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DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

NO. 6591 **10 September 2025**

Province of the
EASTERN CAPE
COOPERATIVE GOVERNANCE
& TRADITIONAL AFFAIRS

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PROVINCIAL NOTICE

PROVINCE OF THE EASTERN CAPE

Department of Cooperative Governance and Traditional Affairs

Provincial Notice Issued in Terms of Section 47 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)

PUBLICATION OF A CONSOLIDATED REPORT ON PERFORMANCE OF MUNICIPALITIES IN THE PROVINCE FOR 2023/24 FINANCIAL YEAR

I, **Zolile Albert Williams**, in my capacity as a Member of the Executive Council responsible for Cooperative Governance and Traditional Affairs in the Province of the Eastern Cape, under the powers vested in me in terms of Section 47 (2) (c) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), hereby call for the report to be published in Provincial Gazette and set **01 September 2025** as a date for the report to be published.

MR. ZOLILE ALBERT WILLIAMS
MEMBER OF THE EXECUTIVE COUNCIL
DEPARTMENT OF COOPERATIVE GOVERNANCE & TRADITIONAL AFFAIRS
DATE: 19 – 08 – 2025

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Province of the
EASTERN CAPE
COOPERATIVE GOVERNANCE
& TRADITIONAL AFFAIRS

CONSOLIDATED MUNICIPAL PERFORMANCE REPORT FOR

2023-2024 Financial Year

Compiled in terms of Section 47 of the Local Government:
Municipal Systems Act (Act No. 32 of 2000)

30 YEARS OF FREEDOM

2030 NDP

SERVING OUR COMMUNITIES BETTER

B2B BACK TO BASICS
SERVING OUR COMMUNITIES BETTER

Our Vision

Development-oriented municipalities and institutions of traditional leadership that deliver sustainable quality services to communities in an integrated, responsive and accountable manner.

Our Mission

To co-ordinate support through government spheres and partnerships to municipalities and institutions of traditional
leadership to fulfill their developmental mandates, for a better quality of life for all communities

Our Values

Innovation, Transformative, Professionalism, Equality, Highest ethical standards, Staff our greatest assets, Responsiveness

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Foreword by the MEC

FOR COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS IN THE PROVINCE OF THE EASTERN CAPE, HONOURABLE ZOLILE WILLIAMS

As we approach the end of the Local government term, it is my responsibility as the Member of the Executive Committee (MEC) to reflect on the performance of our municipalities as the Province of Eastern Cape for the 2023/24 financial year. This report has been compiled with the provisions of Section 47 of the Local Government: Municipal Systems Act (Act No 32 of 2000) as amended.

This report has been compiled through the assessment of annual reports submitted by thirty – eight municipalities, all adopted by their respective councils except for Blue Crane Route Local Municipality that has not submitted its annual report. The municipality has cited capacity challenges however had not communicated the non – compliance to the department. I however, also wish to commend municipalities for ensuring that the statutory requirement of compiling their Annual Reports is adhered to.

The assessment conducted in 2022 produced the National State of Local Government Assessment Report wherein seven municipalities from the province were identified as dysfunctional. This has shown that strengthening municipal capacity and performance is critical in improving service delivery. The highlighted challenges were primarily related to good governance, financial management, and service delivery. Those municipalities are being supported through the development and implementation of Municipal Support and Intervention Plans (MSIPs) to address the identified challenges.

I am proud to present a Consolidated Annual Performance Report prepared from the assessment of individual municipal annual Reports submitted by municipalities in the Province of the Eastern Cape in terms of s.46 of the Local Government: Municipal Systems Act for the 2023/24 Financial Year.
Although the report indicates areas of definite improvement by municipalities but there are also a number of areas where performance has regressed, and these areas require collaborative support by all relevant stakeholders.

The results of the analysis of these reports will, to a larger extent, determine how municipalities have fared in delivering services to the communities during 2023/24 Financial year. Municipalities have again submitted annual reports with limited critical information which has a negative impact towards the ability of my department



HONOURABLE Z.A. WILLIAMS

to appropriately support municipalities in carrying out their constitutional mandate, build and strengthen their capacity. I also wish to remind municipalities that the compilation and submission of s.46 reports is a statutory requirement.

In my continued focus in improving the state of municipalities the department has developed a Municipal Non-negotiable Handbook with standard operating procedures (SOPs) for quality service delivery by municipalities, which will start in this 2025/30 five-year period.

The ***Risk Adjusted Strategy (RAS)*** introduced in 2023/24 financial year which focuses on expediting expenditure on grants has improved spending in allocated grants and notable progress in municipal performance. Moving forward, the Department will continue to implement and expand the RAS framework, integrating it into the Provincial Municipal Infrastructure Management RAS Framework (PMIM-RAS-FW).

Finally, I would like to encourage all municipalities to continue submitting their s.46 reports for all areas of underperformance to be identified and areas of improvement are acknowledged for the bettement of service delivery.

