



DRAFT ANNUAL REPORT 2022/2023





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TABLE OF ABBREVIATIONS

APR	ANNUAL PERFORMANCE REPORT
CFO	CHIEF FINANCIAL OFFICER
CLLR	COUNCILLOR
COGTA	COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
NLM	NKOMAZI LOCAL MUNICIPALITY
MIG	MUNICIPAL INFRASTRUCTURE GRANT
IDP	INTEGRATED DEVELOPMENT PLAN
DWS	DEPARTMENT OF WATER AND SANITATION
SDBIP	SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
SCM	SUPPLY CHAIN MANAGEMENT
FMCM	FINANCIAL MANAGEMENT CAPABILITY MATURITY MODEL
TVET	TECHNICAL VOCATIONAL EDUCATIVE AND TRAINING
EPWP	EXTENDED PUBLIC WORKS PROGRAM

1. CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY**COMPONENT A: EXECUTIVE MAYOR'S FOREWORD**

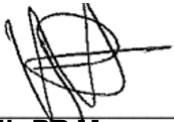
The Annual Report for Nkomazi Local Municipality has been compiled in accordance with the provision of section 121(1) of the Municipal Finance Management Act, 56 of 2023 which requires that requires that, “every Municipality and a municipal entity must for each financial year, prepare an annual report in accordance with its guidelines.” This report is evidence of the fulfilment of the legislative framework governing the public sector by the political leadership and administration in the best interests of our esteemed citizens of Nkomazi. It is a legislative imperative that we must submit the annual report 2022/2023 financial year to council for consideration. The Annual Report for 2022/23 provides a reflection on the municipal activities occurred during the year under review.

Therefore, one is accordingly honored to present the Annual Report for the 2022/23 financial year which by all accounts has been quite an eventful year. The Nkomazi Municipal Council has worked hard during this period to finalize the outstanding matters on infrastructure related projects and the required improvements in the delivery of basic services to our people. It has also been a period for unprecedented service delivery pace as we worked towards the successful implementation of the local government back-to-basics strategy, which was set-up to realize significant improvements in the manner in which the local government machinery functions across the province and the country at large.

The municipality adopted the Back-to-Basics programme to ensure that our objectives are aligned with the objectives of the programme. We committed ourselves to go back to the basics of service delivery to better deal with backlogs and provide sustainable services.

We are glad in this regard that most of the multi-year projects that we initiated as part of our focus on water services have started and that some of our communities are already benefiting from some of these investments. We can mention in this particular regard that the planned bulk capacity expansions of the reticulation projects, Sibange and Driekoppies Schemes respectively are some of the achievements from which our communities will immensely benefit after completion thereof. The upgrading of Block C water treatment plant will add more value to the surrounding villages that the project is intended to supply.

We continue to make strides on road infrastructure projects to ensure accessibility to all our villages within the Municipality. Such road infrastructure projects are at Mangweni, Goba and Mgobodzi are at the stage of completion and will be in use by communities just after they are complete. We can report further report that there are other community facilities that are under construction at Driekoppies and Block C, once completed they will have a positive impact to livelihood of our communities. At this time in its history, Nkomazi Local Municipality is rising to the challenge of creating a strong, supportive, planned and sustainable future for the people of Nkomazi. This report shows our commitment in action and we look forward to continuing to work with Nkomazi's strong and diverse communities to ensure that our residents have every opportunity to grow and develop to their highest potential.



Cllr PP Magagula
Executive Mayor
Nkomazi Local Municipality

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S STATEMENT



Municipal Manager's Foreword.

As an accounting officer, I have a pleasure in presenting the Annual Report of Nkomazi Local Municipality for the financial year which ended 30 June 2023. In terms Section 55 of The Local Government Municipal Systems Act 32 of 2000, the Accounting Officer, as the Head of Administration, must oversee the execution and implementation of all council policies, plans and applicable legislation to local government, furthermore, in terms of Section 121 of The Local Government: Municipal Finance Management Act 56 of 2003, the municipality is required to compile an Annual Report. The Annual Report provides the community with a credible, reliable, and accurate assessment of the municipality's progress in achieving its goals as set out in the Integrated Development Plan (IDP).

The mandate of Nkomazi Local Municipality is to implement the Objectives and Strategies of the IDP and monitoring the implementation. The Municipality has made massive strides towards achieving the objectives as specified in the IDP and aligned to the SDBIP. The financial position of the municipality is challenging due to result of the natural disasters (floods/hailstorm), high unemployment rate and the ruralness of the municipality as we border the Kingdom of Eswatini and the Republic of Mozambique. Also, outstanding debt by consumers, businesses and other government departments are of a major concern. A comprehensive plan is in place for collecting revenue and revenue enhancement strategy is in place.

Ageing infrastructure has resulted in a higher number of burst pipes that contributes to water loss. It must also be noted that the greater part of our municipality is still not billed for municipal services. Nkomazi Local Municipality has a functional Internal Audit Unit and Audit Committee. All financial, Risk and Performance Reports are submitted every quarter to the Audit Committee and Municipal

Public Accounts Committee (MPAC). We believe the report will shed light on what has been achieved, our shortfalls and challenges with solutions and clear timelines to address such.

It is also necessary to mention that we have tried our best to adhere to the principles of good governance as we believe that food governance is integral to economic growth, the eradication of poverty and for the sustainable development of the community we serve. We table this report in the spirit of Batho Pele, putting our people and communities first and this report bears testimony to our commitment for setting platforms to achieving more desired outcomes for the years ahead.

Working together we can do more to achieve our utmost goal ***“A Better Life for All, Impilo Lencono”***.



Municipal Manager

1.2 AUDIT COMMITTEE REPORT

1. INTRODUCTION

The Chairperson of the Audit committee is hereby submitting before council an annual audit committee report for the period ending 30 June 2023. This report outlines how the committee has discharged its legislative mandate as embodied in section 166 (2)(a) - (e) of the Municipal Finance Management Act, No 56 of 2003, the approved Audit Committee Charter as well as other applicable laws and regulations, such as Municipal Performance Management Regulations.

Council appointed the members of the committee to serve as members of the Audit Committee and Performance Audit Committee with a Chairperson for each committee as outlined on the table below.

1.1 AUDIT COMMITTEE MEMBERS

1.1.1 The Audit Committee consists of the members listed hereunder:

Name of members	Portfolio	Number of meetings scheduled	Number of meetings Attended
Mr J Mpjane	Audit Committee Chairperson	6	6
Mrs PN Mokgope	Performance Audit Committee Chairperson	6	5
Mr M Secker	Member	6	5
Mrs Z Duba	Member	6	6
Mr H Hlatshwayo	Member	6	5

1.1.2 Dates of Audit Committee Meetings held during the period ending 30 June 2023:

Date of the meeting	Type of the meeting	Attendees
26 August 2022	Special Audit Committee	Mr J Mpjane, Mrs PN Mokgope, Mrs Z Duba, Mr H Hlatshwayo
18 October 2022	Special Audit Committee	Mr J Mpjane, Mrs PN Mokgope, Mr M Secker, Mrs Z Duba, Mr H Hlatshwayo
02 November 2022	Ordinary Audit Committee	Mr J Mpjane, Mrs PN Mokgope, Mr M Secker, Mrs Z Duba and Mr H Hlatshwayo
02 December 2022	Special Audit Committee	Mr J Mpjane, Mrs PN Mokgope, Mr M Secker, Mrs Z Duba and Mr H Hlatshwayo
10 February 2023	Ordinary Audit Committee	Mr J Mpjane, Mrs PN Mokgope, Mr M Secker and Mrs Z Duba
11 May 2023	Ordinary Audit Committee	Mr J Mpjane, Mr M Secker, Mrs Z Duba and Mr H Hlatshwayo

1.2 Performance Audit Committee Meetings

1.2.1 The Performance Audit Committee consists of the members listed hereunder:

Name of members	Portfolio	Number of meetings scheduled	Number of meetings Attended
Mr J Mpjane	Audit Committee Chairperson	2	2
Mrs PN Mokgope	Performance Audit Committee Chairperson	2	2
Mr M Secker	Member	2	2
Mrs Z Duba	Member	2	2
Mr H Hlatshwayo	Member	2	1

1.2.2 Date of Performance Audit Committee Meetings held:

Date of the meeting	Type of the meeting	Attendees
27 October 2022	Ordinary Audit Committee	Mr J Mpjane, Mrs PN Mokgope, Mr M Secker and Mrs Z Duba
27 June 2023	Ordinary Audit Committee	Mr J Mpjane, Mrs PN Mokgope, Mr M Secker, Mrs Z Duba and Mr H Hlatshwayo

1.3 Audit Committee Responsibility

The Committee report that it has complied the legislative mandates or responsibilities arising from Section 166 of the Municipal Finance Management Act (No 56 of 2003), Municipal Performance Management Regulations and the Audit Committee Charter.

In terms of section 166 of the MFMA, the committee of council is required to advise the municipal council, the political office-bearers, the accounting officer and the management of staff of the municipality on matters relating to internal financial control and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with this Act, the Annual Division of Revenue Act and any other applicable legislation, performance evaluation as well as other matters referred to it by the municipality, review the annual financial statements.

1.4 Internal financial control and internal audits

The Audit Committee reports to Council that it has satisfied itself that the municipality has approved policies serving as internal financial controls. The committee has reviewed all internal audits conducted by the Internal Audit Unit during the 2022/2023 financial year and noted the audit findings, audit recommendations as well the management's commitments to address the audit findings raised.

1.5 Risk Management

The committee has considered all reports tabled by the Chairperson of the Fraud Prevention and Risk Management Committee, indicating the strategic risks, operational risks as well as the emerging risks.

The committee has also considered the other reports which were reviewed by the Fraud Prevention and Risk Management Committee in their meetings as well as the recommendations for improvements.

1.6 Accounting Policies

The committee reports that it has considered and reviewed the accounting policies which are being used in the preparation of the annual financial statements as well the other internal policies guiding the operation of the Budget and Treasury Department. These internal policies (Budget Related Policies) have always been approved by council within the prescribed period.

1.7 The adequacy, reliability and accuracy of financial reporting and information

The Performance Audit Committee has been able to review the 2022/2023 service delivery and budget implementation plan for 2023/2024, Integrated Development Plan for 2023/2024, quarterly performance reports for 2022/2023 as well as the annual performance reports for 2021/2022 and annual report for 2021/2022.

The committee has made several recommendations to management for performance improvement and the management commitments are monitored through the audit committee resolution attached to this report as Annexure A.

1.8 Performance Management

The committee has considered management's reports that indicated that the Performance Management System section has been merged with the Monitoring & Evaluation Section to be headed by one Manager.

The section has capacity to implement the performance management system of the municipality in terms of the capacity, however there is still a need to appoint more personnel fully implement the monitoring and evaluation.

1.9 Effective Governance

The committee reports that it was satisfied with the composition of the governance structures relating to departmental portfolio committees, mayoral committee, municipal council, MPAC, Audit Committee, Performance Audit Committee, ICT Steering Committee, etc.

The committee has confirmed that these governance structures are able to discharge their legislative mandates and process all reports in according to the schedule of deadlines.

1.10 Compliance with MFMA

The committee reports that it has identified issues relating to non-compliance when reviewing the reports tabled by management in its meetings. Several recommendations to improve the control environment were made to management. The committee also identified an increasing level of reported irregular expenditure, unauthorised expenditure as well as fruitless and wasteful expenditure as disclosed in the annual financial statements and the audit report for 2021/2022 financial year.

1.11 Annual Division of Revenue Act

The committee has been able to review the quarterly budget statements reflecting among others the conditional grants performance of the municipality. Through engagements with management, there was an indication that for the 2022/2023 financial year, the municipality was not anticipating roll-overs on projects which are currently being implemented by the municipality.

1.12 Performance Evaluation

The committee reports a concern relating to the non-performance of either quarterly or annual performance evaluation for the Municipal Manager and managers reporting directly to the Municipal Manager for the 2022/2023 financial year. The committee has noted that expiration of contracts of three (3) Directors (Chief Financial Officer, Director Planning and Development and Director Infrastructure Development) and suspension of the remaining two (2) directors (Director Corporate Services and Director Community Services) which hindered management from performing the evaluation. Management has committed to conduct the performance evaluations of the appointed Municipal Manager as well as Directors during the 2023/2024 financial year.

1.13 Review of the Annual Financial Statements

The committee reports that it has reviewed the annual financial statements presented by management. Several issues which required management's attention were raised and corrected by management before their submission to the Auditor General.

1.14 Other reports considered by the committee:

The committee also reports to council that during the financial year, it has also been reviewing the following reports, recommendations to be implemented by management were raised and the committee has been tracking the recommendations through the resolution register.

1.14.1 Litigations

The committee has continued to review the litigations reported by management. Management has been able to resolve the long outstanding resolution on the appointment of panel of law firms to handle litigations of the municipality for a period of three years.

1.14 .2 ICT and mSCOA

The committee has been reviewing ICT and mSCOA reports processed by ICT Steering Committee. These reports provided updated on the ICT infrastructure as well the implementation of mSCOA as a business reform for transacting. The committee had no concerns raised.

1.14 .3 Annual Budget: 2023/2024

The committee has reviewed the Draft Annual Budget for 2023/2024 outlining how the municipality will utilise both operational and capital funds for the said period.

1.14 .4 Integrated Development Plan: 2023/2024

The committee has reviewed the Integrated Development Plan for 2023/2024 outlining all capital projects planned for the period with the allocated budget for each project. The committee has also confirmed through the Internal Audit review done that management has complied with the legal prescripts in terms of doing IDP consultations with communities prior to the approval of the IDP by Council.

1.14.5 Service Delivery and Budget Implementation Plan: 2023/2024

The committee has reviewed the Service Delivery and Budget Implementation Plan for 2023/2024 and confirmed its alignment with the annual budget and the IDP. The committee will continue to monitor the implementation through the review of the quarterly performance reports which are in terms of section 52 (d) of the MFMA.

1.14 .5 AGSA Notification of Material Irregularities relating to VAT Function

The committee reports to Council that the municipality has received a notification letter from the Auditor General relating to a Material Irregularity identified on the VAT functions, whereby the municipality has failed to ensure that there is capacity within the VAT function. There has been constant engagement between management and the Auditor General in trying to address the audit finding on the Material Irregularity. As at the date of this report, the matter was still not finalised.

1.14.6 Audit Action Plan for 2021/2022 Audit

The municipality has obtained an unqualified audit opinion with emphasis of matters and has developed an audit action plan to address the root causes for the audit findings raised.

The committee has recommended to management that a post audit session should be arranged by the Municipal Manager after the audit to develop audit action plans which will address the audit findings and deal with all recurring audit findings.

1.14.7 Progress Report on the recovery of salaries erroneous payments

The committee reports that out of the erroneous salaries' payments for October 2019, only 181 employees remained with unpaid debt and the committee has recommended to management that the employees who are still owing the municipality should make arrangement on how they were going to settle their debts.

1.14.8 Reconfiguration of Departments and reshuffling of some managers

The committee would like to inform council that it was made aware of the reconfiguration of department from 5 departments to 7 departments and this will require a separate disclosure on the annual financials. There were also Sectional Managers who were moved from their positions to other positions and other sections were merged into one section.

1.14.9 External Investigation (DPCI- Hawks and Section 106 Investigation)

The committee reports to council that at the date of this reports, it has been waiting for the outcome of the external investigation from the Hawks and forensic investigation which was conducted in terms of section 106 by the Department of the Cooperative Governance and Traditional Affairs.

1.15 Assessment of the Budget and Treasury Department

At the time of preparing this report the assessment of the Budget and Treasury Department was still satisfactorily in terms of the staff establishment. The municipality has filled all critical positions with personnel who are competent in their area of work. The committee was pleased to be informed about the recruitment processes relating filling of positions to address the VAT function as per the Notification of Material Irregularity raised by the office of the Auditor General

1.16 Appreciation

The committee appreciates the Municipal Council, Management Team and the Internal Audit Unit for their commitments in providing support to the committee so that it could easily discharged its responsibilities as outlined in the MFMA, Section 166, Audit Committee Charter and other applicable legislations and regulations.

RECOMMENDATION BY THE CHAIRPERSON OF THE AUDIT COMMITTEE TO COUNCIL




That Council note the joint audit committee and performance committee annual report for the period ending 30 June 2023.





Approval by











Mr. JN Mpjane
Chairperson of the Audit Committee





ANNEXURE A






NO	DATE OF MEETING	IDIT COMMITTEE RESOLUTIONS	STATUS	STATUS (COMMENTS)	IMPLEMENTING PERSON	REVISED DATES FOR IMPLEMENTATION
1	03 August 2018	That management consider appointing an independent IT Audit Firm to conduct the ICT Audit in the municipality.	Resolved 	The resolution has been implemented on the 19 th of May 2023. Office of the Premier has conducted the Training to Internal Audit Staff, Risk Management Staff and ICT Staff	Municipal Manager	19 May 2023
2	30 September 2020	<p>e committee recommended that the municipality should send the claims to the Tax Master for verification.</p> <p>e committee further recommended the municipality should consider appointing a panel of legal firms, negotiate rates to be charged for services so that the overcharging on legal fees can be addressed.</p>	Resolved 	14 Companies forming a panel of attorneys to address the resolutions have been appointed by the municipality	Manager Legal Services	30 June 2023
3	05 March 2021	Develop a Combined Assurance Framework and establish a Combined Assurance Committee to deal with all reports from Risk Management, Internal Audit and OHS	Resolved 	Combined Assurance Framework was approved by Council on the 23 rd of March 2023	Chief Audit Executive	23 March 2023




4	23 July 2021	Litigation Report Legal Services was requested to do benchmarking on the taxing master with other institutions	Resolved 	14 Companies forming a panel of attorneys to address the resolutions have been appointed by the municipality	Manager Legal Services	30 June 2023
5	20 April 2022	Progress report on double salaries recovery: The committee recommended that management should start engagement with employees who are still owing to increase the monthly repayment so that the municipality can fully recover the amount owed by the municipality within a short period.	Not resolved 	Of the 181 employees that are still owing, only three employees have made arrangements with the municipality to continue with the deduction of the outstanding debt.	Chief Financial Officer Acting Municipal Manager	23 February 2023
6	20 April 2022	Litigation Report – Municipal money refunded by Attorneys for Max-Prof not transferred to municipal bank account: Management should appoint another Attorney who will collect the money on behalf of the municipality	Not resolved 	Vilakazi Attorneys has been appointed to collect R5,2 million and there is a planned meeting between the municipality, Vilakazi Attorneys and Nkosi Attorneys on the 17 th of February 2023 to resolve the matter	Acting Municipal Manager Chief Financial Officer Manager Legal Services	17 February 2023
		The committee further recommended that the law firm be reported to law society by the municipality, as their conduct was not in line with the conduct of law firms.	Not resolved 	An affidavit of complaint relating to the conduct of the Attorney has been lodged with legal Practice Council	Acting Municipal Manager Chief Financial Officer Manager Legal Services	Not determined


7	30 June 2022	<p>Report On Litigations</p> <p>The committee resolved that management should fast track the procurement processes for the appointment of Panel of Attorneys in order to resolve the issue of high rates charged by law firms for legal services rendered.</p>	<p>Resolved</p> 	14 Companies forming a panel of attorneys to address the resolutions have been appointed by the municipality	<p>Municipal Manager</p> <p>Chief Financial Officer</p> <p>Manager Legal Services</p>	30 June 2023
8	18 October 2022	<p>Audit Strategy- AGSA</p> <p>The committee recommended that the AGSA should consider relooking at the budget to check if there can be some savings on the audit fee and give feedback to the committee.</p>	<p>Not resolved</p> 	<p>The audit hours and fees were adjusted up with 506 hours amounting to <u>R461 239,60</u> budget. This was as a result of re-testing due to limitations. Audit processes to be improved in the next audit cycle</p>	<p>Auditor General</p> <p>Chief Financial Officer</p> <p>Municipal Manager</p>	2023/2024 FY
9	18 October 2022	<p>Audit Strategy- AGSA</p> <p>The committee recommended that the audit strategy should be presented immediately after the start of the audit.</p>	<p>Resolved</p> 	Audit Strategy and Engagement Letter for 2022/2023 audit already presented to Management.	<p>Auditor General</p> <p>Audit Committee</p>	2023/2024 Audit
10	02 November 2022	<p>The committee recommended that management should benchmark with other municipalities on how the mSCOA and ICT report should be prepared.</p>	<p>Resolved</p> 	Benchmark has been done with Steve Tswete Local Municipality on matters to be reported on ICT and to resuscitate mSCOA committee	<p>Manager Communications and ICT</p> <p>Chief Financial Officer</p>	10 February 2023

