

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY
EXTRAORDINARY HIBRID COUNCIL MEETING**

2026.08.31

A-F (51-2026)

**CITY OF EKURHULENI: DRAFT ANNUAL REPORT INCLUDING THE UNAUDITED
ANNUAL PERFORMANCE REPORT AND UNAUDITED ANNUAL FINANCIAL
STATEMENTS FOR THE 2025/2026 FINANCIAL YEAR**

1. PURPOSE

To submit the Unaudited Draft Annual Performance Report and the Draft Annual Financial Statements for the year ended 30 June 2026 to Council as per Circular 63 of MFMA, and the Draft Annual Financial Statements as submitted for auditing in accordance with section 126 of the Municipal Finance Management Act.

2. STRATEGIC OBJECTIVE

Promoting good governance.

3. WARDS AFFECTED

All wards

4. IDP LINKAGE

Service Delivery Improvement, Enhanced Oversight / Achievement of Clean Audit Report.

5. EXECUTIVE SUMMARY

The Annual Financial Statements for the 2024/2025 financial year have been prepared in accordance with Section 126 of the Municipal Finance Management Act (MFMA) and the Annual Performance Report for the 2024/2025 financial year in terms of Section 127 of the MFMA. Section 127 of the MFMA, read with section 46 of the Municipal Systems Act 2000 (MSA), require every municipality and municipal entity to prepare an annual performance report which must form part of the Annual Report for each financial year.

The purpose of the Annual Performance Report as set out in Circular 63 is:

- To provide a record of the activities of the municipality or its entity or entities during the financial year to which the report relates.
- To provide a report on performance in service delivery and budget implementation for the financial year.
- To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity; and
- To reduce the additional reporting requirements that will otherwise arise from Government Departments, monitoring agencies and financial institutions.

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6. DISCUSSION

Chapter 12 of the MFMA deals with financial reporting and auditing.

Section 122 provides the requirements for the preparation of annual financial statements. Section 126 stipulates that the annual financial statements must be completed within two months after the end of the financial year and be submitted for auditing by the Auditor-General. The Annual Financial Statements for the 2024/2025 financial year have been prepared in accordance with Section 126 of the Municipal Finance Management Act and have been completed within the legislative deadlines.

MFMA Circular 63 from National Treasury provides detailed explanation of the Annual Report process. It is important to note the following comment extracted from the circular:

The unaudited Annual Report is used to feed information to the next year's IDP. The unaudited Annual Report is sent through in August to departments, National Treasury for their records and the Auditor-General for auditing. It is also submitted to the MPAC for oversight verification and community consultation together with council.

The unaudited Annual Report is also submitted to a committee of council to verify performance of senior management in terms of the performance agreement entered into with the municipality. It is expected that the same committee deals with financial and non-financial performance.

The Auditor-General will submit the audited report to the Accounting Officer by the end of November for municipalities without entities and December for municipalities with entities, The audited Annual Report is then submitted to Council and the MPAC for finalising its oversight report.

In terms of the MFMA and Circular 63, all municipalities and municipal entities are required to prepare and submit their draft Annual Reports to the Auditor-General by 31 August each year.

The following Annexures are attached to this report:

Annexure A: Unaudited 2025/2026 Draft Annual Financial Statements of the City of Ekurhuleni; and

Annexure B: Unaudited 2026/2025 Draft Annual Performance Report of the City of Ekurhuleni.

A. CONTENTS OF THE UNAUDITED 2025/2026 DRAFT ANNUAL FINANCIAL STATEMENTS

The Unaudited 2025/2026 Draft Annual Financial Statements in Annexure A comprise of the following:

- Statement of financial position showing the financial position as at 30 June 2026.
- Statement of financial performance showing the results of operations (revenue and expenditure) for the year.

