allowance	190,815	175,615
Cellphone allowance	45,600	40,800
Data allowance	7,608	1,200
Backpay	26,955	24,263
	816,467	768,724
Exco Members Cllr L.D. Tembe (Appointed 22 November 2021)		
Annual remuneration	285,298	275,548
Car allowance	116,660	91,849
Cellphone allowance	45,600	40,800
Data allowance	7,608	1,200
Backpay	14,098	13,530
	469,264	422,927
Exco Member Cllr H.K Gumede (Appointed 22 November 2021)		
Annual remuneration	285,298	275,548
Car allowance	182,435	91,849
Cellphone allowance	45,600	40,800
Data allowance	7,608	1,200
Backpay	14,098	13,530
	535,039	422,927
Exco Member Cllr K.C. Mthembu (Appointed 22 November 2021)		
Annual remuneration	285,298	275,548
Car allowance	121,934	91,849

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Figures in Rand	2024	2023
Cellphone allowance	45,600	40,800
Data allowance	7,608	1,200
Backpay	14,098	10,806
	474,538	420,203

Exco Members Cllr Z.M Mhlongo (Appointed 22 November 2021)

Annual remuneration	285,298	275,548
Car allowance	133,450	91,849
Cellphone allowance	45,600	40,800
Data allowance	7,608	1,200
Backpay	14,098	14,408
	486,054	423,805

Exco Members Cllr P.T Vumase (Appointed 22 November 2021)

Annual remuneration	285,298	275,548
Car allowance	184,158	91,849
Cellphone allowance	45,600	40,800
Data allowance	7,608	1,200
Backpay	14,098	10,806
	536,762	420,203

In-kind benefits

The Mayor, Speaker and Executive Committee Members are full-time. Whereas the Deputy Mayor is part-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor and the Deputy Mayor have two full-time bodyguards each, the speaker has three full-time bodyguards and the Municipal Manager and the Chief Financial Officer each have three full-time bodyguards.

32. Depreciation and amortisation

Property, plant and equipment	25,382,321	24,785,479
Intangible assets	108,365	78,175
	25,490,686	24,863,654

33. Finance costs

Interest cost on long service provision	482,354	437,592
Interest on overdue accounts	4,523	21,962
Interest on unwinding of landfill provisions	1,059,840	2,114,891
	1,546,717	2,574,445

34. Lease rentals on operating lease

Equipment		
Contractual amounts	1,381,429	2,375,774

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Figures in Rand	2024	2023
35. Debt Impairment and bad debts written off		
Bad debts written off	1,322,255	8,541,614
Debt impairment	7,716,954	4,565,197
Interest on debtors written off	2,157,088	2,421,394
	11,196,297	15,528,205
36. Contracted services		
Outsourced Services		
Administrative and Support Staff	446,270	525,951
Burial Services	74,600	122,600
Clearing and Grass Cutting Services	233,600	482,375
Drivers Licence Cards	336,142	338,755
Internal Auditors	5,913,593	3,110,700
Medical Services	220,220	365,361
Professional Staff	340,251	564,714
Researcher	977,075	1,959,435
Security Services	18,119,046	13,969,897
Traffic Fines Management	1,168,577	-
Consultants and Professional Services		
Business and Advisory	6,112,649	5,776,390
Infrastructure and Planning	2,077,784	1,206,741
Legal Cost	1,613,526	916,479
Contractors		
Artists and Performers	671,080	457,500
Beach development	2,338,097	-
Catering Services	4,090,720	8,534,224
Construction Contract - INEP	20,032,637	5,475,978
Graphic Designers	-	95,000
Maintenance of Buildings and Facilities	6,694,632	3,356,512
Maintenance of Equipment	1,444,613	11,040,103
Maintenance of Unspecified Assets	29,197,508	8,395,190
Medical Services	86,037	87,372
Pest Control and Fumigation	899,800	1,326,200
Photographer	-	22,000
Sports and Recreation	575,900	726,359
Stage and Sound Crew	752,160	552,955
Transportation	618,074	1,055,746
	105,034,591	70,464,537
37. Transfer and subsidies		
Other subsidies		
Burial services	84,000	467,098
Bursaries	869,411	2,047,690
Disaster supplies	488,700	743,000
Donations made	356,846	-
Social assistance	19,385,842	14,841,370
	21,184,799	18,099,158