11	02 December 2022	Audit Report: 2021/2022 Management should develop a detailed audit action plan addressing all audit findings raised by the Auditor General	Resolved 	Management has developed a detailed audit action plan covering all findings as per the management report and have uploaded in the National Treasury Web-enabled System	Chief Financial Officer	13 January 2023
12	10 February 2023	AGSA Audit Strategy Document: The Office of the Auditor General should be invited to attend next audit committee meeting	Resolved 	The Auditor General has been invited to be part of the Audit Committee Meeting	Chief Audit Executive	11 May 2023
12	10 February 2023	Appointment of additional Internal Auditors: The committee recommended that management should consider appointing additional employees in line with the regulations to increase the capacity within the Internal Audit Unit.	Resolved 	Two (2) Internal Auditors have been appointment and resumed duties on the 1 st of March 2023	Municipal Manager	01 March 2023
13	10 February 2023	Budget Performance Report: The committee noted in page 6 of the report that management has reflected COVID-19 pandemic affecting the revenue reflection. The committee recommended that the paragraph should be revised.	Resolved 	The report has been revised accordingly	Chief Financial Officer	10 February 2023

14	10 February 2023	<p>SCM – Deviation:</p> <p>Management should improve on its planning to ensure that deviations done are justifiable</p>	<p>Not resolved</p> 	<p>The Internal Audit review has revealed some discrepancies on deviations made, however management has committed to review the deviation letters prior to their approval by the Municipal Manager</p>	<p>Chief Financial Officer SCM Manager</p>	<p>To be tested in the next audit cycle</p>
15	10 February 2023	<p>SCM – Deviation:</p> <p>Management should ensure that the deviations made are in compliance with the provision of SCM regulations 36</p>	<p>Not resolved</p> 	<p>The Internal Audit review has revealed some discrepancies on deviations made, however management has committed to review the deviation letters prior to their approval by the Municipal Manager</p>	<p>Chief Financial Officer SCM Manager</p>	<p>To be tested in the next audit cycle</p>
16	10 February 2023	<p>ICT & mSCOA Report:</p> <p>The committee recommended that the report should also be explicit on the implementation of the mSCOA.</p>	<p>Resolved</p> 	<p>The update on mSCOA has been incorporated in the report and the report will be presented in the meeting</p>	<p>ICT Manager</p>	<p>11 May 2023</p>
17	10 February 2023	<p>Audit Action Plan:</p> <p>The committee recommended that a session between management and the audit committee still needs to be arranged to work on the audit action plan to ensure that they are addressing the root causes so that the municipality can improve in its audit outcome.</p>	<p>Not resolved</p> 	<p>A post audit meeting between the Audit Committee and management will be held immediately after the management report for 2022/2023 is issued by the Auditor General</p>	<p>Municipal Manager</p>	<p>10 January 2024</p>

18	10 February 2023	Revised internal audit plan- 2022/2023: The Revised Internal Audit Plan should cover audits which were not conducted in the previous quarters, depending on the available hours	Resolved 	The Internal Audit Plan has been revised to cover all the audits not conducted in the previous quarters	Chief Executive Audit	11 May 2023
19	10 February 2023	The follow-up on the audit action plan for 2021/2022 audit by AGSA should be incorporated in the revised audit plan.	Resolved 	Follow-up audit on AGSA audit findings has been incorporated in the revised audit plan	Chief Executive Audit	11 May 2023
20	10 February 2023	The Revised Audit Plan for 2022/2023 should be tabled for approval in the next audit committee meeting	Resolved 	The Revised Audit Plan is part of the agenda items to be discussed by the Audit Committee	Chief Executive Audit	11 May 2023
21	11 May 2023	Post-audit Meeting: The Municipal Manager to convene a meeting with the committee to discuss the audit findings raised and recommend audit action plans for addressing the audit findings	Not resolved 	A post audit meeting between the Audit Committee and management will be held immediately after the management report for 2022/2023 is issued by the Auditor General	Municipal Manager Chief Executive Audit	10 January 2024
22	11 May 2023	Subsistence and Travel Claim: The Municipal Manager to present a report on consequence management taken against employees who fraudulently claimed S&T using incorrect engine capacity or incorrect tariffs.	Not resolved 	Investigation to determine the intention by the employees is still in progress, affected employees have been requested to provide representations in order for the municipality to conclude if this was fraud or error.	Municipal Manager Chief Financial Officer	Next Audit Committee Meeting

23	11 May 2023	<p>Cellphone contracts:</p> <p>The Chief Financial Officer to address the audit finding relating to the cellphone contracts which were not taken in accordance with the cellphone allowance policy.</p>	<p>Not resolved</p> 	<p>Locking the phones from Vodacom to avoid Municipality paying the contracts for people that are terminated.</p>	<p>Chief Financial Officer</p>	<p>Immediately</p>
24	11 May 2023	<p>Termination of Employees:</p> <p>The Chief Financial Officer to A develop an exit form for officials who are terminating their employment so that it will allow finance to recover any asset owed to the Municipality before any leave payments and pension fund is paid to the employee.</p>	<p>Resolved</p> 	<p>The exit form has been developed and will be used when an Official's employment is terminated to ensure that assets of the municipality in his or her possession are returned to the municipality.</p>	<p>Chief Financial Officer</p>	<p>Immediately</p>
25	11 May 2023	<p>ICT Steering Committee Reports:</p> <p>The ICT Steering Committee Reports be sent to the Audit Committee by the Chairperson of the ICT Steering Committee.</p>	<p>Resolved</p> 	<p>The report from ICT Steering Committee has been prepared to be tabled quarterly by the Chairperson of the ICT Steering Committee</p>	<p>Chairperson of the ICT Steering Committee</p>	<p>Next audit committee meeting</p>

26	11 May 2023	Suspension of Director Community Services, Director Corporate Services and Manager Traffic: The Municipal Manager to provide details relating to the suspension of directors and Manager Traffic.	Resolved 	A meeting was held by the Municipal Manager and the Chairperson of the Audit Committee on the suspension of the Director Community Services, Director Corporate Services and Manager Traffic	Municipal Manager	13 July 2023
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1.3 RISK MANAGEMENT COMMITTEE

The Risk Management Committee was established in accordance with the provision of Sections 62(1)(c)(i) and 95(c)(i) of the MFMA no 56 of 2003, read in conjunction with prescripts (c) and (d) as per National Treasury Framework, which require the Accounting Officer to ensure that the Institution has and maintain effective, efficient and transparent systems of risk management.

According to the Nkomazi Local Municipality's Risk Management Charter and Provincial Risk Management Framework, the Risk Management Committee must be chaired by an external chairperson and the Municipal Manager and Heads of Department are permanent committee members while the Departmental Champions, Senior Managers are standing invitees. The Chairperson of the Risk Management Committee is an independent professional and reports to the audit committee on how the activities of risk management committee are discharged.

The Mpumalanga Provincial Treasury (Risk Management Division) and Ehlanzeni District Municipality (Risk Management Division) are standing invitees to all risk management committee meetings. Their role is to play an oversight and provide advice to the municipality where necessary.

NUMBER OF MEETINGS HELD DURING 2022/2023

The Risk Management Committee held the (3) quarterly meetings during the year under review:

Meeting	Date
Quarter 1	25 October 2022
Quarter 2	08 February 2023
Quarter 3	08 May 2023

RISK COMMITTEE COMPOSITION

Number	Members	Seats	Internal	External
1	Mr. LC Mohalaba	Chairperson		√
2	Risk Management Unit	CRO	√	
3	Internal Audit Unit	Chief Audit Executive	√	
4	Municipal Manager	MM	√	
5	CFO	Budget & Treasury	√	
6	Director: Infrastructure Development	Infrastructure Development	√	
7	Director: Planning & Development	Planning and Development	√	
8	Director: Corporate Services	Corporate Services	√	
9	Director: Community Services	Community Services	√	
10	Departmental Risk Champions (5)	All department	√	

Most risks lie in every sector of the Municipal business and a sound and effective risk management system is crucial to the long-term development of the Municipality (Nkomazi Local Municipality). Therefore, the Risk Management Committee exists to ensure that the Accounting Officer achieves the risk management objectives.

Number of seatings

Number	Members	Seats	Q1	Q2	Q3
1	Mr LC Mohalaba	Chairperson	√	√	√
2	Risk Management Unit	CRO	√	√	√
3	Internal Audit Unit	Chief Audit Executive	√	√	√
4	Municipal Manager	MM	√	√	√
5	CFO	Budget & Treasury		√	√
6	Director: Infrastructure Development	Infrastructure Development	√	√	√
7	Director: Planning & Development	Planning and Development	√	√	
8	Director: Corporate Services	Corporate Services	√	√	√
9	Director: Community Services	Community Services	√	√	√
10	Departmental Risk Champions (5)	All department	√	√	√

RISK MANAGEMENT COMMITTEE RESPONSIBILITIES AND HOW THEY WERE DISCHARGED

The Risk Management Unit has continued to support the Municipality and the Risk Management Committee in the best possible ways, ensuring that risk management becomes a robust process.

The Risk Management Committee has in place the Risk Management Committee Charter, as its governing instrument. This document outlines the membership, meeting format and frequency, responsibilities for risk oversight and reporting, implementation of both operational and strategic risk registers, and the reporting line that applies to the Committee.

The existence of the Risk registers that are brought to the Committee as a framework, allows the Audit Committee and the Municipality to have a better overview of the Municipalities major operational and strategic risks and how management has sought to monitor and mitigate them.

In discharging its governance responsibilities relating to risk management, the Risk Management Committee should and has effectively done the following:

Reviewed and recommended for the Approval of the following documents by the Accounting Officer:

- Risk management policy;
- Risk management strategy;
- Risk management implementation plan;
- Fraud Prevention Plan;
- Whistle Blowing Policy;
- Strategic Risk Register Assessment Report
- Operational Risk Assessment Report
- Emerging Risk Reports
- Institution's risk identification and assessment methodologies, after satisfying itself of their effectiveness in timeously and accurately identifying and assessing the Institution's risks.
- Assess implementation of the risk management policy and strategy (including plan)
- Provide timely and useful reports to the Accounting Officer on the state of risk management, together with accompanying recommendations to address any deficiencies identified by the Committee.

FINANCIAL MANAGEMENT CAPABILITY MATURITY MODEL (FMCMM)

Provincial Treasury uses the Financial Management Capability Maturity Model (FMCMM) to establish the extent to which Enterprise Risk Management (ERM) has been implemented in Council. A subset of questions for risk management is used to assess the level of risk management maturity. The subset model consists of six (6) levels. Nkomazi Local Municipal Council was assessed to be at maturity level that is to say risk management is firmly embedded in the institution.

AUDIT COMMITTEE

Audit Committee focuses on the robustness of the risk management processes and oversees the Municipality's strategic risks register.

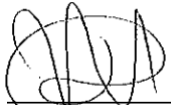
Risk management Committee assists the Audit Committee by conducting internal reviews of the Municipality's operations; in particular, the review of internal controls in the areas identified in the risk registers.

The registers, comprising the key risks identified, refined and calibrated by Risk Management unit with the responsible directors, along with detailed action plans, were reviewed by the Audit Committee.

CONCLUSION

Efforts in building up a more formal, robust and considered system will continue with the aim of bridging gaps, reinforcing risk ownership, defining Municipal level risk criteria, and standardizing risk language across the Municipality.

With that the Risk Management Committee further extends its appreciation to the Accounting Officer, Management Team, Risk Management Unit, Internal Audit Unit, Audit Committee, Ehlanzeni District Municipality and the Provincial Treasury for continuous support and guidance in handling and continuing to strive to solve some of the issues raised in the 2021/2022 Auditor General's report.



Mr. LC Mohalaba

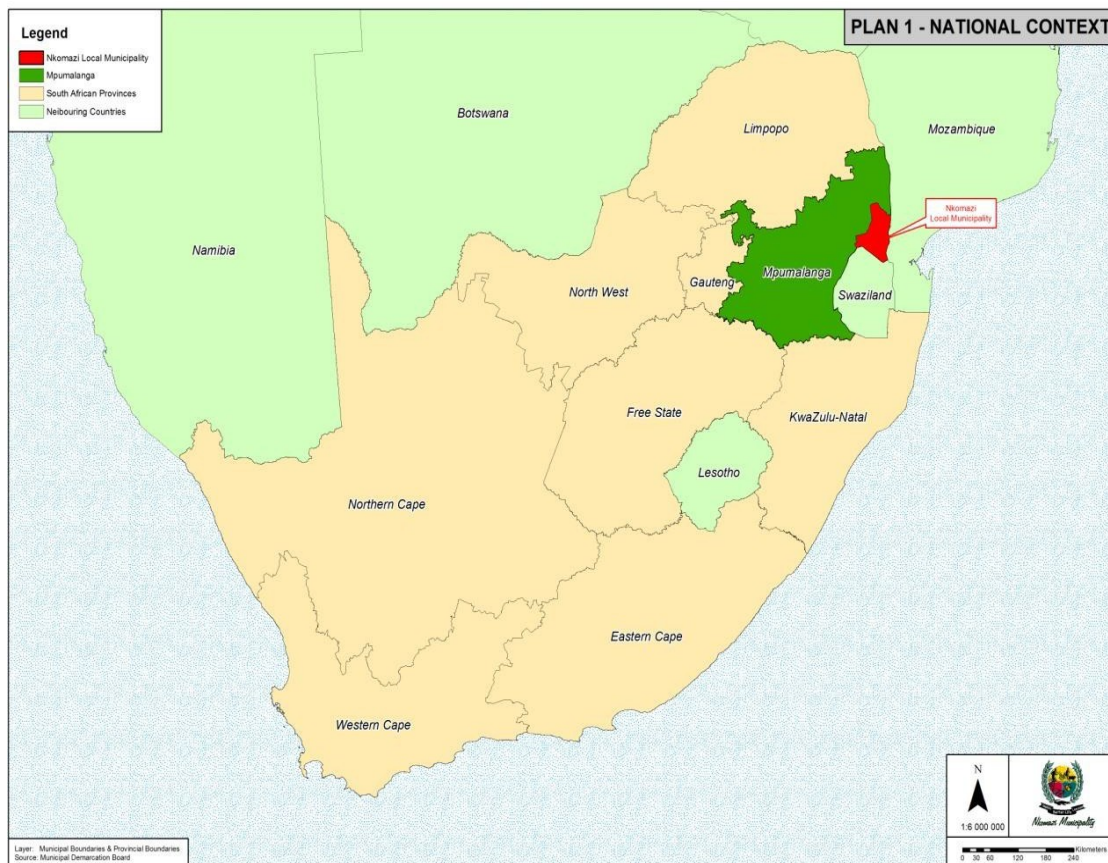
Chairperson: Risk Management, Fraud Prevention Committee

1.4 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.1 MUNICIPAL OVERVIEW AND GEOGRAPHIC PROFILE OF THE MUNICIPALITY

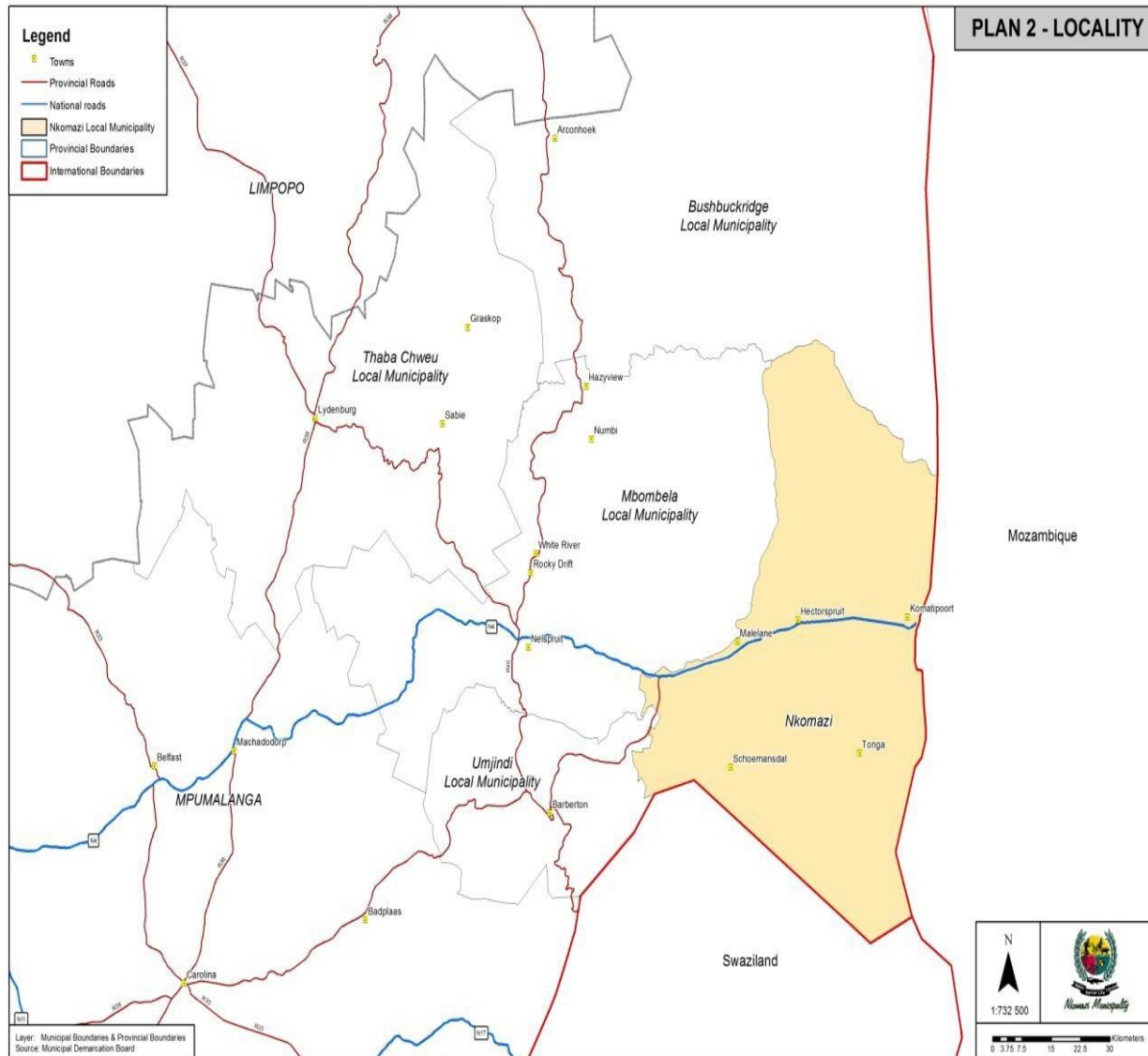
1.1.1 National and provincial context

Nkomazi Local Municipality is located in Mpumalanga Province which is situated in the north-east of South Africa (**Refer to Plan 1**). It is one of the four local municipalities within the Ehlanzeni District Municipality. The municipality is strategically placed between Swaziland (North of Swaziland) and Mozambique (east of Mozambique). It is linked with Swaziland by two provincial roads, the R570 and R571 and with Mozambique by a railway line and the main national road (N4), which forms the Maputo Corridor.