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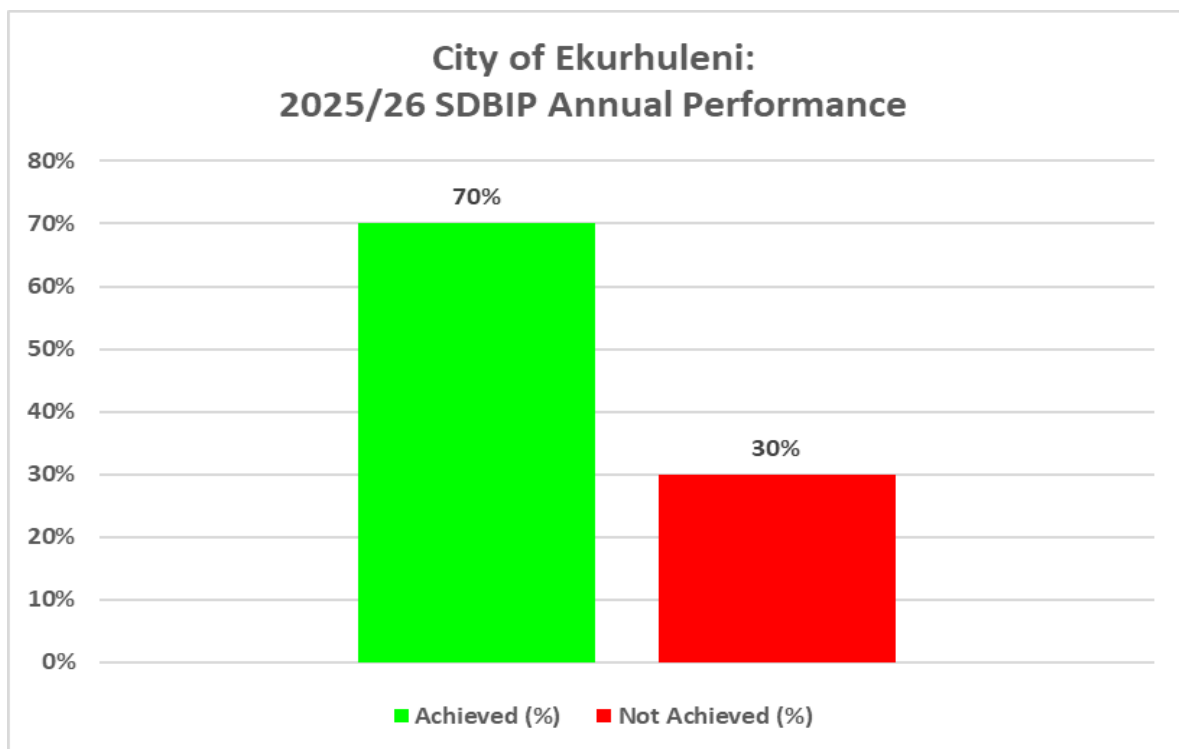
- Statement of changes in Net Assets showing the net worth of the City.
- Cash flow statement showing the sources and use of cash by the City.
- Appropriation statement that shows the comparison between budget and actual results.
- Accounting policies, conventions and assumptions used in the compilation of the financial statements; and
- Notes to the annual financial statements that clarify the figures and provide additional disclosure in the financial statements.

The above-mentioned are contained in Annexure A.

B. SDBIP PERFORMANCE/ NON-FINANCIAL PERFORMANCE INFORMATION

**SUMMARY OF THE UNAUDITED DRAFT SDBIP ANNUAL PERFORMANCE REPORT
(NON-FINANCIAL PERFORMANCE INFORMATION): FINANCIAL YEAR 2025/2026 CITY-
WIDE PERFORMANCE**

FIGURE 1: CITY-WIDE 2025/2026 ANNUAL PERFORMANCE



The City committed to a total of hundred and twenty-seven (127) targets in the 2025/2026 financial year. Against these commitments, 89 (70%) of the targets were achieved and 38 (30%) were not achieved. The committed targets were contributed by the eighteen (18) departments and one (1) entity for the City-wide SDBIP. Of the eighteen (18) departments and one (1) entity that committed to the targets, eight (8) departments and one (1) entity achieved hundred percent (100%) of their planned targets.

