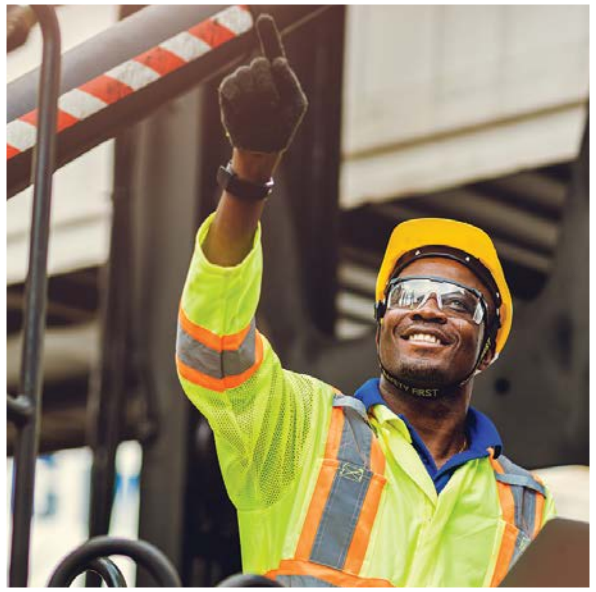
Annual Report

UMUZIWABANTU MUNICIPALITY

2025



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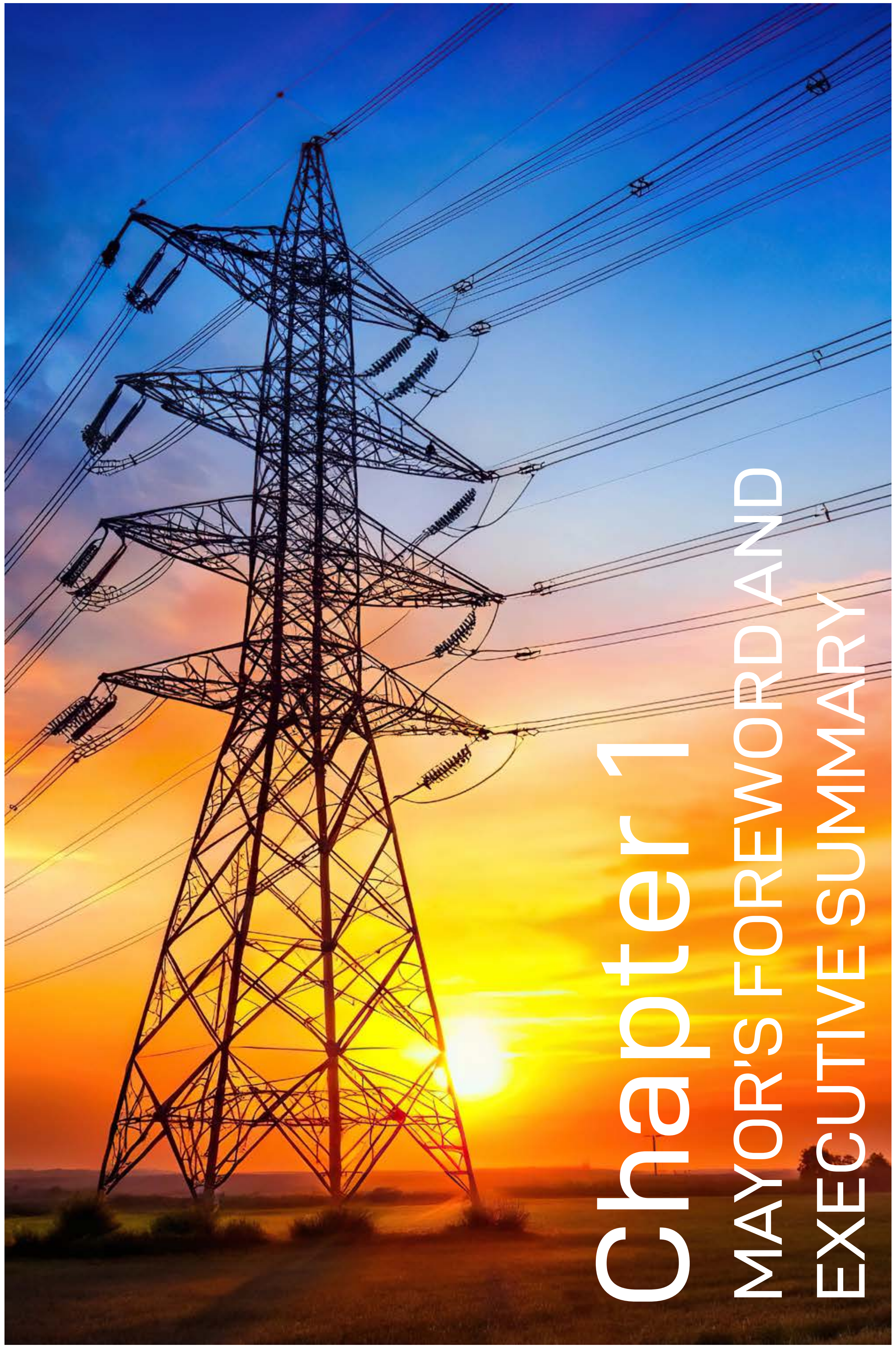
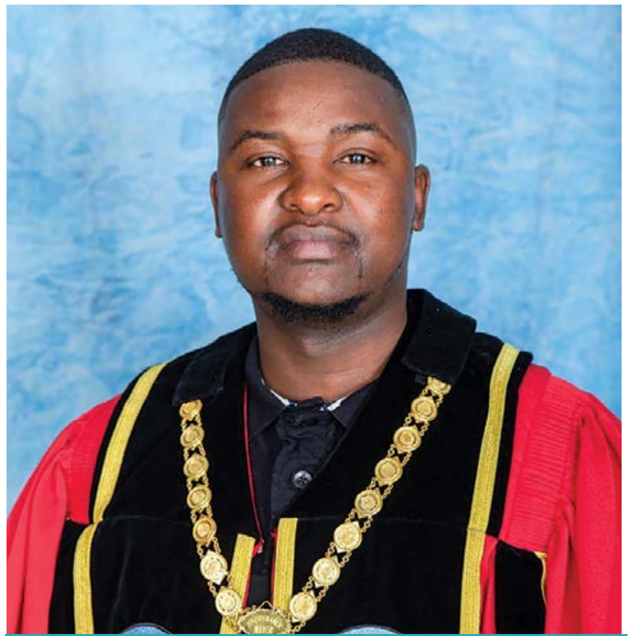


Chapter 1
MAYOR'S FOREWORD AND
EXECUTIVE SUMMARY

1.1 MAYOR'S FOREWORD

It is with a strong sense of accountability to the people of our municipality that I present the Annual Report for the 2024/2025 financial year. This report is tabled in compliance with the Municipal Finance Management Act (MFMA), the Municipal Systems Act, and the principles of the Government Wide Monitoring and Evaluation Framework and serves as a critical mechanism through which the municipality accounts to its communities for the use of public resources and the delivery of services.



The 2024/2025 financial year was characterised by a complex operating environment, marked by service delivery pressures, infrastructure challenges, and the growing impact of climate related disasters. On 10 June, severe flooding affected large parts of the municipality, resulting in damage to municipal infrastructure and construction sites, including the sports precinct. These floods disrupted daily lives and livelihoods and reinforced the vulnerability of many communities to extreme weather events.

As Council, we acknowledge that such challenges are deeply felt by our residents, particularly in areas where stormwater drainage infrastructure remains underdeveloped. The floods exposed existing infrastructure gaps and emphasised the urgent need to strengthen stormwater management systems and integrate disaster resilience into our planning processes. While the municipality conducted disaster risk reduction awareness campaigns during the year—aimed at improving community preparedness—Council recognises that the absence of an approved Disaster Management Sector Plan remains a critical shortcoming that will be prioritised in the ensuing financial year.

The municipality also continues to contend with aging electrical infrastructure, which poses ongoing risks to service reliability and operational stability. Addressing this challenge requires sustained capital investment, improved maintenance planning, and strengthened intergovernmental collaboration. These realities inform our commitment to honest leadership and people focused governance that confronts challenges openly while working decisively towards sustainable solutions.

Despite these constraints, the municipality made meaningful progress in advancing service delivery. During the year under review, four key infrastructure projects were completed, directly improving access, mobility, and community facilities:

- The **Mazakhele Community Hall**, providing a much needed space for community development, social cohesion, and public participation.
- The **Enduveni Access Road and Bridge**, restoring dignified and safe access for communities previously affected by seasonal isolation.
- The **Emazibukweni to KwaShabane Access Road**, enhancing rural connectivity and economic activity; and
- The **KwaC Access Road**, improving access to basic services and community movement.

These achievements underscore our resolve to deliver practical, communityfocused development, even within a constrained fiscal environment.

Performance management remains central to the municipality's governance architecture. In line with the Municipal Systems Act and other applicable legislation, the municipality continued to implement a performance management system aligned to the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP). This system enables structured planning, monitoring, and reporting of organisational, departmental, and individual performance.

We are mindful, however, that performance management must translate into improved lived experiences for communities. The year under review identified service delivery areas requiring focused improvement, notably **stormwater drainage management** and **pothole patching**, both of which remain priorities raised consistently by residents. These areas will receive enhanced attention through corrective measures in future operational and capital planning.

In matters of financial governance, Council is encouraged by the outcome of the external audit for the 2024/2025 financial year. The municipality received an **unqualified audit opinion with matters of emphasis**, reflecting that the financial statements fairly present the municipality's financial position in accordance with the applicable financial reporting framework. The matters of emphasis identified by the AuditorGeneral highlight areas requiring strengthened controls, improved compliance, and enhanced operational effectiveness. Council views these matters not as setbacks, but as opportunities to further strengthen financial discipline, governance systems, and service delivery processes.

This Annual Report is submitted in terms of **Section 121 of the MFMA** and includes the Annual Performance Report, audited annual financial statements, and the AuditorGeneral's audit findings. In compliance with **Section 127(5) of the MFMA**, the report must be made available to the public, allowing our communities to engage with its contents and contribute to strengthening participatory governance.

Effective political oversight remains a cornerstone of accountability. Through the Municipal Public Accounts Committee (MPAC), Section 79 and Section 80 committees, and ward committee structures, Council exercised continuous oversight over financial management, governance processes, and service delivery performance. These structures play a critical role in ensuring ethical leadership, monitoring the implementation of audit recommendations, and reinforcing accountability to the communities we serve.

As we reflect on the 2024/2025 financial year, we do so with humility, acknowledging both achievements and areas requiring decisive improvement. Council remains committed to building a capable, ethical, and developmental local government that listens to its communities, responds to challenges, and continuously strives to improve service delivery outcomes.

I wish to express my sincere appreciation to the municipal Council, administration, traditional leaders, organised stakeholders, and, above all, the residents of our municipality for their resilience, participation, and constructive engagement. Together, we will continue to advance a peoplecentred, accountable, and responsive municipality—working collectively towards a better life for all.

Cllr. L S Zungu
H/W Mayor
Umuziwabantu Municipality

MUNICIPAL MANAGER'S FOREWORD

It is my privilege to present the Annual Report of Umuziwabantu Municipality for the 2024/2025 financial year. This report is compiled and tabled in accordance with the Municipal Finance Management Act (MFMA), the Municipal Systems Act, and other applicable legislative and regulatory frameworks that govern local government.

It represents an important instrument of accountability, transparency, and governance, through which the administration reports on its stewardship of public resources and its delivery of services to the community.

Local government in South Africa carries a constitutional mandate to provide democratic and accountable governance, ensure the provision of sustainable services, promote social and economic development, advance a safe and healthy environment, and encourage community participation. Within this framework, the role of the administration is to implement Council's policies and strategic priorities, ensure efficient and effective service delivery, maintain sound financial management, and build institutional capacity to meet the developmental needs of our communities.

During the year under review, the municipality operated in a complex and demanding environment. The devastating floods of the10th of June 2024 caused significant damage to infrastructure and disrupted livelihoods across many communities. These events highlighted the increasing impact of climate-related risks and underscored the urgency of strengthening disaster preparedness and infrastructure resilience. The challenges experienced in stormwater management, coupled with aging electrical infrastructure, required the administration to reprioritise resources, intensify maintenance efforts, and strengthen coordination with sector departments and stakeholders.

Despite these constraints, the administration remained committed to delivering on its mandate. Working under the guidance of Council, we successfully implemented several key infrastructure projects that have brought tangible improvements to the lives of our residents. The completion of the Mazakhele Community Hall has created an important space for public participation and community development. The Enduveni Access Road and Bridge has restored safe and reliable access for previously isolated communities, while the Emazibukweni to KwaShabane Access Road and the KwaC Access Road have enhanced connectivity, mobility, and opportunities for local economic activity. These achievements demonstrate the municipality's continued focus on practical, people-centred development.

Performance management remains a critical tool in ensuring accountability and service delivery excellence. The municipality continued to implement its Performance Management System aligned with the Integrated Development Plan (IDP) and the Service

Delivery and Budget Implementation Plan (SDBIP). While progress has been made, we acknowledge that certain service delivery areas—particularly stormwater drainage and pothole patching—require intensified focus. The administration is committed to implementing corrective measures and strengthening operational planning to address these concerns effectively.

From a financial governance perspective, the municipality's achievement of an unqualified audit opinion with matters of emphasis reflects a positive trajectory in financial reporting and compliance. While the matters raised by the Auditor-General indicate areas needing improvement, they also provide a clear roadmap for enhancing internal controls, strengthening compliance, and improving operational efficiency. The administration remains committed to addressing these findings decisively to further reinforce good governance practices.

The preparation of this Annual Report in terms of Section 121 of the MFMA ensures that all stakeholders have access to credible information regarding municipal performance and financial management. In line with Section 127(5), this report is made available to the public to promote transparency and encourage active community engagement in municipal affairs.

As the administration, we recognise that the effectiveness of local government depends on strong collaboration between political leadership, officials, communities, and stakeholders. I wish to express my sincere appreciation to the Mayor and Council for their leadership and oversight, to municipal employees for their dedication under challenging conditions, and to our communities for their resilience, patience, and continued participation.

As we move into the new financial year, we remain firmly committed to building a capable, ethical, and developmental municipality. We will continue to strengthen institutional systems, improve infrastructure planning, and enhance service delivery to ensure that we respond effectively to the needs and aspirations of our people.

Mr T P Cele
Municipal Manager
Umuziwabantu Municipality

1.3 MUNICIPAL OVERVIEW

Umuziwabantu Local Municipality is situated on the western boundary of the Ugu District Municipality in the KwaZulu-Natal province of South Africa. It lies at the foot of the Ingeli Mountain Range, with the Umtamvuna River forming its southern boundary.

The municipality shares borders with the Eastern Cape to the north, west, and south, and with uMzumbe and Ray Nkonyeni municipalities to the east. The municipal seat is the town of Harding, which serves as the primary urban centre in an otherwise predominantly rural landscape.

As of the most recent census, Umuziwabantu has a population of approximately 96,556 people. The municipality is divided into 11wards, encompassing both urban and rural settlements. The population is largely concentrated in traditional authority areas such as KwaMachi, KwaJali, KwaMbotho, KwaFodo, Dumisa, and Bashaweni, which collectively make up around 42% of the municipal land.

The remaining land comprises commercial farms and afforestation regions, notably the Weza area.

The racial makeup is predominantly Black African (97.9%), with Zulu being the most widely spoken language (88.2%), followed by Xhosa, English, and Southern Ndebele 1.

ACCESS TO BASIC SERVICES

Umuziwabantu Municipality has made significant strides in improving access to basic services, despite challenges posed by its rural character and topography. Key achievements include:

Water and Sanitation: The UGU District municipality provides water services to most households, with ongoing projects aimed at expanding access in remote areas.

Road Infrastructure: Over 182,8 km's of rural access roads graded and 73,9 kms of stormwater drainage were maintained or upgraded during the 2024/2025 financial year.

Electricity: The municipality provides Free basic electricity (50kWh) to indigent households, supported by the national Equitable Share grant4.

Community Facilities: Investments have been made in libraries, vehicle testing centres, and community halls to enhance social infrastructure.

Despite these efforts, challenges such as inclement weather and infrastructure damage—particularly from flooding—continue to affect service delivery in certain areas.

ECONOMIC PROFILE

According to the statistics South Africa, (200 stats data) the municipality has approximately16 617 people who are economically active (employed or unemployed but looking for work), and of these 33% are unemployed, with about 9 033 economically active youth (15–34 years) in the area, of which 42,2% are unemployed.

The economy of Umuziwabantu is primarily driven by agriculture, forestry, and manufacturing:

Agriculture and Forestry: The municipality is home to extensive wattle, gum, pine, and poplar plantations, which support sawmills and furniture-making industries.

Retail and Services: Small businesses and informal traders play a vital role in the local economy, particularly in Harding and surrounding villages.

Despite these economic activities, unemployment remains high, especially among youth, with rates previously recorded at 42%. The municipality is however actively promoting innovation-driven local economic development, including support for cooperatives and small enterprises.

The Municipality's strategy is one which is focused on the provision of quality service delivery and economic viability.

Municipal Vision: To be a preferred investment destination with superior, sustainable and people centred service delivery.

The municipality seeks therefore to achieve this vision through the following mission,

Municipal Mission statement: Umuziwabantu shall create an environment that boosts investor confidence by providing strong decisive leadership thereby creating jobs and improving the quality of life.

The Municipality can be defined by the characteristics instructed illustrated in the table below.

PHYSICAL	**Total Area:**	**1089.47km^2**		
	Altitude Range	169m to 2 266m above sea level		
POPULATION*	Total Population:	108 576	Population Density:	90 people/km^2
	Urban/Rural Split	13.8% urban/ Rural: 86.2%		
	Languages			
	isiZulu	88.1%	IsiXhosa	4.9%
	English	2.9%	Afrikaans	6.0%
	IsiNdebele	1.3%	Other	2.0%
ECONOMIC	GGP	R1,166m	Unemployment	33%
ADMIN-ISTRATION	Municipal Code	KZ214		
	No. Wards	11 wards		
	Traditional Councils	6		
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Table 1: Demographics population

Tribal Areas

WARD	TRIBAL AUTHORITY
Ward 01	Fodo, MaMbotho, Thokozani MaDumisa tribal authorities and farmlands.
Ward 02	MaMbotho, Jabulani Beshwawo, and farmlands.
Ward 03	Harding and Farmland
Ward 04	Part of Izibonda tribal authority (Kwa-Machi)
Ward 05	Part of Izibonda tribal authority (Kwa-Machi)
Ward 06	Part of Izibonda tribal authority (Kwa-Machi)
Ward 07	Part of Inhlangano and Izibonda tribal authority (Weza State Forest and Farmlands)
Ward 08	Part of Izibonda tribal authority (Kwa-Machi)
Ward 09	Part of Inhlangano and Izibonda tribal authority
Ward 10	Part of Izibonda tribal authority (Kwa-MAchi)
Ward 11	Part of Mambotho

Table 2: Tribal authority distribution

1.4 EXECUTIVE SUMMARY

Umuziwabantu Municipality's overarching goal is to create a sustainable, inclusive, and economically vibrant community. Our mission is to deliver quality services that meet the needs of our residents, guided by principles of transparency, accountability, and participatory governance.

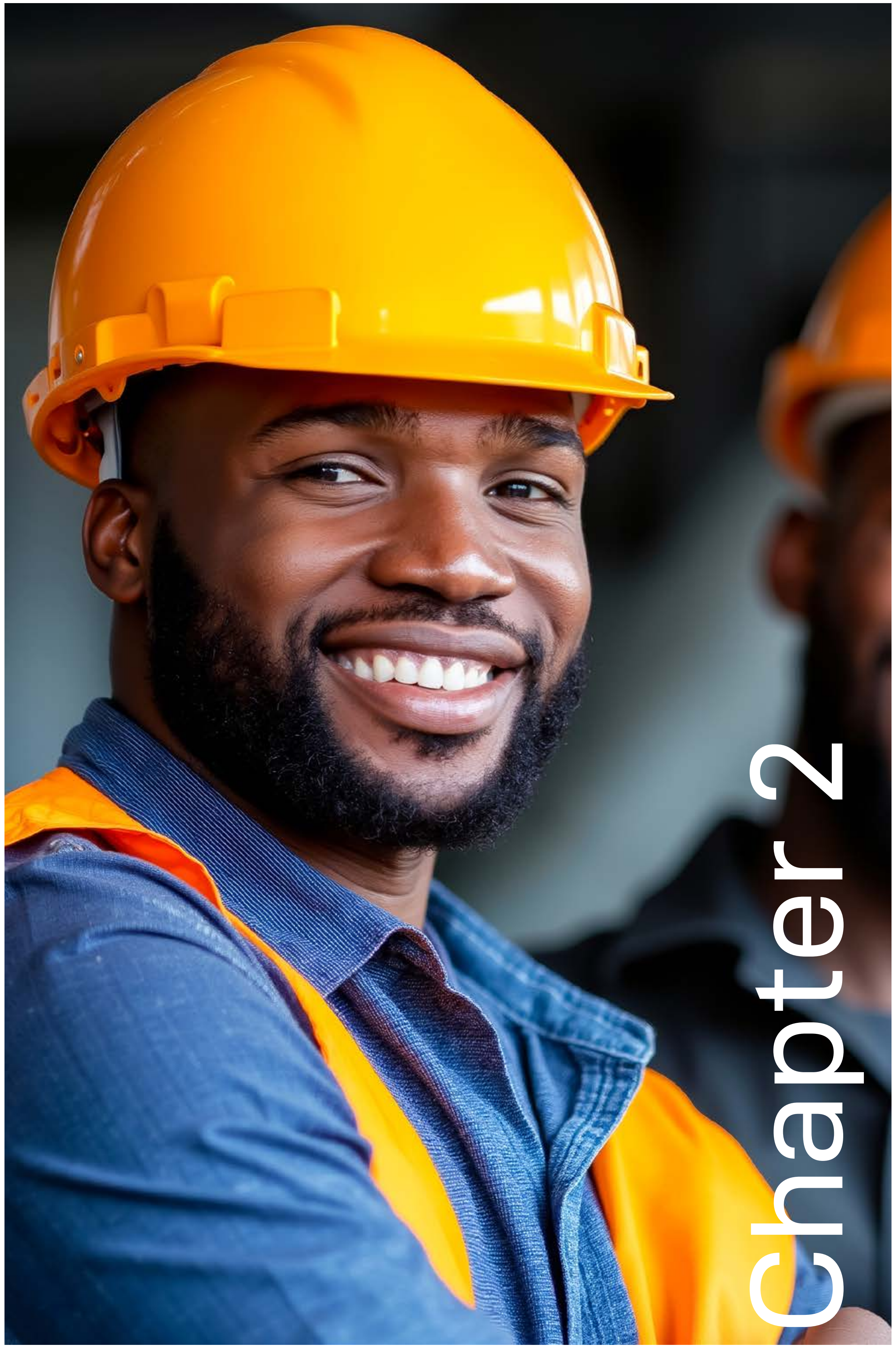
The municipality is committed to being a well-governed, economically viable municipality that provides sustainable services and improves the quality of life for all."

The municipality's Strategic Priorities are as follows:

- Infrastructure development and maintenance
- Local economic development and job creation
- Environmental sustainability
- Financial viability and clean governance
- Social development and community empowerment
- Financial Health

The municipality remains financially stable, with a balanced budget and improved revenue collection during the financial year under review. Although challenges persist in managing aging infrastructure and expanding services to remote areas, but strategic interventions and partnerships are being pursued to address these.

The administration has focused on improving internal controls, enhancing staff capacity, and aligning operations with performance targets. The use of technology and data-driven planning has supported more efficient service delivery and monitoring.



PERFORMANCE HIGHLIGHTS

Umuziwabantu Local Municipality is committed to fulfilling its constitutional mandate by delivering essential services that promote sustainable development, democratic governance, and improved quality of life for all residents. The municipality's service delivery is guided by the objects of local government, which include:

- Providing democratic and accountable government for local communities.
- Ensuring the provision of services in a sustainable manner.
- Promoting social and economic development.
- Encouraging community participation in local governance.
- Creating a safe and healthy environment.

CORE SERVICES PROVIDED

INFRASTRUCTURE AND BASIC SERVICES

Electricity: Distribution of electricity and facilitate the provision of free basic electricity to indigent households.

Roads and Stormwater: Construction and maintenance of rural access roads and stormwater drainage systems to improve mobility and reduce flooding risks.

Waste Management: Refuse collection and waste disposal services, including environmental awareness campaigns.

Human Settlements and Housing: Facilitation of housing development projects in collaboration with provincial departments and support for formalization of informal settlements and provision of basic services to these areas.

LOCAL ECONOMIC DEVELOPMENT

- Support for cooperatives, small businesses, and informal traders.
- Promotion of agricultural and forestry-based industries.
- Facilitation of job creation initiatives and youth empowerment programmes.

COMMUNITY AND SOCIAL SERVICES

- Operation of libraries, community halls, and recreational facilities.
- Provision of burial services and maintenance of cemeteries.
- Support for vulnerable groups through social development programmes.
- Public Safety and Disaster Management
- Coordination of disaster risk reduction and emergency response.
- Enforcement of municipal by-laws and support for community policing forums.

GOVERNANCE AND ADMINISTRATION

- Facilitation of public participation through ward committees and community meetings.
- Implementation of performance management systems to ensure accountability and service excellence.
- Financial management, budgeting, and reporting in line with the Municipal Finance Management Act (MFMA).

OVERVIEW OF SERVICE DELIVERY BACKLOGS

Umuziwabantu Local Municipality continues to face significant service delivery backlogs, particularly in rural and traditional authority areas. These backlogs are most evident in the following sectors:

Water and Sanitation: Many households, especially in remote villages, lack access to reliable water supply and proper sanitation facilities. Infrastructure is often outdated or damaged due to floods and terrain challenges.

Roads and Stormwater: Although progress has been made in constructing and maintaining rural access roads, several communities remain isolated due to poor road conditions and inadequate stormwater drainage.

Electricity: While indigent households receive free basic electricity, full electrification is still incomplete in some areas, particularly informal settlements.

Human Settlements: There is a shortage of formal housing, with a high number of informal dwellings and limited access to basic services in these areas.

Waste Management: Refuse collection services are inconsistent in rural zones, leading to environmental and health concerns.

These backlogs are compounded by factors such as limited financial resources, inclement weather, aging infrastructure, and capacity constraints within the municipality.

STRATEGIES TO ELIMINATE BACKLOGS

To address these challenges, Umuziwabantu Municipality has adopted a multi-pronged strategy aligned with national and provincial development frameworks:

1. INFRASTRUCTURE INVESTMENT AND MAINTENANCE

- Prioritizing capital projects in water, sanitation, roads, and electricity through the Service Delivery and Budget Implementation Plan (SDBIP).
- Leveraging disaster relief grants to repair flood-damaged infrastructure.
- Partnering with UGU District Municipality for bulk water and sanitation services.

2. INTEGRATED PLANNING AND TARGETED DEVELOPMENT

Aligning IDP objectives with the National Development Plan (NDP), Provincial Growth and Development Strategy (PGDS), and the Back-to-Basics programme.

Using spatial planning tools to identify high-need areas and allocate resources accordingly.

3. COMMUNITY PARTICIPATION AND OVERSIGHT

Strengthening ward committees and public participation platforms to ensure community needs are accurately captured and addressed.

Enhancing transparency and accountability through performance reporting and regular audits.

4. CAPACITY BUILDING AND INSTITUTIONAL DEVELOPMENT

Training municipal staff and councillors to improve project planning, implementation, and monitoring.

Streamlining procurement and financial management processes to reduce delays and inefficiencies.

5. ECONOMIC EMPOWERMENT AND JOB CREATION

Supporting local cooperatives and small businesses to stimulate economic activity and reduce dependency on municipal services1.

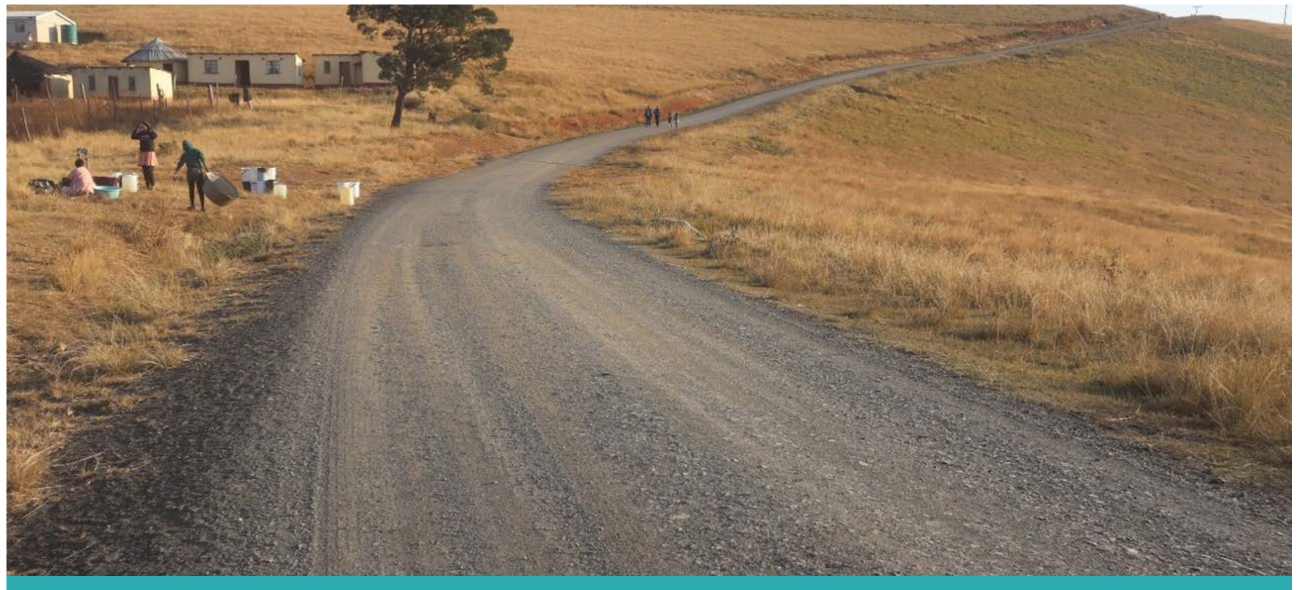
Promoting public-private partnerships to co-fund infrastructure development.

6. CONCLUSION

Umuziwabantu Municipality acknowledges the urgency of eliminating service delivery backlogs to fulfil its constitutional mandate and improve the quality of life for its residents.

Through strategic planning, community engagement, and institutional strengthening, the municipality is committed to achieving sustainable and inclusive development.

GOVERNANCE



COMPONENT A: GOVERNANCE STRUCTURES

POLITICAL GOVERNANCE

Section 18 of the Local Government: Municipal Structures Act No.117 of 1998 states that;

- Each Municipality must have a municipal Council.
- A municipal Council must meet at least quarterly.
- A municipal Council consists of a number of councillors determined by the MEC for local government in the province concerned by notice in the Provincial Gazette.

Following the 2021 Local Government elections, Umuziwabantu Municipality inaugurated its new Municipal Council on the 23rd of November 2021. The term of Municipal councils is five years and Council during their term must strive within its capacity to achieve the objectives set out in section 152 of the Constitution.

The Municipal Council which is chaired by the Speaker, has both legislative and Executive powers. The Speaker's duties are listed in the Municipal delegations as follows:

- Presides at meetings of the Council and signs the minutes of the Council meetings.
- Ensures that Council meets at least quarterly.
- Coordinates the arrangements regarding dates and venues for the meetings.
- Maintains order during meetings of the Council and ensures that the meetings are conducted in compliance with the Council's rules of order.
- Performs all other duties assigned to him / her in the Council's rules of order of the Council.
- Ensures compliance with the Code of conduct for councillors.
- Authorizes any investigation or enquiry into suspected or alleged impropriety by councillors or any alleged breaches of the code of conduct for councillors.
- Determines where and when Council meets.
- Convenes special meetings of Council at his/her discretion or on request of most Councillors she/he must do so.

Umuziwabantu Municipal Council has delegated some powers to the Executive Committee except for those expressly excluded by law. Some of these exclusions include:

- Passing of by-laws
- Approval of budgets
- Imposition of rates and other taxes, levies and duties and
- The raising of loans
- Settings of tariffs
- Entering into service delivery agreements in terms of section 76(b) of the Municipal Systems act
- Appointment of the Municipal Manager and Section 56 managers.
- Approval or amendment of the Integrated Development Plan

COUNCIL PORTFOLIO COMMITTEES:

FINANCE, BUDGET & CORPORATE SERVICES	▪ Municipal finance including billing. ▪ Municipal rating and taxation. ▪ Municipal insurance. ▪ Municipal banking and investments. ▪ Loans and governmental subsidies. ▪ Grants in aid ▪ Labour Relations ▪ Occupational Health and Safety
COMMUNITY SERVICES	▪ Municipal health services. ▪ Squatting. ▪ Groups with special needs (youth; women; elderly and the disabled); ▪ Street Vending. ▪ Education, crèches, welfare in general and religious services. ▪ HIV and AIDS ▪ Business licensing. ▪ Cemeteries and crematoria. ▪ Refuse removal, refuse dumps and solid waste disposal. ▪ Cleansing, road, and storm water maintenance; and ▪ Building maintenance ▪ Disaster management ▪ Traffic services ▪ Fire-fighting services
PLANNING & LED	▪ Local economic development; ▪ Promotion of industrial development; ▪ Land matters; ▪ Rendering of basic services ▪ Housing Projects; ▪ Housing development; and Housing Projects administration
INFRASTRUCTURE	▪ Electricity and gas reticulation; ▪ Storm water management systems in rural and urban areas ▪ Street lighting ▪ Capital roads items and construction ▪ Storm water capital items

IMPLEMENTATION OF COUNCIL CALENDAR

STRUCTURE/ COMMITTEE	MEETINGS HELD ON / SCHEDULED FOR ON (DATE/S)	TYPE OF A MEETING	TOTAL NO OF MEETINGS SCHEDULED FOR THE MONTHS	MEETING SAT (YES/ NOT)	NUMBER OF CLLRS/ AMAKHOSI ATTENDED
Council	20 August 2024	Ordinary	**8**	**yes 12**	**20/21**
	30 August 2024	Ordinary			**20/21**
	01 October 2024	Ordinary			**15/21**
	25October 2024	Ordinary			**19/21**
	03 December 2024	Ordinary			**20/21**
	29 January 2025	Ordinary			**20/21**
	28 February 2025	Ordinary			**18/21**
	28 March 2025	Ordinary			**15/21**
	30 May 2025	Ordinary			**15/21**
	13 May 2025	Ordinary			**17/21**
	18 June 2025	Ordinary			**15/21**
	30 June 2025	Ordinary			**16/21**
EXCO	26 August 2024	Special	8	Yes, 9	**5/5**
	13 August 2024	Special			**5/5**
	27 September 2024	Ordinary			**5/5**
	22 October 2024	Ordinary			**5/5**
	27 January 2025	Special			**1/5**
	26 February 2025	Special			**3 /5**
	26 March 2025	Special			**5/5**
	04 April 2025	Ordinary			**5/5**
	27 May 2025	Ordinary			**4/5**
Audit Committee	28 August 2024	Ordinary	4	Yes, 5	
	29 October 2024	Ordinary			
	31 January 2025	Ordinary			
	28 April 2025	Ordinary			
	28 May 2025	Special			
Finance & Governance	13 September 2024	Ordinary	9	Yes, 5	**6/7**
	14 October 2024	Ordinary			**6/7**
	20 February 2025	Ordinary			**5/7**
	25 April 2025	Ordinary			**6/7**
	16 May 2025	Ordinary			**6/7**
LED & Planning	27 August 2024	Special	6	Yes, 5	**4/7**
	28 November 2024	Ordinary			**5/7**
	13 February 2025	Ordinary			**5/7**
	16 April 2025	Ordinary			**5/7**
	12 June 2025	Ordinary			**2/7**
Infrastructural Services	15 October 2024	Ordinary	6	Yes, 3	**4/7**
	21 February 2025	Ordinary			**5/7**
	23 April 2025	Ordinary			**5/7**
Public Safety & Community Services	12 August 2024	Ordinary	6	Yes, 4	**4/7**
	13 November 2024	Ordinary			**5/7**
	10 February 2025	Ordinary			**5/7**
	23 April 2025	Ordinary			**6/7**
Local Labour Forum	15 April 2024	Ordinary	5	Yes, 2	**1/2**
	14 March 2025	Ordinary			**2/2**
MPAC	22 November 2024	Ordinary	5	Yes, 4	**6/7**
	22 August 2025	Ordinary			**5/7**
	26 March 2025	Ordinary			**4/7**
	22 March 2025	Ordinary			**4/7**
IDP Forum	21 August 2024	Ordinary	5	Yes, 2	**11/21**
	17 February 2025				**09/21**
Women Commission	-	-	4	-	-
Human Settlement	09 July 2024	Ordinary	5	Yes, 3	**05/21**
	02 October 2024	Ordinary			**10/21**
	20 February 2025	Ordinary			**12/21**
	24 April 2025	Ordinary			**7/21**
	05 May 2025	Ordinary			**9/21**
Rules Committee					
Whippery Committee	-	-	4	-	-
Training Committee	23 June 2025		4	Yes, 1	
Rapid Response	22 November 2024		4	Yes, 3	**4/5**
	12 February 2025				**1/5**
	11 June 2025				**4/5**
Employment Equity Forum	-	-	4	-	-

2.2 ADMINISTRATIVE STRUCTURE

Municipal Manager Mr T P Cele	Key Functions
	The Municipal Manager is the Accounting Officer of the Municipality and is responsible for ensuring that the administration is run effectively. And as such he is responsible for the establishment and maintenance of a strategic system of the municipality, he is accountable for the formation and development of an economical, efficient and accountable administration in order to ensure that the objectives of sound governance principles can be achieved. He is also accountable for various financial management duties as the accounting officer of the Municipality.
Chief Finance Officer **Mrs H P Mchunu**	**Key Functions**
	Provides leadership and guidance in overseeing all Treasury activities, ensuring compliance with all acts and legal prescripts required for accurate reporting to all stakeholders. Under her leadership, which the following units aimed to achieve their objectives: Supply Chain Management, Expenditure, and Budget and Asset management, Income.
Director Corporate Services **Vacant**	**Key Functions**
	Provides leadership and guidance in overseeing all corporate service activities, ensuring compliance with all acts and legal prescripts require for accurate reporting to all stakeholders. The following units are within the corporate services unit: Human resources, Administration and Auxiliary services and ICT services.
Director Community Services **Advocate B Brijraj**	**Key Functions**
	Provides leadership and guidance to the Department for the achievement of Organizational goals and IDP objectives which enhance service delivery achievements and better services delivered to community. Under his leadership he ensures that the following units aim to achieve their objectives: Parks and Gardens, Waste Management, Environmental management, Protection services and Traffic Control, Maintenance of community facilities, Fleet management and Library services.
Director Infrastructure **Mr S G Mkhize**	**Key Functions**
	Provide leadership and strategic direction regarding housing, roads & storm water, electricity, public works, construction of public infrastructure, institutional & social development and project management administration. Provide guidance to the council, executive committee and local community with regards to provision of basic infrastructural services. Ensure compliance with all legislative requirements. **Development Planning** The development planning unit provides guidance for the achievement of organizational goals and IDP and SDF objectives which enhance service delivery achievements these units are Local Economic Development, Strategic Planning and performance management, town planning and human settlements.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

Inter-governmental relation refers to the relationships between the three spheres of government. The South African Constitution states, 'the three spheres of government are distinctive, interdependent and interrelated'. Provincial and local government are spheres of government and are not a function or administrative implementing arm of national or provincial government. Although the three spheres of government are autonomous, they exist in a unitary South Africa and they must work together on decision-making and must co-ordinate budgets, policies and activities, particularly for those functions that cut across the spheres.

The Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005 – 'the IGR Act') establishes a framework for the national government, provincial governments and local governments to promote and facilitate intergovernmental relations, and to provide for mechanisms and procedures to facilitate the settlement of intergovernmental disputes.

The Act further provides for structural and institutional framework for national, provincial and local governments to coordinate their actions towards common goals, in particular the implementation of policy, programs and development priorities for the country as a whole.

CHAPTER 3**,** Section (h) of the Constitution of the Republic of South Africa states that:

All spheres of government and all organs of the state within each sphere must co-operate with one another in mutual trust and good faith by-

(a) Fostering friendly relations
(b) Assisting and supporting one another
(c) Informing one another of and consulting one another on matters of common interest.
(d) Coordinating their actions and legislation with one another
(d) Adhering to agreed procedures; and
(f) Avoiding legal proceedings against one another

INTER-GOVERNMENTAL RELATIONS STRUCTURE AND PARTICIPATION:

Umuziwabantu municipality participates in the following district coordinated structures:

- District Intergovernmental Relations Forum
- Speakers Forum
- Municipal Managers Forum
- Chief Financial Officers (CFOs) Forum
- HR Managers Forum: HR managers of each municipality comprise this forum

- Skills Development Facilitators forum: This forum includes HR Managers and Skills Development Practitioners of the municipalities
- Disaster management forum
- District LED Forum
- Planners Forum: this forum includes IDP managers and Development Planners
- DTAC: District Technical Advisory Committee for Municipal Performance.

The Provincial Co-ordinated structures that the municipality participates in are as follows:

- The Premier's Coordinating forum (Mayor)
- COGTA Technical MUNIMEC (Municipal Manager)
- Local Government Communicators Forum (Communications)
- Provincial Task Team Meeting (Special Programmes)
- Provincial Council of Aids (Special Programmes)

The development, Implementation and Monitoring of the District Development Model:

- a coordinated District level approach to business by all 3 spheres- "we are going to do away with this fragmented approach to development."
- 44 Districts and 8 Metros will be the high impact zones for the country.
- Redirect and confirm Co-operative governance & Integrated collaborative planning and implementation undertaken at a District and Metro level by all 3 spheres.
- Institutionalized Long-term co-planning in one plan per district towards Sustainable Development and Spatial Transformation & Equity whilst addressing 'burning' short term issues.
- DDM is a practical Intergovernmental Relations (IGR) mechanism for all three spheres of government & SOE's to work jointly and to plan and act in unison
- Ensure that we bring to life the aspirations of The People Shall Govern & Bring government closer to the people. Developmental change is shaped and owned at district level in partnership with communities, citizens and social partners.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PUBLIC PARTICIPATION

2.4 PUBLIC MEETINGS

The Municipal Systems Act puts emphasis on the legislative obligations for municipalities in respect of community participation. The Act has dedicated Chapter four and various other references to Community participation throughout the Act. Umuziwabantu Municipality conforms to the Municipal Systems Act No 32 of 2000 in terms of Section 16 (1) (a) which promotes public participation and stats that;

(1) A municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose-

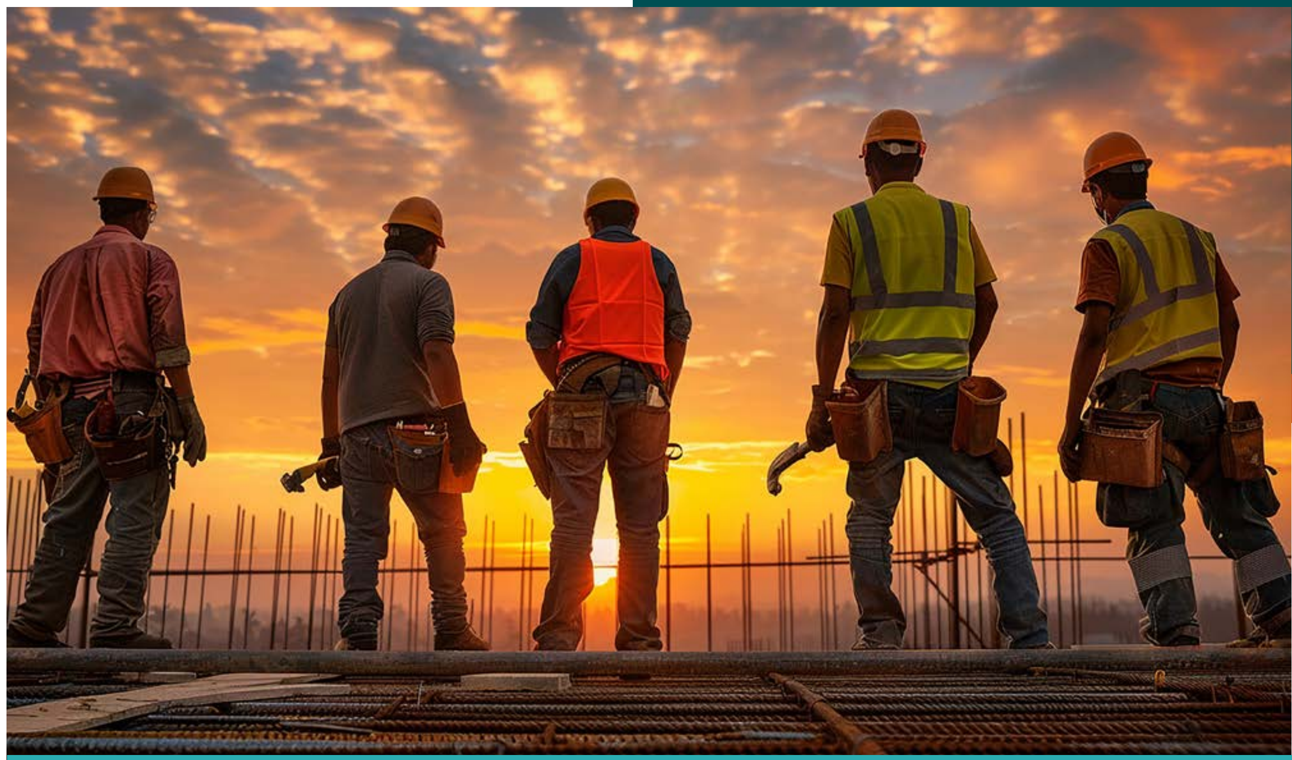
(a) Encourage, and create conditions for, the local community to participate in the affairs of the municipality.

This was done in a number of ways including, media coverage, social media platforms, distribution of digital pamphlets etc. Again, the majority of targets which fall in the youth and special programs units, were affected in the fourth quarter with the national lockdown which forced some of indicators to be cancelled.

2025 MAYORAL IZIMBIZO

The Municipality held it's Mayoral Izimbizo from 7 to 9 October 2025, as per the dates approved in March 2025. These engagements provided a key platform for the municipality and sector departments to report back on municipal progress to communities and strengthen participatory governance. The meetings were conducted in the form of ***Operation Mbo***, with all municipal departments invited to participate and provide government services directly to the public, ensuring residents have access to information, support, and service delivery interventions in their wards.

The following comments were received from the communities in attendance.



DATE	LOCAL MUNICIPALITY	WARD/ CLUSTER	COMMENTS/ISSUES FROM THE PUBLIC			RESPONSIBLE DEPARTMENT/MUNICIPALITY
			WATER & SANITATION	LOCAL MUNICIPALITY	OTHER DEPARTMENTS	
UMUZIWABANTU MUNICIPALITY						
10/04/24	**Umuziwabantu Mpeshu Community Hall**	01,02 & 11	Issue of Santombe reservoir not having water. Request for repairs of a borehole in ward 2. Request for pipe extensions. Issue of the attitude of water tanker drivers. Request for Jojo tanks for people living with disabilities.	Issue of housing project in ward 2. Request for electricity infills in ward 2. 422 Units Project Commencing Request for re-gravelling of Masala Road. - DOT Request for the repair of access roads. – Steady progress – grader mechanic problems slows progress	Application stage Resolved: 422 units DOT	Ugu District Umuziwabantu Municipality

DATE	LOCAL MUNICIPALITY	WARD/ CLUSTER	COMMENTS/ISSUES FROM THE PUBLIC			RESPONSIBLE DEPARTMENT/MUNICIPALITY
			WATER & SANITATION	LOCAL MUNICIPALITY	OTHER DEPARTMENTS	
09/04/24	**Umuziwabantu Vukuzakhe Community Hall**	04, 05, 06 & 10	Reported no water provision eMdulashi. Enquired about increasing water bill, without water provision. Requested functional boreholes in the area. Requested one standpipe eBhijintaba. Requested water pipes kuNhlanzi ophansi. Requested water be purified upon water tanker provision. No water supply eNhlokoyenkomo. Requested water tankers to supply on weekly basis. Reported no waterpipes eMzenge. Requested two water tankers kuBhekeni.	Requested pedestrian bridge to cross over the river. Requested quarry on the road. Requested disaster housing beneficiaries who did not get RDP be prioritized. Request for community. Requested concrete on access roads. Enquired about Fantini Road if it will be constructed further. Construction Underway Requested quarry on Bhangane Road. Requested road rehabilitation at Maqakaleni to Mzila.	Requested network towers. Requested CCG's. Requested road rehabilitation eRingini. Requested intervention on P58 road, as it sheds off during sunny days. Reported burst transformer on 14/12/23, further requested electricity.	Ugu District Ray Nkonyeni Municipality Eskom Dept of Transport

DATE	LOCAL MUNICIPALITY	WARD/ CLUSTER	COMMENTS/ISSUES FROM THE PUBLIC			RESPONSIBLE DEPARTMENT/MUNICIPALITY
			WATER & SANITATION	LOCAL MUNICIPALITY	OTHER DEPARTMENTS	
12/04/24	**Umuziwabantu Emfundweni Sportfield**	03, 07, 08 & 09	Request for water provision.	Requested RDP housing. Requested pedestrian bridge, ward 07. Requested increase in budget allocation for sports and games. Financial Constraints Requested sport office.. Sports under Youth Development Office Requested road rehabilitation KwaShabane to ward 07.	Requested electricity kuNgqolo. Requested CCG's eLubala.	uGu Ray Nkonyeni Eskom Department of health

2.5 IDP PARTICIPATION AND ALIGNMENT

On an annual basis the Council of Umuziwabantu adopts an IDP process plan, in line with the provisions of the Municipal Systems Act No 32 of 2000. The year under review was no exception as the process plan was adopted in August 2017.

The IDP Review Action Program provides a breakdown of the roles and responsibilities of the internal Municipal portfolios.

As part of the IDP review process, the Municipal Council, led by his worship the mayor, Cllr LS Zungu, held IDP and Budget Road shows.

The following challenges were addressed by the Community members:

- High rate of unemployment
- Low-income levels
- Average economic growth
- Transformation on the ownership of land
- Slow delivery on Land Reform Program
- Limited economic potential in rural areas / poor investment in the area due to land under the Ingonyama Trust
- Environmental health and management related issues
- High prevalence of HIV/AIDS
- Skills shortage
- High number of child-headed households
- Housing and electricity backlogs
- Limited access to telecommunication
- Poor condition of roads and transport.

IDP alignment and Strategic planning sessions.

The Council of Umuziwabantu has the current strategic objectives:

- To create, healthy and sustainable living communities
- To aspire to healthy and educated communities
- To ensure that all people have access to basic services
- To boost investor confidence to invest in Umuziwabantu
- To entrench people centeredness.
- To provide strong decisive leadership.

MUNICIPAL PRIORITIES

PRIORITIES	DESCRIPTION
1. Job creation	• Umuziwabantu municipality is in need of specialized skills • Job creation to alleviation poverty and reduction.
2. Infrastructure development	• Infrastructure Development such as roads, community facilities, water and sanitation, electricity. • Infrastructure development to attract investment • Maintenance of infrastructure is important
3. Skills development	• Skills development • It will assist in reducing unemployment • Identify the skills that exist and that are needed within the municipality
4. Human Development	• This will develop people holistically not only skills • Human development is holistic in that it does not only focus on skills but also other aspects such as life skills. • Workshops for the maintenance of community infrastructure
5. Release of land	• Need to release land strategically for potential investors • Land is essential for accomplish of municipal objectives • Need to release land to generate revenue
6. Revenue enhancement	• Need to attract investors to generate income for the municipality • Creation of revenue enhancement strategy
7. Health (HIV/AIDS)	• Promote of healthy lifestyle. • Construction community-based health facilities e.g. clinics

COMPONENT D: CORPORATE GOVERNANCE

2.7 RISK MANAGEMENT

Section 62(1) (c) of MFMA requires a Municipality to have and maintain effective and transparent systems of financial and risk management and internal control, hence fraud risk assessment forms part of the risk management activities and informs the risk register. The municipality has implemented appropriate risk management activities to ensure that regular risk assessments are conducted i.e. IT risk assessments, business risks assessment (operational, strategic) and risk registers are updated. The progress on Risk Management and an updated Risk Register should reported on a quarterly basis, to the Risk Management Committee and subsequently to the Audit and Audit Performance Committee, however this has been lacking following the resignation of the risk officer.

ROLES AND RESPONSIBILITIES

ROLE PLAYERS	RESPONSIBILITIES
Internal Audit	The internal audit activity therefore evaluates and contributes to the improvement of risk management, control and governance processes.
Governance	The Internal Audit Activity assists Executive Management in achieving the goals of Umuziwabantu by evaluating the process through which: • Goals and values are established and communicated. • The accomplishment of goals is monitored; and accountability is ensured and Municipal values are preserved
Risk Management	The Internal Audit assist the municipality through facilitation in identifying, evaluating and assessing significant organisational risks and provide assurance as to the effectiveness of related internal controls regarding the focus areas reviewed.
Controls	The Internal Audit activity evaluate whether the controls of the focus areas, as set out in its Internal Audit Plan which management relies on to manage the risks down to acceptable levels, are appropriate and functioning as intended (i.e. are they effective yet efficient) and develop recommendations for enhancement or improvement. • The Internal Audit activity is authorised to: • Have unrestricted access to all functions, records, property and personnel; • Have full and uninhibited access to the Audit Committee;
Management	Management is responsible for the establishment and maintenance of an effective system of governance to: • Establish and communicate organisational goals and values; • Monitor the accomplishment of goals; and • Ensure accountability and values are preserved. Management is furthermore responsible for the establishment and maintenance of an effective system of internal control. The objectives of the system of internal control are, inter alia, to provide management with reasonable, but not absolute, assurance that: • Risks are properly managed; • Assets are safeguarded; • Financial and operational information are reliable; • Operations are effective and efficient; and • Laws, regulations and contracts are complied with. The prevention and detection of fraud is management's responsibility. The principal safeguard against fraud, misstatement and irregularities is an effective system of internal control. It must, however, be recognised that there are inherent limitations in any system of internal control – including human error, circumventions through collusion of two or more people and management's ability to override decisions which may result in fraud or irregular transactions.

THE MUNICIPAL RISK REGISTER

There is a separate fraud risk register is in place based on an assessment initially conducted by the Department of Co-operating Governance and Traditional Affairs. The municipality also has a Fraud and Corruption Prevention Policy which was adopted by Council on the 27th of March 2019 and is due for review in the 2022/2023 financial year.

This policy is intended to set down the stance of Umuziwabantu Municipality to "fraud", as well as to reinforce existing systems, policies, procedures, rules and regulations of Umuziwabantu Municipality aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud.

Furthermore, the purpose and spirit of this document is to confirm that Umuziwabantu Municipality supports and fosters a culture of zero tolerance to fraud in all its manifestations. The Municipality recognises the fact that acts of fraud by its employees seriously deplete the scarce resources available to the Municipality in fulfilling its mandate.

RISK MANAGEMENT COMMITTEE

The Risk Committee was established as being the extended management of Umuziwabantu Municipality.

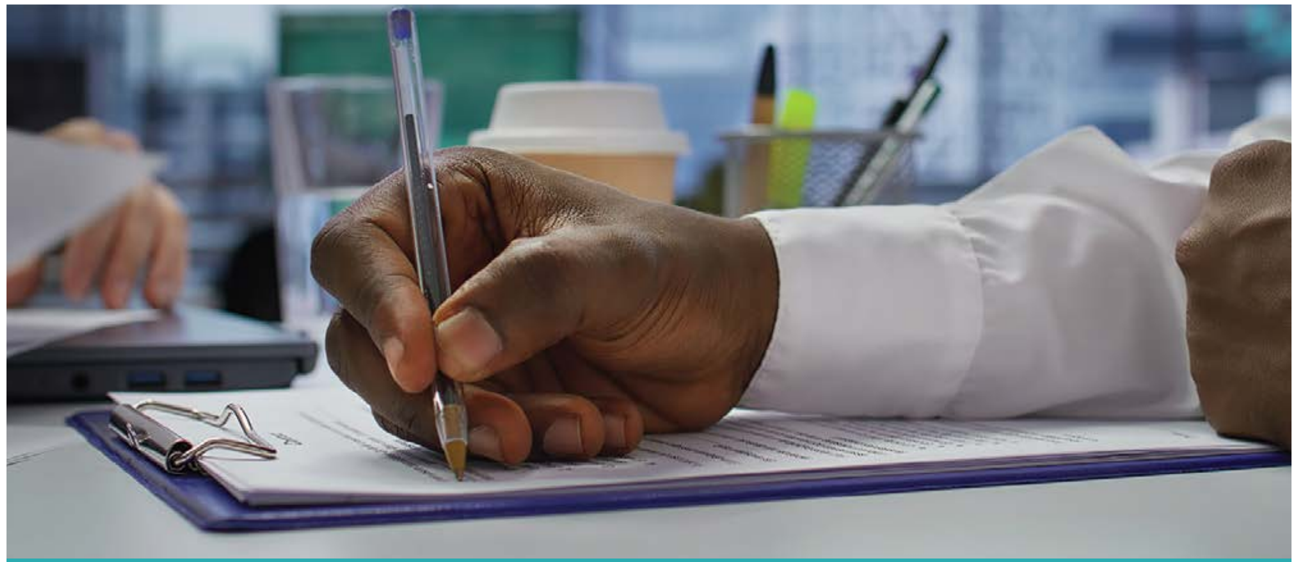
However, there has been challenges with poor reporting to the structure following the resignation of the risk officer.

2.8 ANTI-CORRUPTION AND FRAUD

The municipality has successfully launched and activated its anti-corruption and fraud hotline. The hotline information is now included in all statements printed and distributed to ratepayers. The anti-corruption and fraud hotline was established as a communication tool for allowing the community to report cases of fraudulent activities in a confidential manner and is handled as a shared service at a District level.

The community is urged to use the hotline to report all corrupt and fraudulent activities

BE RESPONSIBLE, REPORT FRAUD AND CORRUPTION
Call 0801 111 660
Fax 086 5222 816
information@whistleblowing.co.za
P. O. Box 51006,
Musgrave,



2.9 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management unit of Umuziwabantu Municipality is responsible for the procurement of goods and services required by Municipality to ensure effective service delivery to its residents. More detailed information on the Umuziwabantu supply chain management is contained in the SCM policy document of the municipality.

The management of the supply chain is critical given the interest and potential of fraud and corruption in local government. The need to implement good governance principles in the supply chain management processes is fundamental. Without such, no one can be assured of the openness, transparency and fairness of the expenditure of funds within any public institution.

The Umuziwabantu Municipality has fully implemented its own supply chain management policy during the financial year under review. All Bid Committees have been established and are fully functioning to impart assurance as to the validity of any procurement undertaken.

To support the supply chain management policy implementation, various procedures have been implemented to strengthen accountability and turn-around times. In addition an active council and audit committee, ensure that best practices are adhered to at all times by all practitioners and Supply Chain Management.

Supply chain management remains one of the most dynamic and challenging sections within the Finance department.

SCM is headed by a manager who reports directly to the Chief Financial Officer.

In accordance with our policy we have a fully-fledged bid committee system and qualifying bids are weighted to ensure preferential points are taken into account. To further enforces the pillars of transparency, equity, and fairness.

IMPLEMENTATION OF THE SCM POLICY

The Supply Chain Management (SCM) Policy is implemented through a structured process that ensures procurement activities are fair, transparent, cost-effective, and compliant with legislation.

BRIEF DESCRIPTION:

Implementation begins with the municipality formally adopting the SCM policy and aligning it with relevant laws and regulations. Responsibilities are then assigned to officials and SCM units to oversee procurement processes. The policy is put into practice through key steps such as:

- **Demand management:** Identifying and planning procurement needs based on municipal priorities and budgets.
- **Acquisition management:** Sourcing goods and services using approved methods (quotations, tenders, or contracts) while ensuring fairness and competitiveness.
- **Contract management:** Managing delivery, storage, and performance of suppliers to ensure value for money and timely service delivery.
- **Disposal management:** Safely and transparently disposing of obsolete or redundant assets.
- **Performance and risk management:** Monitoring compliance, auditing processes, and addressing risks or irregularities.

Training of staff, internal controls, and regular reporting are also key to ensuring effective implementation. Overall, the policy is implemented through consistent application of procedures, oversight mechanisms, and continuous improvement.

2.9.1 BID COMMITTEES

Bid Specification Committee *Chairperson: Ms N Madlala*	compiles clean, unbiased, and comprehensive technical specifications for municipal goods or services. This committee defines the strict evaluation criteria—including pre-compliance, functionality thresholds, and specific goals like B-BBEE—ensuring transparency and equal market opportunity while preventing restrictive trading practices.
Bid Evaluation Committee *Chairperson: Mr L Ndawonde*	Evaluates all responsive, on-time submissions against the predetermined advertised specifications and point scoring systems. The committee assesses each bidder's financial capacity, commercial risk, tax compliance, and municipal arrears status, formulating a formal evaluation report and clear award recommendations.
Bid adjudication Committee *Chairperson: Acting CFO, Ms H Mchunu*	Reviews and cross-examines the evaluation reports and final recommendations submitted by the BEC. It determines if the procurement process was fair, equitable, transparent, competitive, and cost-effective, before providing formal recommendations to the Accounting Officer (Municipal Manager) for final contract awards on bids exceeding R2 million.

2.9.2 TOP 20 CONTRACTORS/SUPPLIERS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2025.

00669	ESKOM	ELECTRICITY SERVICES	-R5 339 781,35
24585	LETHOKUHLE INVESTMENTS	UPGRADE OF FIELD STREET	-R1 413 483,19
00367	CHAMPION CIVILS	CONSTRUCTION OF MAZAKHELE COMMUNITY HALL AND RETENTION	-R1 270 269,29
00398	CLIVES TRANSPORT	MAINTENANCE OF LANDFILL SITE	-R1 090 612,68
03456	AMAZIM-ZIM	SECURITY SERVICES	-R721 236,97
02268	Puff emergency services (pty) ltd	CONSTRUCTION OF ENDUVINI AND EDOLOPHINI ACCESS ROAD/BRIDGE AND RETENTION	-R554 960,11
00488	DEPARTMENT OF LABOUR	COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES ACT	-R485 764,72
03878	IFIX BUSINESS SOLUTIONS	MSCOA FINAL BUDGET 6.9 CHART REVIEW AND ASSESSMENT	-R296 872,50
03897	INKAZIMULO CONSULTING	MSCOA IMPLEMENTATION REVIEW AND GENERAL LEDGER CLEAN-UP AND RECONCIALITION 2024-2025 FINANCIAL YEAR	-R293 250,00
00115	ANTHONY'S WELDING WORKS & MAINTENANCE	SUPPLY AND DELIVERY OF 50X CONCREATE BINS	-R287 500,00
04800	MANGUZA CONSTRUCTION	SUPPLY AND DELIVERY OF ROAD MARKING PAINT AND 502 TONES HOT PRIMIX ASPHALT MEDIUM MIX	-R276 950,00
04327	LUSWALWETWO GROUP	SUPPLY AND DELIVERY OF PRECAST CONCRETE STORM WATER PIPES	-R276 450,00
00044	XL FLIGHTSPECIALS ADVENTURE TRAVEL	TRAVEL AGENCY	-R245 819,67
02968	WILD GINGER CREATIVE CONSULTING	PRINTING AND BINDING OF 2023 ANNUAL REPORT	-R235 750,00
04739	THOBELIHLE CATERING AND PLANT HIRE	SUPPLY AND DELIVERY OF 6X LAPTOPS	-R216 000,00

2.10 MUNICIPAL BY-LAWS AND POLICIES

The Municipal bylaws are public regulatory laws which apply in a certain area of jurisdiction. The Umuziwabantu Council gets its power to pass laws through the South African Constitution, which specifies what things may be regulated through by-laws within its jurisdiction. Municipal by-laws are no different than any other law of the land, and can be enforced with penalties, challenged in court and must comply with other laws of the land, such as the country's constitution. Municipal bylaws are often enforceable through the public justice system, and offenders can be charged with a criminal offence for breach of a bylaw. Common bylaws include vehicle parking and stopping regulations, animal control, building and construction, licensing, noise, zoning and business regulation, and management of public recreation areas

Umuziwabantu Municipality has the following by-laws in place, which were passed by Council and available on the Municipal website:

- Standing rules and orders
- Outdoor advertising
- Storm water management
- Street trading
- Business licensing
- Street trading
- Refuse
- Advertising
- Property rates bylaws
- Administration of Immovable property
- Supply Chain Management Policy
- Budget policy
- Credit control & Debt collection bylaws
- Banking, Investment & cash management policies
- Unauthorised, Irregular, fruitless & wasteful expenditure
- Budget virement
- Bad debts provision
- Tariffs charges
- Indigent support
- Risk management
- Fleet management
- Asset management

2.11 UMUZIWABANTU MUNICIPALITY'S NEWLY REVAMPED WEBSITE

The Municipal website plays a pivotal role in the communication of information with all municipal stakeholders and the community at large and provides an easy access of relevant information.

The website serves also as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of the municipal performance on a regular and continuous bases.

The website is managed by the administrative unit under the corporate services directorate.

MUNICIPAL WEBSITE: CONTENT AND CURRENT MATERIAL UPLOADED IN FOR COMPLIANCE
▪ Municipal Budget, adjustment budgets and all budget related documents. ▪ Budget related policies. ▪ Municipal Annual Report documents. ▪ Annual report to be published. ▪ Performance agreements of Section 56 and 57 Managers (Directors). ▪ Media statements ▪ Performance Information of programs and projects ▪ Public notices ▪ Service Delivery and Budget Implementation Plan ▪ Internal programs conducted by the Human Resource Development unit. ▪ Bids

2.12 PUBLIC ACCOUNTS COMMITTEE

The Municipal Public Accounts Committee is led by Cllr Maphumulo, who is responsible for chairing the MPAC meetings and ensuring that the committee abides to the year plan.

The Municipality's Public Accounts Committee (MPAC) was established by Council in terms of Section 79 of the Municipal Structures Act 117 of 1998.

The purpose of the Committee is to perform an oversight function on behalf of the Council over the executive functionaries of the Council to the extent set out herein. In doing so, the following are the terms of reference of the MPAC.

- To consider and evaluate the Municipality's Annual report in terms of Sections 127 and 129 of the Municipal Finance Management Act and make recommendations to the Council.
- To Act as an oversight committee to make recommendations to the Council when it adopts the oversight report on the annual report in terms of Section 129 of the Municipal Finance Management Act.
- To review and follow up past recommendations on the Annual report.
- To advise Council in respect of unauthorised, irregular or fruitless and wasteful expenditure in terms of Section 32 of the Municipal Finance Management Act as and when so requested by Council, the Mayor or the Municipal Manager.
- To perform its functions taking due care to distinguish between oversight and interference in administration, as envisaged by Section 173(4) and (5) of the Municipal Finance Management Act, and item 11 of Schedule 1 of the Municipal Systems Act (Code of Conduct for Councillors).
- To perform any other oversight function as may be requested by Council from time to time.
- To report to Council at the first Council meeting following the MPAC meeting.

AUTHORIZATION OF MPAC

The committee is authorized amongst others to:

- To seek any information from and have access to any councillor and employees to co-operate with any request made by the committee.
- To have access to internal information required for the performing of its duties.
- To liaise with the Audit and Risk Committee or chairperson of the audit and risk committee, head of internal audit unit and any other relevant role players on matters pertaining to its terms of reference.

MPAC GUIDING PLAN

QUARTER 1	QUARTER 2
1. Examination of Financial Statements. 2. Recommendations to Council in terms of sub section (3.8) 3. Examination of quarterly reports 4. Quarterly compliance report. 5. Prepare a consolidated report by MPAC to Council.	1. Examination of Financial Statements 2. Recommendations to Council in terms of sub section (3.8) 3. Examination of quarterly report. 4. Examination of performance information. 5. Examination of the Draft Annual Report. 6. Presentation of Capital Expenditure together with Service Delivery report. 7. Prepare a consolidated report by MPAC to Council.
QUARTER 3	**QUARTER 4**
1. Examination of Financial Statements. 2. AG's Report 3 Recommendations to Council in terms of sub section (3.8) 4 Examination of quarterly reports 5 Examination of mid-year reports 6 Consultation of the public regarding the Annual report / Adoption of the public participation plan 7 Quarterly compliance report. 8. Prepare a consolidated report to Council	1. Examination of Financial Statements 2. Recommendations to Council in terms of sub section (3.8) 3. Examination of quarterly reports 4. Quarterly compliance report 5. Prepare a consolidated report by MPAC to Council

Chapter 3
DEPARTMENTAL REPORTING AND SERVICE DELIVERY PERFORMANCE

3.1 ELECTRICITY

Umuziwabantu Municipality currently distributes electricity within the urban area (Harding). The rest of the Municipal area which is above 80% is supplied by Eskom. Although there is a total coverage in terms of electricity supply, the Municipality distributes solely within the urban area. The Municipality provides maintenance to electrical Infrastructure. As an electricity distribution authority, the Municipality also responds to electrical queries as and when required.

The above graph depicts the energy supply in our municipality. It clearly shows that the municipality has no backlog when it comes to energy supply as 80% of our population have access to electricity. The remaining 20% are infills which are attended to as new households are constructed annually.

HIGHLIGHTS

Despite some challenges faced by the electricity department in the rendering of services, the municipality managed to conclude the electricity connections in Mazakhele phase 3 whereby 34 households now have electricity supply.

A total of 2,95Kms of new electricity cables were also installed as part of the electrical upgrade being conducted by the municipality.

However, there were some challenges which hindered with the ward 1 and ward 4 infills electricity programs as a result of late approval of designs which led to the projects planned completion date to be affected. Although some households have received the infrastructure, there is a challenge of energising the infills due to the upgrade of Eskom's new metres program.

The municipality is currently faced with the challenges of aged electricity infrastructure which has to be prioritised in future plans.

3.2 HOUSING / HUMAN SETTLEMENTS

The municipality worked closely with the Department of Human Settlement to ensure provision of houses within the rural areas of Umuziwabantu.

Umuziwabantu Municipality facilitated the KwaMbotho, Mazakhele, KwaFodo, KwaJali and KwaMachi rural housing development projects.

The KwaMbotho housing project faced many difficulties as a new Implementing Agent was appointed following the termination of contract from the previous IA in the previous financial year.

Although the municipality has seen improvements in the housing projects, during the year under review, it saw a few challenges hinder with the successful implementation of housing projects.

In the previous financial year there we saw delays in the commencement of the KwaMazakhele low cost housing project due to the slow bulk infrastructure project which was facilitated by the District municipality. However the project resumed during the year under review, although work resumed later than envisaged due to the delays experienced in the previous year.

Housing Projects highlights:

- 136 units were constructed from the KwaMbotho low cost housing project
- 170 units were constructed from the KwaMazakhele phase 3

Challenges faced:

- Approval process which takes long
- Provision of bulk water infrastructure service which delays construction.
- Implementing agent's financial challenges impact negatively on implementation.
- Slow supply of materials by service providers due to backlog
- General labour issues

3.3 CLEANSING, PARKS, GARDENS AND RECREATION

The objective of waste management for the Municipality is to integrate waste management services in order to provide basic services to the community and to minimise the effects of waste on humans and the overall health of the environment.

An estimated 78% of the Umuziwabantu population uses their own dump to dispose of their refuse. This population is that which is located in the tribal and Farm areas.

Only 9.9% of the municipal area benefits from the provision of municipal services of who are the residents in and around the Harding Town. (Ugu District IDP)

The Municipality was issued with the required license which permits the construction and operation of a Municipal landfill site. The landfill site (also known as a tip, dump, rubbish dump or dumping ground, is a site for the disposal of waste material by burial. Construction of the Municipal landfill site was completed in the 2017/18 financial year.

However the municipality does not have internal capacity to run and manage the landfill site and therefore made budget provisions to appoint a qualified and reputable service provider to render suitable services and manage the landfill site. JCR T/A Clive's Construction was appointed by the Municipality to render these services for a period of 3 year in the year under review.

The municipality has a manager responsible for the sub – directorate in order to oversee its functionality, as well as a Waste & Environmental management officer, who reports to the manager of the sub- directorate. There are two supervisors directly responsible for each section (Refuse collection and Verge Maintenance). There are financial, materials, mechanical and human resources allocated to the sub- directorate in order to effect the operations.

Human resources:

NUMBER	POSITION	STATUS
01	Manager Cleansing, parks and Gardens	Filled
01	Waste and environmental officer	Filled
01	Supervisor Verge maintenance section	Filled
03	Verge maintenance section Drivers	Filled
10	General assistance for verge maintenance	Filled
01	Supervisor Refuse collection section	Filled
03	Refuse collection section Drivers	Filled
26	Refuse collection General assistance	Filled

Sub-directorate staff compliment:

Post name	No of posts	Filled	Vacant	Remarks
Manager's post	01	01	0	n/a
Waste & Environmental Officer	01	01	0	n/a
Supervisors posts	02	02	0	n/a
Driver's post	06	05	01	vacant
General assistants	38	38	0	n/a
Total staff compliment	48	47	01	1* vacancy

Tools and equipment

Skip bins allocation

There are Twenty-Five (25) skip bins within the sub- directorate allocated to strategic points within the CBD.