HONOURABLE Z.A. WILLIAMS
MEMBER OF THE EXECUTIVE COUNCIL
DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
DATE: 16 July 2025

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Message from the Acting Head of Department (HOD)

OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, MR V. MLOKOTHI



MR. V. MLOKOTHI

The department continues to carry out its mandate, which is to support and strengthen municipalities' capacity to manage their affairs, exercise legislative powers, and function effectively and efficiently.

This report is presented in compliance with Section 47 of the Local Government: Municipal Systems Act no. 32 of 2000 as amended. Thirty – eight reports were received from municipalities, all adopted by their respective councils with the exception of Blue Crane Route Local Municipality that has not submitted its annual report. The municipality has cited capacity challenges however had not communicated the non – compliance to the department.

Municipal Infrastructure Grant (MIG) that is funding service delivery projects has shown significant progress with the 98% expenditure of the revised budget of R3 405 381 billion prioritized for service delivery projects.

The department continues to support and implement the Risk Adjusted Strategy as pronounced by the MEC which has yielded positive results and the expenditure on grants improved representing one of the initiatives to support municipalities towards delivering services to communities.

In an effort to improve audit outcomes before the commencement of the next audit cycle in August 2025, the Honourable MEC has initiated engagements with Municipalities that have obtained consecutive negative audit outcomes.

The escalating debts owed by municipalities to Eskom and Water Boards remain a matter of great concern. Through the support from Provincial and National Treasuries, National CoGTA, SALGA & Office of the Premier, the department will continue address this matter.

We continue to support municipalities to enhance their capacity through seconding senior officials to ensure smooth running of the municipality and facilitate appointments of Municipal Managers.
The Department will continue to professionalise local government, focusing on ethics, organisational culture and systematic municipal operations. Over 90% of municipal senior managers have adequate academic qualifications and competencies and 97% of municipal staff establishments are compliant with Municipal Staff Regulation of 2021, in developing and reviewing staff establishments.

The department in collaboration with Provincial and National Treasuries, National CoGTA, SALGA & Office of the Premier is supporting municipalities i.e. ***Nelson Mandela Metro, Buffalo City Metro, Makana and Enoch Mgijima*** in turning around the situation to improve service delivery.

MR. V. MLOKOTHI
ACTING HEAD OF DEPARTMENT
DEPARTMENT OF COOPERATIVE GOVERNANCE & TRADITIONAL AFFAIRS
DATE: 16 July 2025

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Overview Of Performance

The overview of the performance of municipalities is presented per key performance area as reflected below:

KPA 1: Municipal Transformation and Organisational Development

Thirty-eight (38) municipalities that have submitted their annual reports and were assessed. The process led to the development of a consolidated municipal performance report for the 2023/24 financial year. It has been noted that an overall performance per district has declined from **72% to 66%** in this KPA. ***Joe Gqabi is*** the best performing district at **66%** from **37%;** followed by ***Amathole*** at **56%** decreased from **60%, *Sarah Baartman*** from **57% to 56%,** followed by ***Alfred Nzo which decreased*** from **69% to 54%, *O. R. Tambo*** which decreased from **49% to 42%,** followed by ***Chris Hani*** from **42% to 35%.** Both Metros have decreased their overall performance, ***Nelson Mandela Metro*** has decreased from **46% to 35%** and ***Buffalo City Metro*** has decreased from **48% to 42%.**

KPA 2: Basic Service Delivery

The assessment in this Key Performance Area has declined with the exception of ***Nelson Mandela Bay Metro and Chris Hani District Municipality***, which have significantly improved in the year under review. Most municipalities did not use the guiding template for the provision of information that resulted to under reporting. It should be noted that municipal annual reports are submitted for compliance purposes and rather with not credible information. In some cases, the provided information does not meet the required standard, or planned targets are not set.

KPA 3: Local Economic Development.

The assessment has generally shown a slight decline in the filling of posts in LED units across municipalities in the current financial year. Municipalities are also not providing adequate information about their LED units which include approved posts, budget and vacancy rate. Numerous municipalities have vacancies in their LED units which could hinder their capability to provide adequate services. In some municipalities the positions of manager or director are vacant, and in some instances, there is only one individual who is responsible for the entire unit. There is an insignificant improvement in the development and adoption of LED strategy in municipalities, however in some of the municipalities there is a non-existence of information concerning the implementation.

Regarding EPWP and CWP, there is a small decrease in the number of municipalities that provided evidence on the number of job opportunities created during 2023/24 financial year. The highest performing metro is the **Buffalo City Metro**, with an overall performance of **50%** compared to **Nelson Mandela Metro** with overall performance of **46%** in the current financial year. In 2023/24 financial year, the highest performing district is **Chris Hani District 64%** followed by **Amathole District** at **63%**. The lowest performing district is **Sarah Baartman District** at **36%.**

KPA 4: Municipal Financial Management & Viability

The overall performance of municipalities under this KPA is generally satisfactory as it shows a slight improvement in the year under review. The best performing municipality in the province in terms of financial management is ***Nelson Mandela Metro*** as it maintained the same score of ***84%*** in current financial year. ***Joe Gqabi DM, OR Tambo DM and Amathole DM*** have constantly improved their performance with the score of 76%, 74% and 73% respectively. ***Chris Hani DM*** has improved with a score of ***68%*** while ***Alfred Nzo DM*** has displayed a slight decrease from ***69%*** to ***68%***. It is noted with concern that ***Sarah Baartman DM*** has decreased the performance from ***74%*** to ***63%*** followed by ***Buffalo City Metro*** which is at the bottom of the overall performance by scoring ***63%*** in the year under review compared to ***78%*** in the previous financial year.