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FIGURE 2: CITY-WIDE 2025/2026 ANNUAL PERFORMANCE PER CLUSTER

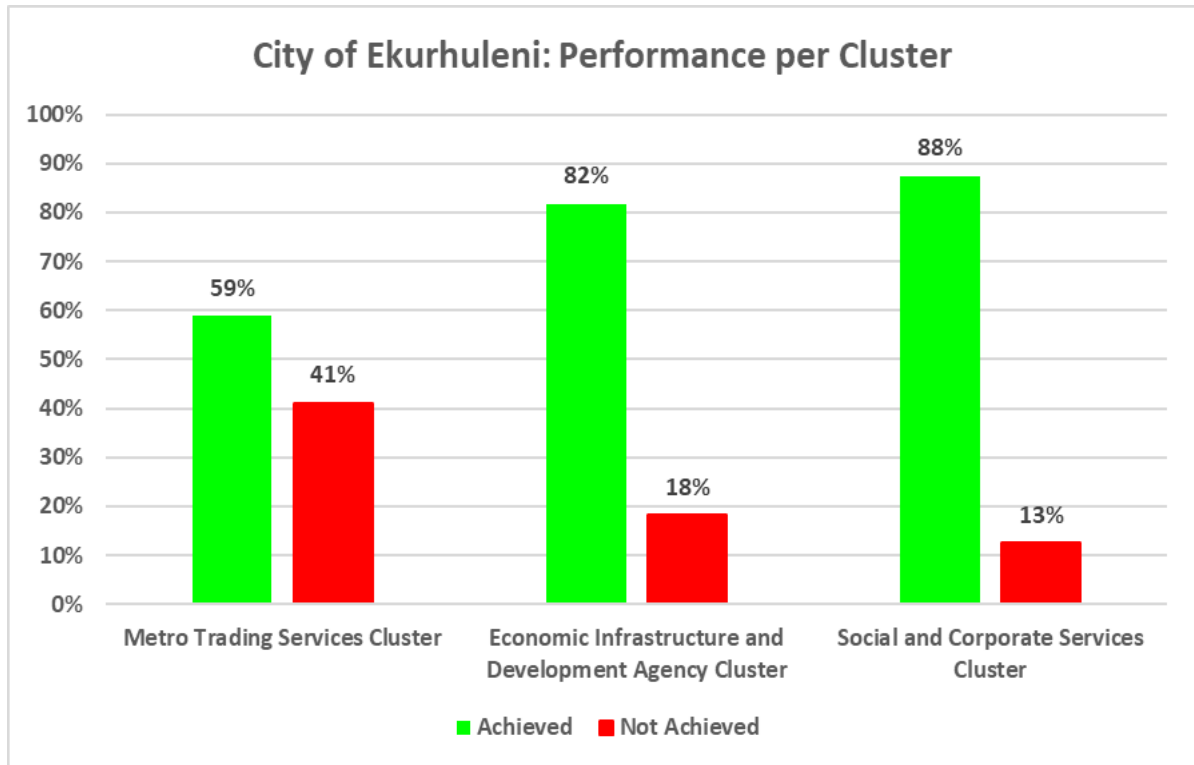


Figure 2. above presents the City's annual performance against the targets set for the 2025/2026 financial year per cluster. The figure shows that the Social and Corporate Services Cluster recorded the highest performance of eighty-eight percent (88%) target achievement, followed by Economic Infrastructure and Development Agency Cluster which recorded eighty-two percent (82%) target achievement. Metro Trading Services Cluster recorded fifty-nine percent (59%) achievement.