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Figures in Rand	2024	2023
38. Operational cost		
Advertising	432,130	563,485
Auditors remuneration	2,849,936	2,753,753
Bank charges	164,748	135,713
Burial support	79,827	301,628
Capacity building and training	2,777,786	1,547,664
Fleet	21,395	123,905
Fuel and oil	3,681,856	1,179,663
Gifts and promotions	7,481,124	6,443,399
Hire charges	16,559,638	14,593,997
IT expenses	679,281	604,375
Insurance	2,364,511	1,684,303
Marketing	203,748	218,597
Minor assets	893,455	-
Motor vehicle expenses	2,691,266	3,580,421
Printing and stationery	952,622	198,000
Skills development levy	901,247	800,937
Software expenses	2,200,857	1,603,443
Telephone and fax	1,680,741	1,351,047
Tourism development	176,813	120,467
Training	1,624,257	1,677,028
Travel allowance	1,645,135	4,480,759
Travel and accommodation	6,204,615	3,996,260
Uniforms	1,449,828	585,870
Ward committees	2,820,600	3,111,591
Water and electricity	1,310,082	1,384,849
	61,847,498	53,041,154
39. Impairment loss		
Impairments		
Property, plant and equipment	(13,208,210)	4,588,883
Flood damage: Road flooded resulting in structural damage. Excessive maintenance required on an asset: The actual spend on maintenance is significantly higher than what was budgeted or anticipated.		
40. Auditors' remuneration		
Fees	2,849,936	2,753,753
41. Repairs and maintenance		
Repairs and maintenance is made up of the following:		
Contracted services	37,409,051	22,791,805
Operational costs	9,667,634	7,651,597
	47,076,685	30,443,402

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42. Cash generated from operations		
Surplus	39,495,049	30,105,148
Adjustments for:		
Depreciation and amortisation	25,490,686	24,863,654
Assets written off	1,547,463	884,189
Retention recovered	(586,271)	-
PPE Impairment	13,208,210	(4,588,883)
Debt impairment and write-offs	11,196,297	15,528,205
Employee benefit provision	522,193	579,772
Movements in provisions	1,645,207	1,337,408
Actuarial gain/(loss)	(467,995)	(78,644)
Donations made	357,009	-
Donations received	(38,075,896)	(70,988)
Movement in landfill provision	-	(1,517,481)
Changes in working capital:		
Inventories	(96,023)	98,452
Receivables from exchange transactions	308,353	-
Debt impairment	(11,210,976)	(14,580,268)
Receivables from non-exchange transactions	1,855,008	5,346,509
Payables from exchange transactions	(2,785,395)	5,100,616
VAT	1,975,868	(3,984,432)
Unspent conditional grants	756,224	(11,158)
Beach development grant	(2,499,733)	2,500,000
INEP liability	1,722,468	(297,779)
	44,157,746	61,214,320

43. Related parties

Relationships

Management remuneration
Council remuneration

Refer to note 30
Refer to note 31

44. 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.

The table below analyses the municipality's financial liabilities balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

Current liabilities

Payables from exchange transactions	20,068,937	22,854,331
Unspent conditional grants	7,155,558	6,399,067
	27,224,495	29,253,398

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Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management 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		
Receivable from exchange transactions	423,363	732,641
Receivables from non-exchange transactions	2,038,456	3,693,464
Cash and cash equivalents	98,943,798	108,252,886

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.

45. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of 468,815,664 and that the municipality's total liabilities exceed its assets by 468,815,664.

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.

46. Events after the reporting date

There are no material and adjusting events after the reporting date.

47. Fruitless and wasteful expenditure

Opening balance as previously reported	344,603	12,695,785
Add: Fruitless and wasteful expenditure identified - current	73,046	344,603
Less: Amount written off - current	(417,649)	(12,695,785)
Closing balance	-	344,603

Fruitless and wasteful expenditure is presented inclusive of VAT

Council approved a write off of R417 754 of fruitless and wasteful expenditure. This was as a result of late payment of accounts and interest was charged and Free Basic Electricity..

48. Irregular expenditure

Opening balance as previously reported	12,329,883	2,543,685
Add: Irregular expenditure - current	47,086,012	23,559,510
Less: Amount written off - current	(50,053,868)	(13,773,312)
Closing balance	9,362,027	12,329,883

Irregular expenditure is presented inclusive of VAT.