The number of municipalities that obtained unqualified with no emphasis of matter (clean) has slightly improved to six **(6)** municipalities as compared to four **(4)** in the previous financial year. All municipalities in the province have submitted their Annual Financial Statements as per the legislated time frame. Twenty-five (25) municipalities have spent more than ***70%*** of their Capital budget while nine (09) spent less than ***70%*** and four (4) failed to disclose their Capital expenditure. There is a slight improvement of twenty (20) municipalities that complied with the norm of spending their operational budget on salaries.

There is a huge improvement in the spending of **Municipal Infrastructure Grant (MIG)** which reflects 97% of municipalities achieving 100% expenditure. That means municipalities have adopted Risk Adjustment Strategy to improve implementation of projects.

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It is concerning that twenty-six (26) municipalities have reported to be unable to reduce their consumer debtors in the province.

There is a notable improvement in the establishment and functionality of audit committees in municipalities as only one (1) municipality failed to provide information on the establishment and functionality audit committee in the year under review compared to three and five municipalities in the previous two financial years. This is the committee that is established in order to advise the municipal council in all matters relating to the running of the municipality.

KPA 5: Good Governance and Public Participation

The overall performance in this KPA has increased in ***Alfred Nzo, O.R Tambo and Amathole District*** Municipalities whereas the performance of Joe Gqabi and Sarah Baartman decreased compared to previous financial year. The performance of Chris Hani DM remains unchanged for both financial years. Buffalo City and Nelson Mandela Metropolitan Municipalities decreased compared to the 2022/23 financial year.

The ***Alfred Nzo DM*** is the highest performing municipality in this KPA at **78%** in 2023/24 an increase from **59%** in the previous financial year. It is followed by ***O.R. Tambo DM*** with overall performance of **75%** in 2023/24 which is an increase compared to **72%** from the previous financial year. ***Amathole DM*** has improved from **60%** in the last financial year to **68%** in the current financial year. **Nelson Mandela Metropolitan Municipality** has decreased from 64% in the previous financial year to 54% in the current financial year. ***Sarah Baartman DM*** has decrease from **51%** in the last financial year to **46% in** the current financial year. ***Joe Gqabi DM*** has decreased from **55%** in the last financial year to **48%** in the current financial year. ***Chris Hani DM*** performance remains unchanged for both 2022/23 and 2023/24 financial years at **46%. Buffalo City Metropolitan Municipality** drastically underperformed from 67% in the 2022/23 financial year to 39% in the financial year under review.

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Chapter 7

CONCLUSION

The Department has complied with Section 47 of the Municipal Systems Act as amended, and all municipalities have submitted Section 46 reports except Blue Crane Route municipality. The consolidated municipal performance report of all municipalities in the Province of the Eastern Cape for 2023/24 Financial Year has regressed in some KPAs; however, the KPA on Financial Viability has shown is generally satisfactory as it shows a slight improvement in the year under review. The introduction of the Risk Adjusted Strategy to expedite expenditure on conditional grants by municipalities has spent 98% of the revised budget of 3 405 381 billion.

The department is currently participating in the three-sphere planning (District Development Model) to consolidate and implement key priorities towards local government focus which is an initiative to address failures at local government level and improve service delivery. There has been a notable improvement in the filling of Section 54A and 56 manager's positions in Municipalities, as indicated by fewer vacant positions.

The National Department of Co-operative Governance (DCOG) conducted an assessment of the state of all municipalities in the country. Seven municipalities in the province have been identified as dysfunctional (***Sarah Baartman, Dr Beyers Naudè, Elundini, Dr AB Xuma, Ingquza Hill, Walter Sisulu & Enoch Mgijima***). Municipal Support and Intervention Plans have been developed in response to the challenges with two (***Walter & Enoch Mgijima***) are implementing Financial Recovery Plans (FRP). The Department will provide additional support to these municipalities in collaboration with other stakeholders such as the Provincial Treasury, SALGA, MISA, District Municipalities and other sector departments.

The Department continues to provide the necessary support to all municipalities to discharge their functions as stated in Chapter 6 and 7 of the Constitution of the Republic of South Africa, 1996. This is intensified by collaborations with all relevant stakeholders through various intergovernmental platforms established by the department.

HONOURABLE Z.A. WILLIAMS
MEMBER OF THE EXECUTIVE COUNCIL
DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
DATE: 16 July 2025

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