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FIGURE 3: CITY-WIDE ANNUAL PERFORMANCE BY GDS THEMATIC AREAS

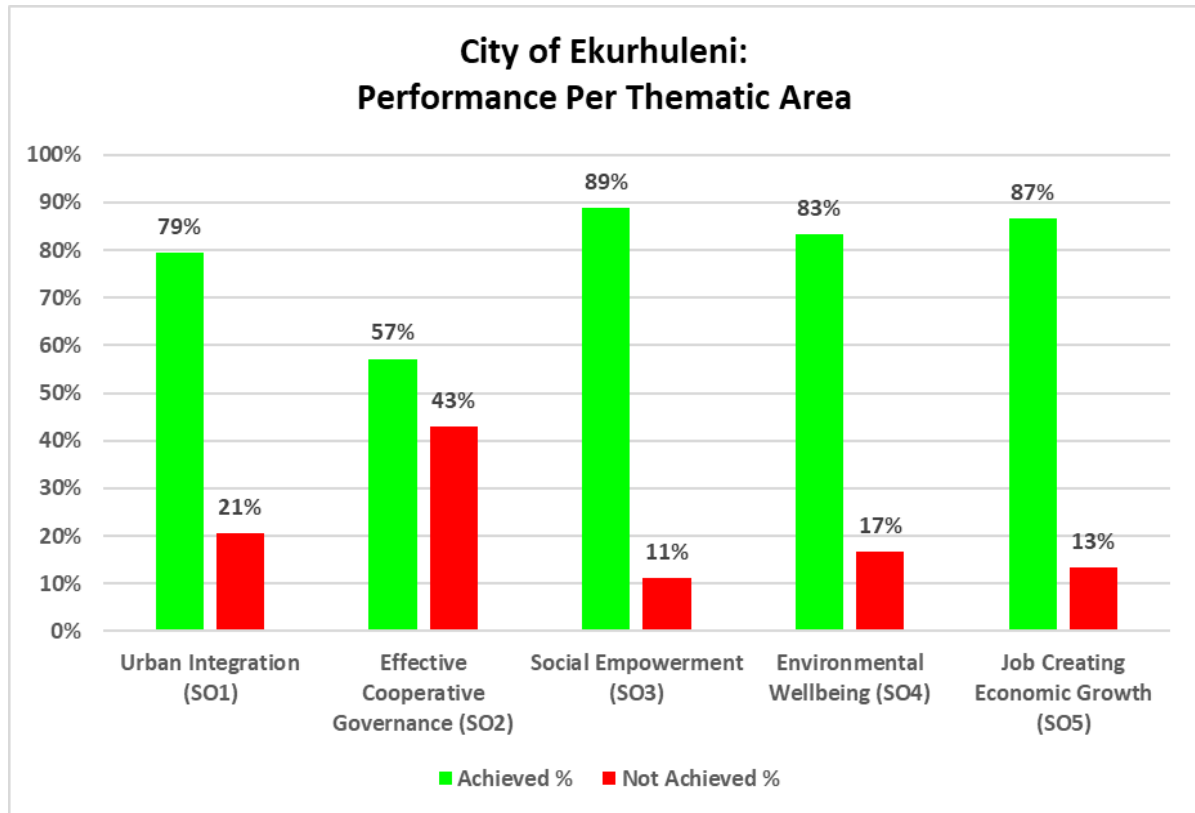


Figure 3. above presents the performance against the Thematic Areas of the Growth and Development Strategy (GDS) on targets that were planned to be delivered over the period under review, and the performance is summarised as follows:

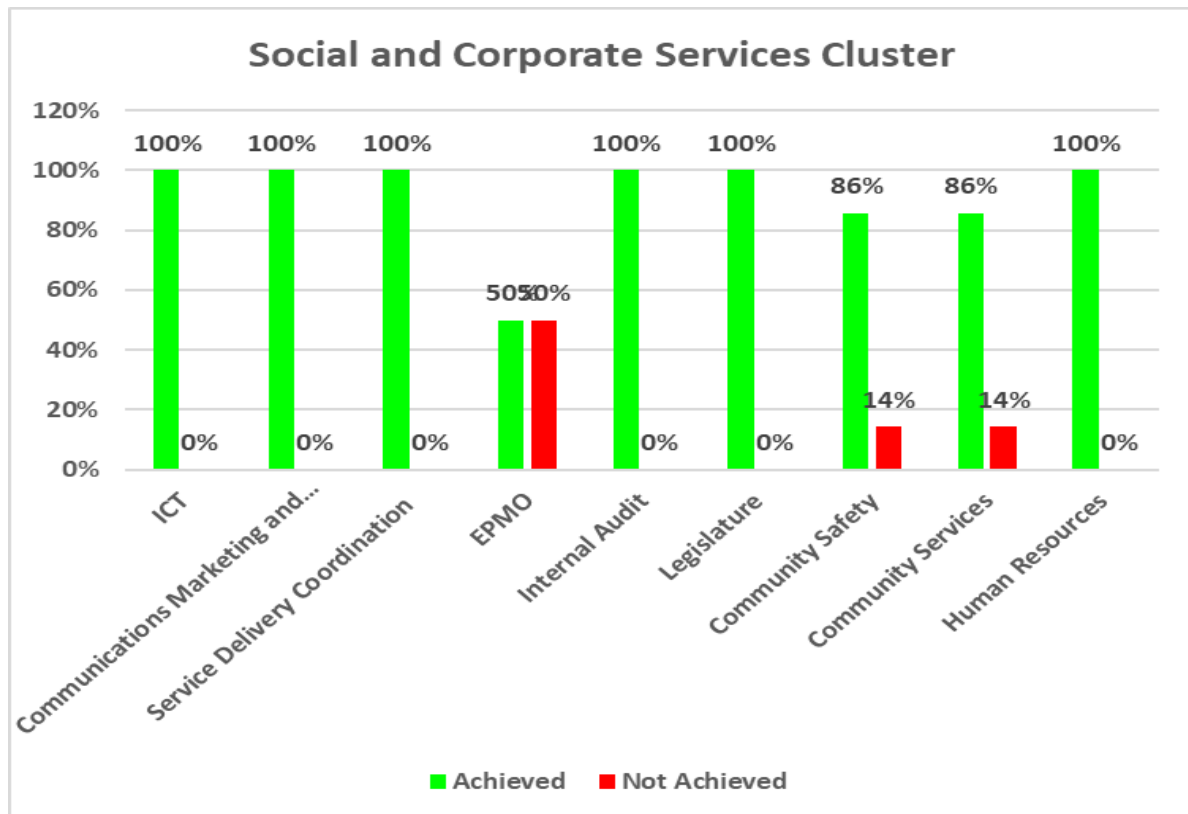
The highest performance was recorded for the Social Empowerment Thematic Area which achieved 89% of their planned targets, followed by Job Creating Economic Growth Thematic Area at 87%. The Environmental Wellbeing Thematic Area recorded 83% target achievement, while Urban Integration Thematic Area and Effective Corporate Governance Thematic Area recorded an achievement of 79% and 57% respectively.

