



MPOFANA LOCAL MUNICIPALITY ANNUAL REPORT 2024/2025 FINANCIAL YEAR

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COMPONENT A: MAYOR'S FOREWORD

Mayor's Foreword

Let's us acknowledge profound significant of voting that took place during the national election and such are set the outcome of that which led to government national unit. We should not expand our preface to the national level and need to focus at area jurisdiction Mpofana Municipality.

We further should always remember that our voters chart the course of our nation, paving the way for brighter future for all South African. During past financial year 2024/2025 our municipality has improved and has soberly and conscious address many matters of compliance that will ensure there is approved budget, service delivery implementation plan; include budget adjustment which we expecting to have concluded by 28 February 2026. We have implemented various programmes and activities focusing on service delivery, with clear mandate to enhance local government integrity and efficient in providing essential services. This is a story to tell field with courage, resilient and compaction.

In alignment with our financial recovery plan which has been design internally as well as sustainability plan we remain vigilant in our administrative duties, ensuring prudent financial management in accountability. The implementation of financial recovery plan is designed internal together Finance Recovery Committee (FRC) guide our action fostering, transparent and physical responsibility as we navigate the path to financial stability.

The implementation of the District Development Model (DDM) within uMgungundlovu District Municipality as key approach lately foster us practical intergovernmental relation mechanism between the different stakeholders which include municipality, government department and private sector include the community as key stakeholder to plan, budget, implement jointly in order to enhance sustainable service delivery in the region.

Over the past year we have made significant strive in governance financial management and service delivery reflecting our commitment to wellbeing and prosperity of our community. This need to be aligned to the recent audit outcome which so us returning unqualified audit outcome as Mpofana municipality. Which is something that we proud of ourselves in, as we continue with our term of office and nearly end of our term

office we take joy on strive that Mpofana Municipality have achieved but we remained with key challenge as the municipality which need all stake holders to assist this Municipality.

This challenge of the Electrical Grid collapse in terms of electricity is big challenge that needs all stakeholders that need my foreword to really put they afford together to assist this municipality in revamping/ total rebuild of electricity infrastructure of Mpofana Local Municipality.

I appreciate each and every one as I closed,

Bless you.

Cllr. TM Magubane
Mayor of Mpofana Municipality

COMPONENT A: EXECUTIVE SUMMARY

1.1 Municipal Manager's Overview

Municipal Manager's Foreword

Mpofana municipality is the gateway to the economic hub of Kwazulu-Natal Midland. The municipality is faced with number of challenges however the municipality have seen great improvement over recently years. This improvement includes among others the stability of the municipality; the municipality have also recorded the change in terms of the narrative. There is huge interest and invest confident that have developed from 2019 to now.

Unfortunately, the municipality is faced with crucial challenge of the imminent electricity grid collapse. The municipality is in die and urgent need of intervention from all parties or stakeholders that may assist. The electricity infrastructure has been recorded as dilapidated as back as 2017/18 financial year unfortunately due to financial challenges the municipality is not being able to priorities the electricity infrastructure. It is so bad in such a way that it on the verge of unwarranted collapse and hence it is my plea as accounting officer for those who read and come in to contact to this annual report to urgently intervene. To see this as direct request from the office of municipal Manager for an urgent intervention.

The engagement with Eskom have proved that the total redesign and rebuild of electricity infrastructure is the only solution that can assist this municipality. There has been recorded improvement in terms of collection however this have got so little impact in terms of improvement in financial viability of the municipality. We are pleased of improvement in so as far audit outcome which has been maintain as unqualified during the last audit, however main risk that is faced this municipality desire urgent attention.

We remain steadfast to our commitment clean governance. We continue to strive to improve to modernize our systems, control and process throughout the municipality.

I would like to extend my heart felt gratitude to everyone who contributed in making 2024/2025 financial year success. While we acknowledge that there is much work to be done we are encouraging by the progress that we have made our focus and innovation spirit drive us to find new ways to delivery basic services to announce quality of life for our valued citizen.

Thank you always

Dr. EH Dladla
Municipal Manager

Abbreviations

AG	Auditor - General
BEE	Black Economic Empowerment
COGTA	Co-operative Governance and Traditional Affairs
DAERD	Department of Agriculture, Environment Affairs and Rural Development
DME	Department of Minerals and Energy
DOE	Department of Education
DOHS	Department of Human Settlement
DOT	Department of Transport
DWAF	Department of Water Affairs and Forestry
EPWP	Expanded Public Works Programme
GIS	Geography Information System
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome
ICT	Information Communication Technology
IDP	Integrated Development Plan
IDP RF	Integrated Development Plan Representative Forum
IWMP	Integrated Waste Management Plan
KPI	Key Performance Indicator
KZN	KwaZulu Natal
LED	Local Economic Development
MEC	Member of Executive Council
MFMA	Municipal Financial Management Act No. 56 of 2003
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
PMS	Performance Management System
PPP	Public-Private Partnership
SDBIP	Service Delivery and Budget Implementation Plan
SCM	Supply Chain Management
SMME	Small, Medium and Micro Enterprise
WSB	Water Services Backlog

Bibliography

- IDP 2024/2025
- National Treasury Website
- Mpofana Local Municipality Audited Financial Statements for 2024/2025
- Mpofana Municipality Annual Performance Report 2024/2025
- Statics South Africa Report for 2022
- Relevant, Circulars, Policies, Frameworks and Relevant Legislation.

Acknowledgement

- Councilors and Officials of Mpofana Municipality;
- The office of the Auditor General KwaZulu-Natal; and
- The Audit Committee of Mpofana Local Municipality.

1.2 LEGISLATIVE REQUIREMENT

Section 121 of the Local Government: Municipal Financial Management Act 56 of 2003 (MFMA) stipulates that:

“Every municipality and every municipality entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with annual report of the municipality and of any municipal entity under the municipality’s sole or shared control in accordance with section 129”.

The purpose of an annual report is-

- To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates;
- To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- To promote accountability to the local community for the decision made throughout the year by the municipality or municipality entity

The annual report of the municipality must include-

- The annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor General for audit in terms of section 126(1);
- The Auditor General report in terms of section 126(3) on the financial statements;
- The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;
- The Auditor General’s audit report in terms of section 45 (b) of the Municipal System Act;
- An assessment by the municipality’s accounting officer of any arrears on municipal taxes and service charges;
- An assessment by the municipality’s accounting officer of the municipality’s performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue sources and for each vote in the municipality’s approved budget for the relevant financial year;

- Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports;
- Any explanation that may be necessary to clarify issues that in connection with the financial statements;
- Any information as determined by the municipality;
- Any recommendations of the municipality's audit committee; and
- Any other information as may be prescribed.

Report of the municipal entity must include-

- The annual financial statements of the entity as submitted to the Auditor General for audit in terms of section 126 (2) on those financial statements;
- The Auditor General's audit report in terms of section 126 (3) on those financial statements;
- An assessment by the entity's accounting officer of any arrears on those financial statements;
- An assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and its parent municipality;
- Particulars of any corrective action taken or to be taken in response to issues raised in the audit report;
- Any information as determined by the entity or its parent municipality
- Any recommendations of the audit committee of the entity or its parent municipality; and
- Any other information as may be prescribed.

1.3 MUNICIPAL OVERVIEW

Mpofana Municipality is one of seven local Municipalities that makes-up uMgungundlovu District. It is located along the N3 approximately 70km west of Pietermaritzburg. It borders onto uMngeni, uMshwathi, uMvoti and Langalibalele Municipalities. Mooi River is the only major town in the area and provides services to areas within the municipal boundaries. The other emerging small town is Rosetta which has a smaller catchment and a strong eco-tourism character. The area is within Mooi River catchment and is dominated by commercial farmlands.

Mpofana Municipal boundaries were delineated in terms of the Municipal Demarcation Act and the criteria set therein. This includes population movement trends, regional economic patterns and land use pattern. The municipal boundaries are not just administrative, but are also intended to promote social and economic development. They are also spatial planning boundaries in line with the municipal planning mandate of local government.

1.4 VISION

Mpofana Municipality an inclusive economic dynamite and gateway for sustainable development, by the year 2035.

1.5 MISSION

We strive to deliver on our mandate through:

Unlock resources for Equitable, prosperous and sustainable development.

Provide a platform for co-ordination of bulk infrastructure planning across the municipality

Provide strategies leadership towards inclusive/radical rigorous social-economic change.

Transformation to address economic spatial injustice, inclusive services and opportunities for all citizen of the municipality.

Initiate funding mobilizing initiative/program to ensure financial sustainability.

Co-ordinating and facilitating social development initiative.

1.6 PRINCIPAL AND VALUES

The principal and values which Mpofana Local Municipality ascribes to are as follows:

- ❖ Maintain Customer focus and strive for quality, effectiveness, efficiency and sustainability in the delivery of all our services;
- ❖ Develop a high culture of performance and excellence based on innovation and development;
- ❖ Undertake the responsibility with stewardship and play a leadership role on issues of importance to the municipality;
- ❖ Active seek and forge mutually beneficial partnership with all its stakeholders;
- ❖ Communicate effectively with communities and other stakeholders in a manner that promotes their participation;
- ❖ Act with respect, honesty, trust and empathy;
- ❖ Uphold diligence, professionalism and risk tolerance in our quest for innovation and improvement in services delivery;
- ❖ Promote ongoing development of management and adaptable skills to cope with changes in the environmental and customer expectations;
- ❖ Create an environment that is conducive to self-initiative and fostering a culture of individuals identity with the Municipal as an organization;
- ❖ Commitment and equity and social redress; and
- ❖ Be inclusive, transparent, and accountable and act with integrity.

1.7 GOALS, OBJECTIVES AND PRIORITIES

The overall goals and objectives for the Municipality which are drawn from the formal mandates are as follows:

- ❖ To improve quality of life;
- ❖ To improve administrative, legal and advisory support;
- ❖ To provide safe, secure, and self-sustainable communities;
- ❖ To improve financial management to ensure sustainable financial viability;
- ❖ To instill, advance and sustain a good organizational culture and service excellence;
- ❖ To create and ensure a conducive environment for Economic Growth and Development;
- ❖ To leverage and enhance municipal capacity to promote democracy accountability;

- ❖ To develop a credible IDP that aligned to community needs; and
- ❖ To promote coordinated planning, implementation and continued evaluation.

1.8 MUNICIPAL FUNCTIONS, MANDATE, POPULATION and ENVIRONMENTAL OVERVIEW

1.8.1 Municipal Functions

In terms of section 84 of the Local Government: Municipal Structural Act No. 117 of 1998, the Mpofana Local Municipality has the following powers and functions:

- ❖ Integrated Development Planning;
- ❖ Plan, implement and monitor infrastructure projects,
- ❖ Facilitate access to basic electricity services;
- ❖ Solid waste disposal;
- ❖ Regulation of passenger transport services;
- ❖ Building regulations
- ❖ The establishment, conduct and control of cemeteries;
- ❖ Promotion of local tourism for the area;
- ❖ The imposition and collection taxes, levies and duties as related to the above functions;
- ❖ Municipal Planning;
- ❖ Municipal roads; and
- ❖ Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or other law

1.8.2 Mandates

The legislative mandates exercised by the municipality in terms of the local government legislative framework are as follows:

- ❖ Local Government: Municipal Structure Act, 117 of 1998;
- ❖ Local Government: Municipal System Act, 32 of 2000;
- ❖ Local Government: Municipal Finance Management Act, 56 of 2003;
- ❖ Local Government: Municipal Planning and Performance Management Regulation, 2001;
- ❖ Local Government: Municipal Property Rates, 6 of 2004;
- ❖ Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, 2006;
- ❖ Local Government: Development Facilitation Act;

- ❖ Local Government: Municipal Demarcation Act, 27 of 2008;
- ❖ Disaster Management Act, 57 of 2002;
- ❖ Intergovernmental Relations Framework Act, 13 of 2005;
- ❖ Remuneration of Public Office Bearers Act, 20 of 1998; and
- ❖ Organized Local Government Act, 52 of 1997

1.8.3 Supporting Mandate

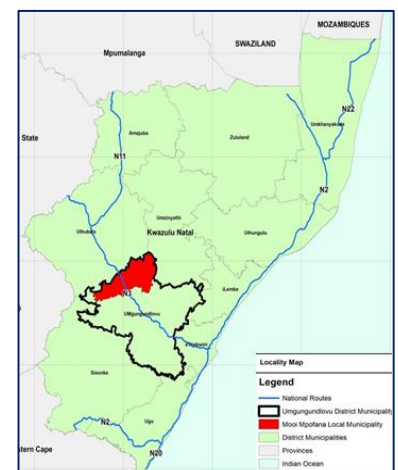
- ❖ The Constitution of the Republic of South Africa, 1996;
- ❖ White Paper on Transforming Public Service Delivery (Batho Pele), 1997, and
- ❖ White Paper on Service Delivery

1.9 POPULATION and DEMOGRAPHICS

1.9.1 Municipal Position within KwaZulu Natal Province

Mpofana Municipality is one of seven local Municipalities that makes-up uMgungundlovu District. It is located along the N3 approximately 70km west of Pietermaritzburg. It borders onto uMngeni, uMshwathi, uMvoti and Inkosi Langalibalele Municipalities. Mooi River is the only major town in the area and provides services to areas within the municipal boundaries. The other emerging small town is Rosetta which has a smaller catchment and a strong eco-tourism character. The area is within Mooi-River catchment and is dominated by commercial farmlands.