Allocation		Nature of business
Skip bin number	Business name / area	
Skip bin – refuse no1	Opposite Addis Panel Beaters – Turner street	Panel beaters
Skip bin – refuse no2	Opposite EMC & HTT Hawkins street	Workshops
Skip bin – refuse no3	Inside Shoprite mall at the receiving area	Mall
Skip bin – refuse no4	Harding secondary Musgrave street	School
Skip bin – refuse no5	Oxford High school Musgrave street	School
Skip bin – refuse no6	Next to receiving of KFC Musgrave street	Business area
Skip bin – refuse no7	Next to Endalini Musgrave street	Business area
Skip bin – refuse no8	Inside cash build Field street	Hardware
Skip bin – refuse no9	Inside Rhino waste bin area – Field street	Supermarket
Skip bin – refuse no10	Next to Jet & Checkout receiving areas – Field street	Supermarket
Skip bin – refuse no11	Bargain wholesaler Field street	Wholesaler
Skip bin – refuse no12	Front of the Mbotho residential area opposite the church Livingstone road	Residential
Skip bin – refuse no13	Next to the entrance of Sehole Primary School – Ballance street	School
Skip bin – refuse no14	Inside the Sehole Combined School on Callaway Street	School
Skip bin – refuse no15	Opposite Spiros Hockings street	Business area
Skip bin – refuse no16	Opposite Liqour Rama Hockings street	Business area
Skip bin – refuse no17	Opposite Princess car wash Shepstone street	Business area
Skip bin – refuse no18	Inside Sutton Primary School	School
Skip bin – refuse no19	At Cell C area Mazakhele phase one	Residential area
Skip bin – refuse no20	Mazakhele Phase 03	Residential area
Skip bin – refuse no21	Mazakhele Phase 03	Residential area
Skip bin – refuse no22	Opposite car wash Kiet street	Business area
Skip bin – refuse no23	New bus rank	Business area
Skip bin – refuse 24	KwaJali New Modular Library	Library premises
Skip bin – refuse 25 (spare)	Municipal workshop	Municipal property

The department of community services has utilised the external services for waste collection, transportation within the CBD and firms due to the continuous mechanical breakdown of the compactor truck.

The municipality had to hire the privately owned trucks as measure in order to minimise the piling of waste within the CBD and also to avoid creating unhappiness to the community of Harding.

List of sport fields and grounds

WARD NO	AREA/ SPORT GROUND
01	• Santombe- Mbekwa sport ground • Santombe- Biliya sport ground • Santombe- Mthintanyoni sport ground • Santombe- Cekeza sport ground • Santombe- Nkomeni sport ground • Kwa Fodo Tribal Authority • Santombe sport ground
02	• Kwa Fodo sport ground – Smata • Kwa-Mbotho – Mushmount sport groud • Mpelandaba Sport Ground • Ndlovini Sport Ground • kwaMbotho Traditional Council • Murshmount Sport Ground • Mseli Sport Ground B• ashaweni Sport Ground • Mbotho Kwa Smuth Sport Ground
03	• Grounds A, B & C • Harding air aerodrome grounds • Harding –Greenfields • Aerodrome • Cemetery ground • Park open space • FETground • Sport Grounds A, B & C • Greenfields ground
04	• KwaMachi - Ecingweni Sport Ground • KwaMachi- kuGangala • Ecingweni Sport Ground • Nyanisweni Sport Ground
05	• Echibini Sport ground • Startfan Sport ground • Mbumbazi Sport ground • Inkomazi Sport Ground
06	• Kwa Machi sport ground • Ku Gangala Sport ground, • Fantini sport ground • Magwala sport ground • Echibini sport ground • Emshisweni ground
07	• KwaJali- Mfundeli sport ground • Give Hope Primary School sport field
08	• KwaMachi- Mlamulankunzi sport ground • Khwezi sports ground • Mlalankunzi Sports Ground • Ikhwezi Sports Ground • Emadrayini Sports Ground

WARD NO	AREA/ SPORT GROUND
09	• Hafuleni sports ground • Kwajali- Albert sports ground • Kwa Mkhize Sports Ground • Ku Bhudlu Sports Ground • Nhlanjeni Sports Ground • Sivivaneni Sports Ground • KwaJali- Hafuleni sports ground
10	• Ephumza sports ground
11	• Kamsweli Sports ground

ENVIRONMENTAL MANAGEMENT

The oil spillages are still a major challenge within the CBD due to non-compliance by informal traders and the failure by the municipality to enforce trading By Laws. They utilise whatever space is available to perform trading activities .

These activities contravene the National Environmental Management Act (107 of 1998 and National Water Act (36 of 1998). These activities will lead to environmental land degradation and water pollution since the used oil is poured into municipal water drainage system.

STORM WATER DRAINAGE SYSTEM

There are areas of poor drainage system within the Harding town. The department of Technical Services has now put measures in place to upgrade some areas which are largely affected by the poor drainage system, by upgrading drainage in those areas.

EDUCATION AND AWARENESS

Celebration of weed buster week was held at Sihole Combined School. Weed buster is an initiative to teach learners and communities about the dangers of alien plants in our environment.

It also focuses on identifying the alien vegetation and clearing. At the school presentations were made to a grade 7 class and some educators on how to be able to identify and clear them to limit the spread not just in the school but at their homes and communities as well.

This exercise was a joint venture between Umuziwabantu Municipality, Department of Environmental Affairs and UGU District Municipality (environmental services).

Umuziwabantu Municipality together with EDTEA and Merensky are conducting schools' assessment for the School Environmental Education Programme (SEEP).

During the assessment schools are facilitated in ways of improving the appearance of open spaces and using them as a learning tool.

This is a time where the school elaborates about its achievements relating to environmental management and environmental education.

Schools are encouraged to include environmental sustainability in all learning areas in order to change the thinking of the learners and the community at large. Most schools are beginners in the programme but do show signs of improvement which is a positive indicator for the future.

ENVIRONMENTAL AWARENESS & CLEAN-UP CAMPAIGNS

Umuziwabantu municipality has conducted numerous a clean-up campaigns within the CBD areas including the taxi and the van ranks.

The purpose of the awareness and the clean-up was organised to encourage the community and businesses fraternity to keep their environments clean and healthy.

The informal and formal businesses were advised about waste management and the importance of clean spaces. They were advised about the schedule of waste collection and the strategic location of skip bins within the Harding town.

Such awareness's and clean-up campaign would assist in decreasing the waste and litter levels in and around town.

The following stakeholders participated in the awareness and clean-up campaign: Community Services (Waste and Environmental Management), department of Environmental Affairs, Economic Development, Tourism and Environmental Affairs, UGU– Environmental Health, CWP-Umuziwabantu, Thuthukani Taxi Association and the chairperson of Van Rank Association. The campaign was a success, and the stakeholders were encouraged to work together in order to achieve the maximum results.

INFORMATION SHARING SESSION

Umuziwabantu municipality, DEA and EDTEA conducted an information sharing session for the community of Mazakhele ward 03 within the jurisdiction of Umuziwabantu municipality.

The stakeholders were shedding the light on how environmental services works with and for the communities.

The community was encouraged to use waste projects such as recycling to uplift the community from poverty and polluted environment.

They were also encouraged to use the resources provided by the municipality for waste collection and disposal. The community has a challenge of illegal dumping.

THEFT OF WASTE BINS

For the past financial years, the municipality has been budgeting for the waste bins as per the requirements of the Waste Act. There has been an improvement in waste collection within the Harding town. However, a noticeable increase in illegal dumping was investigated which resulted in the identification of the theft of skip bins in some areas. It has become apparent that there is a syndicate operating in Harding focusing on steel recycling mechanisms.

INTEGRATED WASTE MANAGEMENT PLAN (NATIONAL PROJECT)

The National department of Environmental Affairs assisted the municipality in the development of the integrated waste management plan. The department submitted the final draft of the Integrated Waste Management Plan (IWMP) on the 10 December 2018. The document was received by the Head of the department of Community Services.

HARDING LANDFILL SITE PROJECT OUTSOURCING

PROJECT BACKGROUND

The waste management licence was approved and issued to the municipality on the 05 May 2015 by the Department of Economic Development, Tourism and Environmental Affairs (KZN). The licence authorizes the municipality to upgrade general waste area and also the rehabilitation of the current dumping area.

The licence is valid for a period of **ten (10) years** from the date of issue. The upgrade and the re-engineering of the site includes major developments. Furthermore, as required and stated under clause 4.1.4 on the waste management licence, that, the municipality is to commence with new developments /activities within two (02) years of the date of issue.

OPERATIONAL PHASE

Due to the lack of institutional capacity within the department responsible for waste management and the complexity of the project, the Municipal Council of Umuziwabantu municipality resolved to outsource the full operations of the Harding landfill site.

Thereafter, the municipality followed all the necessary supply chain processes to appoint the suitable service provider as the landfill site operator. Clive Transport cc trading as JCR Transport was appointed on the 06 June 2018.

SITE COMPLIANCE

The landfill site is currently 100% compliant and the municipality has been working hard towards achieving compliance.

ANNUAL TARGETS AS PER APPROVED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

AREA	STRATEGY	ANNUAL TARGETS	ACHIEVEMENTS
Verge maintenance	Maintenance of cemeteries	4	Target achieved – work is progressive since it is done on regular basis
Verge maintenance	Verge maintenance on open spaces	4	Target achieved – work is progressive since it is done on regular basis
Environmental Management	Access to Basic Refuse Removal	15%	Target Achieved. According to Stats SA access to refuse removal is at 15%
Verge Maintenance	Verge maintenance of venues for public events	4	Target achieved- work is done as per request from user department / event co-coordinator
Waste MGT	Street Cleaning	365 Days	Target achieved – weekly collection without fail by compactor truck, skip loader truck and hired 4 ton cage truck on emergency basis

INTERGOVERNMENTAL RELATIONS

All spheres of government are expected to comply with the objectives of the Intergovernmental Relations Framework Act – 13 of 2005 by taking into account circumstances and budgets of other spheres on performing functions, consulting other organs of state through direct contact or through any relevant structures.

PROJECT NAME	BUDGET	ENVISAGED DATE	IMPLEMENTING AGENT	STATUS
Intergrated Waste Management Plan Development	0,00	December 2018	National – Environmental Affairs	Approved in 2018 and is due to be reviewed in the 2022/23 financial year.
Environmental Youth Coordinator appointment	R 196,407.00 Per annum + 37% benefits	Since 2019	National – Environmental Affairs	Allocated to Umuziwabantu for supporting the waste and environmental management programme.
Forums establishment	Nil budget from the municipality	unleash the great potential of the town and attract more private investors to invest in the Harding area.	Economic Development & Environmental Affairs	- Waste management forum - Environmental education - Biodiversity forum Waste & Environmental Officer attends these structures at Regional and Provincial levels as the representative of the municipality.

3.4 INFRASTRUCTURE & DEVELOPMENT PLANNING

The infrastructure in the Harding Town area has improved over the years. In general the roads have been a priority as they have deteriorated over the years thus, over the years they have required much financial investment in order to achieve satisfactory standard, which is currently a work in progress.

However, many roads are still in a dire state, such as the Bizana and UMzimkhulu roads which connect to Harding as they have been left unattended for too long. Many engagements with the Department of Transport have transpired in an attempt to ensure that these roads are prioritized for revival in the near future.

Furthermore, the revival of the rail network seems the most obvious solution to increase the life span of the road network. Meetings have resumed to discuss future plans regarding the revival of the railway.

The Town and Development planning unit is headed by the Manager: Town Planning, whose core function is to implement the Spatial Planning and Land Use Management Development applications are submitted to this unit for scrutiny and approval. In line with the SPLUMA (Spatial Planning and Land Use Management Act), Umuziwabantu Municipality entered into a Joint Municipal Planning Tribunal agreement with Ray Nkonyeni Municipality. The tribunal is responsible for the ensuring that development applications matters are considered in accordance with the Act.

The town planning unit is also responsible for building applications as ensuring that inspections are done in line with the building regulations.

During the year under review, the municipality issued a number of transgression letters on illegal structures built around the town area. The town planning unit is in partnership with the law enforcement unit in order to ensure that all transgressions are attended to accordingly.

3.4.1 CAPITAL INFRASTRUCTURE PROJECTS:

Due to the poor functionality of the Bids committees and failure to appoint senior management, a majority of Infrastructure targets were not achieved. The non-appointment of the Head of Administration for duration of the first half of the financial year resulted in the delay of many capital projects.

PROJECT NAME	PROJECT STATUS
Number of infills type 1 households electrified at Sihoqo.	On going
Number of infills type 1 households electrified at Ocingweni.	On going
Number of infills type 1 households electrified at Mshayamoya.	On going
Number of infills type 1 households electrified at Shayihagu.	On going
Number of infills type 1 households electrified at Nhlanza.	On going
Number of infills type 1 households electrified at Nkungwini.	On going
Number of infills type 1 households electrified at Engele.	On going
Number of infills type 1 households electrified at Ephumza.	On going
Construction progress of Harding presinct (Phase1)	98%
Construction progress of Harding presinct (Phase2)	43%
Construction progress of Stafford Street	0% (Award made was declined by Bidder)
Construction progress of Gayiga to Nyawo access road	83%
Construction progress percentage of Mhlwazini access road and bridge	80%
Construction progress percentage of Engele community hall	100%
Construction progress percentage of the Extension of Cemetery (Phase 2)	100%
construction progress of Market Stalls (Corridor development fund)	0% (SCM process took longer than anticipated)
Number of Km's of unsurfaced roads graded by 30 June 2023	54Km's
Length of Stormwater Drainage in Km	2Km's
Length of electrical cables in Kms installed	2,5Km's

COMPONENT B: LOCAL ECONOMIC AND SOCIAL DEVELOPMENT

3. 5 LOCAL ECONOMIC DEVELOPMENT

INFORMAL TRADING

The municipality has in place an informal trader's committee. The Committee is tasked with continuously communicating with the municipality on matters relating to the informal economy within the municipal area.

However, the Municipality still faces many challenges in this section as many informal traders are trading illegally and transgress the municipal by-laws.

An informal trader's database was created with the view to formalize the informal sector. The main informal trading site is the taxi rank, which has existing infrastructure for informal trading. However, with the increasing volume of informal traders and the accelerating growth of the municipal area and population, the municipality has noted that the taxi rank in no longer able to accommodate most of the informal traders.

Other alternative sites have been proposed by the chamber as well as the Harding taxi association for both informal traders and taxi rank.

The Municipality has facilitated numerous workshops to capacitate he informal traders on the importance of adherence to municipal bylaws, environmental health awareness etc.

COOPERTIVES AND SMME'S DEVELOPMENT

The Municipality's LED unit is tasked with the role of creating and facilitating a conducive environment for local economic development to take place in a sustainable manner.

As part of its programs is the supporting of Cooperatives and SMME's within the municipal area. In doing so, the LED unit provided guidance through walk-ins on steps to register a cooperative, monitoring of previously funded projects and giving feedback to the Municipal Public Accounts Committee as well as site visits with the members of the Planning Committee.

BUSINESS LISENCING

The Business Act no. 71 of 1991, states that all businesses operating in South Africa must have a business license, as per Schedule1 item 1 and 2).

Functions and duties of the business licensing are the legislative mandate assigned to local municipalities as per provisions of Section2 (1) (a) of the Business Act. Umuziwabantu was granted, amongst other municipalities, the authority to issue and refuse Business Licences, as per Gazette 109 of 2011, for the period of three year with Mr West Thamsanqa Gumede being the licensing authority secretary. Several workshops were conducted to inform and educate formal businesses on the law. Most of the formal businesses have complied by applying for business licenses.

The Municipal Council has also adopted the business licensing by-law.

The by-law is in the process of being gazetted for public comments before legal action can be taken on those businesses who do not comply with the law. Business owners are encouraged to apply for their business licenses and to comply with the Business license by-law when gazetting process is complete.

CHALLENGES FACED BY LED UNIT

- Limited internship opportunities
- Non- functioning of projects after receiving funding opportunities.
- Lack of big corporations to provide employment.

HIGHLIGHTS

PROGRAM	STATUS	CHALLENGES
Review and adoption of an LED Strategy by date	100% Achieved	The biggest challenges faced by the local economic development unit is the poor law enforcement of municipal bylaws, which poses a threat to the development of the CBD / town of Harding. Furthermore, it is the lack of human resources in the unit which makes it difficult to carry out tasks in a fully effective manner.
Number of EPWP Job opportunities maintained	56	
Agricultural support program	active	
SMME Support program	active	
Food security program	active	
Investment promotion program	Work in progress	

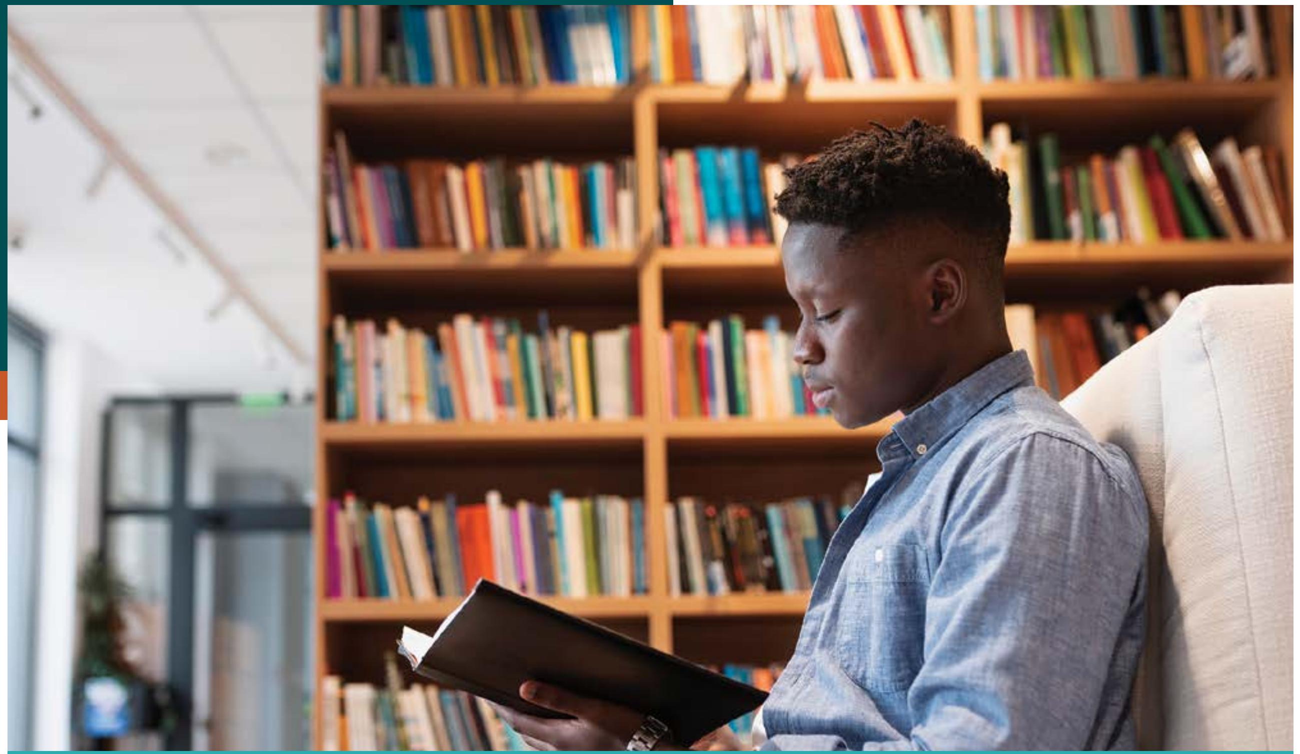
COMMUNITY WORK PROGRAM

The Community Work Program is an **OUTCOME 9 OUTPUT 3** Programme intended to provide an employment safety net. The programme was initiated by the Second Economy Project (an initiative of the presidency located in the Trade and Industrial Policy Strategies) which is a policy research NGO. The CWP program is currently being implemented in 9 Provinces 144 local municipalities. Kwa-Zulu Natal has 29 local municipalities implementing the programme and Umuziwabantu Municipality is amongst those fortunate municipalities.

The Community Work Programme objectives are to:

- Provide an employment safety net in recognition of the fact that sustainable employment solutions will take time and will reach the most marginalized last. The CWP provides access to a minimum level of regular work – 8 days pre-determined wage rate.
- Contribute to Public Good in the development of public assets and services in poor communities.
- Strengthen community development approaches hence it is an area-based programme designed at ward level.

Provide work experience, enhance dignity and promote social and economic inclusion – targeting the unemployed and/or underemployed people of working age



3. 6 ARTS AND CULTURE, LIBRARY AND COMMUNITY SERVICES

The community services unit is responsible for ensuring that all Municipal facilities are maintained effectively and efficiently. A number of maintenances were conducted including the upgrade of the public ablution facility within the municipal area, maintenance of the public park facilities as well as upgrade of the Municipal reception area.

The main Library is located within the main Municipal Offices and it has been functioning relatively well. An additional modular library was established in 2019 at Hafuleni village in KwaJali.

The library offers books in different languages. There is an early development space that has toys that are ideal for stimulating development of a child and study areas for individuals that need a quiet space to focus and study. A cyber café, which has 8 computers with free internet access which has proven to be resourceful to surrounding schools like Hafuleni, Ntaba, Mphikwa, Bhudlu, Incabela, Esivivaneni, St Theresa, Albert and Umkhoba.

3. 7 SPECIAL PROGRAMMES

The Special Programs unit is tasked to advocate and lobby for the development and mainstreaming of issues which affect the following vulnerable and previously disadvantaged groups: Senior Citizens, People living with disabilities, Women and Children. The office also provides support to people living with and/or affected by HIV and AIDS as well as Arts and Culture initiatives.

The Special Programs unit is headed by a manager who is also the Municipal Champion for the Operation Sukuma Sakhe programme.

Senior Citizens and other vulnerable groups

- The municipality has been unable to conduct senior citizen games in the financial year under review, due to the National lock down regulations.

Disability programmes

- The municipality has been unable to conduct **DISSA** outreach in the financial year under review, due to the National lock down regulations.

3. 8 YOUTH DEVELOPMENT

The community services unit is responsible for ensuring that all Municipal facilities are maintained effectively and efficiently. A number of maintenances were conducted including the upgrade of the public ablution facility within the municipal area, maintenance of the public park facilities as well as upgrade of the Municipal reception area.

The main Library is located within the main Municipal Offices and it has been functioning relatively well. An additional modular library was established in 2019 at Hafuleni village in KwaJali.

The library offers books in different languages. There is an early development space that has toys that are ideal for stimulating development of a child and study areas for individuals that need a quiet space to focus and study. A cyber café, which has 8 computers with free internet access which has proven to be resourceful to surrounding schools like Hafuleni, Ntaba, Mphikwa, Bhudlu, Incabela, Esivivaneni, St Theresa, Albert and Umkhoba.

The Youth office is responsible for the Institutionalization and mainstreaming of youth development programs within Umuziwabantu Municipality as well as the promotion of sports activities.

The office has worked tirelessly in ensuring that the youth of Umuziwabantu is encouraged to take care of themselves and ensure sustainable livelihoods. However, HIV/AIDS statistics and teenage pregnancy pandemic are soaring high. Awareness campaigns and outreach programs in schools have been conducted during the financial year under review.

HIGHLIGHTS

- Provision of tertiary registration for top ten matriculants from each ward.
- The municipality organised a Career Exhibition expo where all 14 high schools from under Umuziwabantu Municipality attended this programme. Tertiary institutions like University of Kwa-Zulu Natal, Durban University of Technology, Mangosuthu University of Technology, Esayidi TVET College, CEDARA Agricultural College, Owen Sithole Agricultural College, Central Applications Office (CAO), NSFAS, and the Department of Health were the exhibitors.
- Provision of school uniforms
- Annual Mayoral Cup Games
- Behavioural change programs
- Umuziwabantu Fun run

COMPONENT C: CORPORATE POLICY, HUMAN RESOURCE MANAGEMENT AND ADMINISTRATION

4.1 CORPORATE SERVICES

In addition to the oversight of the central administrative functions of the municipality, the role of the corporate services department is also to provide secretarial services, and guidance o Council and other governance structures of the municipality and safeguarding the interests of the municipal stakeholders.

The following functions fall under the director corporate services:

- Human Resources Management & Human Resources Development
- Administration and Auxiliary
- Information Technology
- Occupational Health and Safety

This section of the annual report has been prepared in terms of the RSA Constitution of 1996, Municipal Systems Act, No. 32 of 2000, as amended, Municipal Finance Management Act, Act No. 56 of 2003, Basic Conditions of Employment Act No 75 of 1997; Occupational Health and Safety Act No 85 of 1993, Compensation for Occupational Injuries and Disease Act No 130 of 1993 and SALGBC conditions of Services Main Collective Agreement.

Training and Development is pursued in terms of Skills Development Act of 1998, Skills Development Levies Act No 9 of 1999, Training and Development Policy of the Umuziwabantu Local Municipality. The Employment Equity and Equal Employment opportunity activities are conducted in terms of the Employment Equity Act of 1998 and the Employment Equity, Affirmation Action Policy and Employment Policy of the Municipality.

The Industrial Relations matters handled with strict adherence to the Labour Relations Act, No 66 of 1995. Staff Probation Monitoring is undertaken in terms of the Provisions of Schedule 8 of the Labour Relations Act, No 66 of 1995.

In overall the Administration Support, ICT and Human Resources functions and challenges are further dealt with in terms of the Policies of the Municipality as well as the Integrated Development Plan.

The below covers three units from Corporate Services Department. Starting with the Human Resources Management Unit, Administration Unit, and ICT Unit. The department's KPAs are Municipal Transformation and Institutional Development and Good Governance and Public Participation.

There was a total of three - hundred and fifty -four (354) members of Umuziwabantu Local Municipality.

COUNCILLORS	TRADITIONAL LEADERS	PERMANENT	FIXED – TERM CONTRACT (MANAGEMENT + OTHER)	TEMPORARY/ SHORT – TERM	INTERNS (UMUZI LM + TREASURY)	OTHER TRAINEES	IN-SERVICE TRAINEES	TOTAL
21	02	197 &4 Snr Managers 201	12	96	05	15	02	354

MEDICAL AID MEMBERSHIP

MEMBERS	BONITAS	KEY HEALTH	SAMWUMED	L A HEALTH	SIZWE HOSMED	OTHER – non-LG accredited Med – aids	TOTAL NUMBER OF MEMBERS
Councillors	NONE	0	00	00	03	0	03
Employees	22	31	02	34	23	0	112
Senior Managers	00	01	0	01	0	0	02
Total Number of Members	22	31	02	35	26	0	116

PENSION AND PROVIDENT FUNDS MEMBERSHIP

All employees joining the Municipality on permanent basis are to join the pension fund. Pension contribution is a mandatory deduction where the Municipality will pay a stipulated percentage amount as a payable monthly contribution to the chosen and accredited pension or provident fund.

*a) MEMBERSHIP	GEPF (Mrs. N C Ngcobo)	NJMPF (PROVIDENT)	MUNICIPAL RETIREMENT FUND (MWRF)	CONSOLIDATED RETIREMENT FUND (CRF)	MCPF	TOTAL MEMBERS	TOTAL NON- MEMBERS
Employee Members	1	170	18	0	0	1	00
Managers & Senior Managers	0	15	1	0	0	20	05
Councillors	0	0	0	0	1	1	20
Total Members	1	185	19	0	1	206	25

LONG SERVICE BONUS FOR THE PERIOD UNDER REVIEW

NO	EMPLOYEE CODE	DEPARTMENT	DATE OF APPOINTMENT	DATE OF LONG SERVICE	YEARS IN SERVICE	DAYS OF LONG SERVICE DUE
APRIL 2025						
1.	0112	Technical Services	01/03/2020	25/04/2025	05	05
2.	110112	Finance	20/04/2015	25/04/2025	10	10
3.	110111	Finance	20/04/2015	25/04/2025	10	10
4.	472	Community Services	08/03/1995	25/04/2025	30	30
MAY 2025						
5.	0113	Community Services	01/05/2020	23/05/2025	05	05
6.	110113	Community Services	04/05/2015	23/05/2025	10	10
7.	11045	Finance	02/05/2010	23/05/2025	15	20
8.	529	Community Services	01/05/2005	23/05/2025	20	30
JUNE 2025						
NONE						

RECRUITMENT FUNCTIONS

New Appointments

The following employees were appointed during the period under review.

- Mr. SN Zungu appointed as Director Community Services with effect from 01 April 2025
- Mr Mr. JK Samodien appointed as Manager Expenditure with effect from 01 April 2025
- Ms. NH Mkize appointed as General Assistant with effect from 01 April 2025
- Mr. ME Ntaka appointed as Heavy Plant Operator with effect from 01 June 2025
- Mr N Mntungwana appointed as Heavy Plant Operator with effect from 01 June 2025
- Mr. ST Mohlaoli appointed as Director Corporate Services with effect from 06 June 2025

4.2 TERMINATION OF SERVICE

The Acting Director Corporate Services, Advocate NN Khambule's acting contract was terminated on 31 May 2025 due to a resignation.

TRAINING AND DEVELOPMENT SECTION

TRAINING PROGRAMMES AND WORKSHOPS ATTENDED FOR THE PERIOD UNDER REVIEW:

The following programme was conducted from 25/11/2024 to 23/05/2025

No:	INITIALS & SURNAME	DESIGNATION	NAME OF THE PROGRAMME	NAME OF THE SERVICE PROVIDER	TYPE OF INTERVENTION	STATUS
1.	Cllr. SL Zungu	Mayor	MFMP	Bantubanye Skills	Skills Programme	Training completed, awaiting results
2.	Cllr. P Shebi	Speaker	MFMP	Bantubanye Skills	Skills Programme	Training completed, awaiting results
3.	Cllr. NP Luthuli	Deputy Mayor	MFMP	Bantubanye Skills	Skills Programme	Training completed, awaiting results
4.	Cllr. S Maphumulo	Councillor	MFMP	Bantubanye Skills	Skills Programme	Training completed, awaiting results
5.	Ms. S Mchunu	Internal Auditor	MFMP	Bantubanye Skills	Skills Programme	Training completed, awaiting results
6.	Mr. MH Ncayiyana	Manager HR	MFMP	Bantubanye Skills	Skills Programme	Training completed, awaiting results
7.	Ms. T Ntuli	Intern Finance	MFMP	Bantubanye Skills	Skills Programme	Training completed, awaiting results
8.	Mrs. Z Ncayiyana	Senior Clerk Expenditure	MFMP	Bantubanye Skills	Skills Programme	Training completed, awaiting results
9.	Ms. N Mboma	Senior Clerk Budget	MFMP	Bantubanye Skills	Skills Programme	Training completed, awaiting results
10.	Ms. X Mbokotho	Manager Cleansing and Maintenance	MFMP	Bantubanye Skills	Skills Programme	Training completed, awaiting results

8.2 The following programme was conducted from 26/05/2025 to 30/05/2025

No:	INITIALS & SURNAME	DESIGNATION	NAME OF THE PROGRAMME	NAME OF THE SERVICE PROVIDER	TYPE OF INTERVENTION	STATUS
	Mr. GMZ Khumalo	Forman Electricity	High Voltage Operations Regulations	HV Test academy	Skills Programme	Completed
	Mrs. QN Shezi	Workman's	High Voltage Operations Regulations	HV Test academy	Skills Programme	Completed
	Mr. X Mhlamvu	Workman's	High Voltage Operations Regulations	HV Test academy	Skills Programme	Completed

The following programme was conducted on the 12 June 2025- 30 June 2025

No:	INITIALS & SURNAME	DESIGNATION	NAME OF THE PROGRAMME	NAME OF THE SERVICE PROVIDER	TYPE OF INTERVENTION	STATUS
	Ms. X Mbokotho	Manager Cleansing and Maintenance	Environmental Management Inspector	Department of Environmental Affairs	Skills programme	Complete

ICT SECTION REPORT

PURPOSE:

To request the Council to note the report on the monthly activities performed by the Corporate Services Department for JUNE 2025

To provide the Umuziwabantu Municipality Steering Committee and MANCO with an overview of ICT services rendered, project progress, and challenges experienced during the reporting period.

BACKGROUND:

This report accounts for various activities performed by the Corporate Services Department, including planning, coordination, and implementation of strategies aimed at enhancing operational efficiency within the Municipality. The Corporate Services Department comprises the following divisions:

- Administration Division
- Information and Communications Technology (ICT) Division
- Human Resources Division

DISCUSSION

NETWORK STATUS

FIRE DEPARTMENT

Date Issue Started: 2 June 2025

Cause: Fiber breakage due to severe weather conditions

Impact:

- Complete loss of network connectivity
- Inability to access internet-based services and internal systems
- Delays in communication and response operations

Current Status:
Pending fibre repairs by the service provider

Action Taken:

- Logged a fault with the service provider
- Waiting for repair and restoration

TRAFFIC DEPARTMENT

Date Issue Started: 2 June 2025

Cause: Misalignment of radio wave transmitters/receivers

Impact:

- Unstable or lost radio communication
- Delays in operations and coordination
- Potential risk in managing peak-hour traffic and emergencies

Current Status: Investigation ongoing

Action Taken:

- Technicians are assessing equipment for realignment
- Checked for possible interference or hardware damage
- Awaiting support from radio communication vendor

Status

- Issue has been logged with the service provider
- We are currently awaiting their on-site visit to conduct corrections and re-align the equipment
- No confirmed estimated time has been provided yet

Action Taken

- Internal assessment completed — issue confirmed as radio wave misalignment
- Follow-up communication sent to the service provider to expedite the repair

VODACOM DATA CARDS AND DEAL ALLOCATIONS:

CATEGORY	DEAL TYPE	NUMBER OF DATA CARDS	STATUS
Executives & Managers	50GB @ R299	5	Active
Managers	30GB @ R249	16	Active
Officers	30GB @ R249	15	Active
PAs	30GB @ R249 & Red Business 1.5GB @ R210	7 & 5	Active
Makhosi	30GB @ R249	2	Active

ICT ASSET REGISTER BY DEPARTMENT:

The table below summarizes ICT assets per department:

DEPARTMENT	LAPTOPS	DESKTOPS	PROCESSOR TYPES
Office of the MM	8 HP, 2 Dell, 2 Acer	2 HP, 1 Dell	i7, i5, i3
Corporate Services	11 HP, 1 Dell	5 HP, 3 Dell	i7, i5, i3
Finance	16 HP, 4 Dell, 1 Acer	4 HP, 3 Dell	i7, i5, i3
Technical	14 HP, 2 Dell, 1 Mastek, 1 Acer	1 HP, 2 Dell	i7, i5, i3
Community Services	11 HP, 2 Dell	1 Lenovo	i7, i5, i3

LOG CALLS ATTENDED TO IN JUNE 2025:

USER GROUP DEPARTMENT	NETWORK FAULTS	HARDWARE FAULTS	DESKTOP FAULTS	APPLICATION FAULTS	TOTAL FAULTS
Office of the MM	6	3	4	6	**19**
Corporate Services	10	0	2	6	**18**
Community Services	5	4	0	4	**13**
Finance / BTO	15	5	2	6	**28**
Technical Services	10	5	5	5	**25**
Total	**46**	**17**	**13**	**27**	**103**

STANDING INCIDENTS / FAULTS:

- New server room air conditioning unit damaged and awaiting repairs.
- VPN connectivity issue resolved.
- ESSET Antivirus for network protection expired.

ICT MANAGED SERVICES PROVIDERS:

The Municipality currently has the following ICT service providers:

- **Firroz (PTY) LTD** – Website hosting and maintenance (contract expired)
- **Telkom** – Network and voice services
- **Vodacom** – Data card services
- **DVP Distribution** – Council chamber recording system
- **BCX** – Microsoft Licensing (Office365 E3)

WEBSITE UPDATES MAY 2025:

WEBSITE FIELD	NUMBER OF UPLOADS
Reports and Plans	0
Vacancies	1
Tender Notices & Adverts	2
Strategic Documents	0
Services	0

RISKS & CHALLENGES:

Off-site backups via ITNA (Pretoria) are limited to PayDay and Munsoft systems.

User files are backed up using OneDrive (Office365 package).

USER ACCOUNTS:

APPLICATION SYSTEM	ACTIVE USERS	DISABLED USERS	NEW USERS
Active Directory	118	0	0
Munsoft	60	0	0
PayDay	9	0	0
Cash Power	2	0	0
Email	140	2	0

USER DEPARTURES IN JUNE 2025:

USERNAME	DEPARTMENT	USER ACCOUNT STATUS	ACCESS RIGHTS DISABLED	ICT ASSETS RETURNED
Mandisa Nyawuza	Community Services	Inactive	Yes	Yes
Thulisile Mnomiya	Technical Services	Inactive	Yes	Yes

10 RECORDS MANAGEMENT SUBUNIT

New Copier Machines contracted with effect from August 2023. And the said machines were used and invoiced/paid for during the quarter under review, as tabulated below:

Registry	APRIL TO JUNE	34321		30214
Fire & disaster	APRIL TO JUNE	4312		2121

C.3. MESSENGER SECTION

The following trips were done were taken during month under review.

NAMES OF DEPARTMENT	CORPORATE SERVICES		FINANCE		OFFICE OF THE MM		TECHNICAL SERVICES		COMMUNITY SERVICES	
DESTINY	**LOCAL**	**EXTER-NAL**	**LOCAL**	**EXTER-NAL**	**LOCAL**	**EXTER-NAL**	**LOCAL**	**EXTER-NAL**	**LOCAL**	**EXTER-NAL**
Number of Trips on April to June	15	25	20	10	30	15	25	05	15	05
TOTAL NUMBER OF TRIPS	**165**									

4.3 HUMAN RESOURCES FUNCTIONS

- Labour relations
- Occupational Health & safety
- Human resources planning
- Human resourced Development

  Human Resources support

4.4 INTERNAL AUDIT AND RISK MANAGEMENT

Section 165(1) of the Municipal Finance Management Act, states that each municipality and each municipal entity must have an internal audit unit.

The Internal audit unit is an independent, objective assurance and consulting activity, designed to add value and improve Umuziwabantu Municipality's operations. It aids the Municipality to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit unit is placed within the office of the municipal manager and her main functions include amongst others:

- Preparing a risk-based audit plan and an internal audit program for each financial year.
- Advising the Accounting Officer and reporting to the audit committee on the implementation of the internal audit plan, matters relating to internal audit, internal controls, accounting procedures and practices, risk management, performance management, loss control and legislative compliance (Including the MFMA and Annual Division Act).