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Incidents/cases identified/reported in the current year include those listed below:			
	Disciplinary steps taken/criminal proceedings		
BAC not properly constituted	SCM policies to be reviewed to be in line with SCM regulations and be consistent.	-	11,229,627
MBD4 form not signed	Investigation to be conducted, and will be reported to the council.	3,945	949,406
Competitive bidding not invited	Investigations conducted and will be reported to the council.	-	8,821,211
Award made to people in Service of the State	Investigations conducted and will be reported to the council.	1,335,913	422,970
Awards made to people who have relations with municipal employees	Investigations conducted and will be reported to the council.	193,700	651,488
Competitive bidding not followed (from previous period)	Amount written off	35,893,021	1,484,808
Advertising period was not shortened	SCM policies to be reviewed to be in line with SCM regulations and be consistent.	1,735,003	-
S & T claims	Investigations conducted and will be reported to the council.	380,704	-
Split tender	Investigations conducted and will be reported to the council.	4,135,685	-
Tax matters	Investigations conducted and will be reported to the council.	1,881,100	-
Contract extension processes not followed	Investigations conducted and will be reported to the council.	1,526,941	-
		47,086,012	23,559,510

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49. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	1,074,356	937,597
Amount paid - current year	(1,074,356)	(937,597)
	-	-
Audit fees		
Current year subscription / fee	2,849,936	2,664,125
Amount paid - current year	(2,849,936)	(2,664,125)
	-	-
PAYE and UIF		
Current year subscription / fee	16,077,827	13,456,037
Amount paid - current year	(16,077,827)	(13,456,037)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	16,979,131	14,364,455
Amount paid - current year	(16,979,131)	(14,364,455)
	-	-
VAT		
VAT payable	788,209	(1,187,659)

VAT output payables and VAT input receivables are shown in note 10.

All VAT returns have been submitted by the due date throughout the year.

Councillors' and employees arrear consumer accounts

The following Councillors and Employees had arrear accounts outstanding for more than 90 days at 30 June 2024:

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Mr. N.P.E. Myeni	1,794	91	1,885
Mrs. N. Bukhosini	82,800	702,842	785,642
	84,594	702,933	787,527
30 June 2023			
	Outstanding less than 90 days	Outstanding more than 90 days	Total
Mr. N.P.E. Myeni	2,923	2,732	5,655

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	2024	2023
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50. 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.

Deviations are due to use of recommended/sole suppliers.

The deviations for the current year, with the prior years' deviation shown for comparison, are summarised below:

Arena Holdings (Advertising)	-	43,392
Government Printing works (Advertising)	6,053	24,211
Ilanga Newspaper (Advertising)	274,742	229,583
Maputaland Community radio (Advertising)	115,860	32,181
Twin Place Trading and Projects (Roofing)	-	431,440
Zululand Observer (Advertising)	130,286	109,554
	526,941	870,361

51. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of four major functional areas:

- Governance and administration
- Community and public safety
- Economic and environmental services
- Trading services

The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

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Segment surplus or deficit, assets and liabilities