Mpofana municipal boundaries were delineated in terms of the Municipal Demarcation Act and the criteria set therein. This includes population movement trends, regional economic patterns and land use pattern. The municipal boundaries are not just administrative, but are also intended to promote social and economic development. They are also spatial planning boundaries in line with the municipal planning mandate of local government.



1.9.2 Population

Mpofana Local Municipality is one of the seven municipalities under uMgungundlovu District Municipality. Mpofana Local Municipality in terms of 2022 Census Survey, experienced a negative growth on its population as the population size decreased from 34 913 in 2011 Census Survey to 33 382 in 2022.

Total Population within uMgungundlovu District Municipality.

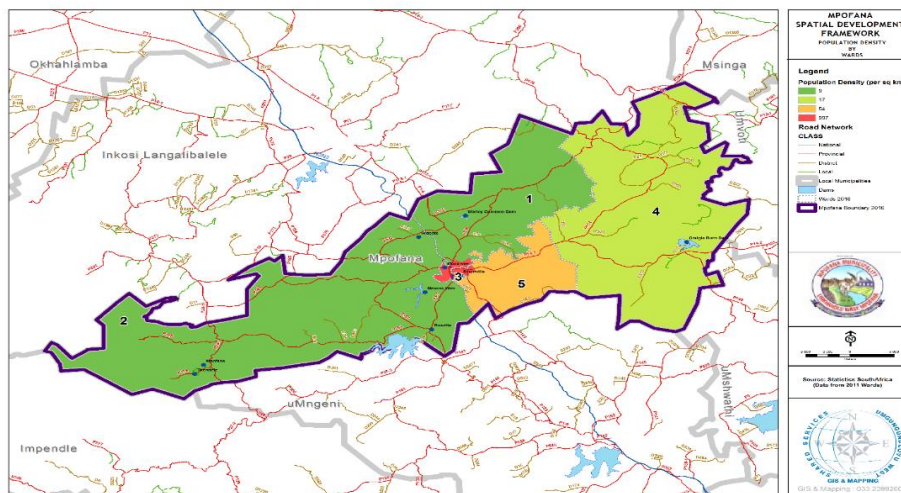
Municipality	Population in numbers	Rank
DC22 uMgungundlovu District Municipality	1 235 715	Number 2 in KZN
The Msunduzi	817 725	1
uMshwathi	118 478	2
uMngeni	105 069	3
Richmond	62 754	4
Mkhambathini	61 660	5
Impendle	36 648	6
Mpofana	33 382	7

Source: Census 2022

Population Grouping

Name	Frequency	%
BLACK AFRICAN	29 968	89,8%
COLOURED	196	0,6%
INDIAN/ASIAN	1 172	3,5%
WHITE	1 975	5,9%
OTHER	71	0,2%

Population Distribution per Ward



Age Distribution

The majority of the population of the Mpofana Municipality is made up of individuals ranging from ages 0-35 (youth) and the little ranging between 65 and 100. There is thus a decreasing trend identified within each age group. The data indicate the female majority of 52.8% and 47.2% males respectively.

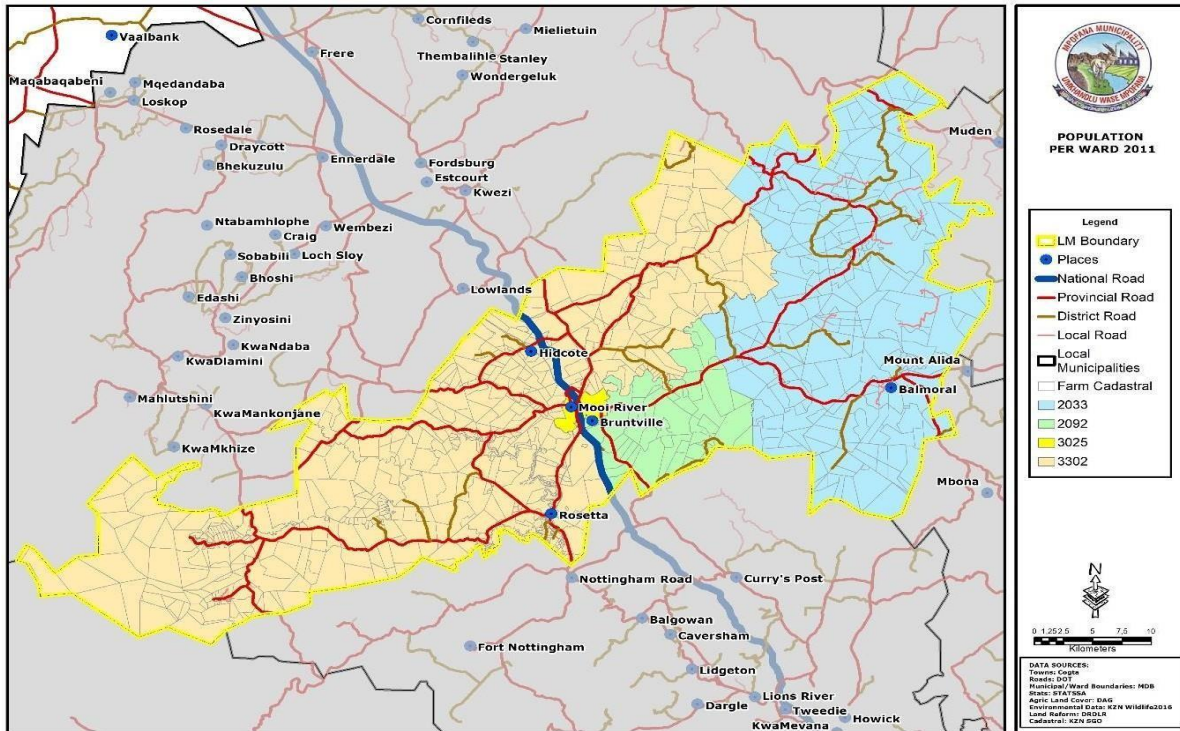
There are various implications for the trend identified. The Mpofana Local Municipality can be characterized with having a large youthful population, which implies the need for various facilities and focus on specific priority areas. E.g. educational facilities, economic opportunities and possibly youth development programmes.

Age Profile of Mpofana Municipality

Census 2022

<i>Name</i>	<i>Male</i>	<i>Male (%)</i>	<i>Female</i>	<i>Female (%)</i>
85+	19	0,1%	88	0,3%
80-84	35	0,1%	66	0,2%
75-79	81	0,2%	168	0,5%
70-74	193	0,6%	321	1,0%
65-69	267	0,8%	492	1,5%
60-64	394	1,2%	601	1,8%
55-59	523	1,6%	750	2,2%
50-54	653	2,0%	941	2,8%
45-49	789	2,4%	924	2,8%
40-44	1 104	3,3%	1 203	3,6%
35-39	1 407	4,2%	1 532	4,6%
30-34	1 584	4,7%	1 573	4,7%
25-29	1 503	4,5%	1 635	4,9%
20-24	1 405	4,2%	1 373	4,1%
15-19	1 435	4,3%	1 380	4,1%
10-14	1 494	4,5%	1 649	4,9%
5-9	1 426	4,3%	1 374	4,1%
0-4	1 452	4,4%	1 549	4,6%

Figure 1: Household Distribution Map



Illustrated by the Household Distribution Map (Figure 3), which depicts the number of household points within the Local Municipality, it is visible that the household distribution is scattered throughout the entire municipal area, with higher density areas found south of Rosetta, north of Middelrus and in the town of Mooi River. This scatter distribution creates many challenges concerning equal provision of services as well as the identification of common Economic Development initiatives to impact the livelihood of all residents in the municipality.

1.9.3 Poverty Levels

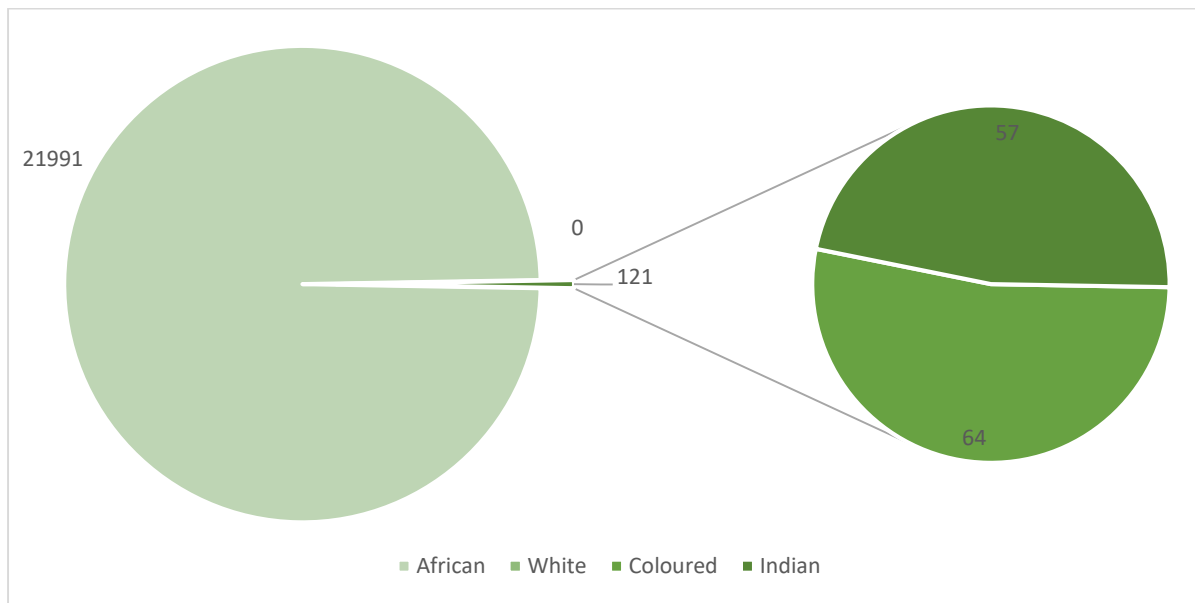
People Below the Food Poverty Line

In 2023, an estimated 16,125 people (43% of the total population) in Mpofofana Local Municipality were living below the food poverty line, with an overwhelming majority (99%) being Black Africans. This means that 16,125 people in Mpofofana do not have enough income to afford the minimum amount of food required to meet basic nutritional needs.

People Living Below the Lower Poverty Line

More concerning is that more than half of the total population in Mpofana Local Municipality (58%) is living below the lower bound poverty line, with the overwhelming majority being black Africans. This means that approximately 22,112 people lack sufficient income to cover basic needs, including both food and non-food items essential for survival and well-being, such as housing, transportation, and utilities.

Figure: People Living Below the Lower Bound Poverty Line



Source: South Africa Regional eXplorer v2496.

1.9.4 Educational Levels

Table below indicates the trends of education levels amongst males and females in the Mpofana Local Municipality.

Census 2022

Name	Frequency	%
No Schooling	1 430	7,0%
Some Primary	1 931	9,4%
Completed Primary	709	3,5%
Some Secondary	6 990	34,0%
Grade 12/Std10	8 167	39,8%
Higher Education	1 235	6,0%
Other	79	0,4%

1.9.5 Economic Performance

Mpofana Local Municipality continues to be one of the lowest contributors to the total Gross Value Added (GVA) of both the uMgungundlovu district and the province, ranking as the second lowest contributor in 2023 (6th out of 7 municipalities in uMgungundlovu). In 2023, Mpofana Local Municipality contributed 2% (R1.8 billion) to the overall uMgungundlovu GVA and approximately 0.3% to the provincial economy (See Table below).

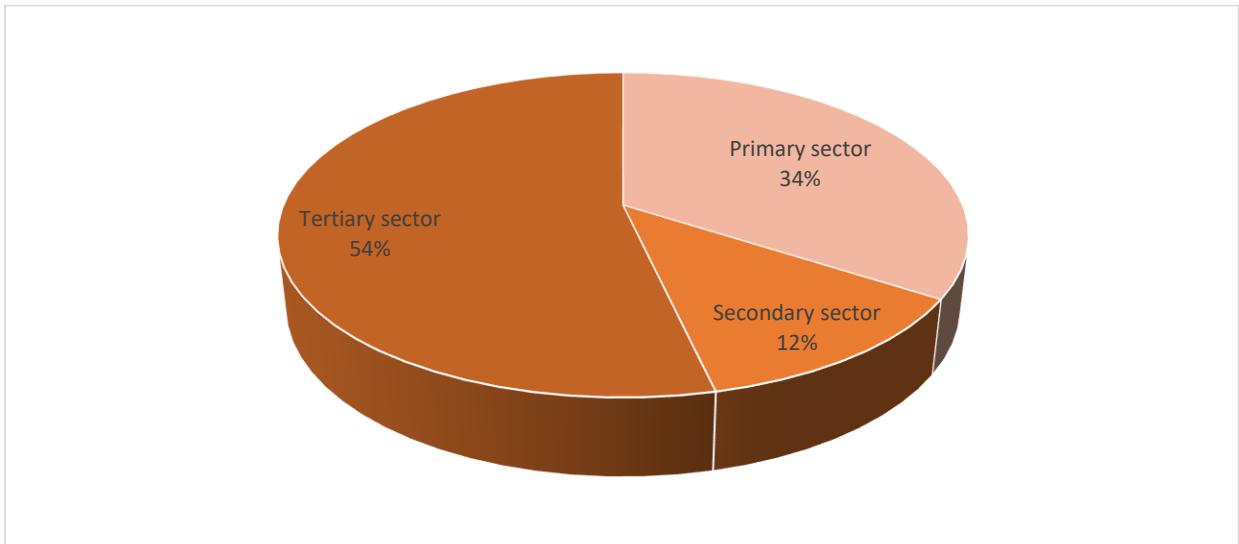
Table: Economic contribution

Year	GVA-All Sectors		
	KZN	uMgungundlovu	Mpofana LM
2019	683 040 419	69 767 983	1 821 012
2020	652 936 163	67 646 178	1 755 147
2021	683 074 575	71 103 529	1 850 549
2022	690 291 900	72 268 289	1 833 333
2023	694 393 296	73 476 246	1 815 324

Source: South Africa Regional eXplorer v2496.