The risk-based audit plan for the current was approved by the Audit and performance Audit Committee, the plan is being implemented, and the relevant internal audit reports are tabled to the Audit and Performance Audit Committee quarterly. The reports were discussed with management and action plans to address the weaknesses identified were documented.

AUDIT COMMITTEE / PERFORMANCE AUDIT COMMITTEE

The Audit and Performance Audit Committee is in place and fully functional. The Committee comprise of three independent members and performs both performance and financial oversight role in our municipality. Section 166 of the Municipal Finance Management Act (MFMA) states that the audit committee must advise council, political office bearers, the accounting officer and the management staff of the municipality on matters relating to internal financial control and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, Division of Revenue Act and any other applicable legislation, performance evaluation and any other issues referred to it by the municipality.

The committee has performed its oversight role for the year under review and will be tabled to Council in the next quarter on matters relating financial management including annual financial statements, performance management and risk management.

4.5 FINANCE AND FINANCIAL PERFORMANCE

The Umuziwabantu Municipality's treasury department deals with all treasury activities, ensuring compliance with all acts and legal prescripts required for accurate reporting to all stakeholders. The municipality however, has not had a chief finance officer since 2015, which resulted in the weakening of the department.

The finance department is responsible for the functions of supply chain, expenditure, revenue, and budget and reporting as follows;

DEPARTMENTAL FUNCTIONS:

Supply Chain Management

This unit is mainly responsible for the following functions: Tenders, Quotations and suppliers database.

Expenditure Management

This expenditure unit is responsible for payments and remunerations.

Revenue Management

The revenue unit is primarily responsible for tariffs, billing, rates, credit control, debt collection, cash receipts and banking, customer care and insurance.

Budget and Reporting

This unit is responsible for the following functions: Budgeting and reporting, cash management, reconciliation, annual financial statements, management accounts and financial systems.

FINANCE POLICIES

Budget Policy

The annual budget is the central financial planning document that entails all revenue and expenditure decisions. It establishes the level of services to be provided by each department. The accounting officer confirms the municipality's priorities in the formulation of the draft and the final budget document.

A budget, as per S71 of the MFMA, is subject to monthly control and reporting to Council with recommendations of action to be taken to achieve the budget's goals.

The budget is also subject to a mid-term review which might result in a revised budget, thereby resulting in the adjustments budget, which is in terms of S28 of the MFMA. Unfinished capital project budgets shall not be carried forward to future fiscal years unless the project expenditure is committed or funded from grant funding, which will require the rolling over of those funds together with the project.

Credit Control Policy

This policy together with the relevant work procedure manuals provides direction in areas of credit control, collection of amounts billed to customers, procedures for recovery of arrear accounts, etc. Umuziwabantu Municipality annually revises policy as well as the related bylaws and approved the revised policy together with the annual budget approval.

The principles supported in this policy are:

The administrative integrity of the municipality must be maintained at all costs. The democratically elected councillors are responsible for policy making, while it is the responsibility of the accounting officer to ensure the implementation of these policies. Consumers are required to fill in an application form, requesting the municipality to connect them to the main service supply lines.

Indigent Policy

The criteria for benefits under this scheme are part of the credit control policy. An indigent register is maintained in order administer indigent support. The application forms to qualify for the indigent support must be completed annually. The Municipality may annually, as part of its budgetary process, determine the municipal services and levels thereof which will be subsidized in respect of indigent customers in accordance with the national policy, but subject to principles of sustainability and affordability.

An indigent customer shall automatically be deregistered if verification concludes that the financial circumstances of the indigent customer have changed to the extent that he/she no longer meets the qualifications. The indigent customer may at any time request deregistration.

This process is done through SUKUMA SAKHE (War Rooms) where all the applicants are profiled.

Tariff Policy

The purpose of this policy is to ensure that a uniform tariff is applied to the municipal area of jurisdiction. The policy is updated and sent for public comment annually to conform to latest legislation requirements.

Rates Policy

This has been implemented with the Municipal Property Rates Act with effect from 1 July 2009. Policy is reviewed annually when the draft budget is submitted for public comments.

Free Basic Services

Indigent households receive 50 KWH of electricity free each month. Refuse for these low income areas are raised and credited from equitable share. Rates on properties below a certain value receive a 100% rebate.

Investment Policies

Every municipal council is required in terms of Section 13(2) of the Municipal Finance Management Act (MFMA) no 56 of to approve a Cash and Investments Policy for the Council. The primary objective of the investment policy is to gain the highest possible return, without unnecessary risk, during periods when excess funds are not being immediately required. For this to be achieved, it is essential to have an effective cash flow management program. Before any monies can be invested, the Chief Financial Officer or his/her delegate must determine whether there will be surplus funds available during the term of the investment. The term of the investment should be fixed and in order to do this it is essential for the cash flow estimates to be drawn up.

Investment shall be made with care, skill, prudence and diligence. Investment officials are required to adhere to written procedures and policy guidelines, exercise due diligence and exercise strict compliance with all legislation. The Minister of finance may identify by regulation in terms of Section 168 of the MFMA instruments or investments other than those referred to below in which the Municipality may invest:

a) Deposit with banks registered in terms of the Banks Act, 1990 (Act No.94 of 1990);
b) Securities issued by the National Government;
c) Investments with the Public Investment Commissioners as contemplated by the Public Deposits Act, 1984 (Act No. 46 of 1984);
d) A Municipality's own stock or similar type of debt;
e) Bankers, acceptance certificates or negotiable certificates of deposits of banks; Long term securities offered by insurance companies in order to meet the redemption.

The following are some of the more significant programs that have been identified:

a) Ensure continued compliance with GRAP
b) Audit /inspection of electricity meters
c) Replacement of faulty meters
d) Maintain and update valuation roll
e) Management of prepaid data base
f) Efficient vending of prepaid electricity
g) Annual Reviewing of budget related policies
h) Updating of Fixed Assets Register
i) Enable a greater awareness of the Municipal Property Rates Act
j) Accurately Billing customers on a regular basis(Data Cleansing exercise, Indigent register maintenance, Improved Debt Collection procedures, Affordable Tariff Setting, disconnections)
k) Expenditure analysis and reduction

Revenue Enhancement Strategy

The financial policy of Umuziwabantu Municipality is to provide a sound financial base and the resources necessary to sustain a satisfactory level of the municipal services for the community of Umuziwabantu. It is the goal of the Municipality to achieve a strong financial position with the ability to survive local and regional economic impacts, adjust effectively to the community's changing service requirements, and manage the municipality's budget and cash flow to the maximum benefit of the community and provide a high level of protective services to assure public health and safety.

Umuziwabantu Municipality's financial policies will address the following goals:

- To keep the municipality in a financially sound position in both long and short term.
- Maintain sufficient financial liquidity through regular reviews and adjustments to meet normal operating and contingent obligations.
- Apply credit control policies which maximize collection while providing relief for the indigent; and recognizing the basic policy of customer care (service level standards) and convenience.
- Maintaining existing infrastructure and other capital assets.

Umuziwabantu Municipality has developed its own Revenue Enhancement Strategy. This Strategy was developed in house and was adopted by council on the 28th May 2019.

The purpose is to increase or improve the collection rate from debtors is an obvious strategy to improve revenue enhancement but revenue enhancement is more than just that, it also requires other departments to identify possible options which could result in savings or additional revenue. A credible, fair and transparent mechanism is necessary. Implementing a revenue enhancement turnaround strategy can only be achieved by critically reviewing the current revenue management business models and processes being applied within the municipality.

To effectively deal with the current challenges, the municipality must plan and implement effective and integrated revenue enhancement strategies. Revenue enhancement is a process focused on the holistic improvement of municipal business model. To improve on the current business model it is important to identify all the critical elements that currently affect the municipality's revenue performance. This review process will provide a sound platform for effective planning. The need for an integrated approach should not be taken lightly. Isolated projects that focus on symptoms like debt and access to services, rather than the root cause further compound the current crisis.

For example, the implementation of the MPRA resulted in the further accumulation of debt from increased billing and non-payment as well as increased operational costs. In addition, debt collection in poor communities has not been successful because of the economic status of the individual debtors and the political implications of aggressive debt collection in these areas. The Strategy is relatively new and will be implemented in the 2019/20 Financial Yea3

COMPONENT C: MANAGEMENT CORRECTIVE ACTION PLAN

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
1	**SCM limitation of scope**	During the audit of Umuziwabantu Local Municipality for the year ended 30 June 2025 information was not submitted for audit purposes. No evidence of monitoring contracts.			**P**					
2	**Procurement and contract management issues-Bids**	During the audit of bids for 2024-25, we identified that the following bidders tax compliance status as per the CSD compliance history was non-compliant before the date of award.			**P**			Before bids are awarded, the CSD report must be attached to the appointment letter before the MM approves	**CFO and Manager SCM**	
		During the audit of quotations for 2024-25, we identified that the following suppliers submitted incorrectly completed MBD 4 forms						Checklist has been developed to address the recommendations made related to other lines of this finding.		

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		During the audit of quotations, we identified that the following procurement relating to 2024 was only finalised in 2025 through the purchase orders. Based on the understanding obtained during the completion of the SCM business process, the municipality issues the purchase orders as the proof of award for quotations. The implication of this is that the formal communication of the award and the recording thereof was only done after the services have already been rendered.						"With respect to the irregular expenditure amounting to R338 500, Management disputes this finding in accordance with the applicable Administrative Requirements. By way of example, matters relating to the completion of forms, signatures, or MBD documents do not constitute valid grounds for the disqualification of a bidder. As such, this should not be classified as irregular expenditure, but rather as an internal control deficiency.		

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		SCM registers incorrectly captured During the audit of quotations were incorrectly caotured in the quotation register								
6		Interest incorrectly declared – persons in service of state During the audit of SCM CAATs, the following supplier was flagged for persons in service of state through its director, Mlungisi Michael Dube who works for Boxing South Africa as the KZN Provincial Manager. We identified that the supplier did not declare the interest. We further noted that the procurement was declared irregular in the prior years.								
7										

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
6		. However, the expenditure incurred in the current year was not included in the current year irregular expenditure register.								
7										
		Preference points incorrectly calculated. During the audit of quotations, we identified that the preference points were incorrectly calculated								
3	**Procurement and contract management issues - Deviations**	MBD 4 declaration of interest form not completed. During the audit of deviations, we noted that the MBD 4 declaration of interest forms for the suppliers were note submitted.								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		Deviations not reported to council. During the audit of the deviations, we noted that the deviations as per the deviation register were not reported to the next council meeting								
		No evidence that the income tax exemption certificate was obtained from SARS. During the audit of deviations, we inspected the CSD reports and confirmed that it was indicated that the supplier is not registered for tax purposes. We further requested an income tax exemption certificate from SARS and this was not provided								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		Deviation for transport services. During the audit of deviations, we noted that the municipality deviated from the normal procurement process for the following supplier on the basis that Thuthukani Taxi Association is the only taxi association permitted to transport people in Harding. There was no evidence provided to suggest that there are no alternative modes of transport such as bus services								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		Procurement of services excluded from the supply chain management processes in the SCM policy. Paragraph 18 of the SCM policy is not in line with legislation as it is not supported by the Municipal SCM regulations nor any other legislation.								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		Contract monitoring not implemented in accordance with the MFMA. During the audit of contract management for 2024-25, we identified that contract monitoring was not implemented on a monthly basis for contracts.						b) Management report any reasons to contract amendments to the municipal council.	**CFO and Manager SCM**	
		The reasons for the contract amendment were not tabled in the council of the municipality. During the audit of contract management for 2024-25, we identified that reasons for deviations were not reported to council.								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
5.	**Unauthorised, Irregular and fruitless & wasteful expenditure not prevented**	During the audit of unauthorized, Irregular, Fruitless and Wasteful Expenditure, it was noted that the municipality did not take reasonable steps to prevent irregular expenditure as irregular expenditure amounting to R2 655 454 (2023/2024: R5 393 049) was incurred in the current period as per the 30 June 2025 annual financial statements. This amount includes repeat instances of non-compliance with SCM regulations								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		Furthermore, in the current year, the municipality did not take reasonable steps to prevent fruitless & wasteful expenditure amounting to R3 791(2023/2024: R348 794) as disclosed in the 30 June 2025 annual financial statements, the fruitless and wasteful expenditure was due to interest on late payments of services received from the suppliers. It was noted that the interest on late payments occurred for a several consecutive months with no measure being taken to prevent the recurrence of the interest charged due to late payments.								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
6.	**Irregular and Fruitless & Wasteful Expenditure written off not properly investigated**	During the audit of the Unauthorised, Irregular and Fruitless and Wasteful expenditure (UIFWE) we requested management to submit the Investigations report conducted by MPAC for a detailed investigation conducted prior the write off by Council						The following minimum contents will be included in the report for MPAC recovery assessment: • The legal implication of the report • Type of UIFWE applicable for this report • Discussion of events/reasons that lead to the UIFWE • Official(s) or councillor(s) responsible for UIFWE, considering delegations, job descriptions or SOPs etc. • Value for money assessment • Mitigating controls to prevent similar UIFWE in the future • Confirmation by author of report that information in report is true reflection of facts	**Manager IA and MM**	

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
								• Confirmation if UIFWE matter has been referred for disciplinary actions & if not, why not (including referral to the DC board) • Measures already taken to recover the UIFWE • Cost of the measures already taken to recover UIFWE • Estimated cost & benefit of further measures that can be taken to recover the UIFWE • Annexures containing supporting documents, including names of official or Councillor responsible for the UIFWE, proof that goods and services were received etc. • Conclusion of report, including referral of report to the MPAC	**Manager IA and MM**	

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
7.	**The adopted Service Delivery and Budget Implementation Plan (SDBIP) excludes monthly projections for revenue and expenditure**	During the audit of the strategic planning and budgeting process, it was noted that the adopted SDBIP does not comply with the requirements of the MFMA as defined in section 1. Specifically, the SDBIP does not include the monthly projections for (i) revenue to be collected by source; operational and capital expenditure by vote						The omitted projections will be included in the revised SDBIP for the 2025-2026 financial year. §A checklist aligned to section 1 of the MFMA will be developed to ensure compliance.	**Manager Strategic Planning and CFO**	

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
8.	**Indicators and targets not achieved in the previous year not included in the SDBIP 24-25**	During the audit of performance information, it was noted that certain performance indicators planned and reported in the 2023–24 financial year were not achieved and not included in the 2024–25 financial year for continued monitoring and reporting until the targets are achieved and the projects are closed. 1. Number of households electrified 2. Construction progress % of Stafford Street 3. Construction progress % of Mhlwazini access road and bridge 4. Construction progress % of Mayela access road 5. Construction progress % of Esikhulu to Emolweni access road						All unachieved indicators will be carried forward and in the SDBIP during the adjustment process. §A tracking tool will be introduced to monitor on-going projects until completion	**Manager Strategic planning and Director Technical**	

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
9.	**Performance Indicator Target is not SMART**	During the audit of performance information, it was noted that the target set for the performance indicator "Length of stormwater drainage in km" was not set with reference to previous and existing levels of achievement						Target will be reviewed during the SDBIP adjustment process.	**Manager Strategic Planning**	
10.	**General Key Performance Indicators**	During the audit of performance information, it was noted that the SDBIP and APR did not include an indicator reporting on households with access to basic levels of electricity, as required						SDBIP will be amended accordingly during the adjustment process to include outstanding general indicators as prescribed in the MFMA circular 88 as gazette	**Manager Strategic planning and Director Technical**	
11.	**Duplicate or Contradictory POE**	Duplicate job cards with conflicting remarks were identified:							**Manager Strategic planning and Director Technical**	

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
12.	**Insufficient Verification of Refuse Removal Services**	Reported achievement in the APR is not verifiable as the POE information provided was not sufficient enough to support the reported achievements or actual results						Develop and maintain a refuse removal verification register capturing the number of households serviced per route and signed off by supervisors. •Align billing and scheduling to ensure in reporting formats with APR requirements, therefore ensuring household counts can be reconciled.	**Manager Cleansing and Director Community Services**	

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
13.	**INTERNAL AUDIT - - Internal control deficiencies**	The municipality does not have an appointed chief audit executive. It was noted that management did not ensure that the appointment of the chief audit executive was formally endorsed, approved or acknowledged by those charged with governance as required by Circular 65 of the MFMA. Through further inspection of the 2024-25 approved organogram it was confirmed that the organizational structure does also not include the position for a chief audit executive						The municipality does have an internal audit unit as stated and required by the Section 165 (1) of the MFMA. However, currently the size of the municipality and budget constraints does not allow for the municipality to appoint a CAE at a senior level	**Manager Internal Audit**	

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
14.		The internal audit unit has a high vacancy rate of 33% where there is a vacant position for risk officer						The Risk management officer post is in progress, a request to advertise has been submitted to Human Resources Office and waiting for the HR process to unfold.		
15.		The internal audit function also does not have documented quality control policies and procedures						The Internal control framework will be developed in coordination with all assurance providers		

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
16.	**Information Systems Audit - ICT- High level Review**	The IT Governance Framework was not reviewed since the approval date of 31 May 2018, which is more than seven (7) years ago. • The IT Governance Framework did not include the detailed the IT Value and Performance Measurement Process. • The IT Strategy and Master Systems Plan did not include IT projects identified that needs to be undertaken to drive the implementation of the IT strategic goals. Also, IT Strategic Plan in place, but it was last updated in 2018, over 7 years ago.						IT Governance Framework to be reviewed and inclusive of Performance Measurement Process. IT Risk register to be updated.	**Manager Adminstration and Director Corporate Services**	

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
.		• The IT Risk/Control Assessment register has not been updated since the 2019/20 financial year. • There was no evidence provided to confirm that the service provider's performance, for IT services was reviewed and evaluated.								
		The IT Security Policy does not include an outline on security awareness training; actions to be taken due to a security incident and a process to ensure that all systems are up to date.						Policy to be reviewed. The password configuration setting is currently being reviewed and strengthened to a maximum of five login attempts. The antivirus request has been sent to SCM and an advert to bidders has been issued.		

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
.		•The password configuration settings for the Windows Active Directory system does not meet the recommended minimum requirement of Account lockouts (normally set at 3-5 attempts) which is not provided for, by the Umuziwabantu Local Municipality System's Configuration. •The municipality's Anti-Virus Software expired on the 31st of March 2025 and had not been renewed since. •Server devices ageing was too long, and being used out of warranty in production: The PayDay server was over 9 years old and used in full production for payroll systems. The system crashed in November 2024								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		There is no evidence of backups for the Windows Active Directory system being transferred to an offsite location for storage. •There is no evidence of the Disaster Recovery (DR) testing being performed for the Window Active Directory and PayDay systems.						Pay Day & Munsoft are being backed up offsite by ITNA. (Attached backups history)		
		Lack of required skill in the IT environment of the municipality: •The IT Manager position is vacant for at least the 2 previous FY. •There is no IT Officer or IT Administrator, for an advanced Technical expertise than of an IT Technician.						The request to advertise the position is in recruitment processes. The request to advertise for Technician position is in recruitment processes.		

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		•The two (2) IT Technicians report to the Administration Manager, who does not have any IT related qualification.								
17.	**Limitation of Scope**	During the audit of Umuziwabantu Local Municipality for the year ended 30 June 2025, we encountered a limitation of scope concerning the complete records in relation to the User Access Management, **IT Security Management and Program Change Management** of the municipality's ICT environment, such as User Access Management, to verify if there is adequate segregation of duties.								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		•Dated and detailed system generated list of the newly added users to the Windows Active Directory system. •A system generated list of user access rights amendments on the Munsoft system, with dates and all details of the user. •A system generated list of user password resets on the Windows Active Directory, Munsoft and PayDay systems. •A system generated list of user account terminations on the Windows Active Directory, Munsoft and PayDay systems.								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		•Evidence of user access rights reviews performed for users on the Windows Active Directory, Munsoft and PayDay systems. •Evidence of system administrator activity reviews performed for the Windows Active Directory, Munsoft and Payday systems.								
		Program Change Management •The approved Program Change Management Policy/Procedure. •A system generated list of changes made to the Windows Active Directory, Munsoft and PayDay systems.								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		•Pre-implementation review evidence for changes made to the Windows Active Directory, Munsoft and PayDay systems. •Post-implementation review evidence for changes made to the Window Active Directory, Munsoft and Payday systems.								
		Program Change Management •The approved Program Change Management Policy/Procedure. •A system generated list of changes made to the Windows Active Directory, Munsoft and PayDay systems.								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		Information Technology Security Management •A screenshot of the password configuration settings for the PayDay system. During the audit of Umuziwabantu Local Municipality for the year ended 30 June 2025, we also encountered a limitation of scope concerning the complete records in relation to the IT governance, User Access Management, IT Security Management, Program Change Management and IT Service Continuity of the municipality's ICT environment. Such as:								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		• Various system generated reports. • Policies and Procedures. • Evidence of reviews • Evidence of environment-wide deployment of applications.								
18.	**Differences between Fixed asset register and Annual Financial statements**	During the audit of assets, the following differences were identified between the fixed asset register and Note 9 of the annual financial statements.						management has initiated the process to **integrate the FAR and general ledger system** through automated reconciliation templates. A monthly review control has been introduced, where the Finance Manager and the Asset Management Officer will verify reconciliation balances between the FAR and general ledger before month-end closure.	**CFO**	

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
								A detailed review checklist will be developed to ensure that the asset register aligns with the financial reporting note prior to AFS preparation. Annual physical verification and valuation updates will be incorporated into the year-end procedures to enhance reliability and accuracy of reported balances.		
19.	**Cashflow statement differences**	During the audit of the cash flow statement for the year-ended 30 June 2025, material differences were identified						**Enhanced review procedures** — management will introduce an internal review and sign-off process by the **Chief Financial Officer** and **Financial Reporting Manager** before submission to internal audit and external audit.	**CFO and Internal Audit Manager**	

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
								Internal audit validation — the internal audit unit will review the revised cash flow workings to confirm alignment with GRAP disclosure requirements prior to final submission to the Auditor-General. Capacity building — refresher training for finance staff on cash flow preparation and reconciliation procedures.		
20.	**Prior Period error Discrepancies**	During the audit of note 55 relating to the disclosure of the prior period errors, the following errors were identified in the disclosure.						Implement a **checklist aligned to GRAP 3 and other applicable reporting standards** to verify accuracy and completeness of all disclosure notes. Conduct training and review sessions with the finance team on prior period error treatment and disclosure requirements.	**CFO**	

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
21.	**Discrepancies in Statement of Comparison of Budget to Actual Amounts**	During the audit of statement of comparison of budget and actual amounts, it was noted that there are differences between the approved budget amount and actual budget, furthermore municipality have exceeded appropriated budget or has spent without an approved budget.						A comprehensive review checklist has been developed to ensure alignment between the budget and the related financial reporting notes prior to the finalization of the Annual Financial Statements (AFS).	**CFO and Internal Audit Manager**	

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
22	**Discrepancies in Statement of Comparison of Budget to Actual Amounts**	During the audit of the cost of free basic services, we identified a variance between the Municipality's budgeted amount for indigent support under free basic services and the amount reflected in the National Treasury data. The Municipality budgeted R4 803 010 for indigent costs the total poor households as per the municipality amounts to 8 964 households whereas National Treasury data indicates a number of 16 791 with an allocation of R48 988 970 from the equitable shares given to the municipality.							**Manager Income**	

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		This variance suggests that the Municipality's budgeting process for indigent households is not aligned with national allocations and may not adequately provide for all qualifying indigent beneficiaries. The Municipality determines the indigent budget based on the number of registered applicants, without performing comprehensive assessments to verify or update the indigent register to ensure completeness and accuracy.								

NO.	FINDING	Detailed finding	CLASSIFICATION				AG RATING	MANAGEMENT ACTION	RESPONSIBLE PERSON	TARGETED COMPLETION DATE
			FINANCIAL	PERFOR-MANCE	COMPLIANCE	INTERNAL CONTROL				
		As a result, the Municipality may be underbudgeting for the cost of providing free basic services and not utilizing the Equitable Share Grant for its intended purpose, which is to subsidize basic services for indigent households. Based on the current allocation of R4 803 010 for 8 964 registered indigent households, each household effectively receives only R535 as opposed to R 2 700 budgeted by National Treasury to cover basic services such as electricity, refuse removal, and rates.								

COMPONENT D: AUDITED ANNUAL PERFORMANCE REPORT

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/276/S.1.2.2	DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT	MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	Work Skills Plan Implememtnation	Work Skills Plan Implememtnation	Percentage	Percentage of budget spent on implementing the WSP by 30 June 2025.	100%	93%	100%	100%	99%	Not achieved	N/A	N/A	Financial Report
IDP/278/S1.7			Review of the Staff Establishment/ organisational Structure	Review of the Staff Establishment/ organisational Structure	Date	Date of adoption of reviewed Staff Establishment/ organisational Structure by date	30-May-24	16-May-24	16-May-24	N/A	30-May-25	Achieved	N/A	N/A	Council Resolution and/ or Copy of the approved Municipal organisational Structure
IDP/282/S.5.1.7			Development of Corporate services policies	Development of Corporate services policies	Number	Number of reviewed Corprate services Policies by date.	N/A	(9)linternal consultations	9	N/A	9	Achieved	N/A	N/A	Council Resolution/s
IDP/282/S.5.1.7			Ensure IT Strategy in place	Ensure IT Stratgy in place		Development of ICT Strategy by 30 June 2025	N/A	N/A	30-Jun-25	N/A	30-Jun-25	Achieved	N/A	N/A	Council Resolution/s

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/282/S.5.1.7			Development of HR SOPs	Development of HR SOPs		Development of an HR Strategy by 30 June 2025	N/A	N/A	30-Jun-25	N/A	30-Jun-25	Achieved	N/A	N/A	Council Resolutions
IDP/282/S.5.1.7			Submission of the Employment Equity Peport to Department of labour	Submission of the Employment Equity Peport to Department of labour	Date	Submission of 2024/25 Employment Equity Report to Department of Labour by set date.	12-Jan-24	15-Jan-24	25-Jan-25	N/A	14-Jan-25	Achieved	N/A	N/A	Screen Shot (Proof of online submission of EE report to DoL).
IDP/123/C.4.6			Provision of acceptable Employee Wellness programs	Provision of acceptable Employee Wellness programs	Number	Number of Employee Wellness programmes conducted by June 2024.	3	3	1	3	3	Achieved	N/A	N/A	Report/ program/ attendance register

IDP	OUT-COME 9	NKPA	OBJEC-TIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Mea-sure	KEY PER-FORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Un-der-achieve-ment and over achievement	Measures taken to improve perfor-mance	Portfolio of Evi-dence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
ID-P/123/C.4.6					Number	Number of Employee information sharing sessions.	N/A	N/A	1	1	2	Achieved	N/A	Reasons for vaiences: Due to the change of the pension fund structure into the two-pot system, the municipality received a free imployee session form the NJMF which then resulted in the overachievment.)	Report/ program/ attendance register

IDP	OUT-COME 9	NKPA	OBJEC-TIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Mea-sure	KEY PER-FORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Un-der-achieve-ment and over achievement	Measures taken to improve perfor-mance	Portfolio of Evi-dence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/123/C.4.6			Number of Council meetings held as per approved Council schedule.	Number of Council meetings held as per approved Council schedule.	Number	Number of Council meetings co-ordinated by June 2025 as per approved Council schedule.	8	8	8	8	13	Achieved	N/A	N/A	Copies of Council Notices and attendance registers
IDP/282/ S5.1.4			Convene Exco meetings as per approved Council Schedule	Convene Exco meetings as per approved Council Schedule	Number	Number of Exco meetings coordinated by 30 June 2025	4	5	5	5	12	Achieved	N/A	N/A	Exco Notices and attendance registers
IDP/282/ S5.1.5			Convene Audit Committee meetings as per approved Council schedule	Convene Audit Committee meetings as per approved Council schedule	Number	Number of Audit Committee meetings coordinated by 30 June 2025 as per approved Council schedule	4	5	4	4	6	Achieved	N/A	N/A	Audit Committee Notices and attendance registers

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/282/ S5.1.6			Convene MPAC meetings as per approved Council Schedule	Convene MPAC meetings as per approved Council Schedule	Number	Number of MPAC meetings coordinated by 30 June 2025 as per approved Council schedule	4	4	4	4	4	Achieved	N/A	N/A	MPAC Notices and attendance registers
IDP/282/ S5.1.7			Convene ICT steering committee meeetings for efficient IT services	Convene ICT steering committee meeetings for efficient IT services	Number	Number of ICT Steering committee meetings held.	12	N/A	12	12	11	Not Achieved	MANCO was postponed due to the mid-year performance assesments porcess which did not allow ample time to prepare and coordinate the seating of manco which is also the ICT steering committee)	Revise manco calendor 2026	Agenda and attendance registers

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/282/ S5.1.7			Timeous distribution of oversight committee agendas	Timeous distribution of oversight committee agendas	Timeframe	Turnaround timeframe for circulation of oversight committee agendas	72HRS	72HRS	72 Hours	72 Hours	72 hours	Achieved	N/A	N/A	Distribution lists
IDP/311/S1.3			Promote participative, facilitative and accountable governance	Approval of Service delivery and budget implementation plan by date	Date	Submit final SDBIPWithin 28 days after the approval of the municipal budget.	within 28 days	within 28 days	within 28 days	N/A	within 28 days	Achieved	N/A	N/A	Signed approval
IDP/311/S1.2			Promote participative, facilitative and accountable governance	Table Annual Report to Council	Date	Table 2024/25 Annual Report by date	25 January 2024	24 January 2024	By 31 January 2025	N/A	**30 January 2025**	Achieved	N/A	N/A	Signed Council extracts

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/311/S1.1			Promote participative, facilitative and accountable governance	Quarterly PMS reports presented to EXCO	Number	Number Quarterly PMS Reports Presented to EXCO.	4 Quarterly PMS reports	4 Quarterly PMS reports	4 Quarterly PMS reports	N/A	4 Quarterly PMS reports	Achieved	N/A	N/A	Copies of Quarterly performance reports.
IDP/311/S1.5			Promote participative, facilitative and accountable governance	Development of APR	Date	.Submission of the APR to AG , CoGTA & Treasury by date	30-Aug-23	30-Aug-23	31st August 2024	N/A	31st August 2024	Achieved	N/A	N/A	Proof of submission
ID-P/275/S.1.3			Promote participative, facilitative and accountable governance	Conduct S56 & S54 Performance Assements	Date	S56& S54 Annual Performance Assments by date	10-May-24	10-May-24	30-Jun-24	N/A	30-Jun-25	Achieved	N/A	N/A	Assessments report and Council Resolution

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
ID-P/275/S.1.3			Promote participative, facilitative and accountable governance	Ensure compliance with Section 72 of the MFMA	Date	Assessment and Submission of Mid Term Performance Report to Mayor as per S72 of the MFMA, by date	25-Jan-24	25-Jan-24	25 January 2025	N/A	**25 January 2025**	Achieved	N/A	N/A	Signed proof of submission to Mayor and Minutes of Mid Term assessments
IDP/315			Promote articipative, faciitative and accountable governance	Ensure compliance with section 53 of the Municipal Finance Management Act	Date	Signing of performance contracts of S54/56 managers by date	30-Aug-23	30-Aug-23	30-Aug-24	N/A	30-Aug-24	Achieved	N/A	N/A	proof of publications
IDP/278/S1.5			Promote articipative, faciitative and accountable governance	Ensure compliance with section 28 of the Municipal Systems Act	Date	Adoption of Process Plan by Council by date	30-Aug-23	30-Aug-23	30-Aug-24	N/A	30-Aug-24	Achieved	N/A	N/A	Council resolution of process plan
IDP/278/S1.5			Promote articipative, faciitative and accountable governance	Ensure compliance with section 34 of the Municipal Systems Act	Date	Adoption of the Municipal Integrated Development Plan by date	28-May-24	28-May-24	30-May-25	N/A	30-May-25	Achieved	N/A	N/A	Council resolution

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
			To ensure that the organizations finances are managed sustainably	Achieve Clean Audit	Audit opinion	Obtain Unqualified Audit Opinion or better for the 2023/24 Financial Year	Obtain unqualified audit opinion	Unqualified audit opinion	Obtain Unqualified Audit Opinion or better for the 2023/24 Financial Year	N/A	Unqualified with matters	Achieved	N/A	N/A	Audit Report
IDP/310			To improve rural development and Infrastructure	Maintenance of electrical infrastructure	Date	Development of electricity maintanance plan by date	N/A	N/A	30-Sep-24	30-May-25	None	Not achieved	Due to budget limitations as it requires technical expertise. And lack of internal capacity.	Seek expertise assistance	Council Resolution and maintenance plan

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
BASIC SERVICE DELIVERY AND INFRASTRUCTURE															
	BASIC SERVICE DELIVERY	To improve rural development and Infrastructure	Maintenance of electrical infrastructure	Number	Number of streetlights planned for maintainance	5	38	350	N/A	195	Not Achieved	Budget limitations	To align maintenance electricity maintenance plan with the procurement plan and ensure budget alignment.	signed Job cards	
		To improve rural development and Infrastructure	Maintenance of electrical infrastructure	kms	Length of electrical cables in Kms installed	2Kms	1,3 Km's	2Kms	1km	1,04Kms	Achieved	N/A	Target was amended during budget adjustment process.	Job cards	
		To improve rural development and Infrastructure	Construction of Harding presinct (Phase2)	Percentage	Construction %progress of Harding presinct (Phase2)	70% by 30 June 2024	65%	100% practical by 30 December 2024	100% practical by 30 June 2025	79%	Not Achieved	Crane was onsite to install the steel trusses and while busy with bracing the project got hit by the floods on the 10th of June 2025	Insurance has been to site to access the damage and Engineer has been instructed to submit Incident report and Acceleration plan.	Completion report / certificate/ Consulting engineer report for project not completed	

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
ID-P/276/S.0.2.3			To improve rural development and Infrastructure	Construction progress of Mazakhele Hall	Percentage	Construction % progress of Mazakhele Hall	100%	45%	95% completiion	100% practical completion by 30 June 2025	100% practical completion by 30 June 2025	Achieved	N/A	N/A	Completion report / certificate/ Consulting engineer report for project not completed
ID-P/276/S.0.2.3			To improve rural development and Infrastructure	Construction of Emazibukweni to KwaShabane Access Road	Percentage	Construction % progress of Emazibukweni to KwaShabane Access Road	N/A	N/A	95%	N/A	100%	Achieved	N/A	N/A	Completion report / certificate/ Consulting engineer report for project not completed
ID-P/276/S.0.2.3			To improve rural development and Infrastructure	Contruction of Enduveni access road and Bridge	Percentage	Contruction % progress of Enduveni access road and Bridge	N/A	N/A	95%	N/A	100%	Achieved	N/A	N/A	Completion report / certificate/ Consulting engineer report for project not completed
ID-P/276/S.0.2.3			To improve rural development and Infrastructure	Construction of Kwa-C Access road	Percentage	Construction % progress of Kwa-C Access Road	N/A	N/A	95%	N/A	100%	Achieved	N/A	N/A	Completion report / certificate/ Consulting engineer report for project not completed

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
ID-P/276/S.0.2.3			To improve rural development and Infrastructure	Upgrage of Field street	Percentage	Construction % progress of upgrage of Field street	N/A	N/A	95%	N/A	77%	Not Achieved	The project experienced delays due to heavy rains,- Constant bursting of exixting water pipes and relocation of electric line.	Municipal technician was on the field to assist contractor with required material for the relocation of existing cables and the project is now continuing.	Completion report / certificate/ Consulting engineer report for project not completed
IDP/312/ S2.1.16			Ensure investment on infrastructure development and service delivery	Patching of potholes on municipal road network	square metres	Square metre coverage of pothole patching of municipal road network	140 square metres	0	140 square metres	100 square metres	183.1 square metres	Achieved	N/A	N/A	Signed Job Cards
ID-P/276/S.2.1.3		BASIC SERVICE DELIVERY	Improve, expand and maintain existing infrastructure	Improve unsurfaced roads	Length	Number of Km's of unsurfaced roads graded	54Km's	53,2 Km's	71Kms	N/A	153.8 Km	Achieved	N/A	N/A	Signed Job Cards
IDP/104/C.2.5			Improve, expand and maintain existing infrastructure	Improve stormwater drainage	Length	Length of Stormwater Drainage in Km	2Km's	53 Km's	3,5 km	N/A	95.63km	Achieved	N/A	N/A	Signed Job Cards

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
ID[/272/F.2			To ensure investment on infrastructure development and service delivery	Implement projects to provide waste removal, street cleaning and verge maintenance	Number	Number of household provided with refuse removal services	1344	1344	1344	N/A	1344	Achieved	N/A		Job Cards
IDP/161/G.4		BASIC SERVICE DELIVERY	Improve rural development and infrastructure	To decrease waste from landfill site through recycling initiatives	Number of tons	Amount of tonnage recycled	60tons	23,32tons	60tons	N/A	371,98tons	Achieved	N/A	N/A	Scale Print out
ID-P/154/C.5.2		BASIC SERVICE DELIVERY	Improve rural development and infrastructure	Maintenance of open spaces	Number	Number of grass cuts on open space	25	36	4	N/A	8	Achieved	N/A	N/A	Management report / Job cards
ID-P/192/C.5.5		BASIC SERVICE DELIVERY	To ensure investment on infrastructure development and service delivery	Provision of security for municipal facilities	Number	Number of days utilized for the provision of municipal facilities	365	365	365	N/A	365	Achieved	N/A	N/A	Attendance registers
ID-P/192/C.5.5		BASIC SERVICE DELIVERY	Improve, expand and maintain existing infrastructure	Maintenance of municipal facilities	Number	Number of grass cuts on municipal facilities	N/A	N/A	12	N/A	19	Achieved	N/A	N/A	Job Cards