1.1.2 Municipal Overview

Nkomazi Local Municipality is located in the eastern part of the Mpumalanga Province (Refer to **PLAN 2: Locality**). The municipality is bordered to the north by the south-eastern section of the Sabie River in the Kruger National Park, Mozambique to the east, Swaziland to the south and Mbombela to the west. The geographical area measures **478 754.28 Ha** in extent (*Source: Municipal Demarcation Board*).



1.1.3 Municipal wards

Nkomazi Local Municipality is divided into 33 (thirty-three) municipal wards as determined by the Municipal Demarcation Board (Refer to **Plan 3: Municipal Ward Boundaries**).

The table below outlines all the 33 wards and their respective settlements

Table: Wards and Their Respective Settlements			
Ward No	Settlement Area	Ward No	Settlement Area3
Ward 1	Part of Tonga Block C; Part of KaMaqhekeza	Ward 18	Magogeni; Skoonplaas (Gomora)
Ward 2	Tonga Block A; Part of Tonga B; Part of Mangweni	Ward 19	Ntunda; Sikhwahlane; Part of Mzinti
Ward 3	Part of KaMaqhekeza; Part of Block C	Ward 20	Part of Mzinti; Part of Vlakbult (KaMdladla)
Ward 4	Naas Township; Part of KaMaqhekeza	Ward 21	Phosaville; Part of KaMhlushwa
Ward 5	Part of Tonga Block B; Part of Block C	Ward 22	Part of KaMhlushwa; Part of Langelooop
Ward 6	Komatipoort and Farms; Orlando; Brink (Diudluma); Albertsnek (Ngwenyeni)	Ward 23	Boschfontein
Ward 7	South-eastern part of the Kruger National Park, Marloth Park; Part of Vlakbult (KaMdladla) and farms	Ward 24	Part of Driekoppies; Part of Middelplaas; Aniva
Ward 8	Steenbok	Ward 25	Part of Langelooop
Ward 9	Part of Mangweni; Tonga Village	Ward 26	Part of Driekoppies
Ward 10	Phiva; Part of Tonga Block A	Ward 27	Part of Schoemansdal; Part of Buffelspruit
Ward 11	Goba; Eric'sville, Figtree (Hhoyi)	Ward 28	Part of Schoemansdal; Jeppes Reef
Ward 12	Mbangwane; Tsambokhulu; Khombaso;	Ward 29	Part of Buffelspruit; Mbekisburg; Hectorspruit; Luggedlane Tourism Estate; farms
	Mananga; Mandulo		
Ward 13	Mbuzini, Bhaca, Ndindindi, Nkungwini,	Ward 30	Mhlati; Malelane; Kamkwarukwaru; Stento, Kaapmuiden; Shiyalongubo; Sincobile; Louieville; farms,
	Mpanganeni, Durban, Mabidozini, Samora Park, Emacambeni		
Ward 14	Masibekela; Mthatha; Hlahleya	Ward 31	Schulzendal: Part of Middelplaas
Ward 15	Mgobodzi; Part of Magudu	Ward 32	Part of Jeppes Reef
Ward 16	Madadeni; Sibangeand Part of Magudu	Ward 33	Part of Schoemansdal
Ward 17	Part of Mangweni		

1.1.5 Traditional Authorities

Nkomazi Local Municipality consists of 8 (eight) Traditional Authorities situated in the southern section of the municipal area (Refer to **Plan 4: Traditional Authorities and Plan 5: Settlement Boundaries**). The table below outlines the different traditional authorities and their respective settlements or villages under their control.

Traditional Authorities and their respective settlements		
No	Traditional Authority	Settlement Area
1	Mlambo Tribal Authority	Mbuzini, Samora Park, Emacambeni, Mbangwane; Ekusulukeni, Khombaso; Tsambokhulu; Mananga; Masibekela; Mandulo; Mthatha, New Village, and Hlahleya.
2	Hhoyi Tribal Authority	Hhoyi, Eric'sville and Goba.
3	Siboshwa Tribal Authority	Part of kaMaqhekeza; Block A (KwaZibukwane); Block B (KwaSibhejane); Block C (Esibayeni); Tonga and Los My Cherry.
4	Kwa-Lugedlane Tribal Authority	Mangweni and Steenbok
5	Mawewe Tribal Authority	Magudu; Mgobodzi; Madadeni; Sibange; Phakama.
6	Matsamo Tribal Authority	Jeppes Reef; Schoemansdal; Buffelspruit; Driekoppies; Middleplaas; Schulzendal, Mzinti; Ntunda; Phiva; Mdladla; Phosaville; Langeloo; Ekuphumuleni; Sikhwahlane.
7	Mhlaba Tribal Authority	Magogeni; Boschfontein; Skoonplaas.
8	Lomshiyo Tribal Authority	Louieville; Shiyalongubo, Sincobile

Note: Lomshiyo Tribal Authority does not appear on the map due to the lack of boundary data.

1.1.6 Urban Areas

The urban areas for Nkomazi Local Municipality are as follows:

Number No	Urban Areas
1	Marloth Park;
2	Malelane;
3	Kaapmuiden;
4	Hectorspruit;
5	Komatipoort;
6	KaMaqhekeza;
7	Tonga; and
8	KaMhlushwa

1.1.9 POPULATION & DEVELOPMENT ANALYSIS OF THE MUNICIPALITY

An overview of the demographic situation in the municipality provides an understanding of the current population and allows for the calculations to determine the future population growth trends. It is said that the population and household statistics provided will assist the municipality to set accurate and credible service delivery targets across the 5-year integrated development cycle and beyond. Any population growth is likely to place strain on existing municipal service backlogs and the municipality's ability to effectively service the communities, because of the increase in households which directly requires services.

Population Size and Composition

According to Stats SA (2016 Community Survey - CS), Nkomazi's population increased from 393 030 in 2011 to 410 907 people in 2016 and 410 830 in 2021. It is said to be the 4th largest population in the province and 23% of total Ehlanzeni population in 2016. Between 2011 & 2016, the population grew by 17 877 and recorded a growth rate of 1.0% per annum – the average annual economic growth rate was higher than the population growth rate, which is positive. The population number for 2019 is estimated at 423 358 and 472 327 in 2030 given the historic population growth per annum – will put pressure on the infrastructure, service delivery and employment opportunities to the Municipality.

The increase in the population size is caused by high birth rate and high influx of immigrants from Mozambique and Swaziland due to South Africa's middle-income status, stable democratic institutions and comparatively industrialized economy. The increase of the population shown throughout the years means an increase in services, while the available resources and revenue have remained limited and is proving to be a challenge for the municipality. With limited revenue collection, the unforeseeable increase of population if it keeps on increasing may affect the municipality in providing sustainable municipal services for the future. It is for this reason that the council had envisioned that the municipality should improve its municipal income by expanding its revenue collection from areas that had been identified as potential new sources of income as these areas and communities continue to receive free municipal services. The municipality has developed a revenue enhancement strategy in order to increase revenue collection to ensure that it is in position of providing sustainable service delivery and cater for the population growth. It is important to note that the population growth statistics was taken into consideration throughout the IDP planning processes of the Municipality.

Population size

Age groups	Census 2011			Community Survey 2016		
	Male	Female	Grand Total	male	Female	Grand Total
0 – 4	24460	24607	49067	29368	28916	58284
5 – 9	21690	22077	43767	24671	24894	49565
10 – 14	23267	23178	46445	23371	25015	48386
15 – 19	24406	24564	48971	22862	22904	45766
20 – 24	21460	22642	44102	20124	20430	40554
25 – 29	17594	19718	37312	19752	20690	40442
30 – 34	12510	14667	27177	13187	16138	29325
35 – 39	9784	12105	21889	11039	12485	23523
40 – 44	7364	10216	17580	7633	9664	17297
45 – 49	6452	8200	14652	6250	9329	15579
50 – 54	4606	5832	10438	5688	6125	11813
55 – 59	3864	5022	8887	3650	4336	7986
60 – 64	2856	3813	6669	3064	4383	7447
65 – 69	1846	2681	4528	2147	3063	5210
70 – 74	1716	2874	4591	1293	2575	3868
75 – 79	886	1953	2839	937	1783	2720
80 – 84	718	1756	2474	406	1126	1531
85 +	594	1049	1643	364	1247	1611

1.1.9.1 The racial composition for census 2011 and community survey 2016

Racial composition		%	2016 community survey	%
Blacks	384 074	97.7%	405 931	98.79%
Indians	1316	0.33%	389	0.09%
Coloured	589	0.2%	733	0.18%
Whites	6301	1.6%	3854	0.94%

Source: stats SA community profile (Census 2011 and CS 2016)

The African Population was at 97.7% in 2011. Community survey 2016 indicates a slight increase in the Indian/Asian population from 0.3% - 0.9% and in the white population the population decreased from 1.6%- 0.9% between 2011 and 2016. The African population increased with 405 931 population at 98.78% in 2016.

1.1.9.2 Socio economic status

One of the primary determinants of development is the ability of individuals and communities to have access to employment

Status	Census 2001		Census 2011	
	Number	%	Number	%
Unemployed (age 15-64)	55 008	41.5	37 881	34.3
Employed (age 15-64)	38 855	58.5	72 588	65.7
Women unemployment (age 15-64)	22 656	52.3	22 431	42.5
Women employment (age 15-64)	20 675	47.7	30 339	57%
Youth unemployment (age 15-34)	26 704	47.5	28 050	41.5
Youth employment (age 15-34)	28 983	52.5	39 495	58.0

Source: Department of Finance and Socio-Economics and stats SA census 2001 and 2011)

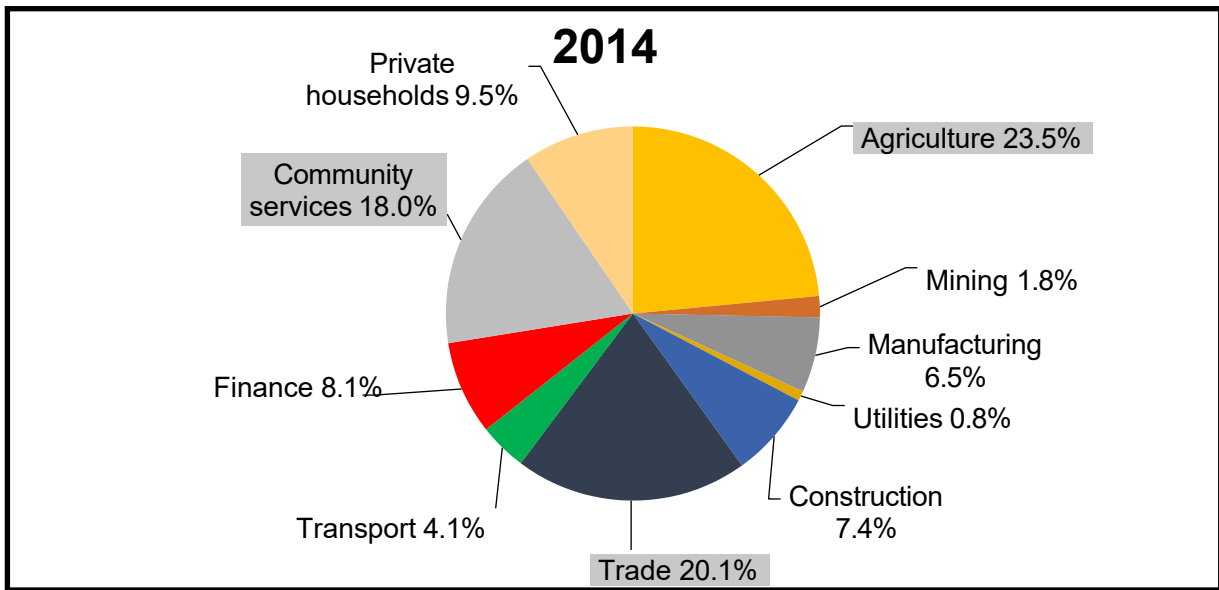
As illustrated in the table above, the unemployment rates for all groups have decreased from 2001 to 2011 but are still remains high. This strict definition however does not consider discouraged work seekers. The unemployment rates for women and for youth aged 15-35 are significantly higher than for the general population aged 15-64 years. The inability of these vulnerable groups to access employment is a major determining factor in their general development. In the case of women heading households, it will also affect the development status of the entire household. Education is not only one of the main factors that contribute unemployment, but is a key indicator of development in general.

1.1.10 Unemployment and Employment Rate for Nkomazi Local Municipality

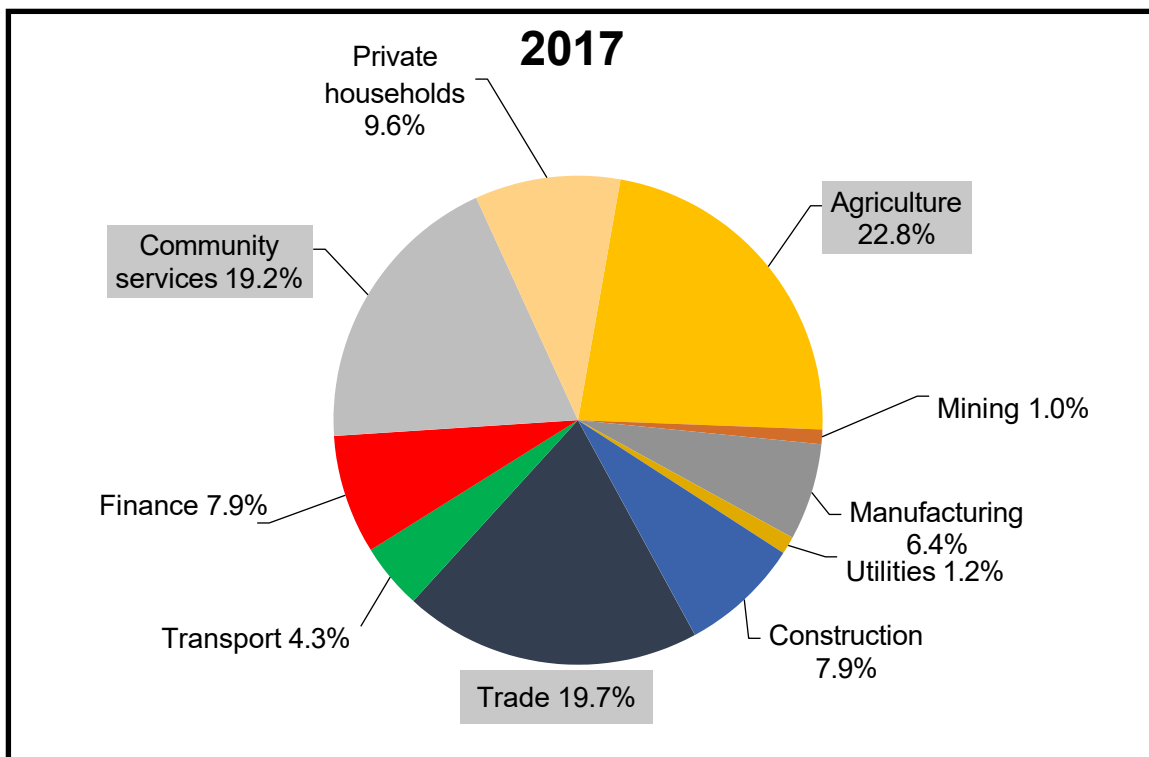
The unemployment rate of Nkomazi deteriorated from 30.7% in 2014 to 32.4% in 2017. Nkomazi's unemployment rate was the 6th highest among all the municipal areas of Mpumalanga. In 2017, the unemployment rate for females was 36.7% and that of males 28.4%, Youth unemployment rate according to the Census figures was 42.3% Nkomazi is facing a challenge with especially with a very high youth unemployment rate of females. The largest employing industries in Nkomazi are agriculture, trade and community services. The importance of agriculture as employer can be highlighted in this regard, Concern about the high unemployed youth & especially females – relatively low level of education and inadequate skills impact negatively on their employability.

Importance of quality and relevant education and training in line with the economic needs of the province – important role of the University of Mpumalanga & TVETs and the Increase in employment level between 2014 & 2017, but at a slow rate. On average more than 1 000 new jobs created per annum in the 3-year period, which is not a good performance. Nkomazi is contributing 6% to the total employment in the province. The Employment rate for Nkomazi is sitting at 65 835 in 2014 and 69 326 in 2017.

Graph: Employment by sector



Graph: Employment by Industries



Source: Department of Finance and Socio-Economics 2014 & 2017

According to the figure above, the leading industries in terms of employment per sector in 2014 were Agriculture, Trade, and community services. However, Agriculture was at 23.5%, trade 20.1% and Community services at 18.0%. However, in 2017 Agriculture and Trade decreased wherein community services increased by 1.2%. The decreases in manufacturing are concerning since these sectors have some of the best potential in creating employment and economic growth. Construction in 2014 was sitting at 7.4 and increased in 2017 to 7.9. Employment in turn directly affects personal and household income and directly influences the ability of the households to pay rates and taxes if it decreases in the sectors.

1.1.11 Highest educational attainment

The Matric class of 2022 in the province of Mpumalanga achieved a Matric pass rate of 76.8%. An increase of 3.2% was recorded, in comparison with the 2021 Matric pass rate for the province. Whereas according to Stats SA, Nkomazi's grade 12 pass rate increased from 86.0% in 2014 to 86.8% in 2018. The 2017 pass rate was the 2nd highest among the municipal areas which are a very good recovery by 7.9 percentage points between 2017 and 2018. Nkomazi achieved an admission rate of 35.3% to university/degree studies in 2018.

This has a negative impact on youth unemployment and employability amongst others. i.e the challenge in accommodating the educated young people in the area; inadequate economic opportunities and Provision of adequate educational; recreational infrastructure and skills development activities to meet the needs of the community.

1.1.11.1 Health indicators

Indicator	Baseline – 2014/15	2019/20	Trend 2014/15 to 2019/20
HIV 1st test positive (as proportion of 15-49 years population)	14.8%	9.8%	↓
Total clients remain on ART	39 546	54 079	↓
Infant PCR test positive around 10 weeks	-	1.2	N/A
Immunization coverage <1 yr rate	80.5	85.7	↓
Neonatal mortality in facility rate per 1 000 live births	10.7	9.9	↓
Maternal mortality rate per 100 000 live births	39.7	59.9	↑
Death in facility under 5 years	8.8	7.5	↓

Source: Economic Development and Tourism

According to Economic Development & Tourism the health indicators of Nkomazi decreased in most of the indicators, hence maternal mortality rate increased from 39.7% to 59.9 which is a huge impact for woman giving birth.

1.1.12 Inequality and poverty

Human Development Index (HDI) improved from 0.51 in 2014 to 0.55 in 2017, but it was the second lowest in the province. The share of population in Nkomazi below the lower-bound poverty line deteriorated from 55.0% in 2014 to 58.4% in 2017.

Nkomazi's share of population below the lower-bound poverty line was the third highest (unfavorable) among the municipal areas in 2017. In 2017, the number of people below the lower bound poverty line was also the 3rd highest at 249 794. However, In 2017, Nkomazi's poorest 40% of households shared 9.4% of total income, which was lower/worse than the 10.1% share recorded in 2014. Nkomazi's share of income of the poorest 40% of households was however, the 4th least unequal in the province in 2017.