The majority of the contribution came from the tertiary sector (54%), followed by the primary sector, which accounted for 34% of the total output.

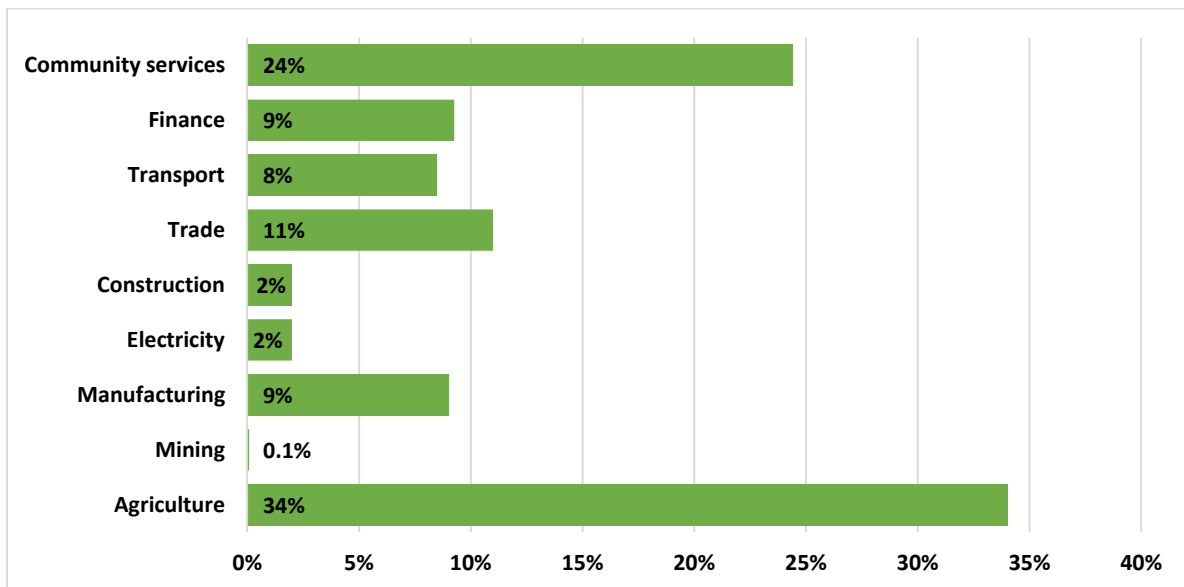
Figure: Sector breakdown



Source: South Africa Regional eXplorer v2496.

In terms of broad economic sectors (nine sectors), official data indicates that agriculture remains a key contributor to both the district and Mpofana Local Municipality, accounting for 34% of the municipality's GVA.

Figure: Sector contribution



Source: South Africa Regional eXplorer v2496.

Although the Location Quotient indicated an underrepresentation of the community services sector in Mpofana Local Municipality, with a value of 0.92, economic performance data shows that community

services contributed 24% to the total output. In comparison, the trade sector accounted for 11%. As confirmed by the Location Quotient, contributions from other sectors in Mpofana Local Municipality remain minimal, with mining being particularly low.

1.9.6 Demographics

Information presented in this Annual Report is based on the 2024/2025 IDP which captured its data from the 2022 Census as part of the process of understanding the current situation.

The Mpofana Local Municipality is divided into 5 Wards, which cover the area approximately 181 000 hectares. These are:

WARD 1	This is made up of Mooi River, which can be primary described as a formal urban area within denser development, it also comprises of Riverdale and Townview phase 1 which are semi-urban and Ncubela and Scottfontein which are rural areas
WARD 2	Comprises of what may be termed a small town Rosetta which is a town area. Besides Rosetta the area is rural. This ward's population is mostly made up of the Tendela community. There are other rural areas that exist in this Ward, Sierra Ranch, Manophe and Weston
WARD 3	This is predominantly made up of Bruntville and Gwala Park; which are semi-urban areas.
WARD 4	The area is entirely rural, having been categorised as one of the poorest wards in the KZN Province, lacking in basic services such as water, houses, electricity and waste management
WARD 5	This made up of Townview area, Phumlasi, Mnandi Farm and Lakeview. This area is predominantly semi-urban.

1.10 SERVICE DELIVERY OVERVIEW

The Municipality has supported its service delivery efforts through Expanded Works Programme (EPWP) and namely Community Works Programme (CWP). A number of areas which were not taken off previously are now be catered for under the EPWP and the CWP Programme.

A number of capital projects were introduced through grants (INEP, MIG, DISASTER and EEDSM grants) for road infrastructure and electricity during 2024/2025 financial year. 160 people were employed across all projects.

Furthermore, a number of capital projects are still ongoing and the progress is shown in the table below, though some have been completed

<i>Source</i>	<i>Project</i>	<i>Project Status as at 30 June 2025</i>	<i>Ward</i>
MIG	Construction of Mzilanyoni Gravel Road	Practical Complete	4
MIG	Upgrade Phumlaas/Townview Internal Roads	Completed	5
MIG	Upgrade of Bruntville Sports Field	In Progress	3
INEP	Electrical Network Designs	Completed	1, 2 & 4
DISASTER GRANT	Rehabilitation of Gower Road	Project not completed	1
DISASTER GRANT	Rehabilitation of Fife Road	Completed	1
DISASTER GRANT	Rehabilitation of Weston Road	Completed	1
DISASTER GRANT	Rehabilitation of Sterling Terrace	Completed	1
DISASTER GRANT	Rehabilitation of Alexandra Terrace	Completed	1

The Municipality has put together a plan to fast-track the completion of the new projects, by having an implementation plan in place. Furthermore, more business plans are being put together to source funding to complete all projects that are still needed. It should also be noted that the availability of land is the major issue which prevents the municipality from achieving its vision in terms of Housing delivery, bulk services are also an issue which need urgent attention from uMgungundlovu District Municipality, meetings to this end have been held with the Department of Human Settlements and UMDM, with the revival of Ntuli Housing Project consisting of 92 Units, the conclusion of this project will mean a complete eradication of informal settlements in Ward 2, but on the main the Municipality’s Housing Sector Plan should be developed and adopted by the Council in order to address all issues pertaining housing projects with our municipality. The Phumlaas Housing Project came to a stop due to unforeseen circumstances.

It is worth mentioning that Mpofana has also made efforts in terms of universal access to electricity, this has been done by the way of continuously electrification of new areas in the rural areas (Ward 1, 2, and 4) this has been made possible by the grant from Department of Energy.

1.11 FINANCIAL HEALTH OVERVIEW

Background

The municipality is unable to meet its monthly fixed operating commitments from cash and short term investments without collecting additional revenue [The current cash coverage ratio is -1 month (which is below average of 1- 3 months)]. The municipal is unable to generate sufficient income to cover its operating payments, and debt commitments (e.g. Eskom). This causes late payments of monthly consumables.

The Municipality has decided to explore the Distribution Agency Agreement with Eskom and there is continuous engagement between Eskom and the Mpofana Municipality to conclude the agreement arrangements. Currently the discussions are in an advanced stage which is estimated to be concluded in the next six months.

The municipality adopted an unfunded Draft Budget. The municipality is implementing unfunded budget plan to be in the funding position in the 2024-25 financial year. As per Provincial Treasury recommendation, the municipality needs to monitor progress of budget funding plan. Close monitoring mechanism has been put in place. This report is a summary of the progress made and a few challenges on the financial performance of the municipality for the 2024/25 financial year.

Objectives

- Successful monitoring of MSCOA implementation and monitoring for 2017/2018 to 2024/2025
- Successful implementation of new valuation roll on the 01 July 2026.
- Improve financial reporting based on MSCOA requirements
- Improve debts collection to boost municipal cash flow
- Striving towards Clean Audit Opinion (AGSA) / maintain unqualified opinion
- Continuous implementation of municipal budget related policies
- To manage our assets and liabilities (current ratio norm 2:1)
- To manage our cash coverage norm (3 months)
- Implementing the cost cutting measures

- Create a conducive environment for job creation and economic growth
- Annual preparation of a funded budget every financial year as per the MFMA

Annual Financial Statements

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. Eskom debt remains the huge risk. The cash coverage remains below the norm.

The Intervention by COGTA

Due to a notable improvement the Executive Council of KZN has lifted the section 139(1)(b) due to adequate improvement on the initial triggers that resulted in the municipality being placed under intervention.

The Municipality still remains in financial distress despite interventions by COGTA in providing financial support and advice. The unfunded budget could result in the equitable share being withheld by National Treasury and the Municipality has been advised to develop a financial plan that will reduce the budget deficit and present the plan to Provincial Treasury.

MSCOA

The municipality is MSCOA compliant, however a Steering Committee has been established and it is effective.

Reporting

The department has done noticeable improvement as far as reporting on financial matters to other stakeholders (e.g. internal departments, provincial, national and other stakeholders), we have achieved almost hundred (100%) percent on reforms as required by National Treasury and compliance departments, this evidenced by relevant circulars informing municipalities on such reporting compliance.

Supply Chain Management

There has been much improvement on the Supply Chain Management Unit. There is effective communication with the suppliers, service providers and management to ensure that we mitigate potential risks that could disrupt the SCM processes.

Investigations on UIFWE has been concluded and MPAC has investigated and made recommendations accordingly to Council during the financial year. A UIFWE Reduction Strategy is implemented to ensure that UIFWE is eliminated.

Financial Analysis

The draft financial statements for the 2024/25 financial year was compiled and forwarded to the Auditor General for audit on the 31 August 2025. The financial Statements shows that municipal liabilities continue to increase compared to municipal assets and the municipality continues to incur deficits.

The submitted AFS were audited by AGSA and an unqualified audit opinion was expressed on the financial statements and on the APR.

CHAPTER 2- GOVERNANCE

2.1 Introduction to Governance

Mpofana Municipality is totally committed to good governance. The organization is structured in such a way to ensure that the eight major characteristics required for good governance is enshrined in its operations. This ensures that it is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. Corruption is minimized, the views of the minorities are taken into account and the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. Above all, the commitment from the leadership both political and administrative is essential to maintain good governance.

2.1.1 Political Governance

The Mpofana Municipality Council is the highest decision making body within the Municipality. It is made up of 10 Councillors with 5 Ward Councillors and 5 Party Representatives. The Chairperson of the Council is the speaker. There are three (3) portfolio committees in the Municipality.

The Executive Committee is made up of 3 Councillors. The Chairperson of the Executive Committee is the Mayor.







The following are the committees of Council: Finance Committee, Corporate and Community Services Committee, Technical Services Committee and the Municipal Public Accounts Committee.

Budget and Treasury Office (BTO)

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on: budgeting, supply chain, asset management, revenue and expenditure.

Corporate and Community Services

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on:

-  All aspects of Human Resources Development,
-  Information Technology,
-  Record Management,
-  Community Halls and other community structures,
-  Fleet Management
-  All applicable legislation relating to social and economic development, national development programmes, provincial development programmes, trading regulations, investment opportunities, land affairs, law enforcement, library services, tourism, youth, sports, gender, disability and public participation.

Technical Development and Maintenance

The terms of reference of this committee are to advise and make recommendations to the executive committee on:

-  The municipality's technical tasks, such as road constructions and maintenance thereof,

- Community Halls and other community structures, crèches and is further responsible the building inspections.
- Community Works Program and Expanded Public Works Program

Municipal Public Accounts Committee

The terms of reference of this committee are to play an oversight role within the municipality. All the reports of the Audit Committee and Council may refer matters to this committee for investigation.