2024

	Governance and administration	Community and public safety	Economic and environmental services	Trading services	Total
Revenue					
Service charges	-	-	-	543,709	543,709
Agency services	266,035	-	-	-	266,035
Commissions received	10,590	-	-	-	10,590
Licenses and permits	44,636	2,576,224	-	-	2,620,860
Rental income	495,921	-	-	-	495,921
Interest on investments	9,880,939	-	-	-	9,880,939
Donations received	-	38,075,896	-	-	38,075,896
Other revenue	1,163,843	244,298	440,988	-	1,849,129
Property rates	23,907,804	-	-	-	23,907,804
Interest on consumer debtors	2,157,088	-	-	-	2,157,088
INEP Contract revenue	-	-	20,032,636	-	20,032,636
Fines and penalties	-	1,327,863	7,687	-	1,335,550
Government grants	231,471,000	42,493,897	12,532,879	-	286,497,776
Beach development	-	-	2,173,681	-	2,173,681
Total segment revenue	269,397,856	84,718,178	35,187,871	543,709	389,847,614
Entity's revenue					389,847,614
Expenditure					
Employee costs	32,287,816	34,458,510	21,471,512	-	88,217,838
Remuneration of Councillors	15,724,110	-	-	-	15,724,110
Debt impairment	11,196,297	-	-	-	11,196,297
Depreciation and asset impairment	25,490,686	-	-	-	25,490,686
Finance charges	1,546,717	-	-	-	1,546,717
Contracted services	33,139,912	5,893,556	66,001,123	-	105,034,591
Transfers and subsidies	18,853,237	2,331,562	-	-	21,184,799
Inventory consumed	2,763,216	1,677,796	-	-	4,441,012
Lease rentals on operating lease	1,109,672	271,757	-	-	1,381,429
Operational costs	32,646,972	21,136,856	8,063,670	-	61,847,498
Impairment loss	-	-	13,208,210	-	13,208,210
Loss on disposal of assets and liabilities	1,547,463	-	-	-	1,547,463
Actuarial losses	(467,995)	-	-	-	(467,995)
Total segment expenditure	175,838,103	65,770,037	108,744,515	-	350,352,655
Total segmental surplus/(deficit)	93,559,753	18,948,141	(73,556,644)	543,709	39,494,959
Assets					
Inventories	162,134	-	-	-	162,134
Receivable from non-exchange transactions	2,038,456	-	-	-	2,038,456
Receivables from exchange transactions	423,363	-	-	-	423,363
Cash and cash equivalents	98,943,798	-	-	-	98,943,798
Property, plant and equipment	46,778,995	151,913,443	229,077,380	401,420	428,171,238
Total segment assets	148,346,746	151,913,443	229,077,380	401,420	529,738,989
Total assets as per Statement of financial Position					529,738,989

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	Governance and administration	Community and public safety	Economic and environmental services	Trading services	Total
Liabilities					
Trade and other payables	20,068,937	-	-	-	20,068,937
VAT payable	788,209	-	-	-	788,209
Employee benefits	1,213,641	1,646,063	1,580,165	-	4,439,869
Unspent conditional grants	-	-	7,155,291	-	7,155,291
Provisions	543,325	-	26,204,535	-	26,747,860
INEP Contract liability	-	-	-	1,722,892	1,722,892
Beach development	-	-	267	-	267
Total segment liabilities	22,614,112	1,646,063	34,940,268	1,722,892	60,923,325
Total liabilities as per Statement of financial Position					60,923,325

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

2023

	Governance and administration	Community and public safety	Economic and environmental services	Trading services	Total
Revenue					
Service charges	-	-	-	469,953	469,953
Licences and permits	57,002	2,483,478	-	-	2,540,480
Rental income	433,638	-	-	-	433,638
Interest on investments	7,590,538	-	-	-	7,590,538
Other own revenue	603,468	146,025	-	-	749,493
Property rates	23,377,413	-	-	-	23,377,413
Government grants	215,376,448	2,933,000	45,314,710	-	263,624,158
Fines and penalties	-	1,700	1,012,850	-	1,014,550
Public contributions and donations	-	70,988	-	-	70,988
Commissions received	173,509	-	-	-	173,509
Construction contract - INEP	-	-	-	5,475,978	5,475,978
Total segment revenue	247,612,016	5,635,191	46,327,560	5,945,931	305,520,696
Entity's revenue					305,520,696
Expenditure					
Employee costs	29,226,802	28,449,718	18,834,275	-	76,510,795
Remuneration of Councillors	14,592,309	-	-	-	14,592,309
Debt impairment	10,174,291	-	-	-	10,174,291
Depreciation and asset impairment	24,947,386	-	-	-	24,947,386
Impairment loss	-	-	(4,588,883)	-	(4,588,883)
Finance charges	486,377	-	-	2,088,068	2,574,445
Contracted services	34,879,367	6,245,480	29,339,690	-	70,464,537
Operating lease expenses	1,871,543	504,231	-	-	2,375,774
Transfers and subsidies	3,443,367	6,245,480	8,410,311	-	18,099,158
Inventory consumed	3,236,647	170,885	-	162,720	3,570,252
Operational costs	26,760,965	15,852,463	8,696,883	1,730,843	53,041,154
Assets written off	884,189	-	-	-	884,189
Actuarial gains/(losses)	(78,644)	-	-	-	(78,644)
Total segment expenditure	160,424,699	57,468,257	60,692,276	3,981,631	272,566,763
Total segmental surplus/(deficit)	97,187,417	(51,833,066)	(14,364,716)	1,964,300	32,953,935