1.1.13 Municipal statistics

The Municipality has reviewed the information from SA statistics and released that the information is a bit old which makes it very difficult to cover the backlogs that is piling up on service delivery. However, by the end of June 2021 the municipality has prepared a raw data that can be used to come up with the most reliable data to be used for service delivery, refer to the data below:

age	Sex	2019	2020	2021	% Change
0-4	Male	25964	25897	25639	-1.00%
5-9	Male	27147	27279	27409	0.48%
10-14	Male	26920	27600	28126	1.91%
15-19	Male	23272	23910	24871	4.02%
20-24	Male	20193	19739	19141	-3.03%
25-29	Male	20067	19883	19498	-1.94%
30-34	Male	18216	18630	18592	-0.20%
35-39	Male	14073	14717	15357	4.35%
40-44	Male	9989	10329	10767	4.23%
45-49	Male	8658	9084	9416	3.65%
50-54	Male	6222	6417	6691	4.27%
55-59	Male	4769	5018	5228	4.20%
60-64	Male	3382	3452	3570	3.42%
65-69	Male	2601	2668	2717	1.81%
70-74	Male	2027	2120	2222	4.81%
75+	Male	2836	2916	3002	2.92%
0-4	Female	26376	26363	26148	-0.81%
5-9	Female	27355	27523	27696	0.63%
10-14	Female	27904	28672	29264	2.06%
15-19	Female	23523	23998	24798	3.34%
20-24	Female	21578	21260	20788	-2.22%
25-29	Female	21012	20813	20441	-1.79%
30-34	Female	20033	20600	20692	0.45%

35-39	Female	15803	16376	16963	3.59%
40-44	Female	13267	13527	13915	2.87%
45-49	Female	10429	10745	11019	2.55%
50-54	Female	8961	9180	9418	2.59%
55-59	Female	6175	6483	6736	3.90%
60-64	Female	5428	5469	5607	2.52%
65-69	Female	4132	4274	4354	1.86%
70-74	Female	3704	3957	4242	7.19%
75+	Female	5660	5771	5925	2.67%

1.1.14 services rendered in all the community of Nkomazi

Ward No	Settlement Area	Water	Electricity	Refuse removal	Solid waste	Property rates	Use of other facilities e.g. halls
Ward 1	Part of Tonga Block C; Part of KaMaqhekeza	Yes	No	Yes	No	No	Yes
Ward 2	Tonga Block A; Part of Tonga B; Part of Mangweni	Yes	No	Yes	No	No	Yes
Ward 3	Part of KaMaqhekeza; Part of Block C	Yes	No	Yes	No	No	Yes
Ward 4	Naas Township; Part of KaMaqhekeza	Yes	No	Yes	No	No	Yes
Ward 5	Part of Tonga Block B; Part of Block C	Yes	No	Yes	No	No	Yes
Ward 6	Komatipoort and Farms; Orlando; Brink (Dludluma); Albertsnek (Ngwenyeni)	Yes	No	Yes	No	No	Yes
Ward 7	South-eastern part of the Kruger National Park, Marloth Park; Part of Vlakbult (KaMdladla) and farms	Yes	No	Yes	No	No	Yes
Ward 8	Steenbok	Yes	No	Yes	No	No	Yes
Ward 9	Part of Mangweni; Tonga Village	Yes	No	Yes	No	No	Yes
Ward 10	Phiva; Part of Tonga Block A	Yes	No	Yes	No	No	Yes
Ward 11	Goba; Eric'sville, Figtree (Hhoyi)	Yes	No	Yes	No	No	Yes
Ward 12	Mbangwane; Tsambokhulu; Khombas o;	Yes	No	No	No	No	Yes
Ward 13	Mananga; Mandulo	Yes	No	No	No	No	Yes
Ward 13	Mbuzini, Bhaca, Ndindindi, Nkungwini,	Yes	No	Yes	No	No	Yes
Ward 13	Mpanganeni, Durban, Mabidozini, Samora Park, Emacambeni	Yes	No	Yes	No	No	Yes
Ward 14	Masibekela; Mthatha; Hlahleya	Yes	No	Yes	No	No	Yes
Ward 15	Mgobodzi; Part of Magudu	Yes	No	No	No	No	Yes

Ward 16	Madadeni; Sibange and Part of Magudu	Yes	No	No	No	No	Yes
Ward 17	Part of Mangweni	Yes	No	Yes	No	No	Yes
Ward 18	Magogeni; Skoonplaas (Gomora)	Yes	No	No	No	No	Yes
Ward 19	Ntunda; Sikhwahlane; Part of Mzinti	Yes	No	Yes	No	No	Yes
Ward 20	Part of Mzinti; Part of Vlakbult (KaMdladla)	Yes	No	Yes	No	No	Yes
Ward 21	Phosaville; Part of KaMhlushwa	Yes	No	Yes	No	No	Yes
Ward 22	Part of KaMhlushwa; Part of Langelooop	Yes	No	Yes	No	No	Yes
Ward 23	Boschfontein	Yes	No	Yes	No	No	Yes
Ward 24	Part of Driekoppies; Part of Middelpaas;	Yes	No	Yes	No	No	Yes
Ward 25	Part of Langelooop	Yes	No	Yes	No	No	Yes
Ward 26	Part of Driekoppies	Yes	No	No	No	No	Yes
Ward 27	Part of Schoemansdal; Part of Buffelspruit	Yes	No	Yes	No	No	Yes
Ward 28	Part of Schoemansdal; Jeppes Reef	Yes	No	Yes	No	No	Yes
Ward 29	Part of Buffelspruit; Mbekisburg; Hectorspruit; Luggedlane Tourism Estate; farms	Yes	No	Yes	No	No	Yes
Ward 30	Mhlati; Malelane; Kamkwarukwaru; Stentor, Kaapmuiden;	Yes	No	Yes	No	No	Yes
Ward 31	Schulzendal: Part of Middelpaas	Yes	No	Yes	No	No	Yes
Ward 32	Part of Jeppes Reef	Yes	No	Yes	No	No	Yes
Ward 33	Part of Schoemansdal	Yes	No	No	No	No	Yes

Number No	Urban Areas	Water	Electricity	Refuse removal	Solid waste	Property rates	Use of other facilities e.g. halls
1	Marloth Park;	Yes	Yes	Yes	Yes	Yes	Yes
2	Malelane;	Yes	Yes	Yes	Yes	Yes	Yes
3	Kaapmuiden;	Yes	Yes	Yes	Yes	Yes	Yes
4	Hectorspruit;	Yes	Yes	Yes	Yes	Yes	Yes
5	Komatipoort;	Yes	Yes	Yes	Yes	Yes	Yes
6	KaMaqhekeza;	Yes	No	Yes	No	No	Yes
7	Tonga; and	Yes	No	Yes	No	No	Yes
8	KaMhlushwa	Yes	No	Yes	No	No	Yes

- Eskom provides the electricity directly to the communities
- The municipality provide electricity to all the urban areas

1.1.15 SERVICE DELIVERY OVERVIEW

1.1.15.1 Water and Sanitation

Nkomazi Local Municipality is an authorized Water Service Authority (WSA) and Water Service Provider (WSP) and thus the municipality is mandated to provide access to clean and sufficient water and sanitation services to all its communities within its area of jurisdiction as per the Water Services Act 108 of 1997. The municipality abstracts water, purify, distribute water services to its communities.

The municipality has a total of 16 Registered Water Supply Systems for provision of water supply to communities made up of Four (4) of the Water Supply schemes located in the urban towns and Twelve (12) of the Water Supply schemes located in the rural areas. The urban water schemes abstract raw water from Crocodile & Komati River, purified through four (4) water purification plants and distributed through reticulation network and reservoirs. Twelve (12) of the Water Supply Systems are in the rural villages abstracts water from various sources such as Driekoppies Dam, Lomati River and Komati River and other secondary sources including Mbambiso Dam, Nyathi Dam, Lows creek Canal, Mbuzini Dam. In rural areas where water services are not available or insufficient, provision of water is achieved through boreholes and water tankers.

The municipality provides full water borne sanitation to urban towns and sewerage is collected, treated through five (5) wastewater treatment plants and disposed of in various rivers. In other parts of the towns such as Marloth Park and Suidorp provision of sanitation services is in a form of septic tanks and the municipality rides services in a form of a honey sucker as and when required. In the rural areas of the municipality, basic sanitation services are in the form of sanitation toilets, and individually owned septic tanks.

Despite the challenges the municipality faces such as mushrooming of stands, etc, the municipality is progressively moving towards provision of efficient, affordable, economical and sustainable access to water and sanitation services to all its consumers and a number of water & sanitation projects are implemented annually for reduction of water and sanitation backlog

1.1.15.2 Electricity:

Nkomazi Municipality together with Eskom is the Licensed Authorities for the Nkomazi jurisdiction as issued by the National Electricity Regulation of South Africa. Although the licenses are the same, the areas of supply are not the same. Nkomazi Municipality is mainly responsible for the formal towns and Eskom for the rural townships and areas. There are also regions where areas of supply overlap each other and the regulator was requested to act as mediator to resolve the dispute.

1.1.15.3 Waste Management:

Nkomazi Local Municipality is an authorised waste management service authority provider. The Municipality has a mandate to provide access to waste management services to all its communities within the jurisdiction.

The Municipality provides waste collection services to the 5 urban areas which are Malelane, Hectorspruit, Marlothpark, Komatipoort and Kaapmuiden. There is also provision of waste collection services in the rural areas and the areas are Kamaqhekeza, Kamhlushwa, Schoemansdal, Jeppes Reef, Buffelspruit, Bongani, Middleplaas, Schuzendal, Langelooop, Boschfontein, Masibekela, Hlahleya, Hhoyi, Mandulo, Mbuzini, Mzinti, Mangweni, Tonga, Steenbok, Block C, Block A, Phosaville, Mhlathi kop, Dindela, Stentor Farm, 31 Clinics and Schools.

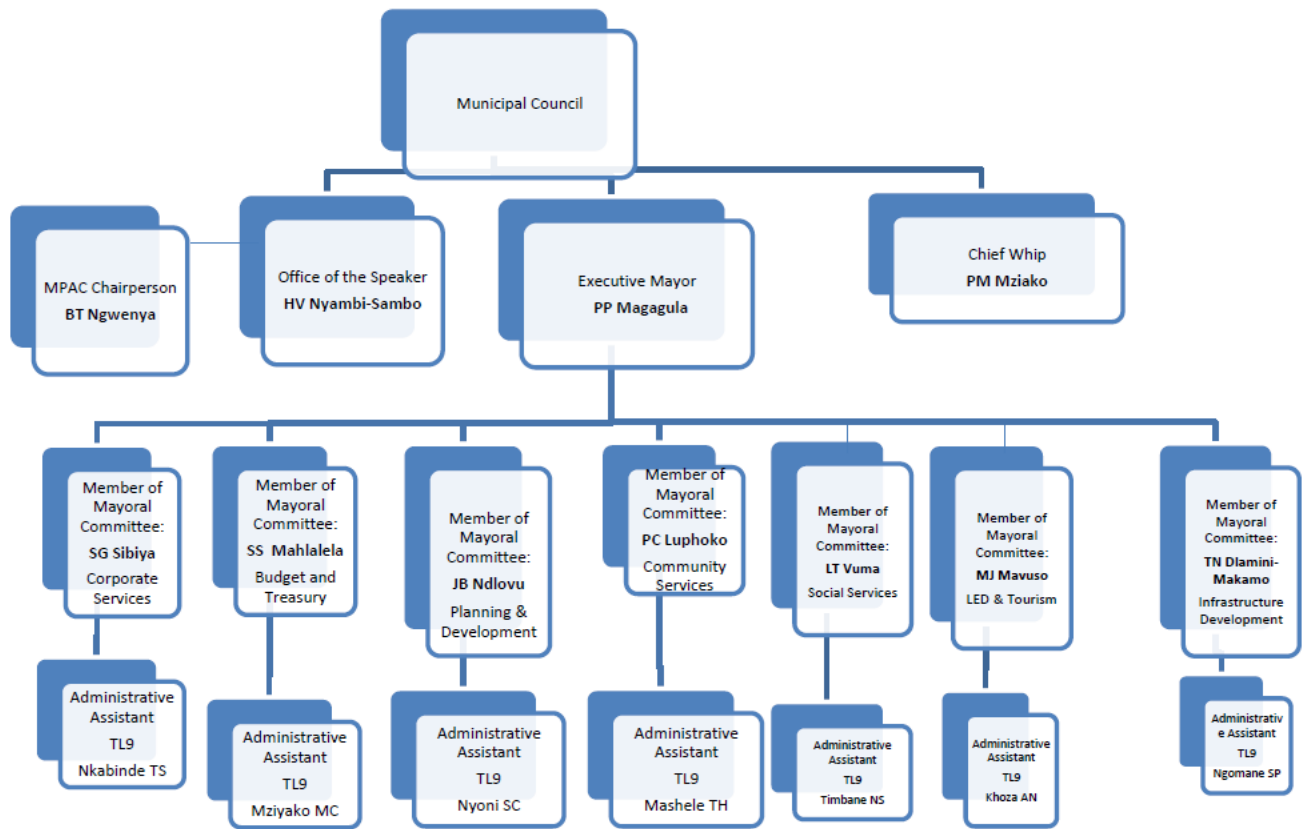
The Municipality has one permitted landfill site which is Steenbok Landfill site and the municipality also utilises RCL landfill on rental services to dispose waste from Malelane, Kaapmuiden and Hectorspruit. The Municipality has commissioned two sites and they acquired permits as Transfer stations and they are Hectorspruit and Marlothpark but sites are not yet operational.

The municipality has an approved Integrated Waste Management Plan which will assist the municipality to improve the standard of waste management and render the services more effective and efficient while addressing the backlogs and improving the recycling initiatives in Nkomazi area.

1.1.16 ORGANISATIONAL DEVELOPMENT OVERVIEW

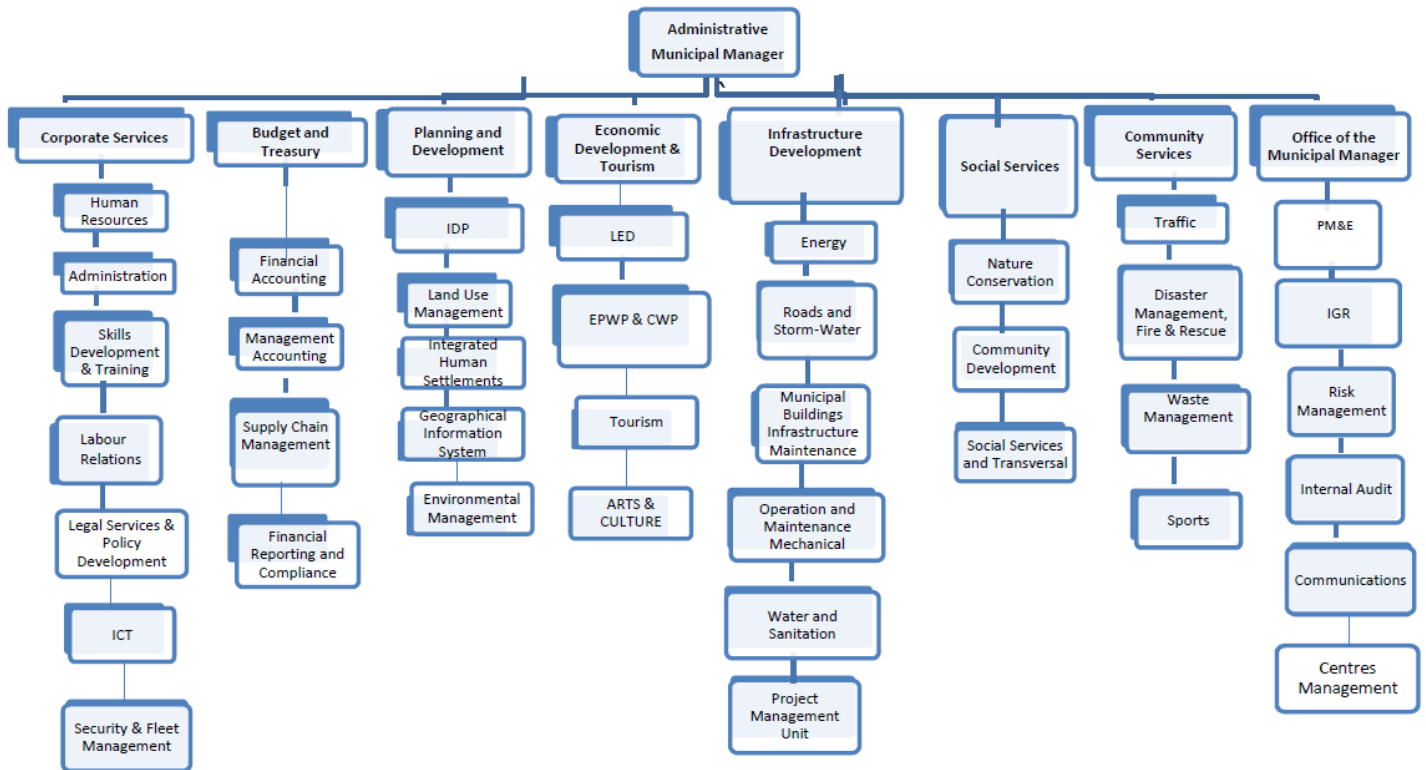
A business model is described as an organization`s system of transforming inputs, through its business activities, into output and outcomes that aim to fulfil the organization`s strategic purposes and create value over the short, medium and long term. Such system is influenced by various internal and external environmental factors, which together make up the organization`s operating context. This section of the report provides information on aspects of Nkomazi Local Municipality and the environment in which it operates.

NKOMAZI LOCAL MUNICIPAL COUNCIL



The figure below depicts the organizational structure that was approved by the council for the 2022/23 financial year:

ADMINISTRATIVE FUNCTIONS



Nkomazi Local Municipality's organizational structure is reviewed annually to accommodate the development needs and the growth of the municipality. For any organization, there is always a risk of inability to have access to right caliber staff to successfully deliver on the mandate, regardless of these challenges Nkomazi Local Municipality has continued to appoint most suitable, qualified and skilled workers to ensure that available resources are utilized efficiently and effectively. All Section 56 Managers' positions are filled.

(To be attached after the audit)

1.1.18 HIGH-LEVEL AUDIT ACTION PLAN: 2022/23

(To be attached after the 2022/23 Audit)

CHAPTER 2: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

The structures and systems of Political Governance in the municipality are fully functional. It can be reported in particular that during the period under review those structures have continued to discharge their mandate in accordance with their statutory obligations and those placed on them by Council.

The Section 80, the Troika and Section 79 committees have been able to execute their oversight mandate as required by council and the law. The recommendations of these political governance structures continue to provide the basis for the many resolutions of council.

Council has also been able to discharge its mandate by taking decisions on a number of strategic matters in the municipality. The Action Plan on the implementation of council resolutions and the AG recommendations remains a key instrument in monitoring and the provision of political oversight over the implementation of council decisions.

List of Councilors from November 2022 to 30 June 2023.