Municipal Council

Name	Position	Political Party
Cllr TM Magubane	Mayor/ PR Councillor, Chairperson of Exco, and Finance Portfolio Committee Chairperson	ANC
Cllr ZA Dladla	Speaker/Ward 2 Councillor	ANC
Cllr Z Mchunu	Ward 5 Councillor/ Technical Services Portfolio Chairperson, Corporate & Community Portfolio Chairperson and Exco Member	ANC
Cllr MS Mchunu	Ward 1 Councillor/ MPAC Chairperson	ANC
Cllr LW Wynne	Ward 3 Councillor / District Rep / LLF Member	ANC
Cllr FM Malevu	Ward 4 Councillor/ Technical Services Portfolio Member (deceased)	ANC
Cllr PB Gunundu	PR Councillor/ LLF Member	ANC
Cllr ES Buthelezi	PR Councillor/ Exco Member	DA
Cllr BX Zikhali	PR Councillor	EFF
Cllr JJ Dlomo	PR Councillor	IFP
Cllr M Bhengu	Ward 4 Councillor	ANC

The Municipality also consists of forums that are operational and are as follows:

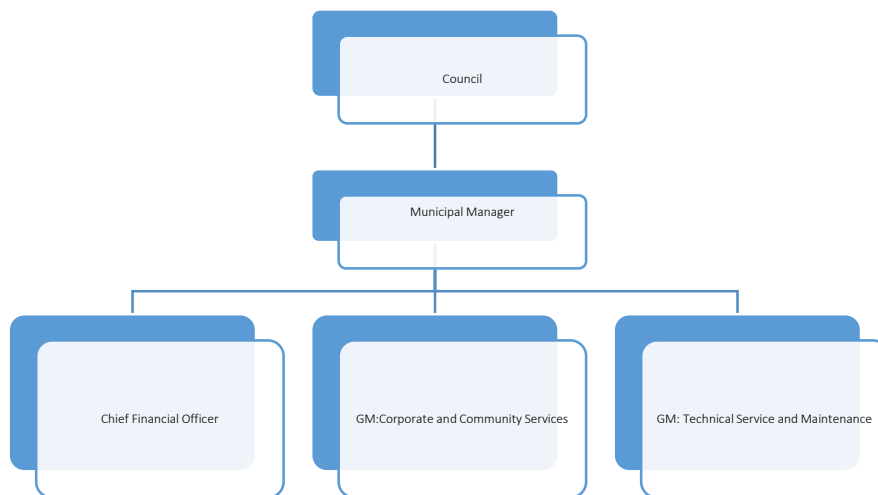
- Local Labour Forum
- Integrated Development Planning Representative Forum
- Disaster Management Forum
- Local Economic Development Forum
- Housing Forum

Portfolio Committee	2023/2024	2024/2025
Number of Council Meeting	12	12
Number of Budget & Treasury Portfolio Committee	12	12
Number of Infrastructure Development and Maintenance Portfolio	12	12
Number of Corporate and Community Services Portfolio Committee	12	12

Minutes of all above committees are tabled at Council as recommendations. The Councillors are Chairpersons of their respective Portfolio Committees. Head of Departments provide Technical support in their respective Portfolio Committees.

2.1.2 Administrative Governance

The following structure indicates decision making hierarchy in the Municipality



Departmental Functions

Designation	Name	Responsibility
Municipal Manager	Dr Hlula Dladla	Implement national and provincial legislation applicable to the municipality
		Internal Audit, Risk Management and Compliance
		The formulation and development of an economic effective, efficient, and accountable administration

		The management of the municipality's administration in accordance with the legislation applicable to the municipality
		The implementation of the municipality's integrated development plan
		Management of the provision of services to the local community in a sustainable and equitable manner
		Manage the communications between the municipality administration and political structure
		Carry on the decision of the structures and functions of the municipality
		Administer and implement the municipal by-laws and other legislation
		Communication Strategy
		Public Participation
Acting: Chief Financial Officer	Mr. M Mkhize	Revenue Management
		Expenditure Management
		Asset Management
		Budget and Reporting Management
		Supply Chain Management
Corporate and Community Services	Mr. Mhlengi Sithole	Human Resources Management and Development
		Compliance with Legislation
		Enforcing By-laws
		Office and Building Maintenance
		Events Management and Communication Strategy
		Management of Ward Committees

		Information and Communication Technology Administration
		Support the mayoral and council activities
		Local Economic Development
		Social Services
		Fleet Management
		Management Community Services
		Public Protections Community Safety
		Tourism
		Management of Libraries and Museum
		Youth Development
		Special Programmes
		Community Works Programme
		Expanded Public Works Programme
		Human Settlement Unit
GM: Infrastructure Development and Maintenance	Mrs. Sikhululekile Mhlongo	Provision of Basic Services
		Mobilisation of Resources to continually improve the level and quality of service delivery
		Roads
		Electricity
		Project Management Unit
		Infrastructure Planning
		Storm Water Drainage
		Construction Management
		Building Inspector
		Waste Management

2.2 Introduction to Co-operative Governance and Intergovernmental Relations

2.2.1. Background

Cooperative Governance and Intergovernmental Relations (IGR) are central to the effective functioning of local government as envisaged in Chapter 3 of the Constitution of the Republic of South Africa, 1996. Mpofana Local Municipality recognises that sustainable service delivery, inclusive development, and good governance depend on strong collaboration between all spheres of government, state-owned entities, traditional institutions, the private sector, civil society, and local communities.

The introduction of Cooperative Governance and IGR within the IDP seeks to promote alignment, coordination, and mutual support among stakeholders while ensuring meaningful public participation in municipal planning and decision-making processes.

2.2.2 Purpose of Cooperative Governance and IGR in Mpofana

The purpose of introducing Cooperative Governance and IGR in the Mpofana Municipal IDP is to:

- Improve coordination and alignment of planning, budgeting, and implementation across all spheres of government
- Enhance service delivery through shared responsibilities and resources
- Strengthen accountability, transparency, and good governance
- Promote active citizen participation in local governance
- Address developmental challenges through integrated and collaborative approaches

2.2.3 Strategies for Implementing Cooperative Governance and IGR

Intergovernmental Coordination and Alignment

- Establish and actively participate in IGR forums at district, provincial, and national levels to ensure alignment of municipal priorities with broader government programmes
- Align the Mpofana IDP with the District Development Model (DDM), Provincial Growth and Development Plan (PGDP), and National Development Plan (NDP)
- Strengthen collaboration with sector departments to coordinate infrastructure development, social services, and economic development initiatives
- Conduct joint planning and review sessions with uMgungundlovu District Municipality and relevant provincial departments

Institutional Arrangements and Capacity Building

- Strengthen internal municipal capacity to manage IGR processes through dedicated coordination units or focal persons
- Provide training and capacity-building programmes for councillors, officials, and ward committee members on cooperative governance and IGR principles
- Develop clear protocols and communication channels for intergovernmental engagement

Partnerships with Stakeholders

- Foster partnerships with traditional leaders, community-based organisations, NGOs, and the private sector to support local development initiatives
- Encourage public–private partnerships (PPPs) to enhance service delivery and local economic development
- Promote collaboration with academic and research institutions to support evidence-based planning

2.2.4 Public Participation as a Core Element of Cooperative Governance

Community Engagement Mechanisms

- Strengthen ward committee systems, Operation Sukuma Sakhe (OSS), Faith Based Organizations (FBO) to serve as primary platforms for community engagement and feedback.
- Conduct regular IDP and budget consultation meetings at ward and municipal levels.
- Ensure inclusivity by actively engaging women, youth, persons with disabilities, and vulnerable groups in planning processes.

Communication and Information Sharing

- Use multiple communication platforms, including community meetings, municipal notices and social media to inform residents about municipal programmes and IGR initiatives.
- Provide accessible and user-friendly information on municipal plans, performance, and service delivery commitments.

Participatory Planning and Monitoring

- Involve communities in the identification of development priorities, project planning, and resource allocation

- Promote community participation in monitoring and evaluating municipal projects through feedback mechanisms and public accountability sessions
- Encourage a culture of shared responsibility between the municipality and residents in achieving development goals

The functional public participation structures for the municipality are:

- IDP Representative Forum
- District Wide Cluster Forums (Municipal Managers Forum, Mayors Forum and District Clusters)
- Community feedback meetings held once a quarter
- IDP Consultative Meeting
- MPAC Oversight – Public Hearing Meeting

2.2.5 Expected Outcomes

Through the effective implementation of Cooperative Governance and IGR strategies, Mpofana Local Municipality aims to achieve:

- Improved coordination and integration of government programmes
- Enhanced service delivery and development outcomes
- Increased public trust and participation in local governance
- Stronger partnerships across all sectors of society
- A responsive, transparent, and developmental local government

2.2.6 Ward Committee Structures

The primary objective of the ward committee is to enhance public participation of the community of Mpofana in the programmes of the Municipality.

Accordingly, 5 ward committees are operational in the Mpofana Municipality. A Ward Committee consists of the relevant Ward Councillor, who automatically assumes chairpersonship of the committee, and ten (10) other members who represent different sectors.

2.2.6 IDP Participation and Alignment

The Integrated Development Plan (IDP) is a five-year plan which local government is required to compile to determine the development needs of the municipality. Municipality's IDP process has once again gone through the exercise of public participation and the community needs and concerns are recorded. The Municipal System Act has prompted changes in the way in which the Council plans for the future of the Municipality. It also provides greater scope for communities to make their own choices about what the Council does and how. The Integrated Development Plan is a planning tool used to implement a co-operative and integrated development project in South Africa's spatial economy. The 2024/2025 IDP was developed in-house and the Representative Forum Meeting was held. The municipality undertook an intense public participation; roadshows were held in March 2024.

2.2.7 Performance Management System (PMS)

The Integrated Development Plan (IDP) is one mechanism and instrument that seeks to give meaning to the developmental local government. At the center of this process lies the challenge of addressing the extreme poverty, inequality and backlogs in service delivery and the challenge to overcome the enormous racial, gender, and geographic disparities that exist in our communities.

The Municipality has designed a Performance Management System (PMS) that assists with the implementation and monitoring of the IDP. The Mpfana Municipality's Performance Management Framework guides and gives direction to the process of preparing and implementing the Municipality's PMS. The performance management model provides a set of procedures and functional tools that enable effective implementation of a performance management system. It tells what aspects of the municipality's performance are measured and managed.

The 2024/25 Organizational Scorecard was developed at the beginning of the financial year and was adopted. The Service Delivery and Budget Implementation Plan (SDBIP) was approved by the Mayor and the Performance Agreements and Plans were entered into and signed by the Senior Managers. Performance reporting was conducted quarterly and submitted to the Internal Audit section; Audit and Performance Audit Committee; and the Council. Internal audit findings were addressed through the development of action plan and continuous follow-ups from the Internal Audit section. The performance reporting system underwent many challenges and scrutiny from the internal audit and audit and performance audit committee respectively.

2.3 Risk Management

Risk Management is the identification, evaluation and prioritization of risk followed by coordinated and economical application of resources to minimize, monitor and control the probability or impact of unfortunate events or to maximize the realization of opportunities. Strategies to manage threats (uncertainties with negative consequences) typically include avoiding the threat, reducing the negative effect or probability of the threat, transferring all or part of the threat to another party, and even retaining some or all of the potential or actual consequences of a particular threat.

Mpofana has in the 2022/2023 in November 2022, financial year taken drastic measures to ensure that the Risk is managed properly. These measures amongst others include:

- Establishment of a Risk Management Unit
- Appointment of a Risk Management Committee
- Appointment of Risk Champions per Department

Mpofana conducted a Risk Assessment for 2022/2023 and the assessment has in the main identifies the following Strategic Risks

1. Non-financial viability
2. Failure to deliver key services to the Community
3. Unavailability of resources and tools for functioning of the Municipality
4. Poor Leadership and Governance
5. Inadequate Information and Communication Technology.

On the 2021 Auditor-General Road Shows that were done based on the Municipal audit results it was apparent that one of the biggest risk was that Municipalities were at the brink of collapse. Based on our recent assessments it obvious that Mpofana is not an exception to this risk. The continued losses made by the municipality in the recent past, the uncash-backed conditional grants and escalating liabilities are the obvious indicators that the Municipality might not be able to continue in operation for the foreseeable future.

Municipal Management has taken significant steps in trying to address this issue. Such steps have included a strategic planning that seek to establish mechanisms that will ensure that the situation of Mpofana Municipality is turned around. The Risk Management Committee continue to ensure that it monitors the adequate implementation of the following documents that are aimed at turning around this Municipality

- Recovery Plan –
- Strategic
- Audit Action Plan

The Municipality has established a Risk Committee that is responsible to ensure that Risk is managed appropriately. The issue of Risk management has been taken seriously at Mpfana such that each department has appointed a Risk Champion who is responsible to monitor progress on the mitigation of each and every risk falling within a certain department. Mpfana has appointed a Risk Management Committee that is responsible of monitoring the Risk Register and ensuring it continue to reflect the Risk profile of the Municipality. The Committee is mainly responsible to ensure that all mitigating steps are taken to ensure that risks are minimized and managed as effectively as the Municipality can possibly do.

The following is the synopsis on the progress made in the year under review on the operational risk. The following are the top 10 Risk as identified.

No	<i>Risk Description</i>	<i>Department</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Controls</i>	<i>Movement</i>	<i>Comments</i>
1	Ineffective Council Governance	MM	Major	Certain	Satisfactory	Improved	All Council Meetings sitting in accordance with the Calendar
2	Non credible Integrated Development Plan	MM	Critical	Likely	Satisfactory	Improved	MEC on IDP ratings remains constant
3	Ineffective Financial management	Finance	Major	Certain	Satisfactory	Regressed	Increase in losses, unfunded budgets and liabilities
4	Ineffective implementation of Supply Chain Management	Finance	Moderate	Likely	Satisfactory	Stagnant	UIFW continue to be incurred
5	Inadequate safeguarding and tracking of municipal records	Corporate & Community Services	Major	Likely	Weak	Stagnant	No effective centralised filing system
6	Inadequate provision of security management services	Corporate & Community Services	Critical	Likely	Satisfactory	Improved	Improved in safeguarding of Assets
7	Delays in completion of project within specified timeframes	Technical	Major	Likely	Weak	Regressed	Delays on MIG projects

8	Ineffective waste management processes	Technical	Critical	Certain	Satisfactory	Stagnant	Rehabilitation of Landfill site remains a challenge
9	Inability or failure to recover municipal data and systems in the event of disaster/disruptions to operations.	ICT	Catastrophic	Almost certain	Weak	Stagnant	No adequately managed off-site backup
10	Inability or failure to provide direction on information technology governance processes	ICT	Major	Likely	Good	Improved	Improved effectiveness on ICT Steering Committee

2.4 Anti-Corruption and Fraud

Fraudulent and corrupt practices undermine the basic values and principles governing public administration as set out in Chapter 10 of the Constitution.