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FIGURE 4: CITY-WIDE ANNUAL PERFORMANCE ACROSS SOCIAL AND CORPORATE SERVICES CLUSTER



Social and Corporate Services Cluster

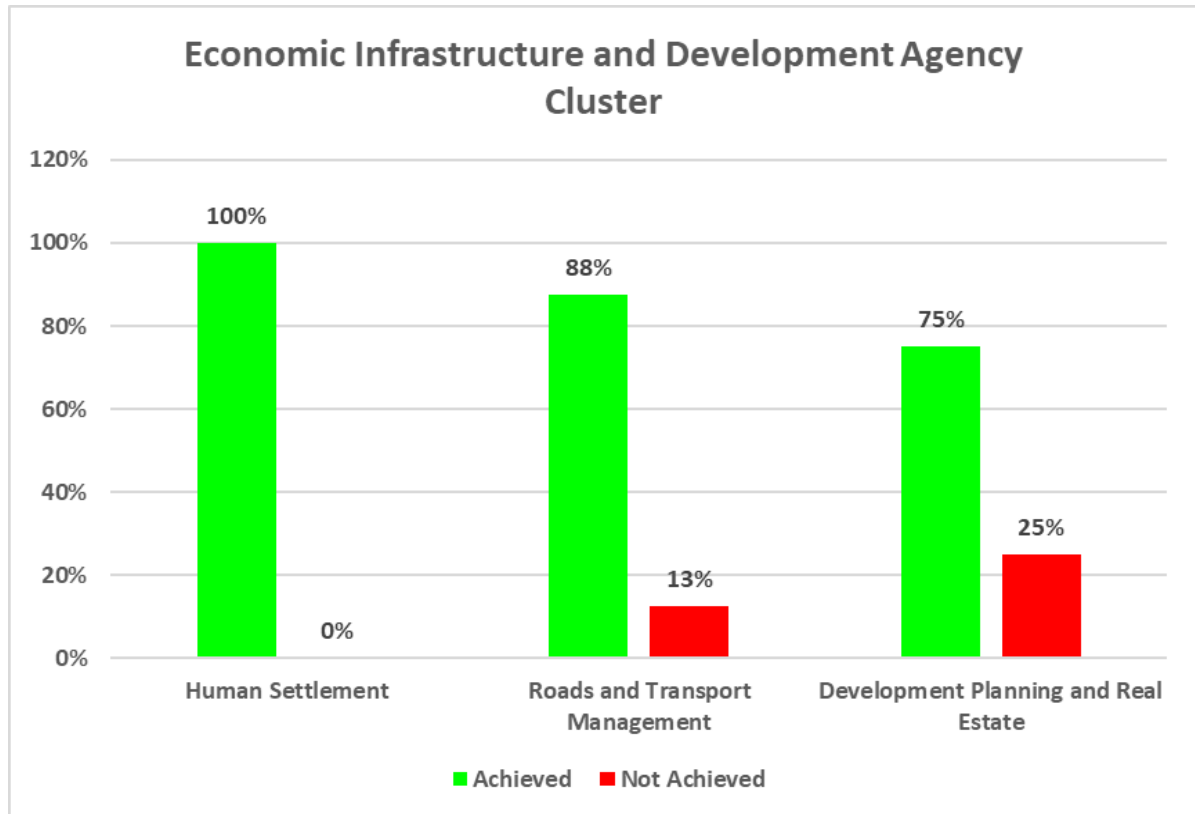
The performance of the cluster was measured against thirty-two (32) targets that were planned for 2025/2026 financial year. A total of 28 (88%) targets were achieved, and 4 (13%) targets were not achieved. Six (6) departments (ICT, Communications Marketing and Tourism, Service Delivery Coordination, Internal Audit, Legislature and Human Resources) achieved 100% of their set targets. The second highest performing departments in this cluster are Community Safety and Community Service with an achievement of 86% respectively. This was followed by EMPO at 50% target achievement.