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
LOCAL ECONOMIC DEVELOPMENT															
IDP/312/ S3.1.1	COMMUNITY WORK PROGRAMME IMPLEMENTED AND COOPERATIVES SUPPORTED	LOCAL ECONOMIC DEVELOPMENT	Create an enabling environment for Economic Development	Review LED Strategy	Date	Review of the LED Strategy by date	30-Jan-24	28-Jan-24	30-Jun-25	N/A	None	Not Achieved	Lack of alinment and coordination with other units	The planning session is rescheduled for the fisrt quarter in new financial year	Council resolution
IDP/313/ S3.1.5	COMMUNITY WORK PROGRAMME IMPLEMENTED AND COOPERATIVES SUPPORTED	LOCAL ECONOMIC DEVELOPMENT	Create an enabling environment for Economic Development	Conduct Agricultural programs	Number	Number of Agricultural programs supported	N/A	N/A	6 Programs	N/A	10	Achieved	Lack of capacity	Reprioritised for the next financial year.	Handover certificate
IDP/312/S3.1	COMMUNITY WORK PROGRAMME IMPLEMENTED AND COOPERATIVES SUPPORTED	LOCAL ECONOMIC DEVELOPMENT	Create an enabling environment for Economic Development	SMME and coorperatives capacity buildings and Training programs	Number	Number of SMME and coorperatives capacity buildings and Training programs	N/A	N/A	4	N/A	10	Achieved	N/A	N/A	Attendance Registers
IDP/312/ S3.1.1	COMMUNITY WORK PROGRAMME IMPLEMENTED AND COOPERATIVES SUPPORTED	LOCAL ECONOMIC DEVELOPMENT	Create an enabling environment for Economic Development	LED Project Support	Number	Number of LED projects Supported	10	23	8	N/A	9	Achieved	N/A	N/A	Handover certificate

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR 2023/2024 (TARGET)	COMPARISON WITH PREVIOUS YEAR 202024/2024 (ACTUAL)	FINANCIAL YEAR ENDING 30 JUNE 2021 2024/2025 (TARGET)	FINANCIAL YEAR ENDING 30 JUNE 2021 2024/2025 (REVISED TARGET)	FINANCIAL YEAR ENDING 30 JUNE 2021 2024/2025 (ACTUAL)	Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/313/ S31.7			Create an enabling environment for Economic Development	Development of an investment promotion policy	Date	Development of investment promotion policy by date	N/A	N/A	30-Jun-25	N/A	0	Not achieved	Lack of alignment with coordination with other stakeholders due to capacity	Alignment session has taken place and policy will be developed in the next financial year.	Resolution / adopted policy
IDP/313/ S3.1.8			Create an enabling environment for Economic Development	Conduct investment attraction and promotion initiatives	Number	Conduct investment attraction and promotion initiatives	N/A	N/A	3	N/A	4	Achieved	N/A	N/A	Management reports

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR 2023/2024 (TARGET)	COMPARISON WITH PREVIOUS YEAR 202024/2024 (ACTUAL)	FINANCIAL YEAR ENDING 30 JUNE 2021 2024/2025 (TARGET)	FINANCIAL YEAR ENDING 30 JUNE 2021 2024/2025 (REVISED TARGET)	FINANCIAL YEAR ENDING 30 JUNE 2021 2024/2025 (ACTUAL)	Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/312/ S3.1.4			Create an enabling environment for Economic Development	Job creation and poverty elleviation	Number	Number of jobs created through LED initiatives including capital projects.	200	210	210	N/A	537	Achieved	The reason for over achievement: When we were setting our target, we were stll in application process with other organisations by the time we get approval the PMS was already adopted by concil : that is why we ened up having more numbers	N/A	Management report
IDP/312/ S3.1.4			Create an enabling environment for Economic Development	Poverty Ellevi-ation	Number	Number of food security programs conduted.	11	17	11	N/A	11	Achieved	N/A	N/A	Beneficiary list
			To plan towards the development of human capital	Maintain EPWP Job opportunities	Number	Number of EPWP Job opportunities maintained	45	65	60	N/A	67				

IDP	OUT-COME 9	NKPA	OBJEC-TIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Mea-sure	KEY PER-FORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Un-der-achieve-ment and over achievement	Measures taken to improve perfor-mance	Portfolio of Evi-dence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
GOOD GOVERNANCE AND PUBLIC PARTICIPATION															
ID-P/315/C.6.6.4	A RESPONSIVE, ACCOUNTABLE, EFFECTIVE AND EFFI-CIENT LOCAL GOVERNMENT	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	To promote partici-pative, facili-tative account-able gov-ernance	To ensure that communities are aware of their role regarding waste minimi-sation	Number	Number of environmen-tal education conducted with commu-nities.	4	28	8	N/A	8	12	N/A	N/A	Atten-dance registers
ID-P/315/C.6.6.4			Promot-ing good gover-nance, transpar-ency and account-ability	To create sustainable and socially cohesive communities	Number	Number of crime prevention campaigns conducted	12	12	12	N/A	6	Not achieved	N/A	N/A	Atten-dance registers
ID-P/214/C.6.6.4				To create sustainable and socially cohesive communities	Number	Number of routine road blocks conducted	12	12	12	N/A	15	Achieved	N/A	N/A	Atten-dance registers

IDP	OUT-COME 9	NKPA	OBJEC-TIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Mea-sure	KEY PER-FORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Un-der-achieve-ment and over achievement	Measures taken to improve perfor-mance	Portfolio of Evi-dence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
ID-P/214/C.6.6.4			To create sustain-able and socially cohesive commu-nities	Capacity building on disaster man-agement	Number	Number of disaster awareness campaigns to be conducted	N/A	N/A	4	N/A	26	Achieved	N/A	N/A	Atten-dance registers
ID-P/114/C.2.6.4			Promot-ing good gover-nance, transpar-ency and account-ability	To create sustainable and socially cohesive communities	Number	Number of fire aware-ness cam-paigns to be conducted	4	4	4	N/A	29	Achieved	N/A	N/A	Atten-dance registers
IDP/314/ S5.1.8			To promote partici-pative, facili-tative account-able gov-ernance	Conduct Disability Programs	Number	Number of Disability Programs conducted	3	3	3	N/A	3	Achieved	N/A	N/A	atten-dance registers / Manage-ment reports
IDP/314/ S5.1.8			To promote partici-pative, facili-tative account-able gov-ernance	Conduct Gen-der Programs	Number	Number of Gender Programs conducted	3	3	4	N/A	3	Not Achieved			atten-dance registers / Manage-ment reports

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/251/C.6.6.3			To promote participative, facilitative accountable governance	Conduct Moral regeneration	Number	Number of Moral regeranation programs conducted	3	3	3	N/A	3	Achieved	N/A	N/A	attendance registers / Management reports
IDP/314/ S5.1.6			To promote participative, facilitative accountable governance	Conduct youth programs	Number	Number of Youth programs conducted	16	15	17	N/A	15	Not achieved			attendance registers / Management reports
IDP/251/C.6.6.3			To promote participative, facilitative accountable governance	Conduct Rights of a child Programs	Number	Number of Rights of a Child Programs conducted	3	3	2	N/A	3	Achieved			attendance registers / Management reports
IDP/314/ S5.1.6			To promote participative, facilitative accountable governance	Conduct HIV&AIDS programs	Number	Number HIV & Aids Programs conducted	4	4	4	N/A	4	Achieved	N/A	N/A	attendance registers / Management reports

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/251/C.6.6.3			To promote participative, facilitative accountable governance	Conduct Senior citizens programs	Number	Number of Senior Citizen programs conducted	4	4	2	N/A	2	Achieved	N/A	N/A	attendance registers / Management reports
IDP/314/ S5.1.3			To promote participative, facilitative accountable governance	Conduct Mayoral izimbizo	Number	Number of Mayoral Izimbizo conducted	4 clusters	4 clusters	4 clusters	N/A	4 clusters	Achieved	N/A	N/A	attendance registers / Management reports
IDP/314/ S5.1.3			To promote participative, facilitative accountable governance	Conduct IDP/ Budget Roadshows	Number	Number of IDP/Budget roadshows conducted	4 clusters	4 clusters	4 clusters	N/A	4 clusters	Achieved	N/A	N/A	attendance registers
IDP/314/ S5.1.3			To promote participative, facilitative accountable governance	Develop ward based plans	Number	Number of ward based plans developed	11	11	11	N/A	11	Achieved	N/A	N/A	Copies of WBPs

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/251/E.1			To promote participative, facilitative accountable governance	Ensure development of a midterm Internal municipal newsletters	Number	Number of Internal Municipal Newsletters developed	4	4	2	N/A	4	Achieved			Copy if municipal Newletter
IDP/315/ S5.1.12			To promote participative, facilitative accountable governance	Ensure development of quarterly external municipal newsletters	Number	Number of External Municipal Newsletters developed	4	4	4	N/A	4	Achieved	N/A	N/A	Copies of Newsletters
IDP/278/ S5.1.3			To promote participative, facilitative accountable governance	Conduct Mayoral Izimbizo	Number	Number of Mayoral Izimbizo conducted	4	4	4	N/A	4	Achieved	N/A	N/A	attendance registers
IDP/278/ S5.1.3			To promote participative, facilitative accountable governance	Mayoral Radio slots	Number	Number of broadcast media coverage conducted	8+H57:I74	8	8	N/A	8	Achieved	N/A	N/A	Scripts / Confirmation of radio slots

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/311/S.1.4			Promote participative, facilitative and accountable governance	Development of an Internal Audit Plan	Date	Development approval of Internal Audit Plan by date	31-Aug	31-Aug	31-Aug-24	N/A	31-Aug-24	Achieved	N/A	N/A	Council Resolution
IDP/311/S.1.4			To ensure that the organisations finances are managed sustainably	Conduct internal annual review of Financial Statements	Date	Conduct internal annual review of financial statements by date	By 31 August	31-Aug	31-Aug-24	N/A	31-Aug-24	Achieved	N/A	N/A	Internal audit AFS Review report/ Audit Committee recommendation to Council
IDP/311/S.1.4			Promote participative, facilitative and accountable governance	Strengthen governance and reduce risk	Date	Develop internal Audit action Plan to address AG findings per 2022/23 report by June 2025.	28-Feb	28-Feb	28 Febreuary 2025	N/A	28 Febreuary 2025	Achieved	N/A	N/A	Copy of AG Action Plan

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/311/S.1.4			Promote participative, facilitative and accountable governance	To ensure all MANCO recommendations are monitored	Percentage	% of AG audit findings resolved	100%	100%	100%	N/A	65%	Not Achieved			Action Plan
IDP/311/S.1.4			Promote participative, facilitative and accountable governance	Produce Quarterly Internal Audit reports submitted to Audit Committee	Number	Number of internal audit reports for submission to Audit Committee	4	4	4	N/A	4	Achieved	N/A	N/A	Internal audit reports
IDP/311/S.1.4			Promote participative, facilitative and accountable governance	Internal Audit to produce performance reports and submitted to Audit Committee	Number	Number of internal audit reports on performance to be submitted to AG	4	4	4	N/A	4	Achieved	N/A	N/A	Internal Audit reports
FINANCIAL VIABILITY & MANAGEMENT															

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/313/ S4.1.2	A RESPONSIVE, ACCOUNTABLE, EFFECTIVE AND EFFICIENT LOCAL GOVERNMENT	MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	To ensure that the organizations finances are managed sustainably	Creditors Payments and Management	Percentage	Percentage of undisputed invoices paid within 30 days from the receipt by creditors	30	30	100% all undisputed invoices to be paid within 30 days from receipt	N/A	100%	Achieved	N/A	N/A	Invoice with receipt date Monthly expenditure reports Creditors Reconciliations
ID-P/313/S.4.1.1			To ensure that the organizations finances are managed sustainably	Payroll management	Date	Date of completion of payroll	by 25th monthly	by 25th monthly	Completion of payroll by 25th monthly Payroll	N/A	By 25th monthly	Achieved	N/A	N/A	Payroll Calendar Emp201 Emp501 Payroll Recon.
ID-P/313/S.4.1.1			To ensure that the organizations finances are managed sustainably	Payment of third parties	Date	Process third party payments by date	by 7th monthly	by 7th monthly	Completion of third party payments by 7th monthly Payroll	N/A	by 7th monthly	Achieved	N/A	N/A	Payroll Calendar Emp201 Emp501 Payroll Recon.

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/313/ S4.1.4			To ensure that the organizations finances are managed sustainably	Bank and Expenditure Reconciliations	Number	Number of petty cash reconciliations done	12	12	12	N/A	12	Achieved	N/A	N/A	Expenditure & Petty Cash reconcillation
IDP/313/ S4.1.7			To ensure that the organizations finances are managed sustainably	Preparation of UIFW registers	Number	Number of UIFW registers	12	12	12 UIFW Registers	N/A	12	Achieved	N/A	N/A	UIFW Registers
IDP/313/ S4.1.7			To ensure that the organizations finances are managed sustainably	Provide Indigent Household Subsidization	Number	60 registered indigent households receiving free basic rates	60	118	60 registered indigent households receiving free basic rates	N/A	67	Achieved	N/A	N/A	Indigent Register Free basic Service Report from Munsoft
IDP/313/ S4.1.7			To ensure that the organizations finances are managed sustainably	Provide Indigent Household Subsidization	Number	6900 registered indigent households receiving free basic electricity	8492	118	6900registered indigent households receiving free basic electricity	N/A	7158	Achieved	N/A	N/A	Indigent Register Free basic Service Report from Munsoft

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/313/ S4.1.7			To ensure that the organizations finances are managed sustainably	Provide Indigent Household Subsidization	Number	60 registered indigent households receiving free Rates	60	118	60 registered indigent households receiving free Rates	N/A	1739	Achieved	N/A	N/A	Indigent Register Free basic Service Report from Munsoft
IDP/313/ S4.1.4			To ensure that the organizations finances are managed sustainably	Monthly Billing reports	Number	12	12	12	3 Monthly Reports generated before the 7th of every month	N/A	12	Achieved	N/A	N/A	Billing reports
IDP/313/ S4.1.5			To ensure that the organizations finances are managed sustainably	Debt Collection (revenue enhancement)	Percentage	30% Reduction of the debtors book by 30 June 2025	30%	36%	0% Reduction of Debtors book	N/A	96%	Achieved	N/A	N/A	Debtors age analysis Report
IDP/313/ S4.1.7			To ensure that the organizations finances are managed sustainably	Valuation Roll	Number	To implement one Supplementary Roll by 30 June 2025	1	1	Issue Section 49 Notice	N/A	100%	Achieved	N/A	N/A	Billing report and Supplementary Roll

IDP	OUT-COME 9	NKPA	OBJEC-TIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Mea-sure	KEY PER-FORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Un-der-achieve-ment and over achievement	Measures taken to improve perfor-mance	Portfolio of Evi-dence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/313/ S4.1.3			To ensure that the organi-zations finances are man-aged sustain-ably	Development of an Annual Procurement Plan	Date	Approval of 2022/23 Procurement Plan by date	30-Jun	30-Jun	Approval of 2022/23 Procurement Plan by 30 June 2025	N/A	30-Jun-25	Achieved	N/A	N/A	SCM procure-ment plan. Minutes of MANCO, EXCO and Council meeting when plan was adopted
IDP/313/ S4.1.7			To ensure that the organi-zations finances are man-aged sustain-ably	Implementa-tion of Supply Chain Man-agement and procurement plan	Number	Produce monthly reports on Implementa-tion of SCM	12	12	12 reports on the imple-mentation of SCM	N/A	12	Achieved	N/A	N/A	SCM Report Irregular Expendi-ture
IDP/313/ S4.1.7			To ensure that the organi-zations finances are man-aged sustain-ably	Effective and Efficient Quatation Tenders	Days	Turnaround Time (in working days) to finalise Bid Process-ing for each quatation	Finalise Bid processing within 14 days of clo-sure for each Quatation	within 14 days	Finalise Bid processing within 14 days of clo-sure for each Quatation	N/A	14 days	Achieved	N/A	N/A	Purchased Order & Notices

IDP	OUT-COME 9	NKPA	OBJEC-TIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Mea-sure	KEY PER-FORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Un-der-achieve-ment and over achievement	Measures taken to improve perfor-mance	Portfolio of Evi-dence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/313/ S4.1.7			To ensure that the organi-zations finances are man-aged sustain-ably	Contract Management	Percent-age	% active con-tracts/ SLAs included on contracts register	Updated Contract register 100% of Contracts / SLAs with Service pro-viders signed within 30 days after date of ap-pointment	Updated Con-tract register 100% of Con-tracts / SLAs with Service providers signed within 30 days after date of appoint-ment	Updated Contract register 100% of Contracts / SLAs with Service pro-viders signed within 30 days after date of ap-pointment	N/A	100%	Achieved	N/A	N/A	Contract Register Quarterly perfor-mance reports
IDP/313/ S4.1.7			To ensure that the organi-zations finances are man-aged sustain-ably	Updateof Fixed Asset register	Number	Number of Assets Rec-onciliations prepared	12	12	12	N/A	12	Achieved	N/A	N/A	Asset Register Asset Reconcili-ation
IDP/313/ S4.1.7			To ensure that the organi-zations finances are man-aged sustain-ably	Maintanance and com-plaience Asset register	Days	Assets Bar-coded after 5 days of delivery	5 days	5 day	Recording and barcod-ing of new Assets after Acquisition within 30 days after acquisition per quarter	N/A	within 30 days	Achieved	N/A	N/A	Delivery Note Asset Register

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/313/ S4.1.7			To ensure that the organizations finances are managed sustainably	Maintanance and complaience Asset register	number	No. of verification on a quarterly basis	4	4	Conducted 4 asset Verification in 2024/25	N/A	4	Achieved	N/A	N/A	Signed Verification Report
IDP/313/ S4.1.7			To ensure that the organizations finances are managed sustainably	Safeguarding and maintenance of assets	Percentage	% of municipal Assets insured	100%	100%	100% of municipal assets insured	N/A	100%	Achieved	N/A	N/A	Insurance Contract Council resolution on disposal of assets/ asset registers
IDP/313/ S4.1.7			To ensure that the organizations finances are managed sustainably	Budget management and Reporting	Number	No. of Section 71 reports submitted to Provincial treasury	12	12	12 Monthly S71 and In Year Monitoring Returns submitted no later than 10 working days after every month end to treasury.	N/A	12	Achieved	N/A	N/A	Sec 71 reports and proof of submission
IDP/313/ S4.1.7			To ensure that the organizations finances are managed sustainably	Bank and Expenditure Reconciliations	Number	Number of Bank and Expenditure reconciliation	12-Jan-00	12-Jan-00	12	N/A	12	Achieved	N/A	N/A	Expenditure Reconciliations - Creditors and Petty Cash / bank reconcillation

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/313/ S4.1.7			To ensure that the organizations finances are managed sustainably	Implementation of SDBIP and Performance	Number	No. of reports on the implementation of the budget and financial affairs of the municipality	4	4	4 Quarterly reports submitted to Council as per Section 52 of the MFMA	N/A	4%	Achieved	N/A	N/A	Sec 52 Quarterly reports
IDP/313/ S4.1.7			To ensure that the organizations finances are managed sustainably	Ensure compliance with Sec 71 & 72 reports, National Treasury reports & Statutory returns.	Number	Submit Reports to PT and NT by the 10th working day of each month	by 10th monthly	by 10 monthly	Submission of Adjustment budget to Nat. Prov. Treasury, COGTA by 10 March 2025	by 10th	by 10th monthly	Achieved	N/A	N/A	Council resolution
IDP/313/ S4.1.3			To ensure that the organizations finances are managed sustainably	Prepare and compilation of Budget for 2025/26 financial this year	Date	Approval of Final Annual Budget Council by date	28-May	28-May	Preparation and Adoption of the Annual Budget for the 25/26 financial year by the 30 May 2025	N/A	28-May-25	Achieved	N/A	N/A	Proof of Submissioon and confirmation of Receip Draft Budget Annual Budget
IDP/313/ S4.1.3			To ensure that the organizations finances are managed sustainably	Monthlt Reviewed general ledger	Number	No. of prepared reviewed general ledger	12%	12%	Prepare 12 reviews of general ledger	N/A	12	Achieved	N/A	N/A	General ledger and Trial Balance signed by the CFO

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/313/ S4.1.1			To ensure that the organizations finances are managed sustainably	Cash Flow Management	Number	No. of cash Flow statements submitted to Treasury within turnaround time	12	12	Submit 12 Cash Flow statement to Treasury on the 10th of every month	N/A	12	Achieved	N/A	N/A	Monthly Cash Flow Statement
IDP/313/ S4.1.1			To ensure that the organizations finances are managed sustainably	Preparation of investment reconcilation	Number	Number of investment reconcilations prepared	12	12	Prepare 12 monthly investment reconcilations	N/A	12	Achieved	N/A	N/A	Investment Reconcilations
IDP/313/ S4.1.1			To ensure that the organizations finances are managed sustainably	Preparation of grant reconcilation	Number	Number of igrant reconcilations prepared	12	12	Prepare 12 monthly grant reconcilations	N/A	12	Achieved	N/A	N/A	Grant Reconcilations
IDP/313/ S4.1.7			To ensure that the organizations finances are managed sustainably	Preparation and submission of annual financial statements to auditor general	Date	Submission of Annual financial statement to AG by date	31 August %	31-Aug	Submission of annual financial statements to the AG by 31 August 2024	N/A	31-Aug-24	Achieved	N/A	N/A	AFS Copy and proof of submission AFS Project Plan
CROSS CUTTING ISSUES &SPATIAL RATIONALE															

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/315/S. O6.2	A RESPONSIVE, ACCOUNTABLE, EFFECTIVE AND EFFICIENT LOCAL GOVERNMENT	CROSS CUTTING & SPATIAL RATIONALE	To create sustainable and socially cohesive communities	Development of a Disaster Management Plan	Date	Development of a Disaster Management Plan by date	N/A	N/A	30-May-25	N/A	None	Not achieved	Budget limitations	Lobby for budget	Council Resolution
IDP/315/S. O6.2			To create sustainable and socially cohesive communities	Inspection buildings for fire compliance	Number	Number of building fire inspections conducted	4	26	60	N/A	71	Achieved	N/A	N/A	Inspection forms
IDP/315/ S6.1.10			Create sustainable and socially cohesive communitities	Review of SDF	Date	Review SDF by date	30-May	30-May	30-Jun-25	30-May-25	30-May-25	Achieved	N/A	N/A	SDF Resolution/ council resolution
IDP/315/ S6.1.9			Create sustainable and socially cohesive communitities	Development of municipal Wall to Wall LUM SCHEME	Date	Review of Wall to Wall LUMS	Adoption of final Wall to Wall Scheme and Gazette by 30 June 2024	scheme clauses revised	30 June 2025	N/A	Draft scheme regulations	Not achieved	GIS licence expired	request lcience update and provide budget inputs for the next financial year	Council Resolution and Gazette number

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
ID-P/315/S.6.1..3			Create sustainable and socially cohesive communities	Ensure compliance with NBR and SABS Codes of practice	Number	Number of Contravention notices issued on illegal buildings	N/A	N/A	20	N/A	31	Achieved	More awareness was conducted on the importance of compliance	N/A	Contravention noticess
IDP/315/ S6.1.7			Create sustainable and socially cohesive communities	Process Development applications	number	Number of applications processed interms of the SDF	12	1	12	N/A	13	achieved	N/A	N/A	Application register and approval letters
IDP/312. S2.1.8			Create sustainable and socially cohesive communities	Building Plans management and public awareness	number	Number of building plans processed	12 Building proccesssed	3 submissions	12 Building proccesssed	N/A	20	achieved	N/A	N/A	Registering and aproval letters
IDP/312/ S2.1.7			Create sustainable and socially cohesive communities	Review of Urban Renewal Framework	Date	Review of Urban Renewal Framework by date	N/A	N/A	Draft in Place by the 30 June 2025	N/A	none	Not achieved	Budget limitations	Provide budget inputs for next financial year	Council Resolution and Gazette number
IDP/312/ S2.1.5			To create sustainable and socially cohensive communities	Conduct Community awareness campaigns on NBR and LUMS bylaws	Number	Number of awareness campaigns for NBR and LUMS bylaws	N/A	N/A	4	N/A	2	Not achieved	Lack of Human Resource capacity	Appointment of Manager Development planning	Attendance Registers

IDP	OUTCOME 9	NKPA	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Measure	KEY PERFORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/312/ S2.2.6			Improve rural development and infrastructure	Completion of Housing infrastrucure projects	Date	Completion of Tranche 1 application for Gorge CPA by date	N/A	N/A	30-Jun-25	N/A	Land surveys concluded	Not achieved	Budget limitations / Cuts by Human settlements due to financial constraints	follow up with service provider on progress made	MEC Approval letter
IDP/312/ S2.2.6			Improve rural development and infrastructure	Completion of Housing infrastructure projects	Number	Number of houses built at KwaJali, Ward 7 & 9	MEC approval of re-prioritised business plan	52	60	0	0 (target was amended to zero)	Not achieved	Budget limitations / Cuts by Human settlements due to financial constraints	Department of Human Settlements to intervene.	Happy letters
IDP/312/ S2.2.6			Improve rural development and infrastructure	Completion of Housing infrastructure projects	Number	Number of houses built at KwaMAchi, ward 4	MEC approval of re-prioritised business plan	7	60	0	0 (target was ammended to zero)	Not achieved	Budget limitations / Cuts by Human settlements due to financial constraints	Department of Human Settlements to intervene.	Happy letters

IDP	OUT-COME 9	NKPA	OBJEC-TIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	Unit of Mea-sure	KEY PER-FORMANCE INDICATORS INDICATORS	COMPARISON WITH PREVIOUS YEAR		FINANCIAL YEAR ENDING 30 JUNE 2021			Status (Achieved / Not Achieved	Reasons for Un-der-achieve-ment and over achievement	Measures taken to improve perfor-mance	Portfolio of Evi-dence
							2023/2024 (TARGET)	202024/2024 (ACTUAL)	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
MUNICIPAL TRANSFORMANTION AND INSTITUTIONAL DEVELOPMENT															
IDP/312/ S2.2.6			Improve rural devel-opment and in-frastruc-ture	Completion of Housing infrastructure projects	Number	Number of houses built at KwaMAchi, ward 5	60	15	60	0	0 (target was ammended to zero)	Not achieved	Budget limitations / Cuts by Human settlements due to financial constraints	Department of Human Settlements to intervene.	Happy letters
IDP/312/ S2.2.6			Improve rural devel-opment and in-frastruc-ture	Completion of Housing infrastructure projects	Number	Number of houses built at KwaMAchi, ward 6	60	0	60	0	1 (target was ammended to zero)	Not achieved	Budget limitations / Cuts by Human settlements due to financial constraints	Department of Human Settlements to intervene.	Happy letters
IDP/312/ S2.2.6			Improve rural devel-opment and in-frastruc-ture	Completion of Housing infrastructure projects	Number	Number of houses built at KWaMachi, ward 10	60	0	60	0	2 (target was ammended to zero)	Not achieved	Budget limitations / Cuts by Human settlements due to financial constraints	Department of Human Settlements to intervene.	Happy letters
IDP/312/ S2.2.6			Improve rural devel-opment and in-frastruc-ture	Completion of Housing infrastructure projects	Number	Number of houses built at KWaMachi, ward 11	60	1	60	0	3 (target was ammended to zero)	Not achieved	Budget limitations / Cuts by Human settlements due to financial constraints	Department of Human Settlements to intervene.	Happy letters

APPENDIX A:
WARD COMMITTEE INFORMATION

FREQUENCY OF WARD COMMITTEE MEETINGS PER WARD

The ward committees have been relatively functional; however some have experienced some difficulties which have required the intervention of the Department of Cooperative Governance and Traditional affairs. Following the intervention from provincial COGTA and provision of the capacity building workshop, the submissions of ward committee meetings and sittings of these meetings has improved a great deal.

WARD 01

CLLR. S MAPHUMULO

NAME AND SURNAME	I.D NUMBER	GENDER	CONTACT NUMBER
1. Xaba Sibusiso	7803105641088	Male	0824275519
2. Thusi Thandeka	6601060788089	Female	0785333504
3. Kawula Nomalo	8907051024089	Female	0648493494
4. Nala Sylvia (secretary)	6609230645089	Female	0722299742
5. Nala Nompilo	8612080471083	Female	0646884484
6. Nzoyiya Nokuzola	8503260818088	Female	0730081518
7. Mbanjwa Nontethelelo	9412030503088	Female	0685468326
8. Mpangase Teboho (TA)	8505075551085	Male	0815032203
9. Sikhosana Kenny	7702115723086	Male	0835865360
10. Memela Siphiwe (FBO)	7702115723086	Male	0608844567

WARD 02

CLLR. Z MBOTHO

NAME AND SURNAME	I.D NUMBER	GENDER	CONTACT NUMBER
1. Ntshiliba Walter (FBO)	7911265296088	Male	0722009243
2. Ntaka Richard (TA)	7602025503083	Male	0723347524
3. Sikhosana Mzozimele	8104036005082	Male	0738052444
4. Dlamini Thandeka (D)	7806270553087	Female	0833545131
5. Nala Lungisile	8009180399084	Female	0635200364
6. Hlophe Ziningi	9104120487088	Female	0738161945
7. Xolo Promise	6709240772087	Female	0769582347
8. Mthembu Wendy (secretary)	9806081101082	Female	0615949517
9. Cwele Buyisile	8507140324084	Female	0784750281
10. Mthwane Mpume	8711140442082	Female	0730181097

WARD 03

CLLR. L DLAMINI

NAME AND SURNAME	I.D NUMBER	GENDER	CONTACT NUMBER
1. Khoshi Sithupha	5404165780080	Male	0822107353
2. Mzekandaba Malusi	9105235828082	Male	0732242750
3. Sophiseka Nicholas (secretary)	8107115618080	Male	0735132815
4. Mpisi Sibonelo	7208095581080	Male	0732923142
5. Davenhill Collin (B)	5211305094086	Male	0765316528
6. Ntombela Sanele (FBO)	6503015791087	Male	0763994225
7. Msomi Bongani (TA)	6205175589083	Male	0815882309
8. Mkhize Evidence Thokozani	6701050847083	Female	0785488173
9. Mkhize Lindelwa	8510120356084	Female	0799132784
10. Deyi Thembi	6807020601086	Female	0788582371

WARD 04

CLLR. B.B KHAYISA

NAME AND SURNAME	I.D NUMBER	GENDER	CONTACT NUMBER
1. Mpofu Nomathamsanqa (TA)	7707176170085	Female	0744993384
2. Mtolo Thembeka (secretary)	8703280611089	Female	0717436748
3. Madiya Lindani	9111045675085	Male	0608737771
4. Mbele Wonderboy	8312275763085	Male	0656328318
5. Mteshana Sizwe	9512195924084	Male	0786631755
6. Silangwe Bheko Alpheos	7911255468085	Male	0835806932
7. Mbotho Zwelithini	8205175672085	Male	0836157544
8. Ndaba Sizani	6804060842084	Male	0839828417
9. Vethe Silindile	8910100819087	Female	0818975200
10. Jula Zolani	8303036800084	Male	0781182370

WARD 05

CLLR. L.S ZUNGU

NAME AND SURNAME	I.D NUMBER	GENDER	CONTACT NUMBER
1. Cele Mbongiseni	9207086126085	Male	0734183184
2. Mtshaka Thulani	6910255804084	Male	0639793926
3. Chala Sphamandla (secretary)	9204045804084	Male	0846221739
4. Mjaja Nompumelelo	8207200921081	Female	0782295801
5. Mkhize Ronny	7111125358083	Male	0605842295
6. Mayela Nkosinathi Emmanuel	8709156601088	Male	0793615848
7. Sincuba Bongiwe	8009220470085	Female	0683566702
8. Tuli Ntuthuko	8511086067087	Male	0640292005
9. Mhlamvu Zamani	7411295598082	Male	0834249247
10. Zulu Elphas Mandla (TA)	5812215753081	Male	

WARD 06

CLLR. S CHALA

NAME AND SURNAME	I.D NUMBER	GENDER	CONTACT NUMBER
1. Andile Mthingi	9010106203086	Male	0732712842
2. Andile Mbuthuma	8507056482082	Male	0826203087
3. Sandile Nzama (secretary)	7705255534080	Male	0733486574
4. Nompumelelo Gingqi	7206050298088	Female	0604733207
5. Mthobisi Mbulu	7703155597088	Male	0782769828
6. Mthuthuzeli Khambula	8002025459080	Male	0833552325
7. Nodumo Mpisi	9103310813087	Female	0648726031
8. Shadrack Hlabe	8007076329082	Male	0710969653
9. Busisiwe Gasa	8411150882083	Female	0766980190

WARD 07

CLLR S.P CHALA

NAME AND SURNAME	I.D NUMBER	GENDER	CONTACT NUMBER
1. Nonkululeko Singetheni (TA)	8309250605083	Female	0762935148
2. Nosizwe Mkhize	8006301169081	Female	0761988768
3. Brenda Dlamini	8505120990080	Female	0738075488
4. Nomthandazo Nhlokwane (secretary)	9010031183080	Female	0784451267
5. Mpumelelo Ndobe	7808215563080	Male	0837462684
6. Jabulani Disane	6511115461089	Male	0782014026
7. Thulani Gobo	7411116324080	Male	0832289206
8. Nozipho Makasana	7811230867080	Female	0738483447
9. Nhlanhla Memela	6609115507081	Male	0784698947
10. Thabsile Gwija	8003071262089	Female	0781480405

WARD 08

CLLR. A.P PHUNGULA

NAME AND SURNAME	I.D NUMBER	GENDER	CONTACT NUMBER
1. Ngubelanga Nomanene	9312031367089	Female	0734326746
2. Ngubelanga Sonny	6508055310086	Male	0865390446
3. Nkomo Njabulo (FBO)	8401017149081	Male	0836354516
4. Mteshana Sifiso (D)	8012055879081	Male	0732850888
5. Ngubelanga Maureen (secretary)	8701110357089	Female	0782988903
6. Mbuthuma Thulile	8901010655083	Female	0789009479
7. Mbuthuma Lwandile	9603216041089	Male	0818266756
8. Jojisa Andiswa	9406181056086	Female	0782322835
9. Bhukwana Nomhle	7703281089088	Female	0780697592
10. Ngubelanga Mzwandile	7902286089081	Male	0739615144

WARD 09

CLLR. N.M SIGWEBELA

NAME AND SURNAME	I.D NUMBER	GENDER	CONTACT NUMBER
1. Bonisile Mbukwe	8006101347085	Female	0789527892
2. Njongo Hlengiwe (secretary)	8201070354085	Female	0733140386
3. Ncobela Mongameli	9007056082080	Male	0719662012
4. Mondli Disane (TA)	9307105954085	Male	0634404857
5. Sinama Sandile	8110105422082	Male	0657481252
6. Gwija Mavundla	8712100923087	Female	0834894188
7. Mjuqu Nosabatha	9408070933086	Female	0635588479
8. Mbili Bawelile	7810031081081	Female	0794270328
9. Ndonyela Siniko	8705265523080	Male	0734905729
10. Hlophe Xolile	8811135529081	Male	0747228728

WARD 10

CLLR. S.R VETHE

NAME AND SURNAME	I.D NUMBER	GENDER	CONTACT NUMBER
1. Msizazwe Zanele	7902290947089	Female	0604466152
2. Nondaba Londiwe	6512280839087	Female	0732349413
3. Radebe Sibongile Caiphus	7103315370085	Male	0731526787
4. Ndamonde Mandla	6907076492081	Male	0738177242
5. Sigwebela Siphiwe	7904026005088	Male	0635546290
6. Mkhize Nonhlanhla	8004061048088	Female	0732438510
7. Ngubelanga Nombali (secretary)	8802190830084	Female	0784419487
8. Parkies Makhosazana (D)	8106121200080	Female	0665456267
9. Vezi Bhotana	5703155394089	Male	0729242501
10. Nozisali Nelisiwe	5903120871082	Female	0810703068

WARD 11

CLLR. T.M NCANE

NAME AND SURNAME	I.D NUMBER	GENDER	CONTACT NUMBER
1. Zuma Queen Nozipho (D)	7507150299086	Female	0737739921
2. Gwacela Mano Francisca (TA)	6807300388081	Female	0830206267
3. Ncobela Sillindile	8507071503086	Female	0634197692
4. Ntaka Steve Ntokozo	8709125211084	Male	0717739286
5. Nciki Ronald Siyabonga	8308206049081	Male	0735111020
6. Mpofana Menzi Wiseman	9207276381086	Male	0603866824
7. Khanyisa Sigcau		Female	0761260280
8. Thobile Ntsinjana	8711231077086	Female	0638726509
9. Civana Nombulelo	7507210685084	Female	0781161654
10. Dumisa Nombuyiselo (secretary)	7009221044088	Female	0633941679

Audit and Performance Audit Committee Report for the year ended 30 June2025

The Audit and Performance Audit Committee ("the Committee") presents its report for the year ended 30th of June 2025.