NAME & FULL NAMES	SEAT TYPE
1. Cllr. Silinda Phindile Cynthia	WARD 01 COUNCILLOR
2. Cllr. Makhubela Dumisani	WARD 02 COUNCILLOR
3. Cllr. Ngomane Wanda	WARD 03 COUNCILLOR
4. Cllr. Ngobeni Samuel Vusi	WARD 04 COUNCILLOR
5. Cllr. Shongwe Lucky Nhlanhla	WARD 05 COUNCILLOR
6. Cllr. Ndlovu Jabulani	WARD 06 COUNCILLOR (MMC)
7. Cllr. Malaza Busisiwe Bernatette	WARD 07 COUNCILLOR
8. Cllr. Tshabalala Siyabonga Buddy	WARD 08 COUNCILLOR
9. Cllr. Mngomezulu Isriael Mafuthuzi	WARD 09 COUNCILLOR
10. Cllr. Sibiya Ivin Kervin	WARD 10 COUNCILLOR
11. Cllr. Fane Mafia	WARD 11 COUNCILLOR
12. Cllr. Mahlalela Manene Moses	WARD 12 COUNCILLOR
13. Cllr. Nkala Sizwe	WARD 13 COUNCILLOR
14. Cllr. Mbatha Nonhlanhla Jabhisa	WARD 14 COUNCILLOR
15. Cllr. Ngcane Thandeka Vester	WARD 15 COUNCILLOR
16. Cllr. Mashele Rebecca Nomvula	WARD 16 COUNCILLOR
17. Cllr. Ngwenya Bethwell Thabo	WARD 17 COUNCILLOR
18. Cllr. Mkhathswa Boycott Lovemore	WARD 18 COUNCILLOR
19. Cllr. Mkhabela Mfundi Howard	WARD 19 COUNCILLOR
20. Cllr. Shabangu Mpande Jobe	WARD 20 COUNCILLOR
21. Cllr. Mahlalela Solomon Septimus	WARD 21 COUNCILLOR (MMC)

22. Cllr. Lubisi Sibusiso Dumisani	WARD 22 COUNCILLOR
23. Cllr. Sibuye Sicelo Enough	WARD 23 COUNCILLOR
24. Cllr. Mahlalela Paul Abednigo	WARD 24 COUNCILLOR
25. Cllr. Sibiya Siphon Gift	WARD 25 COUNCILLOR (MMC)
26. Cllr. Mhlongo Vusi Wiseman	WARD 26 COUNCILLOR
27. Cllr. Shabangu Richmond	WARD 27 COUNCILLOR
28. Cllr. Mhlongo Lungelo Kim	WARD 28 COUNCILLOR
29. Cllr. Lubisi Mxolisi Thomas	WARD 29 COUNCILLOR
30. Cllr. Magagula Fikile Khanyisile	WARD 30 COUNCILLOR
31. Cllr. Siboza Justice Twelve	WARD 31 COUNCILLOR
32. Cllr. Ngomane Sifiso Wyken	WARD 32 COUNCILLOR
33. Cllr. Mziako Philosopher Mancoba	WARD 33 COUNCILLOR (CHIEF WHIP)
34. Cllr. Shungube Zandile Innocencia	ANC PR COUNCILLOR
35. Cllr. Mavuso Mchiniseki Johan	ANC PR COUNCILLOR
36. Cllr. Mthombo Thandolwakhe Millicent	ANC PR COUNCILLOR
37. Cllr. Khoza Nombulelo Charity	ANC PR COUNCILLOR
38. Cllr. Lumphoko Phindile Charlote	ANC PR COUNCILLOR (MMC)
39. Cllr. Dikiza Glory Khethiwe	ANC PR COUNCILLOR
40. Cllr. Makamo Thandeka Nomcebo	ANC PR COUNCILLOR
41. Cllr. Dlamini Duduzile Marry	ANC PR COUNCILLOR
42. Cllr. Khoza Khethukuthula Grantia	ANC PR COUNCILLOR
43. Cllr. Mkhathshwa Sdudla Lizzie	ANC PR COUNCILLOR
44. Cllr. Nyambi-Sambo Hildah Vangile	ANC PR COUNCILLOR (SPEAKER OF COUNCIL)
45. Cllr. Ngomane Lindiwe Penelope	ANC PR COUNCILLOR
46. Cllr. Sibiya Gracious Phumaphi	ANC PR COUNCILLOR
47. Cllr. Magagula Phindile Pertuniah	ANC PR COUNCILLOR (EXECUTIVE MAYOR)
48. Cllr. Sithole Siphwe Happy	ANC PR COUNCILLOR
49. Cllr. Hlophe Nonhlanhla Cynthia	ANC PR COUNCILLOR
50. Cllr. Vuma Lindiwe Thembi	ANC PR COUNCILLOR (MMC)
51. Cllr. Ngwenya Amos Majola	ATM PR COUNCILLOR
52. Cllr. Mathobela Nomsa Victoria	DA PR COUNCILLOR
53. Cllr. Dlamini Nhlonipho Given	DA PR COUNCILLOR
54. Cllr. Shongwe Ntokozo Frank	DA PR COUNCILLOR
55. Cllr. Mndawe Sankie Octavia	DA PR COUNCILLOR
56. Cllr. Shongwe Bandi Christopher	EFF PR COUNCILLOR
57. Cllr. Biya Martha Pinky	EFF PR COUNCILLOR
58. Cllr. Mabaso Michael Solomon	EFF PR COUNCILLOR
59. Cllr. Nkomo Nunuke Rachel	EFF PR COUNCILLOR
60. Cllr. Ngomane Given Bethuel	EFF PR COUNCILLOR
61. Cllr. Nkosi Sizakele Phindile	EFF PR COUNCILLOR

62.Cllr. Khoza Jacob	EFF PR COUNCILLOR
63.Cllr. Shabane Nonhlanhla Precious	EFF PR COUNCILLOR
64.Cllr. Nkuna Sifiso Bilal	EFF PR COUNCILLOR
65.Cllr. Van Der Walt Christoffel Johannes	VFP PR COUNCILLOR

COMMITTEE ALLOCATIONS – JULY 2022– 30 June 2023**TABLE NO. COMMITTEE ALLOCATION**

Portfolio Committee	Chairperson	Members
Budget and Treasury	Mahlalela SS – MMC	<ol style="list-style-type: none"> 1. Ngomane W 2. Ngomane SB 3. Shongwe NF 4. Sibiya GP 5. Ngomane LP 6. Nkomo R 7. Nkala S 8. Mhlongo LK
Infrastructure Development	Makamo TN - MMC	<ol style="list-style-type: none"> 1. Dikiza GK 2. Sibozza JT 3. Shabangu R 4. Mhlongo VW 5. Khoza J 6. Nkosi S 7. Van Der Walt C 8. Fane SM 9. Dlamini NG
Community Services	Luphoko PC - MMC	<ol style="list-style-type: none"> 1. Magagula FK 2. Mahlalela MM 3. Dlamini D 4. Malaza BB 5. Sibiya IK 6. Nkosi SP 7. Mabaso S 8. Mathobela NV
Planning and Development	Ndlovu BJ – MMC	<ol style="list-style-type: none"> 1. Khoza NC 2. Mashele NR

		<ol style="list-style-type: none"> 3. Mkhabela NH 4. Lubisi SD 5. Shongwe LN 6. Shabane NP 7. Ngomane GB 8. Ngwenya AM
Corporate Services	Sibiya SG - MMC	<ol style="list-style-type: none"> 1. Shabangu M 2. Lubisi MT 3. Shongwe N 4. Ngomane K 5. Shungube ZI 6. Biya MP 7. Shabane NP
Municipal Public Accounts Committee – MPAC	Ngwenya TB– Chairperson	<ol style="list-style-type: none"> 1. Nkomo NR 2. Siboza JT 3. Mndawe SO 4. Malaza BB 5. Nkuna SB 6. Ngomane S 7. Mahlalela PA 8. Makhebela D
Social Services	Vuma LT - MMC	<ol style="list-style-type: none"> 1. Mngomezulu IM 2. Ngcane TV 3. Silinda PC 4. Mthombo TM 5. Mkhathshwa SL 6. Khoza J 7. Mathobela NV
Economic Development and Tourism	Mavuso J	<ol style="list-style-type: none"> 1. Mbatha NJ 2. Nkomo R 3. Khoza J 4. Shabalala SB 5. Hlophe NC 6. Sibuye SE

2.2 ADMINISTRATIVE GOVERNANCE

Senior Management



*Municipal Manager
Mr. XT Mabila*



Mr. NV Bhiya Acting Director: Corporate Service	Mrs. NP Mkhathshwa Acting Director: Community Services	Ms. NP Sibisi Director: Planning & Development	Mr. JA Sifunda Acting Director Infrastructure	Mr. TS Thobela Chief Financial Officer
<ul style="list-style-type: none"> • Human Resources • Administration • Legal Services & Policy Development • ICT • Communications • Labour Relations • Skills Development and Training • Security & Fleet Management 	<ul style="list-style-type: none"> • Community Development • Traffic & Law Enforcement • Disaster Management, Fire & Rescue • Waste Management • Transversal & Social Services • Nature Conservation 	<ul style="list-style-type: none"> • Land Use Management • Tourism • Art & Culture • LED • EPWP & CWP • GIS • IDP • Human Settlement • Environmental Management 	<ul style="list-style-type: none"> • Roads and Storm-Water • Municipal Buildings Infrastructure Maintenance • Water & Sanitation • Electricity • Operations and Maintenance Mechanical • Project Management Unit 	<ul style="list-style-type: none"> • Supply Chain Management • Financial Reporting & Assets • Financial Accounting • Management Accounting



COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.2 INTERGORVENMENT RELATIONS

On the IGR front the Municipality has been able to participate in all the relevant IGR structures including but not limited the Mayor's Forum, Municipal Managers Forum, PCF, LED forums, IDP Rep forums and many others. Whilst most of the resolutions of these forums have been implemented, some remain work in progress including the transfer of the Licensing function to back province.

On international relations we were able to send two officials to a specially training in China for the development and operation of Special Economic Zones. We have also managed to participate in the International Trade fair in Swaziland. The Umsebe Accord programme could not be implemented during the period under review due to ongoing changes that occurred in the city councils of both Mbabane and Matola.

However during the financial year 2023 the municipality could not implements some of its planned targets due to disasters in the current financial year 2023 this section resolved to reduce its annual targets per the service delivery budget and implementation plans as the main mandates of this sections are seriously impacted by the pandemic and it is very difficult to plan ahead as there is currently no sign or estimates as to how long this pandemic will last, however as the municipality we have planned to use other alternatives in order to achieve and to copy with the vast changes caused by Technology, hence our new strategies will have many events in all patents, some physical other virtual communications is envisaged that the programme would be implemented in Nkomazi during the 2022/23 financial year.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.3 PUBLIC MEETINGS

Communication, Participation and Forums

Public meetings are regarded as the cogent platform between the municipality and the communities to consult, participate, report and exchange views on the programs and performance of the municipality in delivering on the mandate of the electorate. In order to allow a smooth process of community engagement and bringing the municipal leadership closer to the people, the municipality in line with Section 152 (1) (e) of the Constitution of the Republic of South Africa has to create mechanism to involve communities and community-based organization in the municipal affairs.

Ward Councilors, Ward Committees, Community Development Workers (CDWs), Traditional Leaders, members of traditional council and rate payers' associations are the main structures used by the municipality to communicate views, decisions and to consult communities on any matter affecting communities and municipal customers.

In broadening access to community participation, the municipal has ensured that all 33 ward committees are established and functioning.

In order to ensure that each section and or sector within a ward is properly represented the Office of the Speaker conducts verification of Ward Committee members on a quarterly basis to ascertain the full functioning of the Ward committee. In case of vacancies in any ward committee, they are filled in line with the approved ward committee policy.

As part of assisting ward committee members for the work they perform, the NLM provides an amount of R1 000 each month for attending meetings and participating on the implementation of ward operational plans.

According to the Municipal Structures Act and in line with the approved Public Participation Policy Ward Councilors are expected to hold one ward committee meeting monthly and a community meeting once a quarter, however, where a need arises and also to comply with the Back to Basic approach, ward councilors are encouraged to convene community meetings once every month in order to receive community issues and elevate them to the municipality for action and also report back to the community.

The Public Participation Strategy identifies amongst others: Community meetings, sector meetings, izimbizo, radio, community newspapers and community radios, public notices as the main platforms for community engagements. The strategy further points to the following instruments for community mobilization and platform for information sharing and exchange: Organized public meetings (community meetings, izimbizo and other organized forums), local

and national newspapers, radio stations, public notices, loud hailing, municipal call center, including official municipal websites and Facebook account.

The Office of the Speaker is responsible for coordinating public participation programs working in collaboration with Ward Councilors and Ward Committees. A standard reporting template is designed and distributed to all Ward Councilors in order to record meetings and engagements with communities and other stakeholders.

On a monthly basis, the Office of the Speaker receives 33 Ward Committee reports. Each report contains progress on the implementation of the ward operational plan and needs of the community and they form the basis of portfolio of evidence to the Service Delivery and Budget Implementation Plan (SDBIP).

The NLM believes that public involvement in all its forms is a pre-requisite for the provision of quality and sustainable service delivery as contemplated in the Constitution of the Republic of South Africa.

Chapter 4 of the Local Government Municipal Systems Act 32 of 2000 emphasizes three elements of participatory government, namely: municipalities must foster participation in the Integrated Development Plan, Performance Management, the Budget process and strategic decision regarding service delivery.

The NLM recognizes other community structures such as organized Faith-Based organizations, Community Police Forums, Traditional Leadership events (Ummemo) and Sector Department structures, such as Home Affairs Stakeholders Forum. This is done in order to broaden the influence of provision of municipal services and information exchange.

Ward Committees

Legislative framework

Section 152 of the Constitution places the participation of communities at the center of service delivery and other matters of Local Government.

The Municipal Structures Act and the Municipal Systems Act provide the legislative framework for the establishment of Ward Committees.

Section 73(3) of the Municipal Structures Act provides that: -

“A metro or local council must make rules regulating- (a) the procedure to elect the subsection (2) (b) members of a ward committee, taking into account the need- (i) for women to be equitably represented in a ward committee; and (ii) for a diversity of interests in the ward to be represented. (b) the circumstances under which those members must vacate office; and (c) the frequency of meetings of ward committees.”

NLM continues to use ward committee-based system, to enhance public participation. The NLM is made up of thirty-three (33) wards. Ward committees are established in line with the approved guidelines for Ward Committee establishment. All existing structures as per the guidelines for establishment of ward committees gets represented, this includes representation from traditional councils and all Community Development Workers (CDW) are part of the ward committee in their respective wards.

- The NLM rendered a training to all secretaries of ward committees covered the following areas
- Role and responsibilities of ward committee secretaries
- minutes taking and meeting management
- report writing and good governance

Comments on the effectiveness of the public meetings held

Public meetings are a platform aimed at achieving the following objectives:

- To enhance, consolidate and strengthen participatory democracy, deliberative democracy and representative democracy.
- Improve faith and confidence in representative and participatory democracy
- Bring authorities closer to the public
- Develop active citizen and a platform for civic education
- Contribute to vibrancy of democracy
- Increase community social capital through deliberative experience
- Ensure that the municipality takes community informed decision on service delivery and policy decisions.

Ward committees also performs as mobilizing mechanism for public meetings and a structure to communicate municipal proposals and decisions. Communities always feel the need to be consulted and informed about the kinds of services they get from the municipality.

The Councils' Strategy on Public Participation aims to achieve an active citizen in the Nkomazi area. This is done by identifying of all stakeholders and structures within the municipality. Organized structures play a pivotal role in shaping the direction of the municipality. Members of the community are easily organized through structures such as youth, women, sports, farmers, people living with disabilities and rates payers' associations.

There are eight traditional authorities in the jurisdiction of the NLM. All the traditional leaders are gazetted to participate and form part of the municipal council. These are important and strategic partners for social mobilization and development of communities. The municipality participates in all the annual traditional events such as "Ummemo" and traditional "Izimbizo".

Ward councilors are mandated by law to convene community meetings at least once a quarter, however, when a need arise community meetings can be held once a month. The Back to Basic approach of holding one meeting per month is gradually yielding positive results. For the period

under review the municipality only experienced three (3) community protests. A significant decline in a number of community protests compared to the previous financial years.

Public meetings serve as a platform for the Executive Mayor to conduct a consultation on the development and or review of the integrated development plan (IDP) and budget process of the municipality. Both the approved five-year plan (IDP) and the Annual Budget for 2021/2022 successfully went through a rigorous consultation process with communities and stakeholders within the municipality. The budget and the IDP is a concrete product of successful public meetings.

The NLM should ensure that all its structures enable the public to exercise a meaningful say. Governance as a process of facilitation and ensuring the delivery of goods and services through the management of social power and relations thus includes a means of social stability and well-being through deepening democracy.

2.4 IDP PARTICIPATION AND ALIGNMENT

Preliminary phase

Ehlanzeni District Municipality developed the IDP Framework Plan which informed the IDP Process Plan for all the local municipalities within the district. Nkomazi municipality developed its municipal Process Plan in line with the district framework plan. The process plan was then tabled before council and was adopted on the 19 of August 2022 under council resolution no NLM: S-GCM: B015/2022.

Analysis Phase

This phase comprised of key stakeholder engagement wherein the 33 ward committees were trained. Traditional Leaders and other key stakeholders were engaged during this IDP phase. The sessions were divided into smaller groups which were made of all the 33 ward committees, CDW'S and Ward Councilors. A detailed IDP review process was presented to the members with all the documents required during the process. Ward committees were in turn afforded an opportunity to conduct meetings in their respective wards giving feedback on projects implementation and future plans by stakeholders of the communities or areas. A situational analysis was conducted to determine whether the Municipal Departments are executing their mandates as per the legislation. The analysis phase commenced on the 04 October 2022 and was concluded on the mid November 2022.

Follow up meetings were held to include all wards that were unable to participate during consultations. After the current Council has settled, individually sessions with Councilors were held to confirm community priorities as raised during previous meetings.

A separate session with stakeholders from the 4 urban towns was conducted. There were minimal challenges from consultations however the stakeholders raised a concern and requested municipality to improve its IDP feedback mechanisms after consultations.

Strategy Phase

This phase comprised of the development/review of strategies associated with each of the priority issues as identified in the analysis phase. A broad inter-departmental dialogue was employed with regard to the most appropriate ways and means of tackling priority issues under consideration of policy guidelines and principles, available resources, inter linkages, competing requirements. A task team was established to facilitate the Strategic planning session and to give guidance to the 2023-2024 IDP and Budget processes. This phase was completed on the 16 March 2023. Participants in the strategic planning session included Traditional Leaders, COGTA, OTP, EDM, Mega and other sector departments.

Project Phase

In this phase, Departmental project task team members are given a responsibility of working out project proposals in line with the strategies and priority issues and where necessary additional information on project details was obtained. This phase ensures a smooth planning/ delivery link by providing an opportunity for a detailed and concrete project planning process done by relevant stakeholders who provide proposal with tentative target figures, technical standards, locations, time frames and cost estimates. This phase will be completed in May 2023.

Integration Phase

This phase ensures that the results of project planning phase are properly conducted and speaks to the vision; objectives, strategies and resources. The 1st draft of the 2023—2024 IDP document of the municipality was tabled at the municipal council on the 31st of March 2023 under Council Resolution Number: **NLM: S-GCM: A022/2023** Projects and programs from sector Departments and other stakeholders are incorporated into the Draft IDP.

Approval Phase

The draft IDP served Council on the 31st March 2023 and IDP approval by 31st of May 2023. The approved Draft IDP was placed on the Municipal website and other contact platforms. Consultations meetings were conducted between April and May. A public notice was issued for inputs and comments by the general public into the draft document into the Municipal website (www.nkomazi.gov.za). A program for public consultation was developed and IDP consultation were held in April/May 2022.

- These consultation sessions were held in all communities with ward committees from all wards participating and thus bringing municipal service provision deliberations more proximate to the people, as a way of broadening paramount community participation.
- This led to effective resource targeting predicated on authentic community needs;
- The community engagements, amongst others, in the IDP and monitoring of Council projects have been invaluable in allowing critical information to flow to communities about the work of Council and the overall service delivery mechanism of the municipality. The communities were provided an opportunity in forums to submit and have their issues with a view to have them addressed.
- As part of the Ward Participatory System, the municipality has adopted the ward committee system where community members through their various and respective sectors are elected to serve. Ward committees play a pivotal role in encouraging participation of the communities in matters of governance particularly in Council programs and service delivery initiatives. Through the ward committee system community inputs, concerns and comments are processed for the attention and

consideration of Municipal departments.

- Monthly ward committee meetings took place and various issues were discussed, including issues deemed critical and urgent.

COMPONENT C: CORPORATE GOVERNANCE

2.5 FRAUD AND ANTI-CORRUPTION STRATEGY

2.5.1 FRAUD PREVENTION POLICY

This policy is intended to set down Nkomazi Local Municipality's (NLM) stance to fraud and corruption and to reinforce existing systems, policies and procedures aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud and corruption. Furthermore, the purpose of this document is to confirm that the municipality supports and fosters a culture of zero tolerance to fraud and corruption in all its activities.

Scope of the policy

This policy applies to all allegations, attempts and incidents of fraud and corruption impacting or having the potential to impact NLM. All employees and management of NLM must comply with the spirit and content of the Policy.