The Municipality expects all its employees, councilors, service providers and the community not only to be fair and honest, but also to provide any help, information and support necessary to combat fraud and corruption.

The Municipality often acknowledges the causes, aggravating factors and debilitating effects of fraud and corruption and consequently the need to root out these elements. It is in this commitment that has seen the development and implementation of numerous policies such as Anti-Fraud Policy.

Municipal staff will be encouraged to adhere to value for money principles in carrying out their functions. Council has adopted a zero tolerance approach in respect of both internal and external audit reports and measures will be implemented to ensure that any material or fundamental issues are addressed immediately. It is expected that the internal audit function will raise any material or fundamental issues before external audit. Other issues arising will be prioritized and addressed accordingly.

2.5 Mpofana Municipality Website

The Municipality has been continuously finding new ways of enhancing the image of its website. This helps to ensure a modern, clean and fresh look-and-feel as compared to the older design. The office of the Municipal Manager is gearing itself up to ensure that all documents required upload are uploaded timely.

The municipality does not have a dedicated computer to be accessed by the members of the community, however the community have access to the computers at our libraries for the purpose as envisaged in Section 75 of the MFMA

2.6 By-Laws

Municipal by-laws are public regulatory laws, which apply in a certain area, in this case Mpfana Municipality. A local or municipal government gets its power to pass laws through a law of the national or provincial government, which specifies what things the town or city may regulate through by-laws. The Mpfana Municipality has in terms of section 156 of the Constitution, 1996 (Act 108 of 1996), read in conjunction with section 11 (3) of the Local Government Systems Act, 2000 (Act 32 of 2000) developed the by-laws and were gazetted on the date 13 June 2024. A new by-law on Township and Rural Economy will be gazetted within in 2026.

2.7 Public Satisfaction on Municipal Services

No Public Satisfaction Survey was done for the year under review, however one was done in the 2017/18 financial year in Ward 4 area through a CDW deployed to the ward. The Municipality therefore still heavily relies on the Community Satisfaction Survey that was conducted in 2016. The survey found that people in the urban area are somewhat satisfied with the level of services from the Municipality, however a greater number of people in the rural areas are not satisfied with the level of service they are receiving from the Local Authority. It is for this reason that the Municipality has implemented projects in the rural areas so that the perception is changed.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

3.1 INTRODUCTION

The 2024/25 financial year saw with it several infrastructure development projects funded through the government's largest local government's infrastructure development funding: The Municipal Infrastructure Grant (MIG).

Planned projects for the 2024/25 financial year include: Rehabilitation of Phumlasi/Townview Internal Access Road, Mzilanyoni Gravel Road, Bruntville Sports Field.

The table below reflect 2024/2025 project breakdowns by name and ward, as well as the source of funding.

SOURCE	PROJECT	PROJECT STATUS AS AT 30 JUNE 2024	WARD	BUDGET
MIG	Construction of Mzilanyoni Gravel Road	Practical Complete	4	
MIG	Upgrade of Bruntville Sports Field	90% Project Complete	3	
MIG	Rehabilitation of Townview/Phumlasi Access Road	Project Complete	5	
INEP	Electrical Network Design	Completed	4	R900 000.00

Over and above the Capital Projects that under Basic Service Delivery the Municipality boast having maintained 34.4 kilometres worth of roads under its Jurisdiction.

Appended below is a brief summary of budget allocation and commitments for 2025/26 financial year.

No.	Project title	Actual Project Cost	Expenditure to date	Progress / Status	Start Date
1.	Penningdale Road	R8 000 000.00	-	In progress	01 July 2025

3.1.1 Electrification Project

The Municipality completed its Electrification Project and realize that the current electrification backlog numbers are achievable. The Municipality received R900 000.00 funding in 2024/25 financial year for electrical network designs.

INEP PROGRAM

The INEP Program is an intervention made by Department of Energy and Minerals to address serious challenges of service delivery in the Electrification of householders.

The following grants were received:

2023/2024 Financial Year, R42 692 000.00 allocated for electrification of households

2024/2025 Financial Year, R900 000 allocated for electrical network designs

Challenges

The biggest challenges we encountered in this is the increase number of households that were not included in the Project budget. The timeous completion of projects is an ongoing challenge with increasing unsuitable weather conditions playing a role in delaying projects.

3.1.2 Housing Projects

In terms of housing, we have made insignificant progress. Problems with bulk infrastructure has affected negatively the ability of Mpofana Municipality to deliver houses, this worsen by a change of approach by the Department of Human Settlement, that no houses would be constructed without some physical work of bulk infrastructure being on the ground. In other instances, the land issue proves a challenge in the implementation of housing project.

UMgungundlovu District Municipality has since been made aware of the challenges the Municipality is facing in terms of their slow movement in putting Bulk Infrastructure in place before any commencement of the construction of houses. Municipality is committed to show case with more housing delivery once the aforementioned challenges are addressed.

Phumlaas Housing Project came to a stop, however the meeting has been convened between the Municipal officials and Human Settlement Department to ensure that challenges relating to implementation are addressed speedily.

Hereunder is a list of Housing Projects that were at a standstill due to the aforementioned challenges of lack of Bulk Water Supply. For some projects there are land issues.

<i>Project Name</i>	<i>Ward</i>	<i>Units</i>	<i>Status</i>	<i>2022/23</i>	<i>2023/24</i>	<i>2024/25</i>
Rosetta	2	100	Planning studies completed. The outstanding milestone is WULA which has been submitted to the Department of Water and Sanitation and is awaiting approval; then the	R376 808,00	R4 182 056.50	R4 182 056.50

			project will proceed to construction of services.			
Ekujabuleni (Sierra Ranch)	3	120	Planning – blocked due to unavailability of bulk water services.	R0,00	R0,00	R0,00
Rural Housing Project	4,1,2	Tbc	Identified – rural housing projects for various areas (farms) in ward 4, 1 and 2. A site inspection has been done, and consent forms will be signed by the Trustees of each farm, and copies of Title Deeds are required for each farm portion for the project to be considered for funding approval.	R0,00	R0,00	R0,00
Bruntville (former hostel site)	3	120	Pre-Planning – the project is blocked due to social issues related to the potential beneficiaries of the project.	R0,00	R0,00	R0,00
Tendela	2	250	Pre-Planning – the project is blocked due to the land being privately owned.	R0,00	R0,00	R0,00
Craigieburn	4	850	Planning - blocked due to unavailability of bulk water services.	R0,00	R0,00	R0,00
Phumlas	5	400	Construction – the Department is in the process of appointing an engineer to do structural assessment on the 39 remaining houses.	R6 319 388.04	R4 182 056.50	R50 000,00
Ebuhleni	4	120	Construction – blocked due to land disputes	R0,00	R0,00	R0,00
Town Hall TRU's	1	84	Emergency Housing – Service provider appointed by the Department and has been introduced to the Municipality. Work on site will commence once the contract is signed by all parties.	R0,00	R0,00	R0,00
Disaster	All		155 permanent structures to be built in ward 4 and 3, contract recently signed for a 15-month period. 26 temporal structures have been built in all wards. 10 temporal structures to be built in ward 4 and 1	R0,00	R0,00	R0,00
OSS	4	12	12 houses were recently completed	R0,00	R0,00	R0,00

3.1.3 Road and Storm Water

Road Transport

Municipality is responsible for major access roads that are not maintained by Department of Transport. Due to very bad weather conditions we experienced some dilapidation of some roads. Through many years of use without maintenance or hardening, many have developed in deep dongs where storm-water continuously deepens them. However, the municipality, where it can has maintained 13.45 km under very tight budgetary constraints.

Waste Water

There is not storm water master plan resulting in adhoc projects being identified where complaints are received. Problems are experienced in both the CBD and in the township area where concrete pipes are collapsing owing to fatigue from heavy rains and traffic loads. This has resulted in most of the CBD infrastructure becoming aged at a very rapid pace.

In an attempt to clean-up, and revamp the town of Mooi River, emphasis was placed on infrastructure development and maintenance of the town. Our commitment is to ensure quality service delivery to the residents of our Municipality. We are working hard in ensuring that Mpofana Municipality keeps moving forward.

Solid Waste Management

The Municipality continued implementing its Integrated Waste Management Plan (IWMP). It provide strategies in addressing the backlogs in refuse removal collection. The Municipality's landfill site is situated in Lakeview area covers Bruntville, Rosetta, Lakeview and Mooi River.

Waste collection is done on weekly basis in residential areas and daily in the Mooi River CBD. We have donated bins to a number of schools and businesses to encourage recycling and environmentally friendly practices.

The Mpofana Municipality provides some assistance in the recycling center which is monitored closely by the Municipality in consultation with the Wildlands Conservation Trust. The project was founded by S'busiso Dladla in 2007 because there were no employment opportunities in the area, a lot of people

including himself were unemployed. Since the project has started it has created 15 jobs. The community seems to ignore the call that has always been made to recycle.

Electricity

There has been a substantial improvement in the percentages of households that use electricity for lighting purposes. The majority of households using electricity are located in the urban centers of the municipality, more especially Mooi River, Bruntville and Rosetta. Within the current context of the electricity crisis in South Africa, it has been seen imperative for the municipality to promote alternative source of electricity, hence Department of Energy allocated solar panels for rural households.

3.2 SERVICE DELIVERY: ACTUAL PERFORMANCE AGAINST TARGET SET IN THE SCORECARD

This section of the Annual Report will report on the Municipality's actual performance against Municipality targets as per Integrated Development Plan, the planning document of the municipality. A detail report of the Municipality's performance (Annual Performance Report) is also attached to the Annual Report.

3.2.1 Free Basic Service and Indigent Support:

Mpofana Local Municipality adopted the Indigent Support Policy on the 30th of July 2024 to promote social and economic development within the community of Mpofana. The objective is to assist the indigent community with funding from Inter-Governmental Transfer so that the community may enjoy services provided by the municipality irrespective of their financial situation. In order to qualify for such assistance, each indigent household is required to meet certain criteria. The municipality recognizes the high level of poverty that exists within the community and the high number of households whose monthly income is below the poverty line. The number of households who will receive such assistance will be determined by the Council on an annual basis, in relation to the equitable share allocation available for such purposes as determined in the annual budget. An indigent register has been compiled for households with an income of less than R 5000 per month, or R60 000 per annual which is considered indigent, which has been submitted to National COGTA for verification.

3.2.2 Road Transport

Road Condition

- The following situation persists in respect of the condition of roads:
 - ✚ Most of our roads in Mporofana Local Municipality are gravel,
 - ✚ Some of the tarred roads are dilapidated with potholes and storm water is also an issue.
 - ✚ There are only few pedestrian crossing facilities that are available.
 - ✚ Some of the bridges are damaged due to floods.
 - ✚ Access management is a problem.
 - ✚ Road safety is a problem.

Public Transport

As many of the community do not have their own motor vehicle, public transport is essential in providing mobility and accessibility of these communities to socio-economic facilities. Transportation within the Municipality is almost exclusively achieved through the use of road vehicles.

Categories of transport are as follows:

- ✚ Public Transport - Taxis
 - ✚ Private Transport - Passenger Vehicle
 - ✚ Private Transport – Trucks
- The Local Integrated Transport Process Plan has been developed.

3.2.3 Sports and Recreation

Most of the available facilities required significant upgrading and revamping in order to fully benefit in sports, arts and culture aspect of the municipality. The aim of Sports and Recreation is to improve the quality of all South African by promoting participation in sports and recreation in the country. There is recreational facilities that are available, although some areas are still without. The Mporofana Municipality has had a great impact in the performing art and indigenous games and would require the municipality to invest in this aspect.

3.3 PLANNING AND DEVELOPMENT

3.3.1 Planning and Development Overview

The Municipality has reviewed and adopted its SPLUMA with an aim to improve the spatial structure of the municipality, promoting the efficient use of land as well as economic development through ensuring optimal use of the municipality's available resources.

The Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) is national law that was passed by Parliament in 2013. The law gives the Department of Rural Development and Land Reform (DRDLR) the power to pass Regulations in terms of SPLUMA to provide additional detail on how the law should be implemented. The final version of these Regulations (Regulations in terms of SPLUMA) was published on 23 March 2015. The law came into effect on 1 July 2015.

This plan seeks to expose the vision and goals, and context for development. The principles that align that urban planning and development are guided by other spheres of government's policies, strategies and priorities. It is our responsibility therefore, to meet the objectives of the municipality, community members and all other relevant stakeholders regarding future development of project nodes. The existing land use and socio-economic characteristics form the basis for the urban or rural redesign and redevelopment model. This model is to ensure that the planned future development (public and private) not only serve the envisaged changing land use environment within the existing urban fabric of the node, but that it also unlocks the development potential of areas earmarked for future urban expansion.