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FIGURE 5: CITY-WIDE ANNUAL PERFORMANCE ACROSS ECONOMIC INFRASTRUCTURE AND DEVELOPMENT AGENCY CLUSTER



Economic Infrastructure and Development Agency Cluster

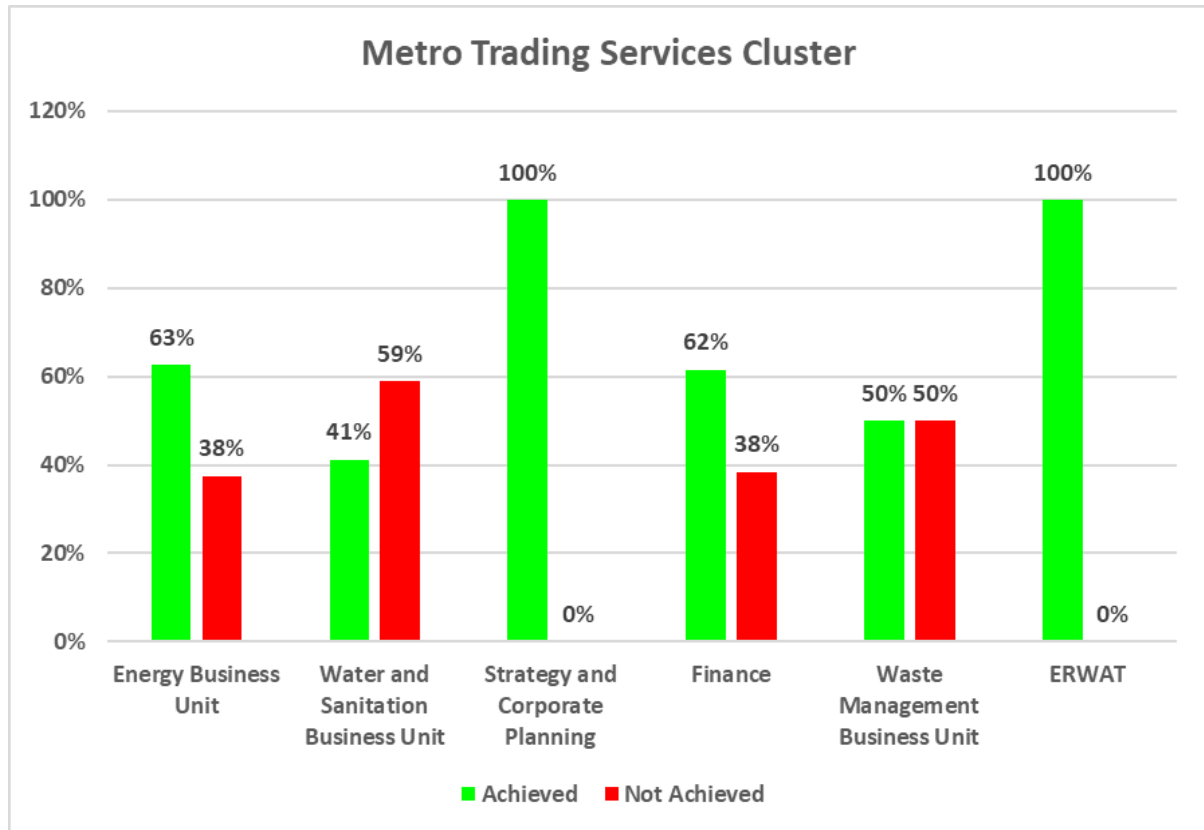
The cluster committed to a total of twenty-two (22) targets and of the twenty (22) committed targets, 18 (82%) were achieved and 4 (18%) were not achieved. One department (Human Settlement) achieved hundred per cent (100%) of its planned targets in this cluster. The second highest performing department is Roads and Transport Management at 88%, while Development Planning and Real Estate department achieved 75% of its planned targets during the period under review.