2.5.2 FRAUD PREVENTION PLAN

Given the nature of NLM's mandate, the municipality must execute its responsibilities with integrity especially in its interaction with its employees, ratepayers, the public, suppliers, and partners and in the management of its resources. The Plan is premised on the organization's core ethical values driving the business of NLM, the development of its systems, policies and procedures, interactions with ratepayers, the public and other stakeholders, and even decision-making by individual managers representing the organisation. This means that in practice all NLM's departments and other business units and even external stakeholders must be guided by the Plan as the point of reference for their conduct in relation of NLM.

In addition to promoting ethical conduct within NLM, the Plan is also intended to assist in preventing, detecting, investigating and sanctioning fraud and corruption. This dynamic document details the steps, which will be continually taken by NLM to promote ethical conduct and address fraud and corruption. The Plan takes into account the risks of fraud and corruption as identified in business risk assessments initiated by NLM and the outcome of interviews held with NLM's senior management. The Plan addresses strategic fraud and corruption risks that must be addressed and which could jeopardise the successful implementation of each component of the Plan.

2.5.3 WHISTLE BLOWING POLICY

NLM recognises the fact that-

- Unethical conduct, fraud and corruption within NLM is detrimental to good, effective,

accountable and transparent governance and can endanger the economic stability of the municipality and have the potential to cause social damage;

- There is a need for procedures in terms of which employees and the public at large may, without fear of reprisals, disclose information relating to suspected or alleged unethical conduct, fraud and corruption affecting NLM;
- Every employer and employee have a responsibility to disclose unethical conduct, fraud and corruption in the workplace; and
- Every employer has a responsibility to take all necessary steps to ensure that employees and members of the public who disclose such information are protected from any reprisals as a result of such disclosure.

Objectives of the policy

The Protected Disclosure Act 26 of 2000 came into effect on 16 February 2001. In order to remain in compliance with the Act, NLM will-

- Strive to create a culture which will facilitate the disclosure of information by employees and members of the public relating to unethical conduct, fraud and corruption in the workplace in a responsible manner by providing clear guidelines for the disclosure of such information and protection against reprisals as a result of such disclosure; and
- Promote the eradication of unethical conduct, fraud and corruption within NLM.

The Policy is intended to encourage and enable employees and the public at large to raise concerns within NLM rather than overlooking a problem or blowing the whistle to inappropriate channels.

Furthermore, the policy aims to-

- Provide avenues for employees and members of the public to raise concerns and receive feedback on any action taken;
- Inform employees and members of the public on how to take the matter further if they are dissatisfied with the response; and
- Reassure employees and members of the public that they will be protected from reprisals or victimization for whistle blowing in good faith.

2.5.4 PUBLIC SATISFACTION

The public participation policy of council still provides that the Customer satisfaction survey be done in December each year. The timing of the policy in relation to survey still imposes a challenge in terms of implementation

2.5.5 WEBSTES

The website of the municipality is complying with the requirement of municipal website as set out in MFMA section 75. The signed performance agreements of all section 57 for 2019/20 are also available on the Municipal Website.

Municipal Website: Content and currency of material	
Documents published on the Municipality's website	Yes/No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (2021/2022)	Yes
The draft annual report (2022/23) to be published	Yes
All current performance agreements required in terms of section 57 (1)(b) of the Municipal Systems Act and resulting scorecards	Yes
All service delivery agreements (2022/2023)	Yes
All long-term borrowing contracts (2021/2022)	Yes
All supply chain management contracts above a prescribed value (give value) for (2022/2023)	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during (2022/2022)	No
Contracts agreed in (2022/2023) to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No
Public-private partnership agreements referred to in section 120 made in (2021/2022)	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during (2022/2023)	Yes
Note: MFMA S75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.	

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

3.1.1 INTRODUCTION TO WATER PROVISION

Nkomazi Local Municipality being authorized as a Water Service Provider & Water Services Authority according to the Water Service Act 108 of 1997, is mandated to ensure that every consumer or potential consumers in the Nkomazi area of jurisdiction progressively receive sufficient, efficient, affordable, economical and sustainable access to water services. The geographical location of the municipality bordering the two countries of Mozambique and Swaziland, results to a number of challenges in terms of increased demand of water services versus the available supply which affects provision of water services mostly in the rural areas. There is a number of interventions, programmes and projects the municipality is implementing on annual basis address issues of backlogs, ageing infrastructure and water conservation/water demand management.

The municipality has the following service delivery priorities on water services:

- ◆ *Operate and maintain water infrastructure for sustainable service delivery*
- ◆ *Improve access to basic water services through upgrading of water infrastructure to meet current and future demands*
- ◆ *Provision of clean water that complies with Blue Drop status*
- ◆ *Refurbishment of existing old infrastructure to improve performance*
- ◆ *To minimize water losses to improve water use efficiency (Water Conservation and Water Demand Management - WCWDM) – No drop*

The table below indicates the total backlogs on water services provision:

Table 3.1.1: Water Service Delivery Backlogs

	Services	Total No of HH	No of HH with access	%	No of HH without access	%
2011 Statistics						
Nkomazi LM	Water	96 202	77 829	81	18 373	19
2016 Stats SA Community Survey						
Nkomazi LM	Water	103 965	82 299	79.1	21 666	20.9
2021/22 (Based on 2016 Stats Community Survey)						
Nkomazi LM	Water	103 965	95 370	91.7	8 595	8.3
2022 (Based on Population growth counts Dec 2022)						
Nkomazi LM	Water	107 624	97 485	90.6	10 139	9.4
2022/23 (Based on Population growth count as at June 2023)						
Nkomazi LM	Water	115 609	101 570	87.9	14 039	12.1

The population growth in Communities at Nkomazi especially in the rural parts of the municipality as well as new stands that require water services is affecting eliminating of the backlog in the municipality. The progress on households having access to water however improves every financial year though the backlog still remains and the number of projects implemented are aimed at dealing with the backlog. The STATS SA is yet to release results after census counts were done 2022.

3.1.2 Water Service Provision Status of Infrastructure

3.1.2.1. Water Treatment Plants

The municipality has a total of 16 Water Supply Systems (WSS) for provision of water services to communities and all are functional.

Table 3.1.2.1. Municipal Water Treatment Plants

Scheme Name (WSS)	Water Treatment Plants	Design Capacity	Status	River Source	Villages Supplied
1. Driekoppies Water Supply Scheme (WSS)	1. Driekoppies WTW	22 ML/d	Operational	Driekoppies Dam	Driekoppies, Schoemansdal, Jeppes Reef, Shongwe, Middleplaas, Buffelspruit, Boschfontein, Schulzental, Skoonplaas, Magogeni
	2. Shongwe WTW	1ML/d	Operational	Ngugwane River	
	3. Buffelspruit Package Plant	2 ML/d	Operational	Lomati River	
	4. Buffelspruit River Scheme	4 ML/d	Operational	Lomati River	
	5. Schoemansdal River scheme	4 ML/d	Operational	Lomati River	
	6. Gomora Package Plant	2 ML/d	Operational	Mbambiso Dam	
2. Masibekela Water Supply Scheme	7. Fig Tree River scheme	2 ML/d	Operational	Komati River	Masibekela, Hhoyi, Mthatha, Mananga, Khombaso, Mbangwane, Goba, Ericsville, Tsambokhulu
	8. Ndumane River Scheme	4 ML/d	Operational	Komati River	
	9. Masibekela WTW	14 ML/d	Operational	Komati River	
3. Hectorspruit WSS	10. Hectorspruit WTW	2 ML/d	Operational	Crocodile River	Hectospruit, Mbekisburg
4. Komatipoort WSS	11. Komatipoort WTW	6 ML/d	Operational	Crocodile & Komati River	Komatipoort, Orlando
5. Langelooop WSS	12. Langelooop WTW	2.9 ML/d	Operational	Lomati River	Langelooop
6. Lows Creek WSS	13. Louville Package Plant 1	0.5 ML/d	Operational	Lows Creek River Canal	Louville
	14. Louville Package Plant 2	0.5 ML/d	Operational		
7. Madadeni WSS	15. Madadeni WTW	1.5 ML/d	Operational	Komati River	Madadeni
8. Magudu WSS	16. Magudu WTW	2 ML/d	Operational	Komati River	Magudu, Mgobode
9. Malelane WSS	17. Malelane WTW	6 M/d	Operational	Crocodile River	Malelane
10. Marloth Park WSS	18. Marloth Park WTW	3.5 ML/d	Operational	Crocodile River	Marloth Park

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11. Mbuzini WSS	19. Mbuzini WTW	2 ML/d	Operational	Mbuzini Dam	Mbuzini
12. Sibange WSS	20. Sibange Package Plant	0.3 ML/d	Operational	Komati River	Sibange
13. Tonga WSS	21. Tonga WTW	33 ML/d	Operational	Komati River	Tonga, Mzinti, Mangweni, Block A, Block B, Block C (Phakama)
	22. Block B Package Plant	2 ML/d	Operational	Komati River	
14. Naas/Block C WSS	23. Naas WTW	6.5 ML/d	Operational	Komati River	Naas, Block C, Ngwenyeni, Dlundluma, Steenbok
	24. Block C Old WTW	1.5 ML/d	Operational		
15. Ntunda WSS	25. Ntunda Package Plant	2 ML/d	Operational	Komati River	Ntunda, Sikhwahlane
16. Nyathi WSS	26. Nyathi WTW	12 ML/d	Operational	Lomati River & Vlakbuilt Dam	Kamhlushwa, Phosaville, Phiva, Mdladla

The municipality has constructed a new water supply scheme called Mjejane Water supply scheme which is currently under commissioning stage, the Scheme is currently under registration processes with the Department of Water and Sanitation (DWS) and will be reported end of 2023/24FY.

3.1.2.2. Municipal Water tankers provision

Water supply in villages with backlogs is supplemented water tankers. The municipality is utilizing own water tankers to provide water services as short term intervention in villages without infrastructure or where infrastructure is not sufficient to meet demands of the communities.

Table 3.1.2.2. Municipal Water Tankers

	2021/22FY	2022/23FY	Remarks
Total Number of Municipal Owned Water Tankers	13 + 2 written off	15 + 2 written off	2 Water tankers are written off due to high repair cost
No of New Water tankers procured	0	2	
Number of Water tankers operational as at 30 June	8	10	5 Water tankers are very old and break frequently.
No of Water tankers not operational as at 30 June	5	5	

3.1.2.3. Municipal Boreholes

Boreholes are used to supplement water supply where infrastructure is not available or is limited. During the financial year of 2022/23 received about 21 boreholes handed over by the Department of Human Settlement. The municipality also has boreholes projects implemented and has plans in place to refurbish non-functional boreholes in the next 3years. Below is the list of boreholes and status quo for boreholes under the municipality:

Table 3.1.2.3. Boreholes Status Quo report

NO.	MAIN VILLAGE	BOREHOLE NAME (VILLAGE)	LOCATION / SECTION/AREA	TYPE	OPERATIONAL / NON OPERATIONAL	REMARKS / COMMENTS	ACTION REQUIRED	BOREHOLE DONE BY / TO BE ACTIONED BY
1	Langeloop	NLM BH Langeloop 01	Sibukeng 01	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
2		NLM BH Langeloop 03	Thembisa Batsakatsini	Electrical	Not Operational	Borehole Vandalised	Refurbish borehole	Nkomazi LM
3		NLM BH Langeloop 04	Lusaka (diesel)	Diesel	Operational	Borehole supplying community	-	Nkomazi LM
4		NLM BH Langeloop 05	Bhekisisa	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
5		NLM BH Langeloop 06	Lusaka(2)	Electrical	Not Operational - New	Borehole under construction	-	Nkomazi LM (Contractor)
6		NLM BH Langeloop 07	GZ	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
7		Boschfontein	NLM BH Boschfontein 01	Boschfontein	Diesel	Operational - Refurbished	Borehole supplying community	-
8	NLM BH Boschfontein 02		Boschfontein Mbangave	Electrical	Not Operational - old borehole (hole)	Drilled Hole with water	Refurbish borehole	Nkomazi LM - Mechanical unit
9	Gomora	NLM BH Gomora 01	Gomora near dam - field	Diesel	Operational	Borehole supplying community	-	Nkomazi LM
10		NLM BH Gomora 02	Gomora near Ground	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
11		NLM BH Gomora 03	Gomora new - towards magogeni	Electrical	Not Operational - New	Borehole under construction	-	Nkomazi LM (Contractor)
12		NLM BH Gomora 04	Gomora near package Plant	Electrical	Not Operational - old	Borehole under refurbishment	-	Nkomazi LM (Contractor)
13	Aniva	NLM BH Aniva	Aniva New stands	Solar	Operational	Borehole supplying community	-	EDM
14	Magogeni	NLM BH Magogeni 01	Magogeni (Soshangane)	Electrical	Operational but not used	Community Issues - tanks removed	-	EDM / Nkomaz LM
15		NLM BH Magogeni 02	Nkomlophondvo	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
16		NLM BH Magogeni 03	Phaphazela	Electrical	Not Operational - New	Borehole under construction	-	Nkomazi LM (Contractor)
17		NLM BH Magogeni 04	Khandlela	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
18		NLM BH Magogeni 05	New Village	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
19		NLM BH Magogeni 06	Oom Piet near T-junction	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
20	Driekoppies	NLM BH Driekoppies 01	Driekoppies (Nhlabaville)	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
21		NLM BH Driekoppies 02	Driekoppies (Bongani Lulamile)	Electrical	Not Operational - old borehole (hole)	Borehole under refurbishment	-	Nkomazi LM (Contractor)
22		NLM BH Driekoppies 03	Driekoppies (Selby Khumalo)	Electrical	Not Operational - old borehole (hole)	Borehole under refurbishment	-	Nkomazi LM (Contractor)

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23		NLM BH Driekoppies 04	Driekoppies (Bongani)	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
24	Buffelspruit	NLM BH Buffelspruit 01	KaShabangu	Electrical	Not Operational	Pump faulty	Refurbish borehole	Nkomazi LM - Mechanical unit
25		NLM BH Buffelspruit 02	Buffelspruit 2 - Buhleni	Diesel	Operational	Borehole supplying community	-	Nkomazi LM
26	Schoemansdal	NLM BH Schoemansdal 01	Bhodweni 1	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
27		NLM BH Schoemansdal 02	Bhodweni 2	Electrical	Not Operational - New	Borehole under construction	-	Nkomazi LM (Contractor)
28	Kamhlushwa	NLM BH Kamhlushwa 01	Nkandla 01- next to Mkiweni	Electrical	Not Operational - New	Borehole under construction	-	Nkomazi LM (Contractor)
29		NLM BH Kamhlushwa 02	Nkandla 02 - next to Mobeni	Solar	Operational	Borehole pumps and stops	-	EDM
30	Phiva	NLM BH Phiva	Phiva new stands	Electrical	Operational	Borehole supplying community	-	EDM
31	Mdladla	NLM BH Mdladla 01	Mdladla Sigweje	Electrical	Operational - New	Borehole under construction	-	Nkomazi LM (Contractor)
32		NLM BH Mdladla 02	Mdladla Towland station	Diesel	Not Operational - old borehole	Borehole requires to be reinstated	Refurbish borehole	Nkomazi LM - Mechanical unit
33	Jeppes Reef	NLM BH Jeppesreef	Zone 10	Electrical	Not Operational - old borehole (hole)	Borehole requires to be reinstated	Refurbish borehole	Nkomazi LM - Mechanical unit
34	Mbuzini	NLM BH Mbuzini 01	Bhaca - kaFish	Electrical	Not operational - meter box stolen	Meter box stolen	Refurbish borehole	Nkomazi LM
35		NLM BH Mbuzini 02	Nkungwini (Mbhudula)	Electrical	Not Operational - Vandalised	Vandalised	Refurbish borehole	Nkomazi LM
36		NLM BH Mbuzini 03	Mbuzini Samora machel	Electrical	Not Operational - Vandalised	Vandalised	Refurbish borehole	Nkomazi LM
37	Goba	NLM BH Goba 01	Western outskirts	Electrical	Not Operational - Transformer stolen	Transformer stolen	Refurbish borehole	Nkomazi LM - Mechanical unit
38		NLM BH Goba 02	North western outskirts	Diesel	Operational	Borehole supplying community	-	Nkomazi LM
39	Dludluma	NLM BH Dludluma 01	Near Hall	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
40		NLM BH Dludluma 02	Near primary school	Generator	Operational	Borehole supplying community	-	Nkomazi LM
41		NLM BH Dludluma 03	Emasimini	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
42		NLM BH Dludluma 04	Next to tank	Generator	Operational - New (Very low yield)	Borehole pumped with generator	Re-drill borehole	Human Settlement
43		NLM BH Dludluma 05	Next to Jerry home	Generator	Operational - New	Borehole has very low yield	Equip other boreholes	Nkomazi LM (Contractor)
44		NLM BH Dludluma 06	Next to hall	Electrical	Not Operational - Drilled hole	Borehole requires to be equipped	Equip borehole	Nkomazi LM - Mechanical unit
45		NLM BH Dludluma 07	Western outskirts	Electrical	Not Operational - Drilled hole	Borehole requires to be equipped	Equip borehole	Nkomazi LM - Mechanical unit
46	Ngwenyeni	NLM BH Ngwenyeni 01	Southern outskirts	Electrical	Not Operational - Pump and cable stolen	Borehole Vandalised	Refurbish horehole	Nkomazi LM - Mechanical unit
47		NLM BH Ngwenyeni 02	Eastern outskirts	Electrical	Operational - New	Borehole under construction	-	Nkomazi LM (Contractor)
48		NLM BH Ngwenyeni 03	Next to medical centre	Windmill / Elec	Not Operational - old borehole	Borehole requires to be reinstated	Refurbish borehole	Nkomazi LM - Mechanical unit
49		NLM BH Ngwenyeni 04	Next to school	Electrical	Not Operational - old borehole	Borehole requires to be reinstated	Refurbish borehole	Nkomazi LM - Mechanical unit
50	Steenbok	NLM BH Steenbok 01	Kakepisi	Diesel	Operational	Borehole supplying community	-	Nkomazi LM
51		NLM BH Steenbok 02	Dam	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
52		NLM BH Steenbok 03	Gebhundlovu	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
53		NLM BH Steenbok 04	Sibusisiwe	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
54		NLM BH Steenbok 05	kaSambo - new	Electrical	Not operational - Drilled hole & no water	Borehole dry - drilled 5times	Equip other boreholes	Nkomazi LM (Contractor)
55	Hhoyi	NLM BH Hoyi 01	Near primary school -	Electrical	Operational	Borehole supplying community	-	Nkomazi LM

			matjembeni					
56		NLM BH Hoyi 02	Sophungane Primary school - near hall	Electrical	Operational	Borehole under refurbishment	-	Nkomazi LM (Contractor)
57		NLM BH Hoyi 03	Tempe - Nkubuhle	Electrical	Operational	Borehole under construction	-	Nkomazi LM (Contractor)
58	Khombaso	NLM BH Khombaso	Khombaso	Electrical	Not operational	Motor damaged	Refurbish borehole	Nkomazi LM - Mechanical unit
59	Mbangwane	NLM BH Mbangwane	eMasimini	Diesel	Not operational - old borehole (hole)	Borehole under construction	-	Nkomazi LM (Contractor)
60	Mananga	NLM BH Mananga 01	Mananga entrance steel tank	Electrical	Not operational - old borehole	Borehole require refurbishment	-	Nkomazi LM - Mechanical unit
61		NLM BH Mananga 02	Next to sport field	Electrical	Not operational	Borehole require refurbishment	-	Nkomazi LM - Mechanical unit
62		NLM BH Mananga 03	Mananga clinic	Electrical	Not operational	Borehole require refurbishment	-	Nkomazi LM - Mechanical unit
63		NLM BH Mananga 03	Next to mhlanga home	Electrical	Not operational	Borehole require refurbishment	-	Nkomazi LM
64		NLM BH Mananga 04	Western outskirts	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
65	Naas	NLM BH Naas Gretane 01	Gretane 01	Electrical	Not Operational - New	Borehole and tank stolen	Replace Tank & borehole	Human Settlement
66		NLM BH Naas Gretane 02	Gretane 02	Electrical	Operational - New	Connected to community power	-	Human Settlement
67		NLM BH Naas Gretane 03	Gretane 03	Electrical	Operational - New	Connected to community power	-	Human Settlement
68		NLM BH Naas Msholoji	Msholoji	Electrical	Not operational - Drilled hole & no water	Borehole dry - drilled 5times	Equip other boreholes	Nkomazi LM (Contractor)
69	Block C	NLM BH Block C 01	Dindela	Electrical	Not Operational - under construction	Awaiting for Eskom to connect power	-	EDM
70		NLM BH Block C 02	Manyeleti	Electrical	Not Operational	Borehole collapsed - need redrilling	Refurbish Borehole	EDM / Nkomazi LM Mechanical
71	Masibekela	NLM BH Mthatha / New Village	Mthatha / New Village	Electrical	Not Operational	Community didn't want borehole	-	Nkomazi LM
72	Mangweni	NLM BH Mangweni 01	Mangweni 01	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
73		NLM BH Mangweni 02	Mangweni 02	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
74		NLM BH Mangweni 03	Mangweni Joyce	Electrical	Not Operational	Borehole under refurbishment	-	Nkomazi LM (Contractor)
75		NLM BH Mangweni 04	Mangweni hand pump near dam	Electrical	Not Operational	Borehole under refurbishment	-	Nkomazi LM (Contractor)
76		NLM BH Mangweni 05	Mangweni Nhlabeni	Electrical	Not operational - Drilled hole & no water	Borehole dry - drilled 5times	Equip other boreholes	Nkomazi LM (Contractor)
77	Mgobode	NLM BH Mgobode 01	Mgobode(1) - Shangaan	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
78		NLM BH Mgobode 02	Mgobode(2) - Phakama	Generator	Not Operational	Pump and tank stolen	Replace Borehole & Tank	Nkomazi LM (Contractor)
79		NLM BH Mgobode 03	Mgobode(3) - Moyeni	Diesel	Operational	Borehole supplying community	-	Nkomazi LM
80		NLM BH Mgobode 04	Mgobode(4) - Mawewe	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
81		NLM BH Mgobode 05	Mgobode(5) - Pupupu	Diesel	Operational	Borehole supplying community	-	Nkomazi LM
82		NLM BH Mgobode 06	Mgobode(6) - Shangaan	Generator	Not Operational - New	Stolen Borehole and tank	Replace Borehole & Tank	Nkomazi LM (Contractor)
83		NLM BH Mgobode 07	Mgobode(7) - Mpumulweni	Generator	Not Operational Borehole stolen	Stolen borehole must be replaced	Refurbish borehole	Human Settlement
84		NLM BH Mgobode 08	Mgobode(8) - Gema	Generator	Not Operational	Borehole under construction	-	Nkomazi LM (Contractor)
85	Sibange	NLM BH Sibange	Sibange	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
86	Magudu	NLM BH Magudu	Magudu	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement

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87	Madadeni	NLM BH Madadeni	Madadeni Marula	Generator	Not Operational - New	Fault finding and investigation	Re-instate borehole	Human Settlement / Mechanical
88	Mzinti	NLM BH Mzinti Ruth First 01	Mzinti Ruth first 01	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
89		NLM BH Mzinti Ruth First 02	Mzinti Ruth first 02	Electrical	Operational - New	Borehole under construction	-	Nkomazi LM (Contractor)
90	Block B	NLM BH Block B 01	Block B Mndeni	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
91		NLM BH Block B 02	Block B Matjeni	Generator	Not Operational - New	Community issues	Drill new borehole	Nkomazi LM (Contractor)
92	Louville	NLM BH Louieville 01	Near package plant - Bhubhane	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
93		NLM BH Louieville 02	Louieville Mahlabatsini	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
94		NLM BH Louieville 03	Louieville KaZulu	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
95		NLM BH Louieville 04	Louieville kaMoses	Generator	Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
96		NLM BH Louieville 05	Louieville kaBhobo	Electrical	Not operational - drilled	Borehole under construction	-	Nkomazi LM (Contractor)
97		NLM BH Louieville 06	Louieville kaNgogo	Electrical	Not operational - drilled	Borehole under construction	-	Nkomazi LM (Contractor)
98	Stentor	NLM BH Stentor 01	Stentor - to package plant	Electrical	Operational	Borehole supplying community	-	Nkomazi LM (Contractor)
99		NLM BH Stentor 02	Stentor - ground	Electrical	Not operational - power cut	Restore power supply	Reconnect borehole	Nkomazi LM - Eskom
100	Mkwarukwaru	NLM BH Mkwarukwaru 01	Mkwarukwaru old	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
101		NLM BH Mkwarukwaru 02	Mkwarukwaru new	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
102	Hectorspruit (Mjejane)	NLM BH Mjejane 01	Mjejane kaLakhoza	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
103		NLM BH Mjejane 02	Mjejane kaLaMtshali	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
104		NLM BH Mjejane 03	Mjejane Nyangeni	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
105		NLM BH Mjejane 04	Mjejane KaJustice	Electrical	Operational	Borehole supplying community	-	Nkomazi LM
106		NLM BH Mjejane 05	Mjejane Ndindela side	Generator	Operational - New (Bad water quality)	Borehole pumped with generator	Install treatment system	Human Settlement
107	Komatipoort	NLM BH Komatipoort 01	Komatipoort 01 - municipal house	Electrical	Not Operational	Borehole require refurbishment	-	Nkomazi LM - Mechanical unit
108		NLM BH Komatipoort 02	Komatipoort 02	Electrical	Not Operational	Borehole require refurbishment	-	Nkomazi LM - Mechanical unit

SUMMARY	
TOTAL NUMBER OF BOREHOLES	108
NO OF BOREHOLES FUNCTIONAL	60
BOREHOLES NOT OPERATIONAL	48
BOREHOLES DONE BY HUMAN SETTLEMENT 2020-2023	21
BOREHOLES DONE BY EDM 2020-2023	6
BOREHOLES UNDER CONSTRUCTION BY ASIAM TRADING	14
BOREHOLES UNDER CONSTRUCTION BY MJ MTHOMBENI	14

3.1.3 WATER SERVICE DELIVERY LEVELS

Table 3.1.3: Water Service Delivery Levels 2022/23

Description	Households		
	2020/21	2021/22	2022/23
	Actual No	Actual No	Actual No
Water: (above min level)			
Piped water inside dwelling and Inside yard	72 602	75 847	82 047
Standpipe less than 200m	19 523	19 523	19 523
Minimum Service Level and Above Sub-total	92 125	95 370	101 570
Minimum Service Level and Above Percentage	88.6%	91.7%	87.9%
Water: (below min level)			
More than 200m from dwelling	2 225	2 225	2 225
No water supply	9 615	6 370	11 814
Below Minimum Service Level sub-total	11 840	8 595	14 039
Below Minimum Service Level Percentage	11.4%	8.7%	12.1%
Total number of households*	103 965*	103 965*	115 609~
*2016 Stats SA Community Survey. ~ 2023 Households population growth counts – Incorporated in the Masterplans			

The access to water services has improved on the 2022/23FY, New projects completed (6 in total) resulted in **8565 new households was reticulated 2022/23FY**, however there are new stands that are emanating which affect eliminating of water backlogs, access to piped water has improved, though the challenge of illegal water connections is still persistent in most rural villages. The STATS SA Census has done counting also on the 2022-2023 Period which their results are awaiting.

Water services below minimum 2022/23:*Table 3.1.4: Water Service Delivery Performance 2022/23***Water services below minimum 2022/23:**

Households – Water Service Delivery Below the Minimum				
Description	2021/22	2022/23	Original Budget 2022/23	Adjusted Budget 2022/23
	Actual No.	Actual No.		
Total Households (Formal + Informal Settlements)	103 965	115 609~	106 172	106 172
Households below minimum service (Formal + Informal)	8 595*	14 039~		
% Households below minimum service level	8.7%	12.1%		
* - Backlog on water supply service based on 2016 Stats SA Community Survey ~ 2023 Households population growth counts				

Table 3.1.4: Water Service Delivery Performance 2022/23

Water Service Objectives								
Service Objective Service Indicator	Service Targets	2020/21		2021/22		2022/23		Following
		Target	Actual	Target	Actual	Target	Actual	Year 2023/24 Targets
<i>Service Objective: Improve access to basic quality, sustainable and reliable water service</i>								
Improve Access to Water Services	No of additional households provided with minimum water supply during the year.	3710 New Households (HH) with access to water services by 30 June 2021	511 New Households (HH) with access to water services by 30 June 2021	3210 New Households (HH) with access to water services by 30 June 2022	2733 New Households (HH) with access to water services by 30 June 2022	9734 New Households (HH) with access to water services by 30 June 2023	8585 New Households (HH) with access to water services by 30 June 2023	1828 new households with access to piped water by 30 June 2024
Improve Quality of Water	Conduct water sampling and analysis for Blue Drop status.	16 Water Supply Systems and boreholes sampled and monitored for blue drop status by 30 June 2021	16 Water Supply Systems and boreholes sampled and monitored for blue drop status by 30 June 2021	16 Water Supply Systems and boreholes tested and monitored for blue drop status by 30 June 2022	16 Water Supply Systems and boreholes tested and monitored for blue drop status by 30 June 2022	16 Water Supply Systems and boreholes tested and monitored for blue drop status by 30 June 2023	16 Water Supply Systems and boreholes tested and monitored for blue drop status by 30 June 2023	16 Water Supply Systems and boreholes tested and monitored for blue drop status by 30 June 2024
	Percentage Water Quality Compliance	N/A	N/A	70% Average Compliance of Drinking Water to SANS 241 by 30 June 2022	82,5% Average Compliance of Drinking Water to SANS 241 by 30 June 2022	70% Average Compliance of Drinking Water to SANS 241 by 30 June 2023	75,98% Average Compliance of Drinking Water to SANS 241 by 30 June 2023	80% Average Compliance of Drinking Water to SANS 241 by 30 June 2024
Improve Access to Water Services	Percentage of Water Callouts Responded to Within 24hrs	N/A	N/A	70% Water Callouts Responded within 24hrs by 30 June 2022	94,8% Water Callouts Responded within 24hrs by 30 June 2022	70% Water Callouts Responded within 24hrs by 30 June 2023	89,4% Water Callouts Responded within 24hrs by 30 June 2023	90% Water Callouts Responded within 24hrs by 30 June 2023
	PPE for maintenance of water infrastructure	N/A	N/A	N/A	N/A	1xTLB, 1xExcavator and 2xWater Tankers, Delivered by 30 June 2023	1xTLB, 1xExcavator and 2xWater Tankers, Delivered by 30 June 2023	1xTLB, 2xWater Tankers, Delivered by 30 June 2024
Reduce Water Losses	Percentage water distribution losses	4% Water distribution loss by 30 June 2021	0,3% Water distribution loss by 30 June 2021	3% Water distribution loss by 30 June 2022	0,62% Water distribution loss by 30 June 2022	3% Water distribution loss by 30 June 2023	0,53% Water distribution loss by 30 June 2023	2% Water distribution loss by 30 June 2024

16 Water Supply Systems (WSS) and boreholes tested and monitored for blue drop status in the following listed plants:

No	Water Supply System Name (WSS)	Water Purification Plants	Determinants monitored	Monitored externally by	Frequency
1	1. Driekoppies Water Supply scheme (WSS)	1. Driekoppies WTW 2. Shongwe WTW 3. Buffelspruit Package Plant 4. Buffelspruit River scheme 5. Schoemansdal River scheme	Microbiological (Health) E.coli count/100ml Chemical (Health) Nitrate and Nitrite as N mg/l Iron as Fe µg/l Manganese as Mn µg/l Fluoride as F ⁻ mg/l Physical, Organoleptic (Non Health) Magnesium as Mg mg/l Turbidity NTU Calcium as Ca mg/l Chloride as Cl ⁻ mg/l Colour mg/l Pt Conductivity at 25° C mS/m Total Dissolved Solids mg/l Potassium as K mg/l Sodium as Na mg/l SANS 241 Operational Tests Residual Chlorine mg/l	Accredited Laboratory	Monthly
2	Masibekela Water Supply Scheme	6. Fig Tree River scheme Ndumane River Scheme 7. Masibekela WTW		Accredited Laboratory	Monthly
3	Hectorspruit WSS	8. Hectorspruit WTW		Accredited Laboratory	Monthly
4	Komatipoort WSS	9. Komatipoort WTW		Accredited Laboratory	Monthly
5	Langelooop WSS	10. Langelooop WTW		Accredited Laboratory	Monthly
6	Lows Creek WSS	11. Louville Package Plant 1 12. Louville Package Plant 2		Accredited Laboratory	Monthly
7	Madadeni WSS	13. Madadeni WTW		Accredited Laboratory	Monthly
8	Magudu WSS	14. Magudu WTW		Accredited Laboratory	Monthly
9	Malelane WSS	15. Malelane WTW		Accredited Laboratory	Monthly
10	Marloth Park WSS	16. Marloth Park WTW		Accredited Laboratory	Monthly
11	Mbuzini WSS	17. Mbuzini WTW		Accredited Laboratory	Monthly
12	Sibange WSS	18. Sibange Package Plant		Accredited Laboratory	Monthly
13	Tonga WSS	19. Tonga WTW 20. Block B Package Plant		Accredited Laboratory	Monthly
14	Naas/Block C WSS	21. Naas/Block C WTW		Accredited Laboratory	Monthly
15	Ntunda WSS	22. Ntunda Package Plant		Accredited Laboratory	Monthly

16	Nyathi WSS	23. Nyathi WTW	Total Coliforms count per 100 ml Heterotrophic Plate Count count per 1 ml	Accredited Laboratory	Monthly
	Nkomazi Rudimentary boreholes	Boreholes	pH at 25° C pH Units Total Chlorine mg/l		

3.1.4 WATER SERVICE OPERATIONS & MAINTENANCE EMPLOYEES

Table 3.1.4: Water Service Employees 2022/23

Employees: Water Services										
Job Task Level	Post Description	2020/21			2021/22			2022/23		
		No. of Employees Filled	Vacancies (Full time)	No. of Employees Filled + Vacant	No. of Employees Filled	Vacancies (Full time)	No. of Employees Filled + Vacant	No. of Employees Filled	Vacancies (Full time)	No. of Employees Filled + Vacant
TL17	Manager Water & Sanitation	1	0	1	1	0	1	1	0	1
TL16	Senior Superintendent O&M	3	1	4	4	0	4	4	0	4
TL16	Senior Superintendent Plants & Dosing Systems	0	1	1	1	0	1	1	0	1
TL16	Water Quality Officer	1	0	1	1	0	1	1	0	1
TL15	Snr Administrative Officer	0	1	1	1	0	1	1	0	1
TL14	Water Conservation & Demand Technician	1	0	1	1	0	1	1	0	1
TL14	Superintendent O&M	2	2	4	3	1	4	4	1	5
TL14	Superintendent Water Tankers	2	0	2	2	0	2	2	0	2
TL14	Superintendent Water Plants	3	1	4	3	1	4	2	2	4
TL12	Foreman O & M	19	1	20	16	6	22	14	8	22
TL12	Foreman Water Tankers	1	1	2	1	1	2	1	1	2
TL11	Water Plant Supervisors	2	12	14	9	5	14	9	5	14
TL14	Laboratory Technician	1	0	1	1	0	1	1	0	1
TL11	Administrative Officer	3	1	4	2	2	4	1	3	4
TL9	Administrative Clerk	2	0	2	1	1	2	1	3	4

TL10	Plumbers Water / Team Leaders	0	20	20	0	20	20	0	20	20
TL8	Drivers (Water Tankers)	11	11	22	14	8	22	14	8	22
TL8	TLB Operators	3	2	5	5	0	5	5	3	8
TL8	Driver (Tractor)	0	2	2	0	2	2	0	2	2
TL8	Water Process Controllers Grand Parent	52	0	52	52	0	52	0	52	52
TL6	Water Process Controllers	96	28	124	96	36	132	96	36	132
TL6	Plumbers Grand parents	10	10	20	10	10	20	10	34	44
TL3	Pump Operators Grand Parents	26	0	26	26	0	26	0	26	26
TL6	Data Capture – Water Demand	0	2	2	0	2	2	0	2	2
TL6	Sampling Officer – Water Quality	0	2	2	0	2	2	0	2	2
TL3	Plumbers Assistants / General workers	75	131	206	196	10	206	196	10	206
TL3	Pump Operators	41	66	107	77	30	107	77	10	87
Total		355	295	650	523	137	660	442	228	670

- ◆ The water section has a number of unfilled vacant posts, which are critical posts to assist in improving service delivery.
- ◆ The current vacancy rate on Task levels above TL4 is due to the deceased and retired, whose posts has not been filled in the past 4years, employees are currently acting on these posts without receiving acting allowance due to high wage bill
- ◆ The municipality is also constructing new infrastructure every financial year that require personnel to operate (operators, plumbers, process controllers, etc., and also procuring new fleet, e.g., water tankers that requires drivers, the current staff work excessive hours on monthly basis. The critical posts related to service delivery must be advertised to ensure continuous water service delivery

Table 3.1.5: Mechanical Unit Employees 2022/23

Employees: Mechanical Unit									
Job Task Level	Post Description	2020/21		2021/22			2022/23		
		No. of Employees Filled	Vacancies (Full time)	No. of Employees Currently	Vacancies (Full time)	Total Required (Filled + Vacancies)	No. of Employees Currently	Vacancies (Full time)	Total Required (Filled + Vacancies)
TL17	Manager Operations & Maintenance Mechanical	1	0	1	0	1	1	0	1
TL16	Senior Superintendent O&M Mechanical	1	1	1	1	2	1	1	2
TL13	Artisan (Fitter)	2	2	1	3	4	1	3	4
TL13	Boilermaker	0	2	0	2	2	0	2	2
TL6	Assistant Boilermaker	0	2	0	2	2	0	2	2
TL13	Instrumentation Technician	0	2	0	2	2	0	2	2
TL13	Job Planner	0	1	0	1	1	0	1	1
TL11	Admin Officer	0	1	0	1	1	0	1	1
TL6	Assistant Fitter Mechanical	0	20	0	20	20	0	20	20
TL3	General Worker	18	0	18	0	18	18	0	18
Total				21	32	53	21	32	53

- ◆ The mechanical unit has a number of vacancies that need to be budgeted and filled to enable it to function fully to ensure that the municipality save costs on outsourcing this service.

3.1.5 WATER SERVICES FINANCIAL PERFORMANCE

Table 3.1.5: Financial Performance 2022/23 – Water Services

Water Services Financial Performance R'000									
Details	2020/21	2021/22				2022/23			
	Adjusted Budget	Original Budget	Adjusted Budget	Actual Expenditure	Variance to Budget (%)	Original Budget	Adjusted Budget	Actual Expenditure	Variance to Budget (%)
Total Operational Revenue (Excl. Tariffs)	397 055	534 916	537 567	542 726	0,96	691,395	713 217	694 296	2,7
Expenditure									
Employees	75 424	126 524	122 621	150 403	-22,7	130 490	129 413	165 654	-28,0
Repairs & Maintenance	10 156	18 302	13 202	17 868	-35,3	17 805	15 806	18 291	-15,7
Other	26 849	22 605	22 740	37 032	-62,8	33 012	62 487	70 485	-12,8
Total Operation Expenditure	112 429	167 431	158 563	205 303	-29,5	181,307	207,706	254 430	-22,5

3.1.6 CAPITAL EXPENDITURE ON WATER SERVICES PROJECTS

3.1.6.1 Multi-year Capital Projects

The following projects are continuing over projects from 2020/21FY that was completed in 2022/23 FY.