3.4 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

3.4.1 Local Economic Development

This LED manager has overseen the development of LED Strategy in-house with an assistance of COGTA with a clear Implementation Plan. LED component consists of Tourism Information Centre, Advisory Services Centre and SSME Support (One-Stop Shop) located in Woza Woza complex and a Museum that is situated in Mooi River. SMMEs and Co-operatives which are an important stakeholder in micro-economies of scales have been prioritized, and the Municipality has embarked on a process of registering all SMMEs on its database and ongoing support is still being given to SMMEs and Co-operatives. There is

still a need to develop more SMMEs that deal with Agri-processing since agriculture possesses immense potential given that the Municipality mostly has agricultural land. The municipality's LED progress bears testimony to the three previous years COGTA Excellent Awards, where the municipality was awarded as the 1st Best Performing municipality in the Province.

3.4.2 Tourism

Tourism continues to play an increasingly important role in the local economy Mpofana Municipality, with the wide asset base including a range of accommodation facilities, outdoor sporting and recreational activities. Although there is a substantial private sector involvement and investment into the tourism industry there appears to be a lack of integration, marketing and a creative approach to local tourism. Mpofana Local Municipality has recently entered into a working relationship with Midlands Meander Tourism Association to enhance local tourism promotion, also seeking support from UMEDA to re-establish the MOOI River Tourism Association.

3.4.3 Informal Traders

The Municipality is trying to organize informal economy actors in order to minimize the number of illegal street traders and enforce by-laws. This will be done through the upgrading of Trading Structures and allocate informal economy actors accordingly, through the Small Rehabilitation Programme funded by COGTA there has been additional 20 Trading Market Stalls for informal Traders in the Taxi Rank. Business License and trading permits are issued using the KZN Automated System since 2020. Both business license and trading permits are valid for 1 year (calendar year), and issued to a business which means it is not transferable.

3.4.4 Co-operatives and SMMEs

Training courses that transpired through the Municipality provides technical skills for Co-operatives and SMMEs and in the 2024/25 financial year 57 Co-operatives and SMMEs benefited from the training. The trainings were conducted in conjunction with EDTEA, the Small Business Development and SEFDA, NDA and ADA.

4.1 INTRODUCTION

Departments

The Municipality has the following 4 administrative departments namely, the Office of Municipal Manager, Corporate and Community Services, Budget and Treasury and Infrastructure Development & Maintenance.

Administration

The administration of the municipality is headed by the Municipal Manager. In addition to the Municipal Manager's Office, the municipality has 3 departments, each being headed by a General Manager (GM).

Office of the Municipal Manager

The Office of the Municipal Manager is responsible for the Internal Audit as well as the IDP/PMS, Communication, Legal, Risk Management and Compliance, Disaster Management, and Messenger.

Budget and Treasury Services

The primary responsibility for ensuring transparency, accountability and sound financial management. This means ensuring that: all statutory requirements are adhered to monthly management reports, National Treasury in-year monitoring reports and annual financial statements are prepared and submitted on time, financial resources are effectively and efficiently utilized, and there is efficient implementation of the Supply Management Policy.

Corporate and Community Services

Responsibilities for this department include Community Facilities, Libraries, Museum, Tourism, Local Economic Development, Traffic/Law Enforcement, Youth, Employment Recruitment, Skills Development, Fleet Management, Human Resources related issues, Committee/Secretary, Records Management, Municipal Building, Receptionist, Information Technology, EPWP and CWP programmes, and enhanced administrative system.

Infrastructure Development and Maintenance

This department is responsible for implementation of all MIG projects, INEP projects, Waste Management, Road maintenance, Electricity, and Building infrastructure.

4.2 Employee Totals

Staff Information

The Municipality currently have 136 staff members employed excluding Councillors (10), with 70 vacant posts (with budget and with no budget) as illustrated in the following table:

Function	No. of Positions	No. of Staff	No. of Vacancies
Municipal Manager	12	7	5
Budget and Treasury	34	23	12
Corporate and Community Services	98	69	29
Infrastructure Development and Maintenance	60	36	24
Total	204	136	70

4.3 Occupational Levels

Occupational Level	Males	Females	Total
Top Management	01	0	01
Senior Management	02	01	03
Professionally Qualified and Experienced specialists and Mid Management	14	06	20
Skilled Technical and Academically qualified workers, junior management, supervisors, foreman, foremen, and superintendents	31	23	54
Semi-skilled and discretionally decision making	19	19	38
Unskilled and defined decision making	16	04	20
Total Permanent	82	53	135
Temporary Employee	4	7	11
Grand Total	86	60	146

4.4 Employee Remuneration including Councillors

The total cost to the Employer for the year was R64 462 769 (this amount is inclusive of Councillors who made up R3 158 783.00 of the entire amount)

Occupational Level	Post Level	No of Employees
Top Management	Contract / Permanent	03
Professional qualified and experienced specialists and mid-management	Task Grade 17-12	20
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	Task Grade 11-5	54
Semi-skilled and discretionary decision making	Task Grade 4	38
Unskilled and defined decision making	Task Grade 3-2	20
Total Permanent		135
Temporary Employees	Task Grade 4	11
Grade Total		146

4.5 Departmental Changes

4.5.1 Appointment per department

Office of the Mayor	1
Office of the Municipal Manager	6
Budget and Treasury	10
Corporate and Community Services	10
Technical Services	2

4.5.2 Deaths per Department

Office of the Municipal Manager	0
Budget and Treasury	0
Corporate and Community Services	1
Infrastructure Development and Maintenance	1

4.5.3 Dismissals per Department 2022/2023

Office of the Municipal Manager	1
Budget and Treasury	0
Corporate and Community Services	0
Infrastructure Development and Maintenance	0

4.5.4 Resignations per department 2022/2023

Office of the Municipal Manager	0
Budget and Treasury	0
Corporate and Community Services	0
Infrastructure Development and Maintenance	0

4.6 Skills Development and Training

The Municipality embarked on an aggressive internship programme, with a view to providing qualified unemployed graduates with practical experience in order that they become employable.

Area of Focus	No. of Interns
Office of the Municipal Manager	2
Budget and Treasury	1
Corporate and Community Services	4
Infrastructure Development and Maintenance	0

4.7 Performance Management and Rewards

The Organizational Performance Management is used to assess the overall performance of the organization using the approved Organizational Scorecard, which is also a tool to assess performance of the Municipal Manager as well as that of individual Senior Managers.

The municipality is striving to introduce the individual performance management system and cascade it down to all lower levels, however, financial implications are thus far a huge impediment, which also was acknowledged by SALGA. Individual performance management would ensure high level of performance and accountability by each employee, if implemented, which would ultimately assist the Municipality to achieve its desired level of performance and service delivery. The municipality did not pay any performance bonuses to its Senior Managers for the year under review. The municipality has obtained Unqualified Audit Opinion with no material findings in PMS for 2024/2025 financial year.

ORGANISATIONAL PERFORMANCE MANAGEMENT

2024/2025 ANNUAL PERFORMANCE REPORT

6.1 MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT

IDP / SD BIP N O.	OUTCOME 9	NATIONAL KEY PERFORMANCE AREAS	OBJECTIVE (AS PER IDP)	Msc oa Project Ref.	STRATEGIES (AS PER IDP)	SDBIP Indicator Reference No.	INDICATORS	COMPARISON WITH PREVIOUS YEAR		CURRENT YEAR					Status (Achieved / Not Achieved)	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Remarks /Comments	Portfolio of Evidence
								2023/2024 (TARGET)	2023/2024 (ACTUAL)	DEMAND	BACKLOG	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)					
A1	DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT	MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	To improve functionality of Municipal Performance Management System	A1.1	Implementation of Municipal PMS Policy and Framework	A1.1.1	Date PMS policy Reviewed and adopted	Adopted PMS Policy	Adopted	Nil	Adopted PMS Policy by 31 March 2025		28-Mar	Achieved	N/A	N/A		Council Resolution	
						A1.1.2	Number of quarterly PMS reports	4	4	Nil	4 Organizational Performance Reports submitted to Council by 30 June 2025		3	Partially Achieved	The Council has postponed the item (PMS Quarter 3 Report) because the reasons for the variances	The item was tabled to Council Meeting which was scheduled for 29 July 2025	Council Resolution		

						signed (current appointm ents only)										
					A1.1.5	Date 2023/202 4 Annual Performan ce Report submitted to Auditor- General	Subm itted	Subm itted			Annual Performance Report submitted to Auditor General on or before 31 August 2024	31- Aug	Achie ved	N/A	N/A	Confirm ation of Submissi on
					A1.1.6	Date Draft Annual Report submitted to Council	Subm itted	Subm itted			Draft Annual Report for 2023/2024 financial year submitted to Council by 31 January 2025	24- Jan	Achie ved	N/A	N/A	Council Resoluti on
A2		Reengin eer Organiza tion to enhance strategic needs	A2. 1	Impleme ntation of Adopted WSP	A2.1.1	Date Municipal Work Skills Plan submitted to Council for approval	Subm itted	Not Subm itted			Work Skills Plan submitted by 30 April 2025	25- Apr	Achie ved	N/A	N/A	Council Resoluti on

												meeting for adoption. Due to the bi-elections in Ward 4, the items were deliberated in the LLF Meeting held on 26 May 2025, and subsequently, the items were submitted to the Council for adoption on 26 June 2025.			
n and regulations															
		A3.1.2	Date Human Resource Strategy approved by Council	Approved	Not Approved			Human Resource Strategy approved by Council by 30 June 2025		30-Aug-24	Achieved	This variance was due to a Draft HR Strategy document being completed much earlier than the	N/A	Doption of the Human Resource Strategy took place on the 30	Council Resolution

														the Unions were unavailable. As a result, the OHS Policy was adopted on 30 April 2025.	30 April 2025
		A3.2.3	Number of awareness / workshops done on OHS compliance held	4	4			4 Awareness/ workshops done on OHS compliance by 30 June 2025		4	Achieved	N/A	N/A		Attendance Register
	A3.3	Develop required administrative system and structures	A3.3.1	Number of ICT Steering Committee meetings held	4	4		4 ICT Steering Committee meetings held by 30 June 2025		4	Achieved	N/A	N/A		Attendance Register or the minutes of meeting
			A3.3.2	Number of Monthly IT back-ups stored offsite	12	12		12 Months IT back-ups stored offsite by 30 June 2025		12	Achieved	N/A	N/A		IT back-up reports

B1	IMPROVED ACCESS TO BASIC SERVICES	BASIC SERVICE DELIVERY	Improve access to basic service delivery	B1.1	Improve access to electricity	B1.1.1	% of electrical network designs	0	0			100% of electrical network designs completed by 30 June 2025	100%	Achieved	N/A	N/A		Completion Certificate
						B1.1.2	Number of Monthly report on Electrical Infrastructure maintenance	12	12			12 Monthly report on Electrical Infrastructure maintenance (Pro-Active and Re-Active) by 30 June 2025	12	Achieved	N/A	N/A		Electrical Infrastructure monthly reports
						B1.1.3	Number of meter auditing conducted	1000	110			500 number of meter auditing conducted by 30 June 2025	2818	Achieved	The Municipality had a high turnover on meters audited due to the National intervention of TID (Token Identifier). Conlog	N/A		Meter audit forms and reports

												assisted the municipality and a high number of meters were audited.		
		B1.2	Improve access to adequate shelter	B1.2.1	Number of Housing Stakeholders Forum Meeting held	4	4			4	Achieved	N/A	N/A	Attendance Register and meeting minutes
		B1.2	Improve access to adequate shelter	B1.2.2	Date Human Settlement Sector Plan Reviewed by Council	1	0			0	Not Achieved	The service provider, Lesedi Technical Engineering, appointed by the Department to evaluate our HSSP, has only submitted the draft plan for feedback.	According to the correspondence from the Human Settlement (KZN), the service provider has been allotted a period of 24 months to finalize the Housing Sector Plan. We expect to adopt this	Council Resolution for approved reviewed HSSP

				Awareness Campaigns					by 30 June 2025					
B3	Ensure the optimal use, maintenance and equitable development of communal and public facilities	B3	Improve access to roads and storm water drains	B3.1.1	% of Capital Projects completed on time	100%	78%		100% of MIG Capital projects completed on time by 30 June 2025	67%	Partially Achieved	The contractor faced delays in progress as a result of inadequate cash flows. Although the contractor was put on terms and received assistance from the municipality, these efforts were unsuccessful	The Municipality has issued intention to terminate for the contractor to be back on site within 14 days. The projects will be resuscitated, and completed by new service provider.	Progress reports by consultants or services providers

		B3.2. 2	Number of cubic meters for patching	160m ³	115m ³				160m ³ for patching by 30 June 2025	118m ³	Not Achieved	Due to materials not sufficient emanating from financial constraints, the patching of potholes was halted	Stringent collection controls are being observed to enable the Municipality to have more Budget. Budgeting for material during the adjustment budget.		Road maintenance report
B4	Improve access to community amenities and infrastructure	B4.1.1	% of Bruntville Sports Field upgraded	100%	86%				100% of Bruntville Sports Field upgraded by 30 June 2025	90%	Not Achieved	There was slow progress from the contractor, the project was then hit by storm damages, there was also a delay in delivering of prefab-steel structure	The service provider was issued notices to expedite the project, along with the consequences of failing to complete the work on schedule. We expect that the project will be completed by the end of the second quarter of the		Progress Reports and Completion Certificate

2025/2026
financial year.