AUDIT COMMITTEE RESPONSIBILITY

The Committee reports that it has complied with its responsibilities arising from section 166 of the MFMA. Furthermore, it has adopted formal terms of reference as its Audit Committee charter, has regulated its affairs in compliance with this charter, and discharged all its responsibilities as contained therein during the year.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Committee consisting of the following members listed hereunder met at least four (4) times per annum as per its approved terms of reference. Six (6) meetings were held during the fiscal year.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
Mr. A.D Gonzalves *(Chairman)*	6
Ms. S Dlungwane	5
Mr. T Zakuza	6
Mr. P Preston	6
Mrs. S Khanyile	6

All members are/were external and therefore independent with no conflicts of interests being reported.

AUDIT COMMITTEE MEETINGS

The Committee held its meetings as follows:

MEETING	DATE	TYPE OF MEETING
1.	29 July 2024	Ordinary
2.	28 August 2024	Special
3.	29 October 2024	Ordinary
4.	31 January 2025	Ordinary
5.	30 April 2025	Ordinary
6.	28 May 2025	Special

The Committee held meetings with the Accounting Officer, senior Management of the municipality, Internal Audit and the Auditor-General of South Africa (AGSA) collectively and individually, on matters related to governance, internal control, and risk in the municipality, throughout the reporting period. The Chairperson of the MPAC is a standard invitee to our meetings. Representatives from the AGSA, and CoGTA attended some of the meetings.

THE EFFECTIVENESS OF INTERNAL CONTROLS

An assessment of the findings identified by Internal Audit as well as the audit and management reports presented to the Committee by the Auditor-General of South Africa (AGSA), reveals that the internal control environment, risk management, and governance processes was not entirely effective throughout the year. The Committee noted that, notwithstanding capacity constraints, internal audit provided assurance over internal controls in line with the approved risk-based audit plan. The scope included reviews of the annual financial statements, quarterly and annual performance reporting, payroll, supply chain management, and follow-up of prior-year AGSA and Internal Audit findings.

The Committee recommends that control activities over compliance monitoring, payroll management, performance reporting, supply chain and expenditure management be strengthened. Furthermore, regular monitoring and supervisory checks must be undertaken by management to improve effectiveness of control activities. Furthermore, a risk management committee must be established to regularly monitor and address strategic and operational risks.

The review of general controls over Information, Communications and Technology will be carried forward to the next financial year. The Committee recommends annual internal audits of Information, Communications and Technology and that sufficient and appropriate resources be allocated to support these audits.

The Committee confirms that internal audit functioned independently and objectively and that its findings were shared with both management and the committee. The committee noted the limited capacity within internal audit and recommends that funding be allocated when needed to complete some audit engagements. Furthermore, management must continue to cooperate with the internal audit function to sustain and improve the current control environment through the timely implementation of recommended actions.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS

The municipality has reported quarterly to the National Treasury and the Council as required by the MFMA. The committee as well as assurance providers provided management with recommendations to improve the quality of financial and non-financial information reporting (performance information, information communication technology, risk management, human resource management, legal, and compliance) during the year under review.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE REPORT

The Committee has reviewed:

- The unaudited annual financial statements, with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management;
- Changes in accounting policies and practices;
- Compliance with legal and regulatory provisions;
- The basis for the going concern assumption, including any financial sustainability risks and issues;
- The unaudited annual performance information on predetermined objectives with due consideration of the independent assurance provided by the internal audit function as well as the assurance provided by Management;
- The AGSA audit and management reports, with due consideration of the responses provided by Management; and
- The audited financial statements as well as the information on predetermined objectives to be included in the annual report for any significant adjustments resulting from the audit and reported to the Accounting Officer.

AUDITOR-GENERAL OF SOUTH AFRICA (AGSA) REPORT

The Committee met with the AGSA to ensure that there are no unresolved issues. The Committee concurs with the conclusions of the AGSA on the annual financial statements and is of the opinion that the audited annual financial statements may be read together with the audit report of the AGSA.

CONCLUSION

The Committee recommends that the internal audit function be capacitated with sufficient and appropriate resources to broaden its scope of engagement activities. Furthermore, it recommends that Management address the aforementioned concerns raised by the Committee, the audit findings identified by internal audit and the material findings identified by the AGSA, by addressing the root cause of all control deficiencies in pursuit of a clean audit outcome.

A.D Gonzalves
21 January 2026

Report of the Auditor-General to Kwa-Zulu Provincial Legislature and the council on the uMuziwabantu Local Municipality.

REPORT OF THE AUDITOR-GENERAL TO KWA-ZULU PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE UMUZIWABANTU LOCAL MUNICIPALITY.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the uMuziwabantu Local municipality set out on pages 148 to 239, which comprise the financial position as at 30 June 2025, statement of financial performance, statements of changes in net assets, the 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 Umuziwabantu Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (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 59 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2025.

DEBT IMPAIRMENT

8. As disclosed in note 5 and 6 to the financial statements, the municipality recognised an allowance for the impairment of both receivables from non-exchange transactions and receivables from exchange transaction to the value of R15 665 275 (2023-24: R20 215 888) and R11 507 880 (2023-24: 13 808 878) respectively. Furthermore, as disclosed in note 35 to the financial statements, a material loss of R 5 090 079 was incurred as a result of an amnesty resolution by council to write of 40% of outstanding debtors.

MATERIAL LOSSES

9. As disclosed in note 34 to the financial statements, material electricity losses of R3 299 490(2023-24:2 671 013) was incurred, which represents 12% (2023-2024: 11%) of total electricity purchased.

Other matters

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.
11. 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

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and DORA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. 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

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 8, forms part of my auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
17. I selected the following material performance indicators related to Basic Service Delivery presented in the annual performance report for the year ended 30 June 2025. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- Number of streetlights planned for maintenance
- Length of electrical cables in Kms installed
- Construction % progress of Harding precinct (Phase2)
- Construction % progress of Mazakhele Hall
- Construction % progress of Emazibukweni to KwaShabane Access Road
- Construction % progress of Enduveni access road and Bridge
- Construction % progress of Kwa-C Access Road
- Construction % progress of upgrade of Field street
- Square metre coverage of pothole patching of municipal road network
- Number of km's of unsurfaced roads graded
- Length of Stormwater Drainage in km
- Number of households provided with refuse removal services

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

19. 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
- there is adequate supporting evidence for the achievements reported and measures taken to improve performance.

20. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

21. The material findings on the reported performance information for the selected material indicators are as follows:

Number of households provided with refuse removal services

22. An achievement of 1344 was reported against a target of 1344. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Number of streetlights planned for maintenance

23. An achievement of 195 was reported against a target of 350. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially more than reported. Consequently, it is likely that the achievement against the target was better than reported.

Completeness of indicators

24. In terms of the Municipal Systems Act (Act No. 32 of 2000), the municipality is responsible for ensuring that all members of the local community have access to at least the minimum level of basic municipal services including access to electricity. However, an indicator to measure performance on this responsibility was omitted from the approved planning documents. The accounting officer did not provide a reason for this. Consequently, the achievement of this legislative mandate was not planned or accounted for, which is likely to result in it not being delivered and undermines transparency and accountability for delivery on mandate.

Other matters

25. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

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

27. The table that follows provides information on the achievement of planned targets and lists the key 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

Targets achieved: 81% *Budget spent: Unknown %*		
Key indicator not achieved	Planned target	Reported achievement
Number of streetlights planned for maintenance	350	206
Construction %progress of Harding precinct (Phase 2)	100% by 30 June 2025	79%
Construction % progress of upgrade of Field Street	95%	77%

MATERIAL MISSTATEMENTS

28. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Basic Service Delivery. Management did not correct all of the misstatements, and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

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

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

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

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

ANNUAL FINANCIAL STATEMENTS

33. The 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 in the statement of budget versus actual amounts and other disclosure items were identified. These misstatements were subsequently corrected, resulting in an unqualifed opinion.

PROCUREMENT AND CONTRACT MANAGEMENT

34. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43.

35. 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.

STRATEGIC PLANNING AND PERFORMANCE

36. The SDBIP for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote, as required by section 1 of the MFMA.

OTHER INFORMATION IN THE ANNUAL REPORT

37. The Accounting Officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in development priority presented in the annual performance report that have been specifically reported on in this auditor's report.

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

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

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

INTERNAL CONTROL DEFICIENCIES

41. 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.

42. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.

43. Management did not conduct adequate reviews of the annual financial statements and its supporting schedules to ensure that the financial statements are supported by reliable information and are compliant with the requirements of GRAP as material adjustments were made to the financial statements.

44. Management have not adequately reviewed the performance report and ensured that they are supported and evidenced by reliable information which resulted in material findings in the annual report.

45. Management have not adequately reviewed and monitored compliance with applicable legislation relating to performance information and procurement and contract management which resulted in material non-compliance.

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 legislativ ntional 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.

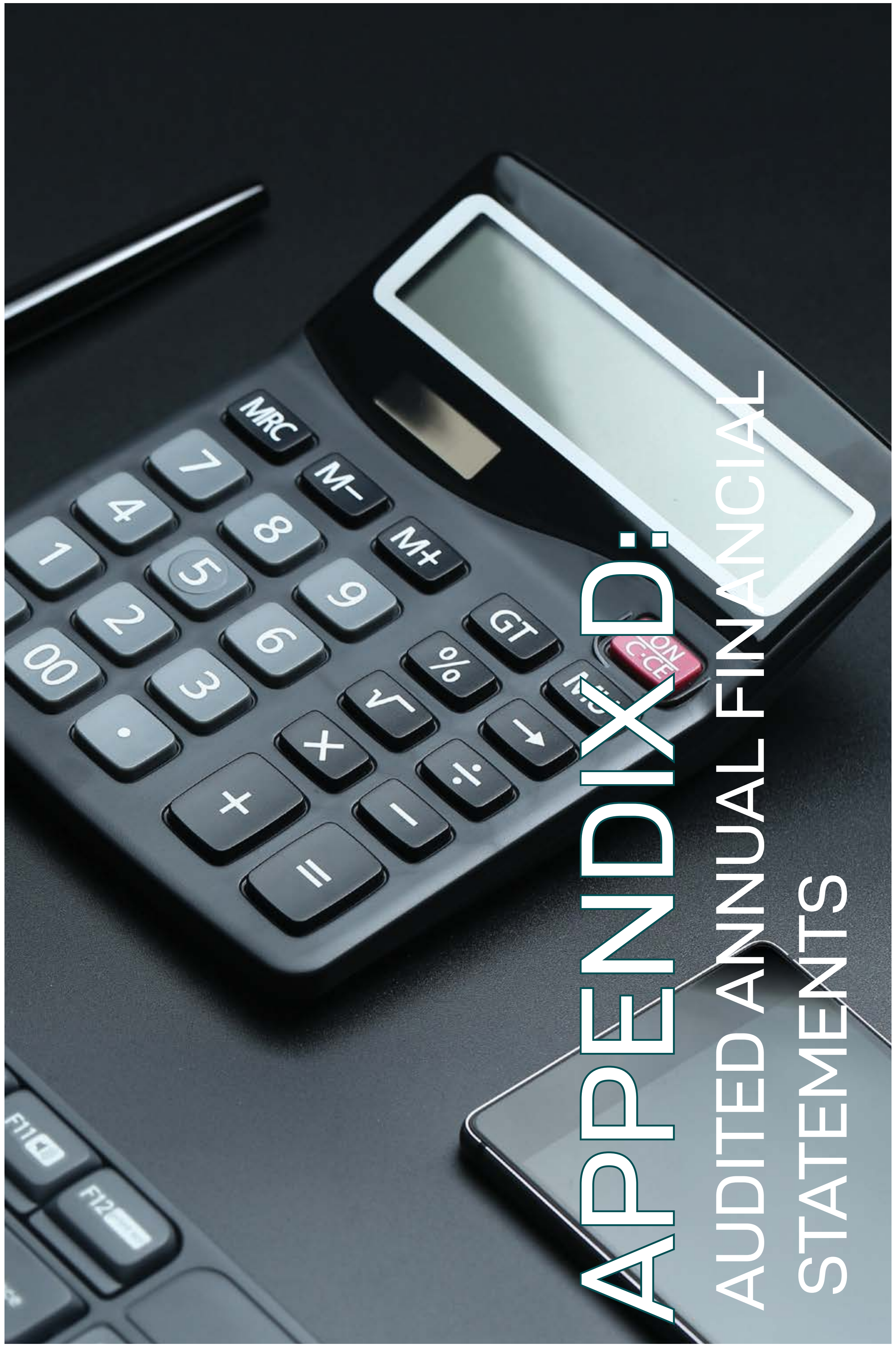
Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure Section 1 - Definition: service delivery and budget implementation plan Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 4(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 2(2)(a)(ii), 32(2)(b), 32(6)(a), Sections 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 2(1)(f)(i), 62(1)(f)(ii), Sections 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 4(2)(b), 64(2)(c), 64(2)(e), Sections 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(72(1)(a)(ii), 112(1)(j), Sections 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2) 126(1)(a), 126(1)(b), Sections 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), Sections 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulation 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)

LEGISLATION	SECTIONS OR REGULATIONS
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), 17(1)(b), Regulations 17(1)(c). 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a) and (b), 29(5)(a)(ii), 29(5)(b)(ii), Regulations 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Sections 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), Regulations 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 27(1), 29(1)(b)(ii), 29(2)(a), Sections 29(2)(c), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, Sections 43(2), 56(a), 57(2)(a), 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), Sections 67(1)(d), 74(1), 93J(1), 96(b) Parent municipality with ME: Sections 93B(a), 93B(b) Parent municipality with shared control of ME: Sections 93C(a)(iv), 93C(a)(v)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(5)(a), 7(1), 8, 9(1)(a), 10(a) Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)

LEGISLATION	SECTIONS OR REGULATIONS
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)



General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998), read with Section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	Local Municipality that provides infrastructure and services to communities in a sustainable manner in order to promote social and economic development, and to promote a safe and healthy environment
MUNICIPAL COUNCIL	
Mayor	Cllr. LS Zungu
	Cllr. NP Luthuli - Deputy Mayor
Councillors	Cllr. PN Shebi - Speaker
	Cllr. GM Cele - Chief Whip
	Cllr. MV Vezi - Exco Member
	Cllr. NM Machi (Inkosi)
	Cllr. EZ Jali (Inkosi)
	Cllr. SMC Dlamini (Inkosi)
	Cllr. MN Machi (Inkosi)
	Cllr. N Ndadane
	Cllr. PN Sibutha
	Cllr. VT Mbata
	Cllr. AP Phungula
	Cllr. Vethe
	Cllr. SS Maphumulo
	Cllr. L Dlamini
	Cllr. T Machi
	Cllr. AB Chala
	Cllr. SP Chala
	Cllr. MT Ncane
	Cllr. ZE Mbotho
	Cllr. SM Chala
	Cllr. NM Sigwebela
	Cllr. S Mzindle
	Cllr. BB Khanyisa
	Cllr. K Mbotho
Grading of local authority	Grade 3
Chief Finance Officer	Mrs HP Mchunu
Accounting Officer	Mr T P Cele
Registered office	Murchison Street Harding 4680
Postal address	Private Box X1023 Harding 4680

General Information

Bankers	Nedbank Limited First National Bank Limited Investec Limited Standard Bank
Auditors	Auditor General of South Africa
Preparer	The annual financial statements preparation was supervised by: Mrs HP Mchunu
Website	www.umuziwabantu.co.za

UMUZIWABANTU LOCAL MUNICIPALITY
(Registration number KZN214)
Annual Financial Statements for the year ended 30 June 2025

Index

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

PAYE	PAY As You Earn
UIF	Unemployment Insurance Fund
SDL	Skills Development Levy
mSCOA	Municipal Standard Chart of Account
GRAP	Generally Recognised Accounting Practice
SCMR	Supply Chain Management Regulation
FMG	Financial Management Grant
DORA	Division of Revenue Act
EPWP	Expanded Public Works Programme
PPE	Property, Plant and Equipment
EEDSM	Energy Efficiency and Demand Side Managment
CPI	Consumer Price Index
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
VAT	Value Added Tax
SCM	Supply Chain Management
INEP	Integrated National electrification Programme

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 2026 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 highly dependent on the government grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's management.

The accounting officer certify that the salaries, allowances and benefits of councillors as disclosed in the financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of the Public Office Bearers Act, Act 20 of 1998 as disclosed on 30.

Mr T P Cele
Municipal Manager
31 August 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	4	354 439	1 307 683
Receivables from non-exchange transactions	5	5 317 930	6 034 446
Receivables from exchange transactions	6	7 982 863	6 898 687
Cash and cash equivalents	7	51 081 964	58 454 130
		64 737 196	**72 694 946**
Non-Current Assets			
Investment property	8	1 723 000	1 723 000
Property, plant and equipment	9	434 473 084	436 812 345
Intangible assets	10	279 416	414 228
Heritage assets	11	170 000	170 000
Plantation inventory	3	42 456 818	47 898 293
		479 102 318	**487 017 866**
Total Assets		**543 839 514**	**559 712 812**
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	20 052 531	18 590 981
Payables from non-exchange transactions	13	2 498 906	2 498 906
Consumer deposits	14	580 305	572 761
Employee benefit obligation	15	514 000	735 000
Unspent conditional grants and receipts	16	1	793 367
		23 645 743	**23 191 015**
Non-Current Liabilities			
Employee benefit obligation	15	13 021 000	10 979 000
Provisions	17	24 068 218	23 270 698
		37 089 218	**34 249 698**
Total Liabilities		**60 734 961**	**57 440 713**
Net Assets		**483 104 553**	**502 272 099**
Accumulated surplus		483 104 553	502 272 099
Total Net Assets		**483 104 553**	**502 272 099**

* See Note 59

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	54 590 352	40 920 661
Rental of facilities and equipment		204 783	275 172
Afforestation sales	20	21 595 404	16 608 125
Agency services	19	698 408	603 791
Licences and permits	21	772 020	855 940
Other income	22	4 756 778	2 737 758
Interest received - investment	23	6 791 648	8 869 317
Total revenue from exchange transactions		**89 409 393**	**70 870 764**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	28 447 398	25 261 680
Property rates - penalties imposed	24	712 581	1 987 683
Transfer revenue			
Government grants & subsidies	25	156 254 368	160 211 355
Fines, Penalties and Forfeits	26	196 500	178 200
Construction contracts	27	-	556 522
Total revenue from non-exchange transactions		**185 610 847**	**188 195 440**
Total revenue	28	**275 020 240**	**259 066 204**
Expenditure			
Employee related costs	29	(87 075 455)	(82 747 025)
Remuneration of councillors	30	(10 425 935)	(10 411 025)
Depreciation and amortisation	31	(25 370 253)	(26 089 053)
Construction Contract Expenditure	27	-	(556 522)
Finance costs	33	(2 157 716)	(2 660 311)
Lease rentals on operating lease	34	(195 017)	(158 030)
Debt write-off	35	(5 090 079)	-
Afforestation General Expenses	39	(7 436 206)	(5 914 252)
Afforestation Cost of Sales	40	(14 657 797)	(9 129 379)
Bulk purchases	36	(55 383 582)	(43 525 980)
Contracted services	37	(36 918 687)	(39 227 333)
Transfers and Subsidies	38	(4 794 537)	(4 956 571)
Inventory consumed	4	(4 203 496)	(2 289 053)
General Expenses	41	(40 096 169)	(47 367 571)
Total expenditure		**(293 804 929)**	**(275 032 105)**
Operating deficit		**(18 784 689)**	**(15 965 901)**
Loss on disposal of assets	42	(333 664)	(10 745 840)
Actuarial gains/losses	15	(28 563)	961 394
Changes in value of plantation	3	(5 441 475)	(4 528 121)
Reversal of impairments (Impairment loss)	32	5 422 379	(19 192 852)
		(381 323)	**(33 505 419)**
Deficit for the year		**(19 166 012)**	**(49 471 320)**

* See Note 59

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	492 532 168	492 532 168
Adjustments		
Prior year adjustments - Note 57	59 211 251	59 211 251
Restated* Balance at 1 July 2023	**551 743 419**	**551 743 419**
Changes in net assets		
Surplus for the year	(49 471 320)	(49 471 320)
Total changes	(49 471 320)	(49 471 320)
Restated* Balance at 01 July 2024	**502 272 099**	**502 272 099**
Changes in net assets		
Deficit for the year	(19 166 012)	(19 166 012)
Total changes	(19 166 012)	(19 166 012)
Balance at 30 June 2025	**483 104 553**	**483 104 553**
Note(s)		

* See Note 59

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		112 326 186	81 179 404
Grants		155 461 002	161 644 000
Interest income		6 791 648	8 869 317
Other receipts		6 382 136	5 116 897
		280 960 972	256 809 618
Payments			
Employee costs		(100 144 990)	(95 468 321)
Suppliers		(159 883 997)	(157 125 008)
Finance costs		(195)	(222 060)
Construction contracts		-	(556 522)
Transfers and subsidies		(4 794 537)	(1 405 572)
		(264 823 719)	(254 777 483)
Net cash flows from operating activities	44	**16 137 253**	**2 032 135**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(23 509 419)	(40 216 307)
Cash flows from financing activities			
Finance lease payments		-	(2 762 676)
Net increase/(decrease) in cash and cash equivalents		**(7 372 166)**	**(40 946 848)**
Cash and cash equivalents at the beginning of the year		58 454 130	99 400 978
Cash and cash equivalents at the end of the year	7	**51 081 964**	**58 454 130**

* See Note 59

UMUZIWABANTU LOCAL MUNICIPALITY
(Registration number KZN214)
Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	46 976 000	4 113 000	**51 089 000**	54 590 352	**3 501 352**	Note 55.2
Rental of facilities and equipment	501 000	(218 000)	**283 000**	204 783	**(78 217)**	Note 55.3
Afforestation sales	23 990 456	-	**23 990 456**	21 595 404	**(2 395 052)**	Note 56.3
Agency services	682 000	-	**682 000**	698 408	**16 408**	Note 55.4
Licences and permits	1 260 000	(400 000)	**860 000**	772 020	**(87 980)**	Note 55.5
Other income	6 615 306	303 000	**6 918 306**	4 756 778	**(2 161 528)**	Note 55.6
Interest received - investment	10 101 000	(2 860 000)	**7 241 000**	6 791 648	**(449 352)**	Note 55.7
Total revenue from exchange transactions	**90 125 762**	**938 000**	**91 063 762**	**89 409 393**	**(1 654 369)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	27 904 000	-	**27 904 000**	28 447 398	**543 398**	Note 55.8
Property rates - penalties imposed	2 225 000	1 640 000	**3 865 000**	712 581	**(3 152 419)**	Note 55.8
Transfer revenue						
Government grants & subsidies	130 110 000	120 000	**130 230 000**	156 254 368	**26 024 368**	Note 55.9
Fines, Penalties and Forfeits	2 315 000	(1 850 000)	**465 000**	196 500	**(268 500)**	Note 55.10
Total revenue from non-exchange transactions	**162 554 000**	**(90 000)**	**162 464 000**	**185 610 847**	**23 146 847**	
Total revenue	**252 679 762**	**848 000**	**253 527 762**	**275 020 240**	**21 492 478**	
Expenditure						
Employee related cost	(102 751 000)	-	**(102 751 000)**	(87 075 455)	**15 675 545**	Note 55.11
Remuneration of councillors	(12 390 000)	-	**(12 390 000)**	(10 425 935)	**1 964 065**	Note 55.12
Depreciation and amortisation	(26 000 000)	(1 000 000)	**(27 000 000)**	(25 370 253)	**1 629 747**	Note 55.13
Impairment loss	(5 300 000)	5 300 000	**-**	-	**-**	Note 55.14
Finance costs	(35 000)	5 000	**(30 000)**	(2 157 716)	**(2 127 716)**	Note 55.15
Lease rentals on operating lease	(199 000)	-	**(199 000)**	(195 017)	**3 983**	Note 55.16
Debt write-off	(5 100 000)	-	**(5 100 000)**	(5 090 079)	**9 921**	Note 55.23
Afforestation General Expenses	(5 201 251)	-	**(5 201 251)**	(7 436 206)	**(2 234 955)**	Note 55.17
Afforestation cost of sales	(17 879 647)	-	**(17 879 647)**	(14 657 797)	**3 221 850**	Note 55.17
Bulk purchases	(55 544 000)	159 696	**(55 384 304)**	(55 383 582)	**722**	Note 55.18
Contracted Services	(24 604 000)	(14 159 153)	**(38 763 153)**	(36 918 687)	**1 844 466**	Note 55.19
Transfers and Subsidies	(1 000 000)	(3 803 010)	**(4 803 010)**	(4 794 537)	**8 473**	Note 55.20
Inventory consumed	(1 464 000)	(2 351 000)	**(3 815 000)**	(4 203 496)	**(388 496)**	Note 55.21
General Expenses	(41 423 000)	754 000	**(40 669 000)**	(40 096 169)	**572 831**	Note 55.22
Total expenditure	**(298 890 898)**	**(15 094 467)**	**(313 985 365)**	**(293 804 929)**	**20 180 436**	
Operating deficit	**(46 211 136)**	**(14 246 467)**	**(60 457 603)**	**(18 784 689)**	**41 672 914**	
Loss on disposal of assets	-	-	**-**	(333 664)	**(333 664)**	Note 55.23
Reversal of Impairment	-	-	**-**	5 422 379	**5 422 379**	Note 56.23

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actuarial gains/losses	-	-	-	(28 563)	**(28 563)**	Note 55.23
Changes in value of plantation	-	-	-	(5 441 475)	**(5 441 475)**	Note 55.23
	-	-	-	**(381 323)**	**(381 323)**	
Deficit	**(46 211 136)**	**(14 246 467)**	**(60 457 603)**	**(19 166 012)**	**41 291 591**	
Actual Amount on Comparable Basis	**(46 211 136)**	**(14 246 467)**	**(60 457 603)**	**(19 166 012)**	**41 291 591**	
Reconciliation						

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	831 000	**831 000**	354 435	**(476 565)**	56.24
Receivables from non-exchange transactions	4 542 000	(431 000)	**4 111 000**	5 317 930	**1 206 930**	56.25
VAT receivable	9 630 000	106 954 000	**116 584 000**	-	**(116 584 000)**	56.26
Receivables from exchange transactions	315 000	11 547 000	**11 862 000**	7 982 863	**(3 879 137)**	56.27
Other Current Assets	422 000	337 000	**759 000**	-	**(759 000)**	56.28
Cash and cash equivalents	30 420 000	(2 012 000)	**28 408 000**	51 081 978	**22 673 978**	56.29
	45 329 000	**117 226 000**	**162 555 000**	**64 737 206**	**(97 817 794)**	
Non-Current Assets						
Investment property	1 723 000	303 000	**2 026 000**	1 723 000	**(303 000)**	56.30
Property, plant and equipment	468 631 000	(40 092 000)	**428 539 000**	434 473 084	**5 934 084**	56.31
Intangible assets	211 000	101 000	**312 000**	279 416	**(32 584)**	56.32
Heritage assets	170 000	-	**170 000**	170 000	**-**	
Plantation inventory	-	-	**-**	42 456 818	**42 456 818**	56.33
	470 735 000	**(39 688 000)**	**431 047 000**	**479 102 318**	**48 055 318**	
Total Assets	**516 064 000**	**77 538 000**	**593 602 000**	**543 839 524**	**(49 762 476)**	
Liabilities						
Current Liabilities						
Financial liabilities	2 558 000	(2 558 000)	**-**	-	**-**	
Payables from exchange transactions	25 990 000	(9 509 000)	**16 481 000**	20 052 527	**3 571 527**	56.34
Payables from Non-exchange transactions	6 375 000	(2 077 000)	**4 298 000**	2 498 906	**(1 799 094)**	56.35
VAT payable	2 772 000	118 287 000	**121 059 000**	-	**(121 059 000)**	56.36
Consumer deposits	559 000	14 000	**573 000**	580 305	**7 305**	56.37
Employee benefit obligation	-	-	**-**	514 000	**514 000**	56.38
Unspent conditional grants and receipts	-	-	**-**	1	**1**	
Provisions	1 212 000	1 789 000	**3 001 000**	-	**(3 001 000)**	56.39
	39 466 000	**105 946 000**	**145 412 000**	**23 645 739**	**(121 766 261)**	
Non-Current Liabilities						
Financial Liabillities	2 763 000	(2 763 000)	**-**	-	**-**	
Employee benefit obligation	7 311 000	(795 000)	**6 516 000**	13 021 000	**6 505 000**	56.40
Provisions	32 358 000	(6 890 000)	**25 468 000**	24 068 218	**(1 399 782)**	56.41
	42 432 000	**(10 448 000)**	**31 984 000**	**37 089 218**	**5 105 218**	
Total Liabilities	**81 898 000**	**95 498 000**	**177 396 000**	**60 734 957**	**(116 661 043)**	
Net Assets	**434 166 000**	**(17 960 000)**	**416 206 000**	**483 104 553**	**66 898 567**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	54 294 126	-	**54 294 126**	-	**(54 294 126)**	
Accumulated surplus	379 872 000	(17 954 000)	**361 918 000**	483 450 137	**121 532 137**	
Total Net Assets	**434 166 126**	**(17 954 000)**	**416 212 126**	**483 450 137**	**67 238 011**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	53 458 000	-	**53 458 000**	112 326 186	**58 868 186**	56.42
Service charges	30 485 000	-	**30 485 000**	-	**(30 485 000)**	56.43
Grants	155 454 000	800 000	**156 254 000**	155 461 002	**(792 998)**	56.44
Interest income	10 620 000	(1 200 000)	**9 420 000**	6 791 648	**(2 628 352)**	56.46
Other cash receipts	35 784 000	(962 000)	**34 822 000**	6 382 136	**(28 439 864)**	
	285 801 000	**(1 362 000)**	**284 439 000**	**280 960 972**	**(3 478 028)**	
Payments						
Suppliers and other payments	(144 399 000)	(5 259 000)	**(149 658 000)**	(100 144 990)	**49 513 010**	56.47
Employee costs	(259 540 000)	(15 984 000)	**(275 524 000)**	(159 883 997)	**115 640 003**	56.48
Finance costs	(115 141)	-	**(115 141)**	(195)	**114 946**	56.49
Transfers and subsidies	-	(3 183 000)	**(3 183 000)**	(4 794 537)	**(1 611 537)**	56.50
	(404 054 141)	**(24 426 000)**	**(428 480 141)**	**(264 823 719)**	**163 656 422**	
Net cash flows from operating activities	**(118 253 141)**	**(25 788 000)**	**(144 041 141)**	**16 137 253**	**160 178 394**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(32 839 000)	39 000	**(32 800 000)**	(23 509 419)	**9 290 581**	56.51
Net increase/(decrease) in cash and cash equivalents	(151 092 141)	(25 749 000)	**(176 841 141)**	(7 372 166)	**169 468 975**	
Cash and cash equivalents at the beginning of the year	37 331 000	-	**37 331 000**	-	**(37 331 000)**	
Cash and cash equivalents at the end of the year	**(113 761 141)**	**(25 749 000)**	**(139 510 141)**	**(7 372 166)**	**132 137 975**	

Accounting Policies

Figures in Rand	Note(s)	2025	2024

1. Presentation of Annual Financial Statements

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

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

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

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

1.4 Interests in other entities

1.5 Significant judgements and sources of estimation uncertainty

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

Trade receivables

The municipality assesses its 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 in terms of GRAP 104 and GRAP 108.

Impairment testing

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. Impairment is determined in terms of GRAP 26.

Accounting Policies

1.5 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 17 - Provisions.

Useful lives of property, plant and equipment

The municipality depreciates assets over their estimated useful lives, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus or 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.

1.6 Biological assets (Plantation inventoty) that form part of an agricultural activity

The entity recognises biological assets (plantation inventoty) that form part of an agricultural activity or agricultural produce when, and only when:
- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets (Plantation inventoty) that form part of an agricultural activity are measured at their fair value less costs to sell.

The fair value of the plantations is based on the fair value of the plantation. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the pine trees.

A gain or loss arising on initial recognition of a biological asset that forms part of an agricultural activity or agricultural produce
at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset that forms part of an agricultural activity is included in surplus or deficit for the period in which it arises.

A biological asset that forms part of an agricultural activity is derecognised on disposal or when the asset is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of a biological asset that forms part of an agricultural activity is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Accounting Policies

1.7 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

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

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

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

An investment property shall be derecognised on disposal or when investment property is permanently withdrawn from use and nor future economic benefits or service potential are expected from its disposal.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.8 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.

Accounting Policies

1.8 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.

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.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

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

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	30 years
Plant and machinery	Straight-line	10 - 20 years
Furniture and fixtures	Straight-line	10 - 15 years
Motor vehicles	Straight-line	7 - 20 years
Office equipment	Straight-line	5 - 30 years
IT equipment	Straight-line	5 - 20 years
Road infrastructure	Straight-line	5 - 15 years
Community	Straight-line	10 - 85 years
Solid waste assets	Straight-line	10 - 55 years
Solid waste: Landfill site	Straight-line	30 - 55 years
Electricity network	Straight-line	25 - 80 years
Roads	Straight-line	10 - 80 years
Leased assets	Straight-line	2 - 3 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.

Accounting Policies

1.8 Property, plant and equipment (continued)

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.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

1.9 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.10 Intangible assets

An asset is identifiable if it either:

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

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

Accounting Policies

1.10 Intangible assets (continued)

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as 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	3 - 5 years

Intangible assets are derecognised:

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

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

1.11 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Accounting Policies

1.11 Heritage assets (continued)

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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.

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

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 11).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

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

Transfers

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

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

Accounting Policies

1.11 Heritage assets (continued)

Derecognition

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

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

1.12 Financial instruments

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

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

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

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

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

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

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

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

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

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

A financial asset is:

- cash;
- a residual interest of another entity; or

Accounting Policies

1.12 Financial instruments (continued)

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;

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1.12 Financial instruments (continued)

- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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
Receivable from exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Employee benefit obligation	Financial liability measured at amortised cost
Finance leases	Financial liability measured at amortised cost

1.13 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Accounting Policies

1.13 Statutory receivables (continued)

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

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

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

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.

Accounting Policies

1.14 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 interest rate implicit in the lease.

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

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

Operating leases - 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.

1.15 Inventories

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;

- 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 of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Accounting Policies

1.16 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

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

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

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

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.17 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.

Accounting Policies

1.17 Impairment of cash-generating assets (continued)

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.

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 a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:
- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Accounting Policies

1.17 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.18 Impairment of non-cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

Accounting Policies

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

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

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service 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:

Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

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

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1.19 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 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.

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.

Other post retirement obligations

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

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

Accounting Policies

1.20 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.

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

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

Accounting Policies

1.20 Provisions and contingencies (continued)

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.

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, an 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.

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Accounting Policies

1.20 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.17 and 1.18.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.21 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.22 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.

Accounting Policies

1.22 Revenue from exchange transactions (continued)

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

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

Sale of goods

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

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

Rendering of services

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

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

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

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

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

Interest, royalties and dividends

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

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

Interest is recognised 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.

1.23 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.

Accounting Policies

1.23 Revenue from non-exchange transactions (continued)

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.

Accounting Policies

1.23 Revenue from non-exchange transactions (continued)

Measurement

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

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

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

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

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

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.

1.24 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus (deficit) of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:
- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Accounting Policies

1.25 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.26 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.

1.27 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

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

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:
- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

Accounting Policies

1.27 Accounting by principals and agents (continued)

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.

1.28 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.29 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).

1.30 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).

1.31 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).

1.32 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.33 Segment information

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

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

Accounting Policies

1.33 Segment information (continued)

Measurement

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

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

1.34 Budget information

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

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

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

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

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

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

1.35 Related parties

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

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

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

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

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

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

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

Accounting Policies

1.35 Related parties (continued)

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.

1.36 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.37 Biological assets

Biological assets (Plantation inventories) are recognised when the entity controls the asset as a result of past event, it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably. Biological assets for which fair value is determinable without undue cost or effort are measured at fair value less costs to sell, with the changes in fair value recognised in profit or loss. At the point of harvesting, the carrying value of plantation inventories is transferred to inventory. All the expenses incurred in establishing and maintaining the assets are recognised in the statement of comprehensive income. All costs incurred in acquiring plantation inventories are capitalised.

Agricultural produce is measured at fair value less costs to sell at the point of harvest. Such measurement is regarded as the cost. Gains or losses on initial measurement are recognised in profit or loss in the period in which they occur.

Biological assets are measured at fair value less cost to sell and were valued at year end using the sum of the standing value of each compartment of timber at current age, area planted and species. The value of timber for each age class is determined using the sector benchmark – the Faustmann Formula – by which the input costs are compounded from date of each particular silvicultural operation to the age of valuation using the calculated rate of return for the crop. This model incorporates estimates consistent with prior years. The estimates relate to the rate of return, net standing value, mean annual increment and opportunity cost of land use.

The valuation model provides for the input values per species leading to the determination of a standing value per age class. The plantation valuation is the sum of the product of the standing value per age class and the total number of planted hectares per species for each age class.