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Assets				
Inventories	66,111	-	-	66,111
Receivables from non-exchange transactions	6,623,556	-	-	6,623,556
Receivables from exchange transactions	605,304	-	-	605,304
Cash and cash equivalents	108,382,648	-	-	108,382,648
Property, plant and equipment	376,960,937	-	-	376,960,937
Intangible assets	370,025	-	-	370,025
VAT receivable	1,174,215	-	-	1,174,215
Total segment assets	494,182,796	-	-	494,182,796
Total assets as per Statement of financial Position				494,182,796
Liabilities				
Trade and other payables	22,863,267	-	-	22,863,267
Unspent conditional grants	-	-	8,899,067	8,899,067
INEP liability	-	-	424	424
Employee benefit obligation	4,400,030	-	-	4,400,030
Provisions	-	26,162,493	-	26,162,493
Total segment liabilities	27,263,297	26,162,493	8,899,491	62,325,281
Total liabilities as per Statement of financial Position				62,325,281

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

52. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Manguzi Informal Markets	5,295,154	69,814
• Manguzi Internal Road - Phase 2	36,887,480	-
• Manguzi Internal Road - Phase 1	-	27,219,966
• Construction of Ultra Stop	1,305,081	-
• Manguzi Sportfield	1,337,172	-
	44,824,887	27,289,780

Total capital commitments

Already contracted for but not provided for	44,824,887	27,289,780
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This committed expenditure relates to infrastructure, community and electrification projects and will be financed by government grants and municipality's own revenue.

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53. Contingencies

Bongiwe Khumalo and 10 others

The employees in this matter have applied for the review and setting aside of the arbitration award in the Labour Court. The matter is now pending in the Labour Court as the court papers have been served to us. The estimated legal costs to be borne by the municipality in the Review Application are in the region of R400,000.00. The municipality enjoys reasonable prospects of success in this application.

Sibusiso T. Shange

The employee in this matter started by bringing an Urgent Application in the Labour Court which was dismissed. He then referred an unfair dispute to the Bargaining Council. The Arbitration Award was subsequently issued in favour of the municipality.

Mr. Shange had brought an application in the Labour Court to apply for the review and setting aside of the arbitration award. His review application has no prospects as the court is highly likely to find in favour of the municipality. The estimated legal costs are in the region of R420,000.00.

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54. INEP Contract assets and liabilities

Details of the arrangement(s) are as follows:

Municipality has entered into agreement to facilitate the expansion and rehabilitation of the electricity grid, the objective of this agreement is to enhance the Electrification Programme on long term national energy requirements that shall be met through clearly established national electrification principles, to ensure that resource allocation contributes to sustainable development and enhance empowerment to communities and to provide electricity to unelectrified household.

Obligation of the municipality

The municipality shall:

- Ensure compliance with all statutory requirements stipulated in the DoRA
- The municipality shall not spend any allocated funds in arrears where they are not licensed to distribute electricity
- Manage the Programme as well as design and implementation of those projects that form the objective of this agreement
- Take all reasonable steps necessary to ensure the Programme is implemented effectively and efficiently.

Revenue recognised

INEP Electrification	2024	2023
INEP Grant revenue received	24,760,000	6,000,000
Contract revenue recognised	(20,032,636)	(5,475,978)
VAT Output recognised	(3,004,895)	(523,598)
	1,722,469	424

Liabilities and corresponding rights of reimbursement recognised as assets

Corresponding rights of reimbursement that have been recognised as assets are listed below.

INEP Electrification	2024	2023
Balance unspent at beginning of year	424	297,799
Current year receipts	24,760,000	6,000,000
Liability recognised	(23,037,532)	(6,297,375)
	1,722,892	424

Expenditure on projects undertaken by municipality

Oqondweni Electrification Phase 2	11,580,282	-
Siholwa Electrification Phase 1 and 2	11,457,250	5,475,978
	23,037,532	5,475,978

55. Change in estimate

Property, plant and equipment

The estimated cost of Thandizwe Landfill Sites was revised in the financial year under review. The effect of this revision has resulted in an increase in the underlying assets with the corresponding increase in Landfill Site Provision. Decreased the depreciation charges for the current period was R30 058 due to revised useful life of the assets and the asset increased by R420 814.00.