6.3 LOCAL ECONOMIC DEVELOPMENT

C1	COMMUNITY WORK PROGRAMME IMPLEMENTED AND COOPERATIVES SUPPORTED	LOCAL ECONOMIC DEVELOPMENT	Develop and Implement Strategies	C1.1	To improve LED	C1.1.1	Number of LED Forum held by 30 June 2023	4	3			4 LED Forum held by 30 June 2025	4	Achieved	N/A	N/A		Attendance Register
C2			To strengthen the economic environment	C2.1	To promote sustainability of SSMEs and Cooperatives entrepreneurship	C1.2.1	% of total municipal operating expenditure spent on local emerging service providers doing business within municipal area	20%	60%			20% total municipal expenditure spent on local emerging service providers doing business within the municipal area by 30 June 2025	54.14 %	Achieved	The quantity of local emerging service providers has risen, and they offer high-quality services; this is the reason the number surpassed our initial	N/A		Financial report / payment doc

													expectations.		
C1.2.2	Number of report on update database of SMMEs and informal traders	4	4			4 report on updated database of SMMEs and informal traders by 30 June 2024		4	Achieved	N/A	N/A			Report on update database for SMMEs	
C1.2.3	Number of training programmes held for SMMEs & Co-operatives	4	6			4 SMMEs training programmes held for SMMEs and Co-operatives by 30 June 2025		15	Achieved	There was a significant demand for capacity initiative programs to ensure the sustainability of our SMMEs and Cooperatives.	N/A			Attendance register for attendance at SMMEs & Co-operative event	
C1.2.4	Average turnaround time taken to	100%	100%			100% of new business licences processed		86%	Partially Achieved	The municipality relies on UMDM for	The next quarter (first quarter of 2025/2026)			Register of business licence	

						process business licence application					within 21 days turnaround time by 30 June 2025				the services of Environmental Inspector as it is their competency current set-up. Consequently, the availability of this practitioner directly affects the provision of the service, which subsequently leads to delays.	will issue permit with conditions for shop or business owners to comply with environmental health requirements		received vs business licence approved by period end
C3	Creation of sustainable jobs	C3.1	Create employment opportunities through labour intensive schemes	C3.1.1	Number of jobs created through municipality's LED initiatives including capital projects	30	48				30 jobs created through municipality's LED initiatives including capital projects by	39	Achieved	The total surpassed expectations because of the unfinished project of the previous year,	N/A		Reports and Contracts for beneficiaries	

							30 June 2025						including Townview/ Phumlasi, in the financial year 2023/2024. Additional jobs were created in the new projects of the current year which includes Mzilanyoni Gravel Road.	
							79 EPWP jobs created by 30 June 2025	79	Achieved	N/A	N/A		EPWP Reports / Employment contracts	
							100% Expenditure of EPWP Grant by 30 June 2025	100%	Achieved	N/A	N/A		EPWP Expenditure Report	

				C3.2	Provide training to the SMMEs and Cooperatives	C3.2.1	Number of SMMEs and Cooperatives trained	20	328			20 SMMEs and Cooperatives to be trained by 30 June 2025	388	Achieved	There was a significant demand for capacity initiative programs to ensure the sustainability of our SMMEs and Cooperatives.	N/A		Reports and Attendance Register for beneficiaries
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6.4 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

D1	DEEPEN DEMOCRACY THROUGH A REFINED WARD COMMITTEE SYSTEM	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Promote good governance, accountability and transparency and foster sound internal and external	D1.1	Implementation of communications strategy to help the organisation to communicate effectively and meet core	D1.1.1	Number of IGR meetings attended	12	12			12 IGR Meetings attended by 30 June 2025	13	Achieved	Our involvement in the DDM Clusters sometimes necessitates attending impromptu meetings called on short notice to tackle	N/A		Attendance register
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					D1.1.7	Number of MPAC Reports submitted to Council	4	5			4 MPAC reports submitted to Council by 30 June 2025	4	Achieved	N/A	N/A		MPAC reports / Council resolutions
					D1.1.8	% of required documentation and information uploaded into Municipal Website	100%	71%			100% of required documents (IDP, SDBIP, APR, AFS) uploaded into website by 30 June 2025	95%	Partially Achieved	There was no clear indication who is responsible in monitoring that all documents are uploaded in our website as required.	We will develop a plan to track all documents that need to be uploaded to our Website and will be monitored by Performance Management System Unit		Report on uploads done vs total doc required / website print out
		D1.2	Participate in Sukhuma Sakhe Program		D1.2.1	Number of LAC meetings conducted	4	4			4 LAC Meetings conducted by 30 June 2025	4	Achieved	N/A	N/A		Attendance register or minutes of the meeting

					D1.2.2	Number of Local Task Team (LTT) meeting conducted	4	4			4 Local Task Team (LTT) meeting conducted by 30 June 2025	4	Achieved	N/A	N/A		Attendance register or minutes of the meeting
					D1.2.3	Number of Warrooms meeting conducted	30	38			60 Warrooms Meeting conducted by 30 June 2025	60	Achieved	N/A	N/A		Attendance register or minutes of the meeting
		D1.3	Implementation of organisational By-Laws	D1.3.1	Date By-Laws adopted by Council	Adopted	Adopted			By-laws adopted by the Council on 30 June 2025	25-Feb-25	Achieved	N/A	N/A		By-Laws and Council Resolution adopting the By-Laws	

D2	To improve compliance and audit structures	D2.1	Monitor and improve internal control & risk management processes	D2.1.1	% Audit action plan implemented or achieved	100%	50%			50% Audit action plan implemented or achieved by 30 June 2025	60%	Achieved	The Municipality has prepared Interim Financial Statements and municipality was able to resolve more issues that anticipated	N/A	Progress Report
				D2.1.2	Date of Annual Risk Assessment done (Operational, fraud and IT)	1	0			Annual risk assessment conducted by 30 June 2025	0	Not Achieved	Due to Manager Risk and Compliance acting in Budget and Treasury the duties of Risk were not fully undertaken. With the appointment of the CFO space is created to ensure that all Risk	The Risk Assessment will be conducted in Q1 (August) of the new financial year	Attendance register

											related matters are attended	
	D2.1.3	% of AG queries resolved	100%	50%			50% of AG queries resolved by 30 June 2025	60%	Achieved	The Municipality has prepared Interim Financial Statements and municipality was able to resolve more issues that anticipated	N/A	AG Action Plan update
	D2.1.4	Date of Enterprise Risk Management Framework & Policy reviewed and adopted	Adopted	Not Adopted			Enterprise Risk Management Framework & Policy reviewed and adopted by Council by 30 June 2025	0	Not Achieved	Due to Manager Risk and Compliance acting in Budget and Treasury the duties of Risk were not	The Risk Assessment will be conducted in Q1 (August) of the new financial year and thereafter will be tabled	Council Resolution

				Committee					on 30 June 2025						
				D2.1.7	Number of Audit Committee Meetings	4	5		4 Audit Committee Meetings held by 30 June 2025	4	Achieved	N/A	N/A		Attendance register or minutes of the meeting
				D2.1.8	Number of Performance Committee meetings	4	5		4 Performance Audit Committee meeting held by 30 June 2025	4	Achieved	N/A	N/A		Attendance register or minutes of the meeting
				D2.1.9	Number of C88 COGTA PMS quarterly report submitted	4	4		4 C88 COGTA PMS quarterly report submitted to COGTA by 30 June 2025	4	Achieved	N/A	N/A		C88 Cogta RMS Report / proof of submission
	D2.2	To promote Anti-Corruptio	D2.2.1	Percentage of CLLRS who have declared their	100%	100%			100% of CLLRS declared their financial	100%	Achieved	N/A	N/A		Signed declarations

				n Strategy		financial interests					interest by 30 June 2025						
					D2.2.2	Percentage of Senior Managers who have declared their financial interests	100%	75%			100% of Senior Managers declared their financial interest by 30 June 2025	100%	Achieved	N/A	N/A		Signed declarations
D3		To promote a municipal governance system that enhances and embraces the system of participatory	D3.1	Facilitate the functionality of Ward Committees through continuous public participation	D3.1.1	Number of Ward Committee Meetings held	60	53			60 Ward Committee Meetings held for the year ended 30 June 2025	57	Partially Achieved	We had 57 ward committee meetings due to Ward 3 having not sat their full yearly meetings, this was caused by the absence of Ward Councillor who had intermation	Through the intervention of the Speaker, this challenge has been addressed. The ward councillor will comply with the approved calendar for the 2025/2026 financial year.		Attendance register

						D3.1.4	Number of Ward Based Plans reviewed	5	5		5 Ward Based Plans reviewed by 30 June 2025	5	Achieved	N/A	N/A		Ward Based Plans reviewed and attendance register of participants
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6.5 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

E1	IMPROVED MUNICIPAL FINANCIAL AND ADMINISTRATIVE CAPABILITY	MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	To increase funding and revenue generation	E1.1	Develop and implement measures to expand revenue base and generation	E1.1.1	% Revenue Growth- (Period under review's Total Revenue)	12%	23%		12% Revenue Growth by 30 June 2025	- 28.04 %	Not Achieved	Due to financial constraints the Municipality could not obtain the necessary controls mechanism s to curb electricity losses. Debt incentive scheme was	The baseline on Revenue Growth will be revised to the baseline of 7% due to following reasons: - There is been increase in indigent customers base and the municipality is considering to adjust its		S71 report (monthly budget statement)
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												losses. Debt incentive scheme was introduced but however growth was only realized for the duration of the incentive. Targets needs to be revised as the economic decline is not aligned with the Revenue Growth targets.	budget adjustment review.		
E1.1.3	% Operating Revenue Budget implementation indicator.	95%-100%	75%-80%			95%-100% Actual Operating Revenue over Budgeted Operating		82.37 %	Not Achieved	The Municipality did not achieve the desired Debt Relief in the year-	Engaging with Executive leadership of SANRAL to fast-track the signing of the agreement		S71 report (monthly budget statement)		

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Eskom bill.
The
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continues
to grow
and the
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depreciate.

it will be solve
in the next 3
to 5 years as
we have
applied for
funding to the
relevant
government
department.

					E1.3.3	Number of Monthly cash flow projection report prepared	12	12			12 Monthly cash flow reports prepared by 30 June 2025	12	Achieved	N/A	N/A		Monthly cash flow projection
					E1.3.4	Number of Creditors Payment Period in days - Trade Creditors Outstanding /Credit Purchases (Operating and Capital) x365	30	2161			30 Creditors Payment days by 30 June 2025	1458	Not Achieved	The Municipality is in a net liability situation whereby it cannot be able to meet their financial obligation as they fall due. The Municipality has adopted an unfunded budget	The Municipality to implement revenue enhancement strategies which include rehabilitation of electricity infrastructure and curtail all expenses. A budget funding plan has been adopted and monitored by Council.		Creditors Age Analysis
E2		Improve expenditure and maximize the economies of scale	E2.1	To control and account for all Municipal expenditure	E2.1.1	% I,F & W, U Expenditure incurred- (Irregular, Fruitless and	0%	3%			0% Irregular, Fruitless and Wasteful and Unauthorized Expenditure incurred by	31.34 %	Not Achieved	Due to financial constraints the Municipality is unable to pay their financial	To fast-track the rehabilitation of electricity infrastructure through Department of Energy to		Report to the Mayor on implementation of supply

					E2.2.2	Date SCM Policy reviewed	Reviewed	Reviewed			SCM Policy reviewed and adopted by Council by 31 March 2025	29-May-25	Achieved	The SCM Policy was adopted with the final Budget in 29 May 2025	N/A		Council Resolution on adopting SCM Policy
					E2.2.3	Number of Quarterly report on the implementation of SCM policy reported to Council	4	4			4 Report on the implementation of SCM policy reported to Council by 30 June 2025	4	Achieved	N/A	N/A		Council Resolution
					E2.2.4	Date the Organisational procurement plan approved	1	Approved			Organisational procurement plan approved by the CFO on or before 31 March 2025	31-Mar	Achieved	N/A	N/A		Final procurement plan signed by CFO
E3		To budget and report on all Municip	E3.1	Compliance with MFMA	E3.1.1	Date Draft Budget tabled approved by Council	1	Approved			Draft Budget tabled approved by Council on or before 31 March 2025	31-Mar	Achieved	N/A	N/A		Council resolution on draft and final budget

												approved Municipal Calendar Year and approved IDP/BUDGET/ OPMS/SDF Process Plan	
E3.1.5	Date Mid-Year budget review approved by Council	1	Approved			Mid -Year budget reviewed approved by Council on or before 25 January 2025		24-Jan	Achieved	N/A	N/A		Council resolution adopting Mid-Year report
E3.1.6	Date Adjustment budget approved	1	Approved			Adjustment budget approved by Council on or before 25 February 2025		28-Feb	Achieved	N/A	N/A		Council resolution adopting Adjustment Budget
E3.1.7	Date 2023/2024 Financial year AFS submitted to Auditor General	Submitted	Submitted			2023/2024 Financial Year AFS submitted to Auditor General on or before 31 August 2024		31-Aug	Achieved	N/A	N/A		AG confirm of receipt

						E3.1.8	% of leased properties with valid lease agreements	100%	100%			100%	Achieved	N/A	N/A		Leased property list with related lease agreements
						E3.1.9	Number of VAT returns submitted to SARS	12	12			12	Achieved	N/A	N/A		VAT 201 return submitted