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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 01 July 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Grap 103 (as revised): Heritage Assets	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (amended): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites		

3. Plantation inventory

Plantation inventories represent consumable biological assets held for harvest as an agricultural produce. The movement during the year represents a loss of R5 441 475 (2024: gain from changes of R4 527 821) in fair value. Plantation inventories are stated at fair value less estimated point of sale costs, based on the present value of net future cash flows from the asset discounted at a market determined pre-tax rate. The scheme reviews its outlook for standing timber prices regularly in considering the need for active financial risks management

	2025	2024
Plantations		
Opening balance	47 898 293	52 426 114
Gains/(losses) on changes in plantation standing timber	(5 441 475)	(4 527 821)
	42 456 818	**47 898 293**

4. Inventories

	2025	2024
Consumables	47 006	19 694
Maintenance materials	149 907	811 193
Afforestation Scheme	157 526	476 796
	354 439	**1 307 683**

No inventories are pledged as security for liabilities.

Inventory has been recorded using the weighted average cost method. Consumables are carried at a lower of cost or current replacement value. Materials and supplies are carried at a lower of cost or net realisable value. No inventory values were written-down or reversed.

	2025	2024
The amount of inventory recognised as an expense during the period		
Material and supplies	1 937 882	827 717
Consumables	2 265 515	1 461 336
	4 203 397	**2 289 053**

	2025	2024
Carrying value of inventories carried at lower of cost or net realisable value	1 307 683	518 114
Inventory purchased during the year	3 092 627	2 674 344
Afforestation movement	157 526	404 278
Inventory recognised as an expense during the year	(4 203 397)	(2 289 053)
	354 439	**1 307 683**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables from non-exchange transactions

Fruitless and wasteful expenditure debtor	3 784	-
Property rates	15 930 215	20 822 528
Traffic fines	4 188 850	3 992 350
Accrued income	111 872	42 793
Statutory Receivable - VAT Control (Receivable) From SARS	748 485	1 692 663
	20 983 206	**26 550 334**

Property rates - Allowance for impairment	(11 476 425)	(16 523 538)
Traffic fines - Allowance for impairment	(4 188 850)	(3 992 350)
	(15 665 275)	**(20 515 888)**

Net balance		
Property rates	4 453 788	4 298 989
Accrued income	111 872	42 794
Vat Control (Receivables) From SARS	748 485	1 692 663
	5 314 145	**6 034 446**

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Total receivables from non-exchange transactions	(15 665 275)	(20 515 888)
	-	-

Property rates		
Current (0-30 days)	1 496 865	1 379 406
31 - 60 days	716 695	889 136
61 - 90 days	528 388	657 080
91 - 120 days	405 887	592 492
121 - 360 days	367 543	4 118 520
> 360 days	12 414 837	13 185 895
	15 930 215	**20 822 529**

Traffic fines		
Current (0-30 days)	2 900	-
31 - 60 days	15 650	25 350
61 - 90 days	20 950	13 750
91 - 120 days	19 800	9 350
121 - 360 days	500	9 100
> 360 days	4 129 050	3 934 800
	4 188 850	**3 992 350**

Accrued income		
> Current (0 - 30 days)	111 872	42 794

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Property rates are charged in terms of the Municipal Property Rates Act No.6 of 2004 to customers owning immovable properties within the municipality jurisdiction.

Traffic fines are issued to drivers in violation of Criminal Procedures Act No. 51 of 1977.

Determination of transaction amount

Transaction amount for Property rates is determined by applying the rates approved by the council to the market values of properties. Transaction amount is adjusted by exemptions and approved rebates to qualifying customers.

Transaction amount for Traffic fines is determined according to Schedule 3 of Administrative Adjudication of Road Traffic Offences Act.

Interest or other charges levied/charged

Interest rate of 11% (2021: 11%) is charged on all debtors' accounts with outstanding balances on property rates and there are no other levies charged.

Outstanding traffic fines balances are not charged interest.

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

Debtors with outstanding balances at the reporting date are assessed for impairment. Debtors age analysis is used and debtors owing more than 90 days are considered for impairment. Assessment for impairment is done at individual account balance first. This done taking into account the payment historical beheviour and credit rating checks.

Thereafter, debtors not impaired at individual level are grouped into Households and Industrial/Commercial categories for collective assessment. Government accounts are not assessed for impairment.

Discount rate applied to the estimated future cash flows

Prime rate of 7% (2022: 7%) is applied to determine the present value of estimated future cash flows on property rates receivables. Future cash flows are determined by applying the collection rate to the outstanding balances.

Reconciliation of provision for impairment for statutory receivables

Opening balance (Property rates and traffic fines)	(18 907 259)	(14 433 812)
Contributions to allowance	(350 746)	(4 473 447)
	(19 258 005)	**(18 907 259)**

Receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions are pledged as security for liabilities.

None of the receivables from non-exchange transactions have been renegotiated.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2025, R 1 617 880 (2024: R2 925 622) were past due but not impaired.

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

1 month past due	1 033 284	1 379 406
2 months past due	410 104	889 136
3 months past due	174 492	657 080

6. Receivables from exchange transactions

Gross balances		
Electricity	13 364 611	14 590 572
Input VAT accrual	1 397 266	499 669
Refuse	1 726 505	2 576 063
Sundry Debtors	39 237	39 237
Afforestation debtors	1 881 566	2 112 041
Interest receivable	914 557	754 983
Rental	1	135 000
Land Sale	167 000	-
	19 490 743	**20 707 565**
Less: Allowance for impairment		
Electricity	(10 156 569)	(11 126 519)
Refuse	(1 312 074)	(2 576 063)
Sundry Debtors	(39 237)	(39 237)
Rental	-	(67 059)
	(11 507 880)	**(13 808 878)**
Net balance		
Electricity	3 208 042	3 464 053
Input VAT accrual	1 397 266	499 669
Land Sale	167 000	-
Refuse	414 431	-
Afforestation debtors	1 881 566	2 112 041
Interest receivable	914 557	754 983
Rental	1	67 941
	7 982 863	**6 898 687**
Electricity		
Current (0 -30 days)	3 830 577	3 215 711
31 - 60 days	1 280 227	1 031 310
61 - 90 days	688 208	810 313
91 - 120 days	438 295	767 073
121 - 360 days	375 931	2 235 127
> 360 days	6 751 374	6 531 039
	13 364 612	**14 590 573**
Land Sale		
Current (0 -30 days)	167 000	-

Notes to the Annual Financial Statements

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Receivables from exchange transactions (continued)

Refuse		
Current (0 -30 days)	289 657	269 785
31 - 60 days	169 369	173 684
61 - 90 days	119 790	131 544
91 - 120 days	91 493	116 232
121 - 360 days	75 477	647 269
> 360 days	980 718	1 237 549
	1 726 504	**2 576 063**
Sundry debtors		
> 365 days	39 237	39 237
Afforestation debtors		
Current (0 -30 days)	1 881 566	2 112 041
Interest Receivable		
Current (0 -30 days)	914 557	754 983
Rental		
121 - 365 days	-	135 000
Reconciliation of allowance for impairment		
Balance at beginning of the year	(13 808 877)	(5 214 599)
Contributions to allowance	(2 300 998)	(8 594 279)
	(16 109 875)	**(13 808 878)**

No receivables from exchange transactions are pledged as security for liabilities.

None of the receivables from exchange transactions have been renegotiated.

Notes to the Annual Financial Statements

6. Receivables from exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Property Rates Taxes are imposed in accordance with the Municipal Property Rates Act 6 of 2004. The Act gives the Municipality to levied Property Rates taxes on all properties within the Municipal jurisdiction.

Traffic fines are issued to offenders in terms of the Criminal Procedures Act, hence this is therefore recognised as a statutory receivable. The receivable is calculated by determining the value of the fine to be paid on initial recognition, and accounting for subsequent measurement by taking into account reductions and discounts made to the value of the fine payable in terms of the court of law. No interest is charged on outstanding fines, and any additional penalties applied by the court is paid by the offender to the court directly, and is therefore not considered to be revenue for the municipality.

Value Added Taxation (VAT) is levied in terms of the Value Addded Taxation Act 89 of 1991.

Determination of transaction amount

Municipal Property Rates taxes is determined by using the municipal property valuation roll and is imposed on a Property that is within the Municipal Jurisdiction on usage.

Municipal Traffic fines are determined based on the tariffs for offences in accordance with the National Road Traffic Act.

Value Added Taxation is levied on Vatable Supplies of goods and services, and is the Cash Portion attributable to VAT 201 Returns submitted to SARS awaiting payment from SARS.

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

Assessing impairment is an event that takes place subsequent to the initial recognition of revenue charged. The Municipality assesses the probability of collecting revenue for traffic fines that are in arrears. Traffic fines will be impaired when the possibility of collecting the fines cannot be ascertained and where the prospects of a successful prosecution of an offender are not certain. The municipality also considers that offenders may make legal representation to have the fines reduced or voided. Therefore, the collection rate average over a 3-year period is used to determine future cashflows against outstanding fines, and the difference between future cash flows and outstanding fines will be considered as impaired.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	61	554
Bank balances	2 274 533	3 131 938
Short-term deposits	42 766 271	52 346 162
Other cash and cash equivalents - Afforestation	6 041 099	2 975 476
	51 081 964	**58 454 130**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
FNB - Primary Account - 62846414936	2 274 547	3 131 982	9 343 738	2 274 547	3 131 952	9 405 836
FNB - Afforestation current account - 50932742767	-	4 136	-	-	4 126	-
FNB - call account - 61240006266	60 605	57 898	55 140	60 605	57 898	55 140
FNB - Call account - 62618238655	-	-	41 637	-	-	41 637
FNB - Fixed deposit account - 62605479767	-	-	99 439	-	-	99 439
FNB - call account - 62766746542	-	-	8 763	-	-	8 763
Nedbank - Fixed deposit account - 037165014802/16	-	-	543 328	-	-	543 328
Nedbank - Fixed deposit account - 037165014802/01	-	-	11 335 811	-	-	11 335 811
Nedbank - Fixed deposit account - 037165013008/77	-	-	16 464 890	-	-	16 464 890
Nedbank - Fixed deposit account - 037165026169/01	1 427 574	13 887 831	28 170 533	1 427 574	13 887 831	28 170 533
Investec bank - fixed deposit account - 1100529803500	-	301 446	278 165	-	301 446	278 165
Standard bank - fixed deposit account - 258884908003	-	2 274 162	2 090 510	-	2 274 162	2 090 510
FNB - fixed deposit 62943043638	96 590	814 026	2 873 199	96 590	814 026	2 873 199
FNB - fixed deposit account 62907392740	-	-	844 976	-	-	844 976
Afforestation	6 041 099	2 971 338	1 788 069	6 041 099	2 971 338	1 798 867
FNB - call account 63012454855	-	-	387 553	-	-	387 554
FNB - 76202798199	-	-	25 000 000	-	-	25 000 000
Nedbank - fixed deposit 037165026169/24	-	20 000 000	-	-	20 000 000	-
Standard Bank - Fixed deposit 258884908004	2 428 617	-	-	2 428 617	-	-
Standard Bank - Afforestation	-	-	-	10 798	10 798	-
Nedbank - Fixed Deposit 037165015337/24	10 000 000	-	-	10 000 000	-	-
Nedbank - Fixed deposit 037165026169/29	15 000 000	-	-	15 000 000	-	-
Nedbank - FIXED DEPOSIT 037165026169/26	-	15 000 000	-	-	15 000 000	-
Nedbank - Fixed deposit 037165014802/16	635 293	-	-	635 293	-	-
Petty cash	-	-	-	-	554	2 330
Nedbank - Call account 037165014802/01	13 106 793	-	-	13 106 793	-	-
Total	**51 071 118**	**58 442 819**	**99 325 751**	**51 081 916**	**58 454 131**	**99 400 978**

The difference between bank statements total (R51 074 473) and cash and cash equivalents excluding petty cash balance (R51 085 271) is R10,798 due to outstanding deposits.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Cash and cash equivalents (continued)

There is no cash and cash equivalent pledged as collateral for liabilities or contingent liabilities

Restricted Cash Balances - Conditional Grants
Disaster Managment Grant is subject to conditions as set out in the Division of Revenue Act and may only be utilised for the purposes stipulated therein. Unspent amounts must be returned to respective funder unless approval for retention is obtained

Notes to the Annual Financial Statements

Figures in Rand

8. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 723 000	-	1 723 000	1 723 000	-	1 723 000

No investment property has been pledged as security for liabilities

Reconciliation of investment property - 2025

	Opening balance	Total
Investment property	1 723 000	1 723 000

Reconciliation of investment property - 2024

	Opening balance	Total
Investment property	1 723 000	1 723 000

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.

Various land where the council intends using it for future development and fair value disclosure was based on the valuation by an independent valuer, BPG Mass Appraisals (Pty) Ltd, who holds a recognised and relevant professional qualification and has experience in the category of the valued investment properties. The properties are all vacant residential properties.

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2022. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The new general valuation will be implemented on 1 July 2027.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

8. Investment property (continued)

Maintenance of investment property

There was no maintenance costs incurred that relates to income and non-income generating investment property.

Amounts recognised in surplus or deficit

Rental revenue from Investment property	204 783	275 172

There were no direct operating expenses from the investnent Propoerty that generated rental revenue.

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Notes to the Annual Financial Statements

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9. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	44 130 797	-	44 130 797	44 130 797	-	44 130 797
Buildings	67 462 383	(15 785 143)	51 677 240	67 862 169	(13 889 964)	53 972 205
Plant and machinery	46 847 606	(24 460 497)	22 387 109	47 593 608	(20 963 593)	26 630 015
Furniture and fixtures	5 667 549	(4 140 357)	1 527 192	5 895 821	(3 721 594)	2 174 227
Motor vehicles	15 079 274	(9 275 564)	5 803 710	13 805 096	(8 358 372)	5 446 724
IT equipment	5 580 705	(3 645 478)	1 935 227	6 383 861	(3 745 710)	2 638 151
Roads	244 824 690	(95 490 900)	149 333 790	228 432 194	(88 364 816)	140 067 378
Solid waste	49 719 540	(11 340 374)	38 379 166	49 215 614	(9 689 316)	39 526 298
Electricity	13 931 129	(9 214 000)	4 717 129	13 214 481	(7 982 252)	5 232 229
Community assets	102 458 377	(30 877 786)	71 580 591	93 584 592	(24 783 083)	68 801 509
Afforestation	3 969 871	(1 421 165)	2 548 706	4 026 790	(1 256 797)	2 769 993
Work in Progress	40 453 880	(1 453)	40 452 427	45 461 858	(39 039)	45 422 819
Total	**640 125 801**	**(205 652 717)**	**434 473 084**	**619 606 881**	**(182 794 536)**	**436 812 345**

No items of property, plant and equipment were acquired through non-exchange transactions.

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	44 130 797	-	-	-	-	-	44 130 797
Buildings	53 972 205	-	(74 553)	-	(2 220 412)	-	51 677 240
Plant and machinery	26 630 015	198 148	(8 121)	-	(4 432 678)	(255)	22 387 109
Furniture and fixtures	2 174 227	15 000	(45 118)	-	(616 573)	(344)	1 527 192
Motor vehicles	5 446 724	1 782 074	(71 296)	-	(1 336 321)	(17 471)	5 803 710
IT equipment	2 638 151	281 071	(165 774)	-	(800 105)	(18 116)	1 935 227
Roads	140 067 378	-	58 838	18 067 723	(8 768 356)	(91 793)	149 333 790
Solid waste	39 526 298	505 000	-	-	(1 652 132)	-	38 379 166
Electricity	5 232 229	-	(20 893)	-	(494 207)	-	4 717 129
Community assets	68 801 509	-	(6 540)	9 096 507	(4 709 634)	(1 601 251)	71 580 591
Afforestation	2 769 993	7 824	(24 088)	-	(205 023)	-	2 548 706
Work in Progress	45 422 819	22 193 838	-	(27 164 230)	-	-	40 452 427
	436 812 345	**24 982 955**	**(357 545)**	**-**	**(25 235 441)**	**(1 729 230)**	**434 473 084**

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Error correction	Total
Land	44 130 797	-	-	-	-	-	-	-	44 130 797
Buildings	56 211 329	-	(3 715)	-	-	(2 233 697)	(114 287)	112 575	53 972 205
Plant and machinery	21 783 516	3 204 460	(519 763)	-	-	(3 791 658)	(10 052)	5 963 512	26 630 015
Furniture and fixtures	2 852 195	49 056	(60 396)	-	-	(657 779)	(12 887)	4 038	2 174 227
Motor vehicles	7 103 665	-	(151 170)	-	-	(1 416 497)	(89 274)	-	5 446 724
IT equipment	3 110 099	834 950	(364 331)	-	-	(995 778)	(37 609)	90 820	2 638 151
Roads	143 239 790	-	(5 594 962)	18 606 517	-	(8 662 104)	(8 980 771)	1 458 908	140 067 378
Solid waste	41 690 097	-	(461 154)	-	227	(1 713 295)	5 625	4 798	39 526 298
Electricity	6 128 509	-	(403 671)	-	-	(515 262)	22 653	-	5 232 229
Community assets	73 595 031	-	(110 432)	-	-	(4 704 675)	(82 720)	104 305	68 801 509
Afforestation	3 081 671	54 678	(170 723)	-	-	(195 633)	-	-	2 769 993
Other leased Assets	5 290 850	-	-	-	-	(1 031 602)	-	(4 259 248)	-
Work in progress	36 300 881	34 150 877	(2 869 262)	(18 606 517)	-	37 587	-	(3 590 747)	45 422 819
	444 518 430	**38 294 021**	**(10 709 579)**	**-**	**227**	**(25 880 393)**	**(9 299 322)**	**(111 039)**	**436 812 345**

Pledged as security

No property, plant and equipment has been pledged as security for any liabilities of municipality:

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Harding Sport Precinct	13 087 651	-
Construction process was delayed due to bad weather conditions and natural disaster events hence completion of this project was delayed.		
Staford Street	-	2 024 163
Late appointment of contractor and the projects is delayed due to snags		
Mazakhele Community Hall	4 393 807	-
Late appointment of contractor		
	17 481 458	**2 024 163**

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9. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	14 567 983	28 591 685	2 263 151	45 422 819
Additions/capital expenditure	17 199 937	4 993 901	-	22 193 838
Transferred to completed items	(18 067 723)	(9 096 507)	-	(27 164 230)
	13 700 197	**24 489 079**	**2 263 151**	**40 452 427**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	16 678 656	17 359 074	2 263 151	36 300 881
Additions/capital expenditure	20 582 305	13 568 572	-	34 150 877
Disposals	(584 431)	(2 284 831)	-	(2 869 262)
Error correction	(3 539 617)	(51 130)	-	(3 590 747)
Transferred to completed items	(18 606 517)	-	-	(18 606 517)
Other	37 587	-	-	37 587
	14 567 983	**28 591 685**	**2 263 151**	**45 422 819**

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		
Contracted services	15 636 983	17 649 190

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

No property, plant and equipment has been pledged as security for liabilities.

Mnkangala community hall and Harding sport precinct hall were affected by the storm during July 2025 which is after the current financial year.

No compensation amounts were received in 2025 and 2024.

Refer to Note 45 for the amount of contractual commitments for the acquisition of property, plant and equipment.

No property, plant and equipment are carrying existing restrictions.

Notes to the Annual Financial Statements

Figures in Rand

10. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 175 431	(1 896 015)	279 416	2 175 431	(1 761 203)	414 228

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software, other	414 228	(134 812)	279 416

Reconciliation of intangible assets - 2024

	Opening balance	Disposals	Amortisation	Total
Computer software, other	621 563	(36 262)	(171 073)	414 228

Other information

Computer software includes Microsoft, payday and Munsoft licences.

No Intangible assets has been pledged as security for liabilites.
No Intangible assets are carrying existing restrictions.

Notes to the Annual Financial Statements

Figures in Rand

11. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	170 000	-	170 000	170 000	-	170 000

Reconciliation of heritage assets 2025

	Opening balance	Total
Mayoral chain	170 000	170 000

Reconciliation of heritage assets 2024

	Opening balance	Total
Mayoral chain	170 000	170 000

Contractual commitments for the acquisition, maintenance and restoration of heritage assets

No contractual commitments for the acquisition, maintenance and restoration of heritage assets are in place at the moment.
No Intangible assets has been pledged as security
No Intangible assets are carrying existing restrictions.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Payables from exchange transactions

Trade payables	3 354 642	3 393 031
Payments received in advance - contract in process	661 743	719 140
Output Vat Accrual	773 595	552 772
Accrued leave pay	6 900 114	6 757 759
Accrued bonus	2 280 346	2 242 329
Retentions	5 501 182	4 027 646
Other creditors - Afforestation	580 909	897 818
Salary control	-	486
	20 052 531	**18 590 981**

13. Taxes and transfers payable (non-exchange)

Housing - Agency/ Principal relationship transactions	2 498 906	2 498 906

14. Consumer deposits

Electricity	521 699	529 197
Housing rental	58 606	43 564
	580 305	**572 761**

Consumers upon application for electricity meter connections pay consumer deposits. The deposit can be used to offset long outstanding debtors. Consumer deposits are refunded when the house is sold after the municipality has issued a clearance certificate.

15. Employee benefit obligations

Post employment Medical Subsidy

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	8 770 000	7 066 000

Non-current liabilities	(8 740 000)	(7 031 000)
Current liabilities	(30 000)	(35 000)
	(8 770 000)	**(7 066 000)**

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(7 066 000)	(6 499 000)
Net expense recognised in the statement of financial performance	(1 704 000)	(567 000)
	(8 770 000)	**(7 066 000)**

Net expense recognised in the statement of financial performance

Current service cost	(640 000)	(603 000)
Interest cost	(868 000)	(818 000)
Actuarial (gains) losses	(196 000)	854 000
	(1 704 000)	**(567 000)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,40 %	12,31 %
Expected rate of return on assets	5,40 %	6,28 %
Expected rate of return on reimbursement rights	4,90 %	4,20 %

Discount Rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

These yields were obtained by calculating the duration of the total liability and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process (because the yields depend on the duration, which in turn depends on the liability). The liability's duration has been estimated to be 22.75 years.

Health Care Cost Inflation Rate
This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 8.19% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 6.69%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 4.07% which derives from ((1+12.59%)/(1+8.19%))-1.

The inflation assumption of 6.69% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (5.06%) and those of fixed interest bonds (12.59%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: ((1+12.59%-0.50%)/(1+5.06%))-1.

The next contribution increase was assumed to occur with effect from 1 January 2025.

Replacement Ratio
This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Employee benefit obligations (continued)

Example of mortality rates used were as follows:

Actual return on plan assets	Female 62	Male 62
Actual return on reimbursement rights	SA 85-90	SA 85-90

Members withdrawn from services : (Average for males and females)

Actual return on plan assets		
Age 20-24	9%	9%
Age 25 - 29	8%	8%
Age 30 - 34	6%	6%
Age 35- 39	5%	5%
Age 40 - 44	5%	5%
Age 45 -49	4%	4%
Age 50 -54	3%	3%
Age 55 +	0%	0%

Long Service Award

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	4 765 000	4 648 000
Non-current liabilities	(4 281 000)	(3 948 000)
Current liabilities	(484 000)	(700 000)
	(4 765 000)	**(4 648 000)**

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(4 648 000)	(4 388 000)
Net expense recognised in the statement of financial performance	(117 000)	(260 000)
	(4 765 000)	**(4 648 000)**

Net expense recognised in the statement of financial performance

Current service cost	(503 000)	(495 000)
Interest cost	(492 000)	(470 000)
Actuarial (gains) losses	167 437	107 394
Assets not recognised	710 563	597 606
	(117 000)	**(260 000)**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10,10 %	11,43 %
Expected rate of return on assets	4,10 %	5,53 %
Expected rate of return on reimbursement rights	4,80 %	4,60 %

Example of mortality rates used were as follows:

Actual return on plan assets	Female 62	Male 62

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Employee benefit obligations (continued)

Actual return on reimbursement rights	SA 85 - 90	SA 85 -90

Members withdrawn from services : (Average for males and females)

Actual return on plan assets		
Age 20 - 24	9%	9%
Age 25 -29	8%	8%
Age 30 - 34	6%	6%
Age 35 -39	5%	5%
Age 40 - 44	5%	5%
Age 45 - 49	4%	4%
Age 50 - 55	3%	3%
Age 55 +	0%	0%

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal infrastructure grant	1	-
Disaster management grant	-	793 367
	1	**793 367**

Movement during the year

Balance at the beginning of the year	793 367	4 380 286
Additions during the year	32 928 000	44 513 000
Income recognition during the year	(33 721 367)	(48 099 919)
	-	**793 367**

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

These amounts are invested in a ring-fenced investment until utilised.

17. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Change in discount factor	Total
Landfill sites	23 270 698	797 520	24 068 218

Reconciliation of provisions - 2024

	Opening Balance	Change in discount factor	Total
Landfill sites	22 120 218	1 150 480	23 270 698

The Harding general landfill site is amortised over a period of 25 years as per Bumbano Group (PTY) Ltd report. The provision is created for the rehabilitation of the current operational sites which are evaluated to reflect the best estimate at the reporting date.

The landfill site has been disclosed at a present value discounted at an interest rate of 3,00%. No amount is expected for reimbursement.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Service charges

Sale of electricity	51 265 986	38 500 339
Solid waste	3 324 366	2 420 322
	54 590 352	**40 920 661**

Included in service charges is free basic services for both electricity and refuse removal.

19. Agency services

Vehicle Registration	698 408	603 791

20. Afforestation sales

Pulpwood	12 925 671	12 144 447
Poles	1 503 842	434 187
Wattle bark	1 870 703	2 371 723
Sawlogs	4 768 302	1 054 625
Other	526 886	603 143
	21 595 404	**16 608 125**

21. Licences and permits (exchange)

Road and Transport	772 020	855 940

22. Other income

Sale of tender documents	47 393	164 088
Sale of Sites	302 696	-
Building plan fees	177 327	173 823
Burial fees	104 047	86 584
Incidental income	1 296 470	1 880 358
Afforestation	2 828 845	432 905
	4 756 778	**2 737 758**

23. Interest received - investment

Interest revenue - investment		
Bank	6 499 424	8 687 121
Interest received - Afforestation	292 224	182 196
	6 791 648	**8 869 317**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

24. Property rates

Rates levied

Residential	4 835 415	3 772 624
Commercial	12 513 970	9 329 672
State	1 181 620	10 223 812
Small holdings and farms	13 231 642	3 163 447
Public service infrastructure	4 847	7 191
Less: Income forgone	(3 320 096)	(1 235 066)
	28 447 398	25 261 680
Property rates - penalties imposed	712 581	1 987 683
	29 159 979	**27 249 363**

Valuations

Residential	723 558 500	719 954 500
Commercial	529 908 000	471 663 000
State	486 477 000	464 285 000
Municipal	64 580 000	64 580 000
Small holdings and farms	1 180 477 000	1 167 077 000
Public Service Infrastructure	4 240 000	4 937 000
Industrial	109 556 000	113 367 000
Public Benefit Organisations	23 570 000	46 270 000
Heritage site	1 700 000	1 700 000
Other	195 347 000	195 161 000
	3 319 413 500	**3 248 994 500**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2022. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation will be implemented on 01 July 2027.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Government grants and subsidies

Operating grants		
Equitable share	123 326 368	117 131 000
Disaster Grant	-	12 768 632
Energy Efficiency Demand Side Management	-	723
Financial management grant	1 800 000	1 850 000
Provincialisation & community library	2 036 000	1 950 000
Expanded Public Works Programme	1 497 000	1 155 000
	128 659 368	**134 855 355**
Capital grants		
Solid waste removal	800 000	-
Municipal infrastructure grant	26 795 000	25 356 000
	27 595 000	**25 356 000**
	156 254 368	**160 211 355**

Conditional and Unconditional

Included in above are the following grants and subsidies recognised:

Conditional grants received	33 721 368	43 080 355
Unconditional grants received	122 533 000	117 131 000
	156 254 368	**160 211 355**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Financial management grant

Balance unspent at beginning of year	-	1
Current-year receipts	1 800 000	1 850 000
Conditions met - transferred to revenue	(1 800 000)	(1 850 001)
	-	-

Purpose of the Grant: To promote and support financial managment reforms within municipalities, and to build capacity in municipal financial management, including the appointment of interns and training of municipal officials.

Conditions of the Grant: The grant is conditional in terms of the Division of Revenue Act (DoRA), and may only be utilised for the activities approved in the FMG framework

Unspent Grant: Unspent amounts must be cash-backed and may not be utilised for any other purpose

The municipality has complied with the conditions of the FMG as stipulated in the Division of Revenue Act

Municipal infrastructure grant

Current-year receipts	26 795 000	25 356 000
Conditions met - transferred to revenue	(26 795 000)	(25 356 000)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Government grants and subsidies (continued)

Purpose of the Grant: To provide specific capital finance for basi municipal infracture development in order to eradicate backlogs and improve access to basic services for poor households

Conditions of the Grant: The grant is conditional in terms of the Division of Revenue Act (DoRA), and may only be utilised for the activities approved in the MIG framework

Unspent Grant: Unspent amounts must be cash-backed and may not be utilised for any other purpose

The municipality has complied with the conditions of the MIG as spipulated in the Division of Revenue Act

Library Grant

Current-year receipts	2 036 000	1 950 000
Conditions met - transferred to revenue	(2 036 000)	(1 950 000)
	-	-

Purpose of the Grant: To support municipalities in providing and maintaining community library services, including the upgrading of library facilities, purchasing of library materials, and promoting access to information

Conditions of the Grant: The grant is conditional in terms of the Division of Revenue Act (DoRA), and may only be utilised for library-related services and projects as approved by the Provincial department of Arts and Culture

Unspent Grant: Unspent amounts must be cash-backed and may not be utilised for any purpose purpose other than that approved under the Library Grant framework

The municipality has complied with the conditions of the Library Grant as stipulated in the Division of Revenue Act

EPWP grant

Current-year receipts	1 497 000	1 155 000
Conditions met - transferred to revenue	(1 497 000)	(1 155 000)
	-	-

Purpose of the Grant: To incentivise municipalities to expand job creation efforts through the use of labour- intensive methods in the delivery of municipal services and infrastructure

Conditions of the Grant: The grant is conditional in terms of the Division of Revenue Act (DoRA), and may only be utilised for the activities approved in the EPWP framework

Unspent Grant: Unspent amounts must be cash-backed and may not be utilised for any other purpose

The municipality has complied with the conditions of the EPWP as stipulated in the Division of Revenue Act

Energy Efficiency Demand Side Management

Balance unspent at beginning of year	723	-
Current-year receipts	-	157 234
Conditions met - transferred to revenue	(723)	-
Paid back to Treasury	-	(156 511)
	-	**723**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Government grants and subsidies (continued)

Purpose of the Grant: To promote and support energy efficiency activities within the municipality by funding project that improve electricity demand management, reduce energy consumption, and support the implementation of sustainible energy solutions.

Conditions of the Grant: The grant is conditional in terms of the Division of Revenue Act (DoRA), and may only be utilised for approved EEDSM projects, including retrofitting of municipal infrastructure (such as street lighting and buildings) and other energy effeciency interventions

Unspent Grant: Unspent amounts must be cash-backed and may not be utilised for any purpose other than that approve under the grant framework

The municipality has complied with the conditions of the EEDSM as stipulated in the Division of Revenue Act

Corridor grant

Balance unspent at beginning of year	-	4 204 561
Paid Back to Treasury	-	(4 204 561)
	-	-

Purpose of the Grant: To support municipalities in planning and implementing integrated development along strategic corridors, with the aim of promoting spatial transformation, improving mobility, and stimulating local economic development.

Conditions of the Grant: The grant is conditional in terms of the Division of Revenue Act (DoRA), and may only be utilised for approved projects within designated development corridors, in line with the approved framework and business plans submitted to National/Provincial Treasury

Unspent Grant: Unspent amounts must be cash-backed and may not be utilised for any other purpose

Unspent Grant: Unspent amounts must be cash-backed and may not be utilised for any purpose other than that approved under the grant framework.

The municipality has complied with the conditions of the Corridor Grant as stipulated in the Division of Revenue Act

Integrated Electrification Programme - INEP

Balance unspent at beginning of year	-	18 488
Current-year receipts	-	640 000
Conditions met - transferred to revenue	-	(658 488)
	-	-

Conditions still to be met - remain liabilities (see note 16).

Greenest grant

Current-year receipts	800 000	-
Conditions met - transferred to revenue	(800 000)	-
	-	-

Conditions still to be met - remain liabilities (see note 16).

The Energy Efficiency Demand Side Management

Balance unspent at beginning of year	157 234	157 234

Conditions still to be met - remain liabilities (see note 16).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Government grants and subsidies (continued)

Disaster management grant

Balance unspent at beginning of year	793 368	-
Current-year receipts	-	13 562 000
Conditions met - transferred to revenue	-	(12 768 632)
Repaid to Treasury	(793 368)	-
	-	**793 368**

Purpose of the Grant: To provide funding to municipalities for immediate and urgent response, relief, and recovery measures arising from declared disasters, and to support the repair and rehabilitation of essential municipal infrastructure affected by such disasters

Conditions of the Grant: The grant is conditional in terms of the Division of Revenue Act (DoRA), and may only be utilised for disaster-ralted expenditure as approved by the National Disaster Management centre (NDMC) and National Treasury

Unspent Grant: Unspent amounts must be cash-backed and may not be utilised for any purpose other than disaster management interventions for which they were approved

The municipality has complied with the conditions of the Disaster Management Grant as stipulated in the Division of Revenue Act

26. Fines, Penalties and Forfeits

Traffic Fines	196 500	178 200

27. Construction contract

Revenue - Implementation of INEP	-	556 522
Expenditure - Implementation of INEP	-	(556 522)
	-	-

28. Revenue

Service charges	54 590 352	40 920 661
Rental of facilities and equipment	204 783	275 172
Interest received (trading)	21 595 404	16 608 125
Agency services	698 408	603 791
Licences and permits	772 020	855 940
Other income	4 756 778	2 737 758
Interest received - investment	6 791 648	8 869 317
Property rates	28 447 398	25 261 680
Property rates - penalties imposed	712 581	1 987 683
Government grants & subsidies	156 254 368	160 211 355
Fines, Penalties and Forfeits	196 500	178 200
Construction contracts	-	556 522
	275 020 240	**259 066 204**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	54 590 352	40 920 661
Rental of facilities and equipment	204 783	275 172
Interest received (trading)	21 595 404	16 608 125
Agency services	698 408	603 791
Licences and permits	772 020	855 940
Other income	4 756 778	2 737 758
Interest received - investment	6 791 648	8 869 317
	89 409 393	**70 870 764**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	28 447 398	25 261 680
Property rates - penalties imposed	712 581	1 987 683
Transfer revenue		
Government grants & subsidies	156 254 368	160 211 355
Fines, Penalties and Forfeits	196 500	178 200
Construction contracts	-	556 522
	185 610 847	**188 195 440**

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Employee related costs

Basic	51 832 990	48 799 819
Bonus	5 776 664	5 139 514
Medical aid - company contributions	4 231 139	4 200 728
UIF	469 236	457 513
SDL	685 796	656 110
Bargaining council	29 579	28 348
Leave pay provision charge	678 978	1 133 829
Travel, motor car, accommodation, subsistence and other allowances	280 472	236 965
Overtime payments	4 843 128	4 447 200
Long-service awards	710 563	-
Car allowance	3 079 926	3 234 267
Housing benefits and allowances	169 491	166 360
Post retirement employee benefits	1 143 000	1 098 000
Standby Allowances	3 007 349	3 259 041
Cell phone allowances	604 709	526 986
Pension	9 532 435	9 362 345
	87 075 455	**82 747 025**

Remuneration of Municipal Manager - Mr. TP Cele

Annual Remuneration	537 092	-
Car Allowance	266 474	195 929
Acting Allowance	181 664	501 919
Contributions to UIF, Medical and Pension Funds	2 125	1 594
Cellphone Allowance	29 467	18 780
Housing Allowance	152 653	117 557
Travel Allowance	104 851	65 035
Backpay	44 069	2 991
Leave Pay	111 139	-
	1 429 534	**903 805**

Mr TP Cele was appointed as Acting Municipal Manager with effect from October 2023 and continued to serve in this capacity for the remainder of the 2023/24 financial year. He was subsequently appointed permanently as Municipal Manager inthe 2024/2025 financial year.

Remuneration of Municipal Manager - Mr WT Gumede (Terminated in August 2023)

Annual Remuneration	-	115 715
Car Allowance	-	21 333
Cellphone, Travel and other	-	10 666
Contributions to UIF, Medical and Pension Funds	-	354
Backpay	9 937	-
Leave Pay	-	12 497
	9 937	**160 565**

Remuneration of Chief Finance Officer - Ms NN Mngomezulu

Annual Remuneration	-	2 348
Car Allowance	-	111 873
Performance Bonuses	-	287 066
Contributions to UIF, Medical and Pension Funds	-	1 240
Cellphone allowance	-	14 781
Housing Allowance	-	67 124
Travel Allowance	-	10 383
Leave Pay	-	40 487

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Employee related costs (continued)

Backpay	29 608	-
	29 608	**535 302**

Appointed 09 October 2023 and the contract was terminated on 15 April 2024.

Remuneration of Director Corporate Services - ST Mohlaoli

Annual Remuneration	39 775	-
Car Allowance	14 746	-
Cellphone Allowance	3 310	-
Contributions to UIF, Medical and Pension Funds	177	-
Housing	8 848	-
	66 856	**-**

ST Mohaloli was appointed as Director Corporate Services with effect from June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Employee related costs (continued)

Remuneration of Director Technical Services - SG Mkhize

Annual Remuneration	596 619	47 188
Car Allowance	221 193	73 731
Cellphone Allowance	29 790	226 898
Contributions to UIF	2 125	708
Housing	132 716	-
Backpay	29 135	-
Travel Allowance	46 658	-
	1 058 236	**348 525**

Mr SG Mkhize was appointed as the Director Technical Services with effect from March 2024.