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FIGURE 6: CITY-WIDE ANNUAL PERFORMANCE ACROSS METRO TRADING SERVICES CLUSTER



Metro Trading Services Cluster

The performance of the cluster was measured against seventy-three (73) targets that were planned to be met in the 2025/2026 financial year. A total of 43 (59%) targets were achieved and 30 (41%) were not achieved. One (1) entity (ERWAT) and Strategy and Corporate Services department achieved 100% of their set targets. The second highest performing department in this cluster is Energy Business Unit with an achievement of 63%, followed by Finance department with 62% target achievement. Waste Management and Water and Sanitation Business Units achieved 50% and 41% of their planned targets respectively.

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7. HIGHLIGHTS FOR 2025/2026 ANNUAL PERFORMANCE

During the current period under review, the key focus was on people's government approach which included the improvement of the quality of targeted services to the community of Ekurhuleni including informal settlements. Electrification, gravelling and upgrading of roads in the informal settlements, promoting targeted service provision in informal settlements and maintenance of service levels in all areas of the City are some of the noteworthy key service delivery highlights.

7.1 SOCIAL EMPOWERMENT

This thematic area aims at building a socially cohesive, healthy, active, and engaged citizenry capable of working in partnership. The City embarked on several initiatives that yielded some commendable results. These included:

- Community Services implemented 559 school programmes during the reporting period engaging with children on leading active and positive lives for their own development.
- Commendable strides were made in the provision of health care services. Some of the notable achievements included the:
 - Reduction of HIV transmission from Mother-To-Child to a level of 0.30% by 30 June 2026 which is well below the National Indicators of 2%.
- The Department of Community Services continued the implementation of its Indigent Support Programme aimed at improving the lives of indigent households. During 2025/26 Financial Year, a total of 14 865 new indigent households were captured and verified as part of the process to receive the free basic services.

Safety and security across the City continues to be a high priority. The municipality focused on reducing accidents, fatalities and injuries and restore confidence and respect for road traffic management. This was done through heightened awareness of road traffic safety issues and by-law enforcement operations thereby inculcating good road user behaviour and voluntary compliance to by-laws and traffic laws. A total of 155 planned by-law enforcement policing operations were implemented during the year under review while 734 interventions to reduce crime and related incidents were implemented.

7.2 INFRASTRUCTURE DEVELOPMENT

The City embarked on more prosperous world class infrastructure development projects during the 2025/26 financial period. Having identified aspects on investing and performing maintenance in infrastructure, the following were achieved by the City:

- (a) 2 reservoirs were constructed.
- (b) 43 high mast lights were installed.
- (c) 78 bus stops were added.

7.3 JOB CREATION

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The City recognises unemployment, poverty, homelessness as fundamental challenges human development, restoration of human dignity which are being addressed as part of the people's government. Unemployment has continued to be a challenge, and this undermines expectations for increased employment opportunities. In pursuit of addressing these challenges at a local level, 16 124 work opportunities were created by the municipality through public employment programmes (incl. EPWP, CWP and other related employment programmes). There was improvement on the turnaround time to process the applications on business licenses and informal trading permits. To increase Ekurhuleni GDP Growth, employment opportunities and the City's revenue, a total of R242 066 199,84 was generated from business licenses and permits. The City also attracted investments to a value of R10 888 335 159.

8. ORGANISATIONAL AND HUMAN RESOURCE IMPLICATIONS

None

9. FINANCIAL IMPLICATIONS

None

10. LEGAL IMPLICATIONS

Compliance with Section 127 of the MFMA, read with Section 46 of the Municipal Systems Act.

11. COMMUNICATION IMPLICATIONS

None

12. OTHER DEPARTMENTS/ BODIES CONSULTED

The Internal Audit Department is reviewing the Draft Annual Financial Statements and the Draft Annual Performance Report as part of the Annual Report preparation processes and their recommendations will be taken into account before these Draft Annual Financial Statements and Draft Annual Performance Report are submitted to the National Treasury, COGTA and Auditor-General South Africa.

RECOMMENDATION

That the Draft Annual Performance Report of the City of Ekurhuleni, including Annual Financial Statements for the financial year 2025/2026, **BE NOTED**.