56. Reclassifications

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year reclassifications:

Statement of financial position

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Figures in Rand		2024	2023
2023			
	Note	As previously reported	Re-classification
			Restated
Receivables from non - exchange transactions	4	6,623,556	2,427
Receivables from exchange transactions	5	605,304	127,337
Cash and cash equivalents	6	108,382,648	(129,762)
Plant and machinery	7	13,605,481	2,227,905
Furniture and fixtures	7	3,191,286	(1,381,793)
Computer equipment	7	1,960,665	(429,167)
Motor vehicle	7	3,803,954	(416,948)
Payables from exchange transactions	9	(22,840,888)	(13,443)
VAT Receivables	10	1,174,215	13,444
Beach development grant	14	-	(2,500,000)
Unspent conditional grant	15	(8,899,067)	2,500,000
		107,607,154	-
			107,607,154

During the 2023/2024 financial year, it was noted that VAT receivables was understated. Input VAT on an invoice from the Auditor General had been incorrectly classified as an accrual despite the money having been claimed from SARS at year end.

It was also identified that net employee debts had incorrectly been classified as receivables from exchange transactions, resulting to an overstatement in receivables from exchange transactions and an understatement in receivables from non - exchange transactions.

Cash and cash equivalents changed due to cash shortages as a result of cancellation of bookings that are currently still under investigation.

The classification of certain individual assets has been done incorrectly previously. This effect of the reclassification was factored in the prior year. However, there is no impact in the aggregate carrying amount due to prior year reclassifications.

Statement of financial performance

2023			
	Note	As previously reported	Re-classification
			Restated
Agency fees	18	-	163,930
Commission received	20	163,930	(163,930)
Surplus for the year		163,930	-
			163,930

Commission received from the Department of Transport(DoT) constitutes an Agent-Principle transaction which should be separately disclosed as such. Previously commission received from Dot has been incorrectly disclosed in the notes.

57. Prior period errors

Interest on debtors

In the previous financial period, it was identified that interest on debtors overdue accounts has not been accounted for in the financial records, which is incorrect.

The interest raised on debtors over due accounts has subsequently been written off and no entry has been raised in the financial records to account for the entry.

Debt Impairment and bad debts written off

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During the audit debt impairment: debt written-off, the auditor noted that management wrote-off all the traffic fines which were more than 2 years as per the internal memorandum dated: 17 Aug 2017 from the National Prosecution Services, that all the traffic infringements exceeding two years have to be withdrawn by a magistrate in terms of the Criminal Act Procedure Act 51 of 1977. An internal memo provided by management verified that it was approved by the then Acting Deputy Director of the NPA (Adv S Mzinyathi) at 21 August 2017.

From the evidence provided by management, the auditor noted that bad debt write-off for traffic fines amounting to **R9 252 444.90** included an **opening balance of R7 966 740.60** emanating prior 2021 and 2022 financial year, which management should have written off in the current year as periods due to the approved memo submitted to management being effective as from 21 August 2017.

As a result, the impact of the internal memorandum dated: 17 Aug 2017 from the National Prosecution Services, was incorrectly treated as a current-year write-off instead of a prior period error whereby comparative figures in AFS are adjusted with the effect of the prior period error.

Consequently, provision for bad debts was adjusted and corrected.

Property, plant and equipment

The estimated useful life of Sbhoweni Community Hall Building was initially estimated at 20 years in 2014. However, the Local Government Capital Assets Guidelines state that the useful life of community centres and public entertainment buildings is 25 to 30 years. The Asset Management Policy for 2023/2024 also states that the community hall buildings useful life is 30 years.

The change in estimate was not done in the prior period which results to an error. The error resulted to a decrease in the accumulated depreciation by R373 240.00 on Community Assets.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

Receivables from non-exchange transactions (interest raised)	-	2,421,394
Receivables from non-exchange transactions (interest written off)	-	(2,421,394)
Receivables from non-exchange transactions (bad debts written-off)	-	(7,966,741)
Provision for debt impairment	-	5,034,221
Property, plant and equipment	-	373,240

Statement of Financial Performance

Interest received from receivables	-	(2,421,394)
Bad debts written off - Interest on overdue accounts	-	2,421,394
Debt impairment reversal	-	(5,034,221)
Bad debts written-off	-	7,966,741
Depreciation	-	(83,733)
Depreciation (2021/2022)	-	(289,507)