Remuneration of Director Corporate Services - Khambule NN

Car Allowance	55 298	-
Acting Allowance	149 155	-
Contributions to UIF	531	-
Cellphone Allowance	7 448	-
Housing Allowance	33 179	-
Travel Allowance	14 809	-
	260 420	**-**

Khambule was appointed as the acting Director Corporate Services with effect from 1 March 2025 until 31 May 2025.

Remuneration of Director: Community services - Adv Brijraj

Annual Remuneration	219 594	844 152
Car Allowance	157 204	189 634
Performance Bonus	93 051	-
Contributions to UIF	1 594	2 125
Backpay	55 940	4 915
Cellphone, Travel and Other	75 901	75 051
Leave Pay	250 683	-
Acting Allowance	362 025	15 811
	1 215 992	**1 131 688**

Adv. Brijaraj served as the Director of Community Services for a period of 9 months, from 1 July 2024 until 31 March 2025.

Remuneration of Director Corporate services - N Sigwebela

Car Allowance	55 298	163 381
Acting Allowance	149 153	418 658
Cellphone, Travel and Other	39 059	39 210
Housing Allowance	33 179	98 029
Leave Pay	49 427	-
Backpay	39 109	2 348
UIF	531	1 594
	365 756	**723 220**

Appointed 09 October 2023.

Remuneration of Director Corporate Services - Mrs Z Mbhele

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Employee related costs (continued)

Annual Remuneration	-	140 710
Car Allowance	-	31 606
Performance Bonuses	-	10 352
Contributions to UIF	-	354
Backpay	9 346	-
Bonus	93 051	-
Leave Pay	-	162 098
	102 397	**345 120**

The contract terminated on August 2023.

Remuneration of Chief Finance Officer - Mrs HP Mchunu

Annual Remuneration	425 848	-
Car Allowance	157 881	-
Cellphone Allowance	21 263	-
Contributions to UIF	1 594	-
Housing Allowance	94 728	-
Travel allowance	5 091	-
	706 405	**-**

Mrs HP Mchunu was appointed as the Chief Financial Officer with effect from October 2024.

Remuneration of Director Community Services - SN Zungu

Annual Remuneration	149 155	-
Car Allowance	55 298	-
Contributions to UIF, Medical and Pension Funds	531	-
Cellphone Allowance	7 448	-
Housing Allowance	33 179	-
Travel Allowance	16 690	-
	262 301	**-**

SN Zungu was appointed as the Director Community Services with effect from April 2025.

30. Remuneration of councillors

Executive Mayor	1 024 709	1 000 965
Deputy Executive Mayor	829 590	809 888
Speaker	829 590	809 888
Mayoral Committee Members	2 060 570	2 493 299
Councillors	5 681 476	5 296 985
	10 425 935	**10 411 025**

In-kind benefits

The Mayor, Deputy Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has two full-time bodyguards. The Speaker have two full-time bodyguards.

Councillors are paid standard amounts as per the upper limit of the framework envisaged in Section 219 of the Constitution, read in conjunction with the Public Office Bearers Act and the Minister of Provincial and Local Government's determined in accordance with this Act. As a result, the disclosure of councillors remuneration per person was not considered material.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

31. Depreciation and amortisation

Property, plant and equipment	25 235 441	25 917 980
Intangible assets	134 812	171 073
	25 370 253	**26 089 053**

The decrease in depreciarion and amorisation was due to the change in accounting estimate. Usefull lives of assets were reassed in the current year.

32. Impairment of assets

Impairments		
Property, plant and equipment Impairment was due to the floods that took place in both current year and prior year. The recoverable amount of the assets was based on the depreciated historic costs	1 729 230	9 299 322
Receivables from exchange and non-exchange revenue During the year recovarable amounts of debtors was assessed and the provision was reversed due to improved collection.	(7 151 609)	9 893 530
	(5 422 379)	**19 192 852**

33. Finance costs

Afforestation	195	1 046
Interest on landfill site provision	797 521	1 150 251
Trade and other payables	-	221 014
Employee benefits obligations	1 360 000	1 288 000
	2 157 716	**2 660 311**

34. Lease rentals on operating lease

Equipment		
Contractual amounts	195 017	158 030

The municipality is leasing buildings and photocopiers. Lease agreements do not provide for contingent rent payments. Lease payments for buildings are subject to escalate at a rate of 8% over the lease period. Lease payments for photocopiers are not subject to escalation. No restrictions are imposed by lease arrangements. See note 45 for further details.

35. Debt write-off

Bad debt written off	5 090 079	-

In the current year the Council approved a write off of bad debts amounting to R5 090 079. These related to irrecovarable debtors.

36. Bulk purchases

Electricity - Eskom	55 383 582	43 525 980

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. Bulk purchases (continued)

Electricity losses

Total purchases (kWh)	26 556 603	24 351 814
Total sold (kWh)	(23 257 113)	(21 680 801)
Total loss in kWh	**3 299 490**	**2 671 013**
Percentage Loss:		
Electricity distribution losses - percentage	12 %	11 %

37. Contracted services

Outsourced Services		
Vegetation Control	49 914	99 999
Burial Services	-	20 190
Business and Advisory	707 716	793 432
Cleaning Services	97 061	300 813
Clearing and Grass Cutting Services	543 000	353 042
Fire Services	1 132 174	966 069
Hygiene Services	79 815	121 884
Internal Auditors	170 346	166 223
Professional Staff	32 610	15 600
EPWP	2 175 358	1 687 553
Transport Services	141 596	339 262
Consultants and Professional Services		
Business and Advisory	2 653 574	1 725 478
Infrastructure and Planning	251 672	823 174
Legal Cost	622 318	724 531
Contractors		
Artists and Performers	-	29 500
Catering Services	1 683 258	3 319 674
Employee Wellness	318 513	354 245
Event Promoters	-	184 600
Maintenance of Equipment	15 668 853	17 649 190
Safeguard and Security	7 527 805	7 301 900
Sports and Recreation	443 588	8 600
Stage and Sound Crew	54 800	64 692
Removal of Hazardous Waste	2 564 716	2 177 682
	36 918 687	**39 227 333**

38. Transfers and subsidies

Other subsidies		
Contributions to UGU (South Coast Tourism)	1 479 912	1 405 572
Cost to free basic services	3 314 625	3 550 999
	4 794 537	**4 956 571**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

39. Afforestation general expenses

Administrative expenditure	502 123	501 440
Labour costs	2 367 290	2 477 453
Other	4 566 789	2 935 359
	7 436 202	**5 914 252**

40. Afforestation Cost of Sales

Sale of goods		
Contractors	14 651 056	9 119 810
Bark Levy	6 741	9 569
	14 657 797	**9 129 379**

41. General expenses

Achievements and awards	29 190	94 852
Advertising	4 552 913	7 277 754
Auditors remuneration	4 641 474	4 555 479
Bank charges	379 999	344 965
Bursaries (employees)	93 021	141 526
Commission paid	-	539 185
Special programmes and Mayoral activities	1 255 487	1 115 640
Hire	592 683	2 055 738
Insurance	1 843 506	835 585
Conferences and seminars	1 457 942	2 069 011
IT expenses	7 769 770	8 295 690
Fuel and oil	5 411 520	5 129 535
Printing and stationery	819 407	858 089
Protective clothing	211 656	1 838 861
Subscriptions and membership fees	1 279 409	1 317 304
Communication	1 342 378	1 224 408
Travel - local	983 203	1 237 742
Utilities	3 993 172	1 737 530
Job evaluation	1 339 750	1 267 800
Learnerships and Internships	527 214	516 538
Remuneration for ward committees	1 313 100	1 353 600
Other expenses	259 375	3 560 739
	40 096 169	**47 367 571**

42. Loss on disposal of assets

Property, Plant and equipment	333 662	10 709 578
Intangibles	-	36 262
	333 662	**10 745 840**

Assets which were obsolete disposed in the current and previous year.

43. Auditors' remuneration

Auditor General Fees	4 641 474	4 555 479

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

44. Cash generated from operations

Deficit	(19 166 012)	(49 471 320)
Adjustments for:		
Depreciation and amortisation	25 370 253	26 089 053
Impairment loss	(5 422 378)	19 192 852
Debt write off	5 090 079	-
Leave pay and bonus	180 372	512 547
Loss on sale of PPE	333 662	10 745 840
Movements in retirement benefit assets and liabilities	28 563	(961 394)
Other accruals	1 360 000	1 288 000
Other non-cash movements	225 672	82 237
Afforestation depreciation	205 024	195 632
Afforestation loss on sale of PPE	24 088	160 000
Movement in Provision	797 520	1 150 480
Change in plantation	5 441 475	4 528 121
Changes in working capital:		
Inventories	953 248	(789 569)
Receivables from exchange transactions	1 216 822	(9 108 217)
Consumer deposits	7 544	13 715
Other receivables from non-exchange transactions	477 050	5 331 272
Payables from exchange transactions	1 461 546	(4 749 937)
Movement in payables relating to acquisition of assets - Retentions	(1 473 536)	1 922 286
Unspent conditional grants	(793 367)	(3 586 916)
Accrued leave pay movement	(142 355)	(431 019)
Accrued bonus movement	(38 017)	(81 528)
	16 137 253	**2 032 135**

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45. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property plant anf equipment	21 893 536	23 600 390
• Investment property	3 829 681	3 838 759
	25 723 217	**27 439 149**
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	31 129 324	32 155 250
• Investment property	8 744 776	4 800 000
	39 874 100	**36 955 250**
Total capital commitments		
Already contracted for but not provided for	25 723 217	27 439 149
Not yet contracted for and authorised by accounting officer	39 874 100	36 955 250
	65 597 317	**64 394 399**

Authorised operational expenditure

Already contracted for but not provided for		
• Other	4 549 565	3 633 732
Total operational commitments		
Already contracted for but not provided for	4 549 565	3 633 732

Total commitments

Total commitments		
Authorised capital expenditure	65 597 317	64 394 399
Authorised operational expenditure	4 549 565	3 633 732
	70 146 882	**68 028 131**

This committed expenditure relates to property as well as operational expenditure and will be financed by available bank facilities, government grants, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the municipality for photocopiers. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Notes to the Annual Financial Statements

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46. Contingencies

The municipality has the following litigations matters of which at this stage the municipality has a fair likelihood of being successful or the odds appear to be even:

a) Al-Haraiman Trust are disputing the amounts charged for property rates.

b) Department of Labour is suing the municipality for not submitting some of the returns in relation to employment equity.

c) Advocate Mayor is in dispute with the municipality for senior management post.

e) Conrad Bishop and SD Houston, in dispute over contravention of land use management.

Outstanding cases		
Al- Harainmain	1 376 749	1 376 749
Bongumusa Mbanjwa	-	780 000
A Gama	7 300 000	-
N.A Luna Sigwebela	6 000 000	-
Thembelani Xolo	400 000	-
Albertina Kutu Qhuyisa	95 265	-
	15 172 014	**2 156 749**

47. Related parties

Related party transactions

Councillors		
Remuneration of Councillors	10 425 935	10 411 026

Councillors exercise a significant influence over the municipality's financial and administrative capacity by being the municipality's executive and legislative authority. Further details of Remuneration of Councillors is set out in note 30 of the Annual Financial Statements.

No amounts are due to/from Councillors for the year ended 30 June 2025.

Ugu South Coast Tourism		
Ugu South coast tourisim	1 479 912	1 405 572

Ugu South Coast Tourism is a fellow entity under Ugu District Municipality. Contributions made to Ugu South Coast Tourism are disclosed under note 38 of the Annual Financial Statements.

No outstanding balances due from/to the Ugu South Coast Tourism.

Senior Management		
Remuneration for senior management	5 081 582	4 148 225

Senior Management is responsible for managing municipality's operations. Remuneration of Senior Management is disclosed under note 29 of the Annual Financial Statements.

No outstanding balances due from/to the Senior Management.

48. Risk management

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

48. Risk management (continued)

Liquidity risk

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

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

The table below analyses the municipality’s financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Payables from exchnage transactions	22 551 430	21 089 884
Consumer deposits	580 305	572 761
Unspent grants and receipt	-	793 365
Employee Benefit Obligation	13 021 000	11 532 000
	36 152 735	**33 988 010**

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

Cash and Cash equivalents	51 081 916	58 454 130
Receivables from exchange transactions	7 982 863	6 898 687
Receivables from non-exchnage transaction	5 317 930	6 034 446
	64 382 709	**71 387 263**

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.

Cash and Cash Equivalent	51 081 978	58 454 130

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Going concern

The Municipality is technically solvent as its total assets exceed its total liabilities, liquidity is not a challenge as it has enough investments, cash and other assets to repay it short term obligations.

Furthermore, the Municipality's management and the leadership remains committed to good budgeting and financial management, and for this purpose will continue to monitor the implementation of budgets, including expenditure, revenue collection and borrowing. The effective functioning of the budget processes will contribute significantly to developing and sustaining financial health in the Municipality.

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.

50. Events after the reporting date

After year-end, and before the date the financial statements were authorised for issue, the municipal council resolved that fruitless and wasteful expenditure amounting to R3 784 be recovered from the employee responsible for the fruitless and wasteful expenditure

51. Unauthorised expenditure

Opening balance as previously reported	-	9 000
Correction of prior period error	-	-
Opening balance as restated	**-**	**9 000**
Add: Expenditure identified - prior period	-	(9 000)
Closing balance	**-**	**-**

52. Fruitless and wasteful expenditure

Opening balance as previously reported	252 787	172 305
Opening balance as restated	**252 787**	**172 305**
Add: Expenditure identified - current	3 791	348 794
Less: Amount written off - interest waiver	(7)	-
Less: Amount written off - current	-	(96 007)
Less: Amount written off - prior period	(252 787)	(172 305)
Less: Amount transferred to debt recovery	(3 784)	-
Closing balance	**-**	**252 787**

All the fruitless and wasteful expenditure incurred during the year in the table below is as a result of interest charged on late payments.

Fruitless and wasteful expenditure is not yet recoverable at year end and is currently being investigated by the Council which will determine recoverability and any criminal or disciplinary steps to be taken.

Disclosed amounts are inclusive of VAT.

Details of fruitless and wasteful expenditure		
SARS	-	183 679
Eskom	-	163 094
Telkom	3 784	-
Ugu District Municipality	(6)	2 021
	3 778	**348 794**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

53. Irregular expenditure

Opening balance as previously reported	145 355	1 194 537
Opening balance as restated	**145 355**	**1 194 537**
Add: Irregular Expenditure - Contract advertised for a shorter period than required	69 385	1 874 031
Add: Irregular Expenditure - Award for a service of more than a year procured through a formal quotation	2 603 319	1 527 667
Add: Irregular Expenditure - No rotation of consultants as per policy	-	1 991 351
Add: Irregular Expenditure - Awards to service providers who were tax non compliantt	11 715 409	-
Less: Amounts recoverable - prior period	-	145 355
Add: Award for service for more than a year procured through a formal quotation	55 647	-
Less: Amount written off - current	(2 672 704)	(5 393 049)
Less: Amount written off - prior period	(145 355)	(1 194 537)
Closing balance	**11 771 056**	**145 355**

Notes to the Annual Financial Statements

Figures in Rand			2025	2024

53. Irregular expenditure (continued)

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

	Disciplinary steps taken/criminal proceedings		
Composition of bid excluded SCM practitioner	No desciplinary steps taken, however new bid commitee includes the SCM practitioner	-	5 393 049

Irregular expenditure written off by Council has not yet been condoned by National Treasury. The municipality is still awaiting this by National Treasury.

Disclosed amounts are inclusive of VAT.

54. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2025	2024
Current year subscription / fee	1 215 322	1 076 560
Amount paid - current year	(13 250)	(1 076 560)
	1 202 072	**-**

Audit fees

	2025	2024
Current year subscription / fee	4 801 531	3 644 429
Amount paid - current year	(4 462 690)	(3 550 748)
	338 841	**93 681**

PAYE and UIF

	2025	2024
Current year subscription / fee	14 526 106	9 843 517
Amount paid - current year	(14 526 106)	(9 843 517)
	-	**-**

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

Pension and Medical Aid Deductions

	2025	2024
Current year subscription / fee	21 162 194	20 699 679
Amount paid - current year	(21 162 194)	(20 699 679)
	-	**-**

Councillors' arrear consumer accounts

There were no arrear accounts for Councillors which were outstanding for more than 90 days as at **30 June 2025**.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

The below expenditure relates mainly to repairs and maintanance of assets which are still under warranty as well as electicity materials.

Incident	2025	2024
Repairs and maintance and maintance materials	965 034	4 028 608

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

55. Budget differences

Material differences between budget and actual amounts

The budget was prepared on the accrual basis of accounting with the prescripts of the Municipal budget regulation and the MFMA budget circulars. Variances which are greater than 10% between the final budget amounts and actual amount as referenced in the statement of comparison of budget and actual amounts have been deemed material, and explainations thereto are set out below

Revenue

Revenue from exchange transactions

55.1 Afforestation sales were not included in the municipal budget.

55.2 The variance is not material.

55.3 Rental of facilites and equipments - The variance of 28% is attributable to lower-than-anticipated collection, mainly as a result of an increase in vacant municipal rental properties.

56.3a Lower than expected sales vulume due to market demand and market availability.

55.4 Agency fees - The variance is not material.

55.5 Licenses and permits - The variance of 10% is attributable to lower-than-anticipated uptake or renewal of licences.

55.6 Other revenue - The variance of 68% is lower-than-anticipated due to incidendental income and sale of tender documents being higher than anticipated.

55.7 The variance is not material

Revenue from non-exchange transaction:

55.8 Property rates - The variance is not material

55.9 Government grants and subsidies - The variance of 20% is mainly due to capital project funded through grants being completed earlier than anticipated, resulting in higher revenue recognition

55.10 Fines, penalties and forfeits - The varianace of 58% is attributable to lower-than-anticipated revenue from fine and penalties because this is unpredictable in nature, making it challenging to estimate accurately at budget stage.

Expenditure

55.11 Employee related costs - The 15% variance resulted from the delayed filling of vacant posts, which led to lower-than-budgeted expenditure.

55.12 Remuneration of councillors - The 15% variance resulted from increments not being implemented.

55.13 Depreciation and amortisation - The variance of 11% is attributable to higher- than- anticipated acquisitions of movable assets and the completion of capital projects, which increase the depreciable asset base.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

55. Budget differences (continued)

55.14. The variance of 40% is attributable to lower than expected collections from consumers.

55.15 Finance costs were higher due to higher that expected interest rates.

55.16 Lease rentals on operating lease - The variance is not material

55.17 Afforestation General Expenses were lower than expected contractor costs as well as lower than anticipated repairs and maintenance required on the farm. Cost of sales higher than budget due to Increase in sales volume has led to an increase in direct costs. Gross profit has decreased due to the increase in contractor costs.

55.18 Bulk purchases - The variance is not material

55.19 Contracted services - The variance is not material

55.20 Transfers and subsidies underbudgeted due to delays in receiving the budget indication from Ugu District municipality.

55.21 Inventory consumed - The variance of 10% is attributable to higher-than-anticipted consumption of material for repairs and maintenance.

55.22 General Expenses - The variance of 31% resulted from underspending on advertising and special programmes, which were lower than budgeted for the year

55.23 Debt write-off, actuarial gains or losses, gains or losses on disposal of assets and impairment losses were not budgeted for.

Statement of Financial Position
Assets

56.24 Inventories – R (476 565)
The variance is due to lower-than-anticipated consumption and delayed replenishment of materials and consumables towards year-end. Stock levels were tightly controlled as part of cost-containment measures, resulting in lower actual inventory than budgeted.

56.25 Receivables from Non-Exchange Transactions – R 1 206 930
Actual receivables exceeded budget mainly due to higher accruals for traffic fines and property rates outstanding at year-end. The municipality experienced low collection rates, increasing the closing balance beyond budget assumptions.

56.26 VAT Receivable – R (116 584 000)
The final budget anticipated a substantial VAT refundable position arising from capital spending. However, due to delays in capital projects and changes in the VAT cycle, no VAT receivable materialised at year-end. This caused a significant negative variance.

56.27 Receivables from Exchange Transactions – R (3 879 137)
The lower actual balance is attributed to improved billing accuracy and enhanced collection efforts for services and rentals, resulting in fewer outstanding customer accounts than budgeted.

56.28 Other Current Assets – R (759 000)
The municipality did not incur certain planned prepayments and deposits originally budgeted under other current assets. This resulted in no expenditure being recorded against this line.

56.29 Cash and Cash Equivalents – R 22 673 978
Cash balances were higher than expected due to underspending on operating and capital activities, improved revenue performance, and delayed payments to suppliers. This contributed to a materially higher closing cash position.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

55. Budget differences (continued)

Non-Current Assets

56.30 Investment Property – R (303 000)
The negative variance is due to the non-acquisition of the additional property initially planned, as the project was deferred during the year.

56.31 Property, Plant and Equipment – R 6 279 665
Actual amounts exceeded budget due to the recognition of additional work-in-progress and adjustments identified during the asset verification process. This included assets not initially budgeted for and valuation adjustments.

56.32 Intangible Assets – R (32 584)
The slight negative variance relates to lower-than-budgeted spending on software licenses and system enhancements.

56.33 Plantation Inventory – R 42 456 818
This variance is due to the recognition of plantation biological assets following a revaluation in accordance with GRAP 101. This was not budgeted for.

Liabilities

Current Liabilities

56.34 Payables from Exchange Transactions – R 3 571 527
The variance is due to higher year-end accruals for goods and services not yet paid by 30 June. Supplier invoices received after cut-off contributed to this increase.

56.35 Payables from Non-Exchange Transactions – R (1 799 094)
Actual amounts were lower because fewer statutory deductions and grant return obligations were outstanding than anticipated.

56.36 VAT Payable – R (121 059 000)
The budget anticipated a VAT liability from increased cash inflows and billing. However, due to the VAT position reverting to neutral and lower taxable supplies, no VAT payable arose at year-end, resulting in the negative variance.

56.37 Consumer Deposits – R 7 305
The slight positive variance is due to unplanned new customer connections requiring deposits.

56.38 Employee Benefit Obligation – R 514 000
The variance results from actuarial adjustments to short-term employee benefit obligations, which were not budgeted for at this level of precision.

56.39 Provisions – R (3 001 000)
The municipality did not raise the planned provisions for leave and other operational risks due to updated year-end assessments, which resulted in a lower provision than budgeted.

Non-Current Liabilities

56.40 Long-Term Employee Benefit Obligation – R 6 505 000
The variance is due to actuarial revaluations of long-service awards and post-employment obligations, which exceeded original budget estimates.

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55. Budget differences (continued)

56.41 Non-Current Provisions – R (1 399 782)
Actual rehabilitation and other long-term provisions were lower than budget due to revised engineering estimates and updated cost forecasts.

Statement of Net Assets

Revaluation Reserve – R (54 294 126)
No revaluation was undertaken during the year despite being budgeted for, resulting in the variance.

Accumulated Surplus – R 121 532 137
The large positive variance is mainly driven by higher cash balances, underspending on operations, lower liabilities, and valuation adjustments in non-current assets.

Cash Flow Statement

Receipts

56.42 Sale of Goods and Services – R 58 868 167
Actual receipts significantly exceeded budget due to intensified revenue collection initiatives and improved billing efficiency.

56.43 Service Charges – R (30 485 000)
No service charges were collected as the municipality does not levy certain charges initially anticipated during budgeting.

56.44 Grants – R 4 226 561
The positive variance relates to additional grant allocations received during the year and earlier-than-expected transfers.

56.46 Interest Income – R (2 628 352)
Interest earned was lower than expected due to a decline in investment balances during part of the year and lower prevailing interest rates.

Payments

56.47 Suppliers and Other Payments – R 49 710 273
Underspending on contracted services, general expenses, and delayed procurement processes contributed to the lower actual payments.

56.48 Employee Costs – R 107 209 844
The variance is due to unfilled vacancies, recruitment delays, and lower overtime expenditure than budgeted.

56.49 Finance Costs – R (2 042 575)
Interest expense relates to late payment penalties and other finance charges not included in the budget.

56.50 Transfers and Subsidies – R 3 183 000
The municipality did not process certain planned community and operational subsidies, resulting in a positive variance.

Capital Expenditure

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

55. Budget differences (continued)

56.51 Purchase of PPE – R 9 817 048

Capital spending was below budget due to delayed implementation of infrastructure projects and procurement challenges.

Differences between budget and actual amounts basis of preparation and presentation

The differences between budget and actual will be presented on the annual financial statements.

56. Afforestation

The Local Municipality's plantations are known as the uMuziwabantu Local Municipality Harding Afforestation Scheme. This scheme entered into an agreement with NCT Forestry Co-operative in terms of which the latter has taken over the management of the timber plantations owned by the uMuziwabantu Local Municipality Harding Afforestation Scheme. By agreement, this function is now being performed by NCT Tree Farming (PTY) Ltd, a wholly owned subsidiary of the cooperative.

In terms of this agreement, NCT Tree Farming (PTY) Ltd is entitled to a profit share equal to 5% of the net profit generated by the forestry operations prior to the deduction of such fee.

Further, NCT Tree Farming (PTY) Ltd is not entitled to any payment other than the recovery of direct costs should the forestry operations not make a profit or loss is made in the year, nor is it liable for losses other than in the case of NCT Tree Farming (PTY) Ltd negligence in terms of the agreement.

No taxationhas been provided as the net income is attributable directly to the uMuziwabantu Local Municipality. In previous years the Afforestation Scheme was accounted for using the equity method. From 1 July 2007, the Scheme's operation has been incorporated on a line by line basis into the financial statemements.

57. Awards to close family members of persons in the service of state

Paragraph 45 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003); Municipal Supply Chain Management Regulations states that particulars of any award more than R2 000 made to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve (12) months must be disclosed as a note in the Annual Financial Statements.

The details are listed below for the year ended **30 June 2025**:

Name : Mangubade Trading Enterprise
Relation : Wife to the spouse who is in the service of the state/municipality
Capacity : General Assistant Electricity
Amount : R 14 400

Name : Mnyingwa Trading Enterprise
Relation : Wife to the spouse who is in the service of the state/municipality
Capacity : General Assistant Electricity
Amount : R 107 200

58. Accounting by principals and agents

The municipality is a party to a principal-agent arrangement(s).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

58. Accounting by principals and agents (continued)

Details of the arrangment are as follows:Details of the arrangment are as follows:

Principal-agent arrangements relate to binding arrangements in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal). The following arrangement meets the criterion for such arrangements:

The Municipality has an agent-principal relationship with KZN Department of Transport

Municipality as an agent

KwaZulu Natal Department of Transport

The agreement requires the municipality to perform all the testing functions on behalf of the department which consist of Driving licence test centre functions.The municipality is an Agent to the agreement as they are responsible for perfoming testing functions on behalf of the Department. Thus a principal agent arrangement exist.The municipality is the agent in terms of GRAP 109.

Expected timing of remittance of remaining resources to the principal, are [State timing and details].

KwaZulu Natal Department of Transport

Revenue recognised

The aggregate amount of revenue recognised as a result of drivers' licence testing functions is R772 020 (2024: 855 940)

Resources (including assets and liabilities) of the entity under the custodianship of the agent

Afforestation scheme arrangement constitutes a **principal-agent relationship** in terms of **GRAP 109**, as the municipality retains ownership of the plantations, assumes the related risks and rewards, and NCT acts as an agent responsible for operational management on behalf of the municipality

59. Prior-year adjustments

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 adjustments:

Statement of financial position

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Receivable from non-exchange transaction	5	4 341 785	1 692 662	-	6 034 447
Property, plant and equipment	9	430 399 983	6 412 362	-	436 812 345
VAT receivable		4 103 676	(4 103 676)	-	-
Receivable from exchange transactions	6	6 402 875	495 812	-	6 898 687
Accumulated Surplus		(492 532 168)	(59 211 251)	-	(551 743 419)
Payables from exchange transactions	12	(21 509 856)	419 969	2 498 906	(18 590 981)
Payables from non exchange transactions	13	-	-	(2 498 906)	(2 498 906)
Revaluation reserve		(54 294 126)	54 294 126	-	-
		(123 087 831)	**4**	**-**	**(123 087 827)**

Statement of financial performance

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

59. Prior-year adjustments (continued)

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Interest revenue - Investment	23	8 873 173	(3 856)	-	8 869 317
General Expenses	41	(46 146 838)	(1 220 733)	-	(47 367 571)
Bulk Purchases		(47 076 979)	-	3 550 999	(43 525 980)
Impairment of assets	32	(25 641 048)	6 448 196	-	(19 192 852)
Transfers and subsidies	38	(1 405 572)	-	(3 550 999)	(4 956 571)
Surplus for the year		**(111 397 264)**	**5 223 607**	**-**	**(106 173 657)**

Cash flow statement

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Cash flow from operating activities					
Sale of goods and services	18	82 220 356	(1 040 952)	-	81 179 404
Interest Income		8 873 173	(3 856)	-	8 869 317
Employee Costs		(93 158 054)	(2 310 267)	-	(95 468 321)
Suppliers		(161 281 977)	2 751 397	1 405 572	(157 125 008)
Transfers and subsidies		-	-	(1 405 572)	(1 405 572)
Finance costs		(2 660 311)	2 438 251	-	(222 060)
		(166 006 813)	**1 834 573**	**-**	**(164 172 240)**
Cash flow from investing activities					
Purchase of PPE		(38 294 020)	(1 922 287)	-	(40 216 307)
Cash generated from operations note					
Other non cash		1 572 301	(1 490 064)	-	82 237
Leave pay and bonus		-	512 547	-	512 547
Receivables from exchange transactions		(8 612 405)	(495 812)	-	(9 108 217)
VAT		(3 427 595)	3 427 595	-	-
Receivables from non-exchange transactions		7 023 723	(1 692 451)	-	5 331 272
Depreciation and amortisation		26 024 768	(654 515)	-	25 370 253
Finance costs		2 660 311	(1 372 311)	-	1 288 000
Movements in provisions		-	1 150 480	-	1 150 480
Movement in payables relating to acquisition of assets - Retentions		-	1 922 286	-	1 922 286
Accrued leave pay movement		-	(431 019)	-	(431 019)
Accrued bonus movement		-	(81 528)	-	(81 528)
Depreciation costs included in general expenses-Afforestation		-	195 633	-	195 633
Loss on sale of assets included in general expenses-Afforestation		-	160 000	-	160 000
		25 241 103	**1 150 841**	**-**	**26 391 944**

Errors

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

59. Prior-year adjustments (continued)

Statement of financial position

Receivables from non-exchange transaction - In the prior year, the municipality incorrectly accounted for VAT due from SARS. This has since been corrected, resulting in an increase of R1 692 662 in receivables from non-exchange transactions.

VAT receivable - In the prior year, the municipality incorrectly disclosed the net VAT receivable as a separate/ single line item in the Statement of financial position. In the current year, this has been corrected by disclosing VAT receivable, VAT payable and VAT control to enhance accurance and compliance with reporting requirements. The VAT input accrual was further impacted by R116 010 VAT on reversal of an incorrect accrual.

Property, plant and equipment - In the prior year, the municipality incorrectly accounted for certain assets. The correction has been corrected, resulting in an increase of R6 718 841 in property, plant and equipment.

Receivables from exchange transactions - In the prior year, the municipality incorrectly accounted for VAT input accrual. This has since been corrected. Resulting in an increase of R495 811 in receivables from exchange transactions.

Payables from exchange transactions - In the prior year, the municipality incorrectly accounted for VAT input accrual. This has since been corrected. Resulting in an increase of R419 969 in receivables from exchange transactions. Futhermore there was a reversal of an an accrual which was incorrectly raised.

Revaluation Reserve - In the prior year, the municipality incorrectly revalued certain assets that are accounted for under the cost model. This error has been corrected, resulting in a reversal of revaluation reverse.

Statement of Financial Perfomance

Interest revenue - In the prior year, the municipality incorrectly accounted for accrued interest. This error has since been corrected and resulted in a decrease of R3 856 in interest revenue.

General expenses - in the prior, the municipality incorrecltly accounted for certail accruals, which resulted in the omission of related expenses. This error has since been corrected, resulting in an increase in general expenses. There was a further adjustment relating to a reversal of an incorrect accrual.

Afforestation sales and other income - In the prior year, the municipality incorrectly classified certain revenue transactions, recognising them as sale of goods instead of other income. This error has since been corrected, resulting in an increase in other income and a corresponding decrease in sale of goods by R547 485.

There was a correction of impairment made in error in the previous year.

Bulk purchses were overstated in the previous year due to a missallocation of cost of free basic services.

Statement of Cash Flow Statement

The prior year adjustments on the Cash Flow Statement and the Cash gererated from operations were due to the coorection of errors to Statement of Financial Position and Statement of Financial.

Notes to the Annual Financial Statements

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60. 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 planning and development and Trading services. 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.

Aggregated segments

The municipality is organised and operates in three key reportable functions throughout the nine wards under uMuziwabantu demarcations. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout uMuziwabantu were sufficiently similar to warrant aggregation.

Community and public safety: Sports and recreation, Parks and gardens, Human settlements, Disaster management, Library services and Community services.

Economic planning and development: Local Development and Technical departments.

Trading services: Waste management and Electricity sales.

Afforestation: Forestry.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Segment 1	Community and Public safety
Segment 2	Economic planning and development
Segment 3	Trading service
Segment 4	Afforestation

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60. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Community and public safety	Economic planning and development	Trading services	Afforestation	Total
Revenue					
Revenue from non-exchange transactions	-	-	72 801 268	-	72 801 268
Revenue from exchange transactions	1 025 589	39 056 860	14 074 163	16 608 125	70 764 737
Total segment revenue	**1 025 589**	**39 056 860**	**86 875 431**	**16 608 125**	**143 566 005**
Entity's revenue					**143 566 005**
Expenditure					
Employee Related Cost	-	-	87 075 455	-	87 075 455
Depreciation and amortisation	-	-	25 163 491	-	25 163 491
Contracted Services	-	-	36 918 688	-	36 918 688
Total segment expenditure	**-**	**-**	**149 157 634**	**-**	**149 157 634**
Total segmental surplus/(deficit)					**(5 591 629)**
Contracted services					(36 918 688)
Impairment loss					(25 641 048)
Other expenses					(25 028 565)
Entity's surplus (deficit) for the period					**(80 452 502)**
Assets					
Current assets	-	47 681 165	15 174 464	1 881 566	64 737 195
Non-current assets	11 366 970	-	417 412 644	50 668 286	479 447 900
Total segment assets	**11 366 970**	**47 681 165**	**432 587 108**	**52 549 852**	**544 185 095**
Total assets as per Statement of financial Position					**544 185 095**

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60. Segment information (continued)

	Community and public safety	Economic planning and development	Trading services	Afforestation	Total
Liabilities					
Current laibilities	-	-	22 629 835	981 151	23 610 986
Non-current liabilities	-	-	34 249 698	-	34 249 698
Total segment liabilities	**-**	**-**	**56 879 533**	**981 151**	**57 860 684**
Total liabilities as per Statement of financial Position					**57 860 684**

Due to limitations in the financial reporting system it was impractical to prepare the abridged Segmental Cash Flow Statement.

2024

	Community and public safety	Economic planning and development	Trading services	Afforestation	Total
Revenue					
Revenue from non-exchange transactions	130 288 893	6 909 531	50 997 016	-	188 195 440
Revenue from exchange transactions	1 025 589	39 056 860	14 074 163	16 608 125	70 764 737
Total segment revenue	**131 314 482**	**45 966 391**	**65 071 179**	**16 608 125**	**258 960 177**
Entity's revenue					**258 960 177**
Expenditure					
Employee related costs	56 314 975	7 248 183	19 183 870	-	82 747 028
Depreciation and amortisation	-	-	26 024 769	-	26 024 769
Contracted services	29 994 336	957 502	8 275 496	-	39 227 334
Other expenses	-	-	156 259 431	15 206 576	171 466 007
Total segment expenditure	**86 309 311**	**8 205 685**	**209 743 566**	**15 206 576**	**319 465 138**
Total segmental surplus/(deficit)					**(60 504 961)**

Notes to the Annual Financial Statements

Figures in Rand

60. Segment information (continued)

Allocated surplus/(deficit)					(60 504 961)
Impairment loss					(25 641 048)
Expenditire					(25 028 565)
Entity's surplus (deficit) for the period					**(111 174 574)**
Assets					
Current assets	-	-	68 819 871	5 564 313	74 384 184
Non-current assets	285 331 511	9 952 872	109 025 977	50 668 286	454 978 646
Total segment assets	**285 331 511**	**9 952 872**	**177 845 848**	**56 232 599**	**529 362 830**
Total assets as per Statement of financial Position					**529 362 830**
Liabilities					
Current liabilities	-	-	22 629 835	981 151	23 610 986
Non-current liabilities	-	-	34 249 698	-	34 249 698
Total segment liabilities	**-**	**-**	**56 879 533**	**981 151**	**57 860 684**
Total liabilities as per Statement of financial Position					**57 860 684**

Due to limitations in the financial reporting system it was impractical to prepare the abridged Segmental Cash Flow Statement.