6.6 CROSS CUTTING INTERVENTIONS

F1	IMPROVED MUNICIPAL FINANCIAL AND ADMINISTRATIVE CAPABILITY	CROSS CUTTING INTERVENTIONS	To promote credible strategic and spatial municipal planning	F1.1	Improve SDF Planning	F1.1.1	Date Council adopted the reviewed SDF	Adopted	0			0	Not Achieved	While the SDF does not need to be prioritized or reviewed, as per the COGTA's advise, emanating from the IGR engagement meeting, since it is a 20 year plan (valid until 2037), the SDP is to be developed instead, with the assistance and or support from CoGTA, as it requires funding support	While we had applied for the SDP funding support from the Department of Land Reform & Rural Development in Feb. 2025, such funding was not allocated to this Municipality, due to in part, the relevant Committee having already set & allocated funding to other municipalities, before our application was received. However, our respective HOD is in process of	Council Resolution for approved reviewed SDF
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				F1.1.2	Percentage of Developmental applications administered	100%	0				100% of Developmental applications administered by 30 June 2025	57.14 %	Not Achieved	The target was not met due to a number of submissions being incomplete, resulting in their application periods lapsing before processing could be completed.	Applicants will be contacted and encouraged to re-submit their applications during the next quarter (2025/2026 quarter 1).		Reports
		F1.2	Development of Risk Management Strategy relating to National Building regulations	F1.2.1	% of building plans approved within 30 days of meeting all requirements	100%	83%				100% of building plans approved within 30 days of meeting all requirements by 30 June 2025	41.17 %	Not Achieved	The Building Inspector resigned during the second quarter of the 2024/2025 financial year; consequently, no applications were processed	The new position is scheduled to be filled on August 1, 2025; consequently, the report will be submitted during the first quarter of the 2025/2026 financial year		Building Plans Approval Register

														those Wards.			
			F2.2	Development of an organisational strategic planning document	F2.2.1	Date Strategic Planning sessions held	1	0			Strategic Planning Session held by 31 March 2025		22-23 January 2025	Achieved	N/A	N/A	Attendance register
F3		Provide disaster management and emergency services	F3.1	To develop and implement a disaster management plan	F3.1.1	Date Disaster Sector Plan reviewed and adopted by Council	Review and Adopted	Adopted			Review Disaster Sector Plan and Adopted by Council by 31 May 2025		0	Not Achieved	The Disaster Management Unit was anticipating the results of the Risk Assessment and the inclusion of Risk Mapping in the sector plan, as the municipality is presently evaluating its Disaster Management	The Disaster Sector Plan will be tabled to Council in first quarter of 2025/2026 financial year (29 July 2025)	Council resolution and Disaster Sector Plan

					F3.1.4	Number of areas the Lightning conductor is installed	5	15			5 Areas where the lighting conductors installed by 31 December 2025	10	Achieved	Due to the extensive weather conditions, wards such as 3 and 5 were also impacted by lightning. Consequently, we must address those areas that were not previously affected	N/A		Report detailing areas where lightning conductors is installed
F4	Enhance Education	F4.1	Improve access to Libraries	F4.1.1	Number of reports on users who have access to internet	12	12			12 monthly reports on users who have access to internet by 30 June 2025	12	Achieved	N/A	N/A		Daily signed register	
				F4.1.2	Number of reports on Library activities	4	4			4 reports on library activities submitted to portfolio committee	4	Achieved	N/A	N/A		Library activities report submitted and minutes of	

F5	To ensure safer, effective and efficient system for all	F5.1	Monitor and assess driver fitness and vehicle roadworthiness through road blocks	F5.1.1	Number of vehicle stopped and checked	2000	3897			by 30 June 2025	3602	Achieved	The reason why we are achieving above our targets on the road safety campaigns is due to the down time of the speed camera enforcement, the times the camera is not calibrated we substitute that time and conduct additional road safety campaigns.	N/A		portfolio meeting
										2000 Vehicle stopped and checked by 30 June 2025			Daily Crime Return			

F6	Support the implementation to promote and develop support programmes for Youth and vulnerable groups within the community	F6.1	Develop and implement projects targeting Youth and vulnerable groups	F6.1.1	Number of youth programmes implemented	4	7			4 Youth programmes implemented by 30 June 2025	4	Achieved	N/A	N/A		Attendance register, relevant report and photos
				F6.1.2	Organise and hold sports tournament	4	4			4 Number of Sport tournaments organised by 30 June 2025	4	Achieved	N/A	N/A		Attendance registers, relevant report and photos
				F6.1.3	Number of Special Programmes for women, children, people living with disability and vulnerable groups	4	7			4 Special Programmes for women, children, people living with disability and vulnerable groups conducted by 30 June 2025	4	Achieved	N/A	N/A		Attendance register / reports and photos

that time and conduct additional road safety campaigns.

			To develop and implement programmes that target high risk groups	F6.2	To develop and implement programmes that target high risk groups	F6.2.1	Date World AIDS day event held	1	1			World AIDS day event held before or on 31 December 2024	5-Dec-24	Achieved	N/A	N/A		Attendance register / reports and photos
Indicators that was not on the initial SDBIP and it was on the revised SDBIP																	Reason for Amendments	Supporting Evidence
B1	IMPROVED ACCESS TO BASIC SERVICES	BASIC SERVICE DELIVERY	Improve access to basic service delivery	B1.1	Improve access to electricity	B1.1.1	% of electrical network designs	0	0			100% of electrical network designs completed by 30 June 2025	100%	Achieved	N/A	N/A	There was a problem concerning the scope of work that needed to be done, which caused some delays in	Completion Certificate

CHAPTER 5: FINANCIAL PERFORMANCE

Ultimately, the implementation of the capital budget is based on availability of funds, the need to develop services, especially to the poor and for economic development, it is vital for the future, but this will not be possible should the collection rate not improve. It would then be prudent to stress that the implementation of the capital projects is reliant on the cash flow position for the Municipality.

The Municipality has since established a Project Management Unit, and will be in a position to execute the Capital Projects speedily.

Mpofana Local Municipality adopted Indigent Support Policy to promote social and economic development within the community of Mpofana. The objective is to assist the indigent community with funding from Inter-Governmental Transfer so that the community may enjoy services provided by the municipality irrespective of their financial situation.

The main goal of Mpofana Local Municipality is to create an economic environment in which investment can grow and jobs be created. Increase in employment opportunities will result in empowered citizens who take full responsibility to pay for basic services and improved Municipal revenue. It is Municipal's strategic goal to, attract big corporations to establish their industries in Mpofana. It is desirable state of affairs to have sectors that we have competitive advantage, like the agro-processing, tourism, retail and golf estate, to expand this Municipality's generated revenue.

The high levels of unemployment in the municipality's jurisdiction have impacted negatively on our ability to collect outstanding debt. Consequently, an increased number of indigents characterize the municipality revenue base. As a result, long outstanding debtors have been significantly being impaired.

Although the municipality is vast geographically, the size relative to population is very small. Therefore, this is reflected in the small equitable share allocation because the formula put significant weight on the population size. In light of the above, the municipality is still exploring ways of funding indigents as the equitable share is not enough. The Municipality has developed indigent register which in turn will see the Municipality benefit through increased Equitable Share Grant.

The aging municipal electricity infrastructure is also impacting negatively on revenue collection as electricity is lost in transmission, illegal connections and incomplete billings attributed to the old infrastructure.

The electricity supply in the Municipality is being supplied by the Municipality in Ward 1, 3 and 5 which is predominantly the urban area and Eskom supply in Ward 2 and 4 and some of the areas in Ward 1 which is predominantly the rural areas.

Our municipal accounts consist of mainly electricity supply, rates, refuse removal and other revenue. Water supply and sanitation is the function of the District Municipality.

Supply Chain Management

The Municipality has a unit for Supply Chain Management which is part of the Budget & Treasury Office. The unit currently consist of three (3) officials (SCM Manager, Procurement Officer and Buyer). The unit is under the supervision of the SCM Manager who directly reports to the Chief Financial Officer. Supply Chain Management is the process of managing the flow of goods and services and the goal of the unit for the municipality is to optimize the processes to deliver goods and services efficiently, cost-effectively and with high end quality. The Municipality has a policy which was reviewed by Treasury (SCM Support) and adopted by the Municipal Council on the 23 May 2024. There has been much improvement on the Supply Chain Management Unit. There is effective communication with the suppliers, service providers and management to ensure that we mitigate potential risks that could disrupt the SCM processes.

The SCM unit has undergo workshop on the proper implementation of the Contract management and the unit also ensures that all the new legislations, regulations and processes from Treasury are being implemented effectively. With the use of the CSD the SCM unit is able to identify suppliers with non-compliant tax status therefore improving on the Audit findings for the award of non-compliant tax status suppliers. The Supply Chain Management has developed SOPs through the assistant from Treasury therefore making it much easier to work with a manual that has all the appropriate and accepted procedures.

Committee and Committee Purpose

BID QOUTATION COMMITTEE		
01	Sbahle Vilakazi	Chairperson
02	Ntombenhle Chonco	Member
03	Ayanda Mofokeng	Member
04	Slindile Buthelezi	Member
BID SPECIFICATION COMMITTEE		
01	Mfanafuthi Mkhize	Chairperson
02	S'bahle Vilakazi	Member (Secretary)
03	Ntuthuko Sithole	Member
04	Musa Sokhela	Member
BID EVALUATION COMMITTEE		
01	Ayanda Ndlovu	Chairperson
02	Bongekile Sokhela	Member (Secretary)
03	Themba Mkhasibe	Member
04	Smangele Msimang	Member
BID ADJUDICATION COMMITTEE		
01	Ntando Duma	Chairperson
02	Sanele Sithole	Member (Secretary)
03	Mhlengi Sithole	Member
04	Sikhululekile Mhlongo	Member

Assessment of the performance of External Service Provider

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Example:

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

LONG-TERM SERVICE PROVIDERS ASSESSMENT OF PERFORMANCE FOR A FINANCIAL PERIOD ENDING 2024/2025

The below table shows the list of external service providers which the Municipality engaged with during the 2024/2025 financial year. This rating could be employed in future bids received by the Municipality.

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance			Corrective Measures / Corrective Measures taken
					Target	Actual	Target	Actual	G	S	P	
MPO/08/2023	Inkazimulo Business Advisory Services	2020/09/02	Provision of Internal Audit Service						X			
MPO/09/2023	CCG Services		Provision of ERP Systems support services							X		
MPO/07/2025	Customized Auction		Auctioning services for movable and immovable assets						X			
MPO/01/2025	Fidelity Security Group	2021/10/01	Cash Management Services	R338 076.00					X			
	Conlog	Monthly Renewal	Hosted, Vending of Prepaid Electricity	5% of the total monthly sales value					X			
MPO/12/2025	Mela Okuhle		Rehabilitation of Alexandra Terrace						X			

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance			Corrective Measures / Corrective Measures taken
					Target	Actual	Target	Actual	G	S	P	
MPO/14/2025	Surg Suits (Pty) Ltd		Rehabilitation of Gower Road								X	The contractor was called in a meeting and the adjusted project and acceleration programme was asked to contractor to rectify before end of August
MPO/09/2020	Bidvest Steiner Hygiene	2022/07/01	Supply, Installation & Management of Hygiene Equipment								X	To review the contract.
MPO/05/2022	Siyajabula Security Solution	2023/02/01	Provisions of Security Services to Mpofana Local Municipality for the period of 36 months						X			
MPO/11/2023	Ntshebebomvu Trading & Projects	2023/11/22	Rehabilitation of Bruntville Sport Field for Mpofana Local Municipality	R6 174 057.56							X	The Municipality has issued intention to terminate for the contractor to be back on site within 14 days. The projects will be resuscitated , and completed by new service provider.
	Nashua Pietermaritzburg		Lease of Photocopying Machines						X			

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance			Corrective Measures / Corrective Measures taken
					Target	Actual	Target	Actual	G	S	P	
MPO/20/2025	Profound Project Managers		Rehabilitation of Fife Road							X		
	Indwe Risk Services (Pty) Ltd		Short Term Insurance						X			
	Estcourt Security Services		Supply, installation, servicing and monitoring of alarm system						X			
MPO/08/2021	BS MABASO CC		Panel of Attorneys							X		
MPO/19/2025	Muna Trading		Rehabilitation of Sterling Terrace							X		
	Afrilectrical Consulting Engineers	2022/08/26	Middelrus Electrification 200 Connections							X		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance			Corrective Measures / Corrective Measures taken
					Target	Actual	Target	Actual	G	S	P	
MPO/12/2023	Yabanathi Projects (Pty) Ltd	2023/11/22	Construction of Mzilanyoni Gravel Road for Mpofana Local Municipality	R13 511 971.00					X			
MPO/16/2025	Nqo and Wanda Trading		Rehabilitation of Weston Road							X		
MPO/04/2023	Ngelizwe Trading cc	2023/06/23	Upgrade Phumlaas/Townview Internal Roads for Mpofana Local Municipality	R12 585 164.40						X		
	AP Ngubo Attorneys		Panel of Attorneys							X		
	Lalpersad Inc.		Panel of Attorneys						X			
	Mazibuko Z & Associates		Panel of Attorneys						X			