Table 3.1.6.1: Capital Projects from Previous financial year

CAPITAL PROJECTS	PROGRESS	BUDGET 2022/23	EXPENDITURE 2022/23
BULK WATER SUPPLY & RETICULATION PROJECTS			
CAPITAL PROJECTS			
Refurbishment of existing bulk infrastructure and extension of reticulation in Buffelspruit	Construction 99%	No financial implication in 2022/23 financial year	

3.1.6.2 Capital Projects for 2022/23 FY

Table 3.1.6.2: Capital Expenditure 2022/2023 (MIG & WSIG & RBIG) – Water Services

CAPITAL PROJECTS	TYPE	PROGRESS	BUDGET 2022/23	EXPENDITURE 2022/23
Construction of 3.0ML water treatment package plant, raw water abstraction pump station, raw water booster pump station and pipe works (phase 2)	Multi-year	Construction 100%	R2,417,568	R2,390,964
Construction of Emjejane Water supply Phase 3 (Zone 1,2&3)	Multi-year	Construction Zone 1(100%) Zone 2 (100%) Zone 3 (100%)	R16,557,686	R16,557,685
Construction of Bulk Pipeline for Driekoppies Regional Bulk Water Scheme	Multi-year	Construction 99%	R3,521,506	R3,096,346
Construction of elevated tank and booster pump to supply Zone 10, Extend reticulation at Zone 10,11 & Phigogo, install booster pump for water supply to kamakwelintaba.	Multi-year	Construction 100%	R3,377,723	R3,377,723
Upgrade of Naas Water Scheme Phase 1	Multi-year	Construction 99%	R39,194,344	R40,875,309
Upgrade of Naas Water Scheme Phase 2A	Multi-year	Construction 51%		

2022-2023				
Upgrade of Naas Water Scheme Phase 2B	Multi-year	Construction 100%		
Construction of Bulk Pipeline for Sibange Regional Bulk Water Scheme	Multi-year	Construction 90%	R18,221,644	R15,129,001
Extension of water Reticulation in Sikhwahlane and Ntunda	Multi-year	Construction 100%	R3,381,859	R3,381,859
Provision of Water Reticulation in Madadeni	Single-year	Construction 100%	R4,331,071	R4,328,121
Construction of a Bulk line and extension of water reticulation at Sibange	Single-year	Construction 80%	R15,631,656	R14,955,882
Refurbishment and drilling of boreholes in Nkomazi Municipality Zone 1 & 2	Multi-year	Construction Zone 1 (91%) Zone 2 (89%)	R5,804,400	R3,094,024
Construction of bulk pipeline, reinforced concrete reservoir and booster pump station in Jeppes Reef and Buffelspruit (Phase 2B and 2C)	Multi-year	Construction 95%	R156,900,000	R74,681,980
Construction of bulk pipeline, reinforced concrete reservoir and booster pump station in Magogeni and Langelooop (Phase 3A and 3B)	Multi-year	Construction 96%		R82,218,020
Extension of Water Reticulation in Louville phase 1	Multi-year	Construction 16%	R28,254,290	R31,560,637
Upgrading of Package plant in Louville, Additional 1ML/d phase 2	Multi-year	Construction 14%		
Refurbishment of Hectorspruit WWTW Oxidation ponds	Multi-year	Construction 57%	R13,663,745	R13,743,145
Extension of water Reticulation in Gomora	Single-year	Construction 95%	R12,375,459	R12,344,410
Extension of water Reticulation in Magogeni	Multi-year	Construction 63%	R12,447,071	R12,432,938
TOTAL			R336,080,022	R334,168,044

Table 3.1.5.3: Capital Expenditure 2022/2023(Own Revenue) – Water Services & Mechanical

CAPITAL PROJECTS	TYPE	PROGRESS	BUDGET 2022/23 (R)	EXPENDITURE 2022/23 (R)
BULK WATER SUPPLY & RETICULATION PROJECTS				
Mobile water pump	Annual	100% Completion	509,200	509,200
PPE for maintenance of water infrastructure (1xTLB, 1xExcavator, 2x18000L Water Tankers)	Annual	1xTLB, 1xExcavator, 2x18000L Water Tankers	8,500,000	8,500,000
TOTAL			9,009,000	9,009,000

WATER SERVICES OVERALL PERFORMANCE

COMMENT ON WATER SERVICES PERFORMANCE OVERALL

The municipality completed all rollover projects for the 2021/22 financial year, and most of the old projects from 2020/21FY that were multi-year were completed, however most projects were delayed due to numerous community unrests but most project were at practical completion by year end and planned to be completed by 2nd quarter of the 2023/24FY. The municipality experienced floods during the 2022/23Financial year.

Overall Achievements

- ◆ The municipality has successfully implemented the MIG, WSIG, RBIG grants and was able to reduce the backlog on water supply by 885 HH (which were new households that were connected with new reticulation at Mjejane, Gomora, Madadeni, Ntunda and Sikhwahlane))
- ◆ The municipality through its own revenue successfully procured 2 new 10 000L water tankers and 1TLB to improve water service delivery
- ◆ Eskom new transformer was installed by Eskom towards end of 2022/23FY at Tonga Raw to assist Tonga, Mangweni, Block B, etc villages and surroundings with water reticulation that does not have sufficient water
- ◆ The boreholes under MIG programme are still in progress and delays on its implementation is caused by community unrests and collapsing of boreholes
- ◆ The municipality received 21 new boreholes from Department of Human settlements which are pumped using generators
- ◆ A number of villages were assisted through the short-term interventions of connecting stand pipes and replacement of pipes for the community to have some water.
- ◆ The municipality through the Touching lives programme lauched in the last quarter of the 2022/23FY, was able to attend to a number of water leakages and illegal connections in the villages at Schoemansdal, Middleplaas, Mbuzini, Mdladla, Block C, Masibekela, Block B, Magogeni
- ◆ The municipality implemented short term interventions to restore water supply after the disaster had occurred

Challenges

- ◆ The floods experience in February 2023 during the course of the financial year has impacted severely on the provision of water services and resulted in delays in implementation of some of the projects that were planned for the financial year.
- ◆ Community unrests affects completion of some projects
- ◆ Unauthorized/Illegal connections and damage of water infrastructure is still a challenge and have negative impact on water supply
- ◆ Ageing infrastructure is also a huge challenge
- ◆ Increased demand on water supplies put more stress in the existing infrastructure
- ◆ Shortage of staff for operation on newly created infrastructure is still a challenge
- ◆ Ageing fleet is still a challenge for the water section (bakkies, TLBs, water tankers)
- ◆ There is a huge demand for water tankers especially on the new stands without water infrastructure.
- ◆ Cable & Electrical infrastructure theft and vandalism remain a huge challenge and affect water supply

3.2 WASTE WATER (SANITATION) PROVISION

3.2 WASTE WATER

Sanitation is dignity for every South African Citizen and as such the municipality is aimed at providing efficient, affordable, economical and sustainable access to sanitation services to all its consumers.

Full water borne sanitation is provided in the urban towns of the municipality (i.e., Malelane, Hectorspruit, Komatipoort, part of Tonga) while convertible sanitation toilets are implemented in the rural areas of the municipality, septic tanks system is used at Marloth Park and Suidorp. The municipality continues to operate and maintain its plants accordingly in order to progress well towards improvement in green drop performance in terms of wastewater management.

The proportion of households with minimum level of water service is indicated below:

Services		Total No of HH	No of HH with access	%	No of HH without access	%
2011 Statistics						
Nkomazi LM	Sanitation	96 202	65 485	68	30 717	32
2016 Stats SA Community Survey						
Nkomazi LM	Sanitation	103 965	100 667	96.8	3 298	3.2
2021/2022						
Nkomazi LM	Sanitation	103 965	101 987	98.1	1 798	1.9
2022 (Based on Population growth counts as at Dec 2022)						
Nkomazi LM	Sanitation	107 624	101 987	94.8	5 637	5.2
2022 (Based on Population growth counts as at June 2023)						
Nkomazi LM	Sanitation	115 609	102 667	88.8	12 942	11.2

The municipality has the following service delivery objectives on sanitation services:

- ❖ To operate and maintain wastewater infrastructure for sustainable service delivery
- ❖ To upgrade & refurbish sewer infrastructure to meet current and future demands & Improve performance
- ❖ Reduction of backlogs on sanitation to improve sanitation provision
- ❖ Management of sewer treatment systems to comply with Green Drop status

Nkomazi Local Municipality is responsible to operate and manage five (5) active wastewater systems as listed below:

Table 3.2.1: Sanitation Service Delivery Levels

No	Wastewater System	Status	Estimate Population	Treatment Capacity m ³ /d	Receiving Body	Type of Treatment
1	Komartipoort WWTW	Operational	4466	1250	Crocodile river	Oxidation Pond
2	Hectorspruit WWTW	Operational	2487	400	Crocodile river	Oxidation Pond
3	Mhlatikop WWTW	Operational	300	1000	Crocodile river	Activated Sludge
4	Tonga WWTW	Operational	84856	1250	Komati river	Oxidation Pond
5	Malelane/ Mhlatiplaas WWTW	Operational	2907	750	Crocodile river	Oxidation Pond

All wastewater treatment works are supported by pump stations except for Tonga WWTW.

The municipality where there are septic tank render service in a form of a honey sucker:

- ◆ The municipality has one (1) Honey sucker, which is operational

Table 3.2.2: Sanitation Service Delivery Levels

Description	Households	Households	Households
	2020/21	2021/22	2022/23
	Actual No.	Actual No.	Actual No.
<i>Sanitation / Sewerage: (above min level)</i>			
Flush toilet (connected to sewerage system)	7317	7317	7317
Flush toilet (with septic tank)	2867	2867	2867
Pit toilet with ventilation (VIP & Convertible Sanitation)	32 512	33 232	34 512
Pit toilet without ventilation	54236	54236	54236
Chemical toilet	3735	3735	3735
Minimum Service Level and Above sub-total	100 667	101 387	102 667
Minimum Service Level and Above Percentage	96.8%	97.5%	88.8%
<i>Sanitation / Sewerage: (below min level)</i>			
Other (Below min-level)	1110	1110	1110
No sanitation services	2188	1468	11 832
Below Minimum Service Level sub-total	3298	2578	12 942
Below Minimum Service Level Percentage	3.2%	2.5%	11.2%
Total number of households*	103 965*	103 965*	115 609~
* - Include informal settlements, (Stats SA 2016 CS) ~ 2023 Households population growth counts			

Sanitation services below minimum:

Households – Sanitation Service Delivery Below the Minimum				
Description	2021/22	2022/23	Original Budget 2022/23	Adjusted Budget 2022/23
	Actual No.	Actual No.		
Total Households (Formal + Informal Settlements)	103 965	115 609~	R13,000,000 (MIG)	R17,907,059 (MIG)
Households below minimum service (Formal + Informal)	1 798	12 942~		
% Households below minimum service level	1.9%	11.2%		
*- Backlog on water supply service based on 2016 Stats SA Community Survey ~ 2023 Households population growth counts				

Table 3.2.3: Sanitation Service Delivery Performance

Service Objective;	Service Targets	2020/21		2021/22		2022/23		Following Year 2023/24 Targets
		Target	Target	Target	Actual	Target	Actual	
Provide households with basic sanitation toilets	No of households with access to sanitation services	600 new households with access to sanitation services by 30 June 2021	None (Project re-advertised)	600 new households with access to sanitation services by 30 June 2022	600 new households with access to sanitation services by 30 June 2022	680 new households with access to sanitation services by 30 June 2023	680 new households with access to sanitation services by 30 June 2023	1000 Households with access to sanitation services by 30 June 2024
Improve on quality of wastewater (Green Drop Status)	No of WWTW sampled and monitored	5 WWTW sampled and tested for Green Drop status by 30 June 2021	5 WWTW sampled and tested for Green Drop status by 30 June 2021	5 WWTW sampled and tested for Green Drop status by 30 June 2022	5 WWTW sampled and tested for Green Drop status by 30 June 2022	5 WWTW sampled and tested for Green Drop status by 30 June 2023	5 WWTW sampled and tested for Green Drop status by 30 June 2023	5 WWTW sampled and tested for Green Drop status by 30 June 2024
	Percentage Water Quality Compliance	N/A	N/A	60% Average Compliance of Wastewater Quality to Water Use License by 30 June 2022	77,2% Average Compliance of Wastewater Quality to Water Use License by 30 June 2022	80% Average Compliance of Wastewater samples to license conditions by 30 June 2023	71.68% Average Compliance of Wastewater samples to license conditions by 30 June 2023	80% Average Compliance of Wastewater Quality to Water Use License by 30 June 2024
Improve Access to sanitation services	Respond to Wastewater / Sanitation Callouts within 24hrs	N/A	N/A	70% Wastewater / Sanitation Callouts Responded within 24hrs by 30 June 2022	70% Wastewater / Sanitation Callouts Responded within 24hrs by 30 June 2022	70% of Wastewater Callouts responded to within 24hours by 30 June 2023	94,09% of Wastewater Callouts responded to within 24hours by 30 June 2023	90% Average Compliance of Wastewater Quality to Water Use Licence by 30 June 2024

The 5 WWTW sampled and tested for Green Drop status in the following plants:

No	Locations	Sample Point Description	Frequency of Monitoring	Determinants Monitored	Monitored at
1	Komartipoort	Komartipoort WWTW Upstream & Downstream of Discharge	Monthly	> pH > Conductivity > Chlorine Residual > E.coli > Chemical Oxygen Demand, COD > Ortho-Phosphates, OrthoP as P > Total Phosphates as PO4 > Ammonia as N > Nitrate, as N > Suspended Solids	External Laboratory
2	Hectorspruit	Hectorspruit WWTW Upstream & Downstream of Discharge	Monthly		
3	Mhlatikop	Mhlatikop WWTW Upstream & Downstream of Discharge	Monthly		
4	Tonga	Tonga WWTW Upstream & Downstream of Discharge	Monthly		
5	Malelane	Mhlatiplaas / Malelane Upstream & Downstream of Discharge	Monthly		

Table 3.2.4: Sanitation Service Employees 2022/23

Employees: Water Services							
Job Task Level	Post Description	2021/22			2022/23		
		No. of Employees Currently	Posts Filled No.	Vacancies	No. of Employees Currently	Posts Filled No.	Vacancies (% of total posts)
TL 6	Sewer Process Controllers	13	13	1	13	1	1%
TL 3	Labourers/General Workers	7	7	0	7	0	100%
Total		20	20	1	20	1	

☞ The municipality staff responsible for maintenance of water infrastructure is also responsible for maintenance of sewer infrastructure.

Table 3.2.5: Capital Expenditure 2022/23 (Rural Sanitation) – Sanitation Services

Capital Projects	Type	PROGRESS	2022/23 (R)	
			Total Budget	Total Expenditure
SANITATION PROJECTS (GRANT FUNDED)				
Construction of Toilets in various new villages in Nkomazi LM	Annual	330 toilets completed	R17,907,059	R18,778,181
Construction of Toilets in various old villages in Nkomazi LM	Annual	350 Toilets completed		
TOTAL			R17,907,059	R18,778,181

Table 3.2.6: Capital Expenditure 2022/23 (Own Revenue) – Sanitation Services

Capital Projects	Type	Progress	2022/23 (R)	
			Total Budget	Total Expenditure
SANITATION PROJECTS (OWN REVENUE)				
Construction of Sewer Outfall in Orlando Sewer	Multi-year	90,4% Construction	R600,000	R432,654
TOTAL			R600,000	R432,654

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The municipality completed all sanitation toilets projects for the 2022/23FY. The municipality experienced floods during the 2022/23Financial year which impacted on wastewater treatment plants and sanitation provision as a whole.

Achievements:

- ☞ The Municipality constructed all the 680 sanitation toilets in old and new villages for the 2022/23 financial year.
- ☞ The municipality is also focusing on Green drop improvement, though the disaster has negative impact on wastewater compliance
- ☞ The municipality continues to maintain its sewer infrastructure to ensure no / minimal spillages of sewer occurs.
- ☞ The municipality has successfully continued to monitor its sewer as per the received licence authorizations for the 5 WWTW

Challenges:

- ☞ Groundwater challenges, hard rock excavation and ground high water table delayed the implementation of the Orlando sewer project
- ☞ The municipality is currently face up with challenges of growth and demands at the urban towns especially Malelane and Komatipoort due to the major developments taking place which calls for upgrade of the bulk sewer systems at these towns to accommodate future developments
- ☞ The wastewater treatment plants are ageing require refurbishment to improve their performance in terms of effluent wastewater quality and this is planned for the next financial year

PROGRESS REPORT ON BASIC SERVICES PER WARD 2022/23FY - HOUSEHOLDS

Total Households – 2016 up to date

WSA	Ward No	Village	Total No of Households 2016	Total Population 2016	Total No of Households 2023	Total Population 2023	Challenges
NLM	Ward 1	Kamaqhekeza, Block C	3638	14552	4045	16,182	Population growth Mushrooming of stands Inadequate Bulk Water Supply Inadequate Water Reticulation Increased Water Demand Ageing Infrastructure Illegal Connections
	Ward 2	Block A, Block B, Joe Slovo	5134	20536	5709	22,836	
	Ward 3	Kamaqhekeza, Block C, Block A	4492	17968	4995	19,980	
	Ward 4	Kamaqhekeza	2221	8884	2470	9,879	
	Ward 5	Block A, Block B, Block C	2734	10936	3040	12,161	
	Ward 6	Komatipoort, Orlando, Dlundluma, Ngwenyeni	4872	19488	5418	21,671	
	Ward 7	Marloth Park, Mdladla, Riverside, KNP	10,838	43352	12052	48,207	
	Ward 8	Steenbok, Mangweni	3092	12368	3438	13,753	
	Ward 9	Mangweni, Tonga	3523	14092	3918	15,670	
	Ward 10	Phiva, Block B	3107	12428	3455	13,820	
	Ward 11	Hhoyi, Ericsville, Goba, Mangweni	2192	8768	2438	9,750	
	Ward 12	Mandulo, Mbangwane, Thambokhulu, Mananga, Khombaso	2155	8620	2396	9,585	
	Ward 13	Mbuzini, Bhaca, Ndindindi, Nkungwini, Durban, Mabundzeni	1885	7540	2096	8,384	
	Ward 14	Masibekela, Mthatha, Hlahleya	2805	11220	3119	12,477	
	Ward 15	Phakama, Mgobode, Magudu	2651	10604	2948	11,792	
	Ward 16	Madadeni, Sibange, Magudu	2237	8948	2488	9,950	
	Ward 17	Mangweni	1660	6640	1846	7,384	
	Ward 18	Magogeni, Skoonplaas	2055	8220	2285	9,141	
	Ward 19	Mzinti, Ntunda, Sikhwahlane	1910	7640	2124	8,496	
	Ward 20	Mzinti, Mdladla	4163	16652	4629	18,517	
	Ward 21	Phosaville, Kamhlushwa ext 2	3,789	15156	4213	16,853	
	Ward 22	Kamhlushwa, Langelooop	3051	12204	3393	13,571	
	Ward 23	Boschfontein	1617	6468	1798	7,192	
	Ward 24	Aniva, Driekoppies, Bongane	2683	10732	2983	11,934	
	Ward 25	Langelooop	3107	12428	3455	13,820	
	Ward 26	Driekoppies	2434	9736	2707	10,826	
	Ward 27	Schoemansdal C & North, Buffelspruit	2820	11280	3136	12,543	
	Ward 28	Schoemansdal, J/Reef Zone 10,11	2589	10356	2879	11,516	
	Ward 29	Hectorspruit, Mbekisburg, Buffelspruit	3079	12316	3424	13,695	

Ward 30	Malalane, Mkwarkwaru, Mhlatikop, Stentor, Louville, Kaapmuiden, Lomshiyo	5061	20244	5628	22,511
Ward 31	Schulzental, Middleplaas	1634	6536	1817	7,268
Ward 32	Jeppes Reef	1866	7464	2075	8,300
Ward 33	Driekoppies, Schoemansal C&North	2871	11484	3193	12,770
	TOTAL	103965	415860	115609	462,436

Ward No	Total No of HH	HH with access to water	HH with access to sanitation	Challenges	Interventions since 2016 to date	Recommendations
Ward 1	3138	2550	3417	Population growth Mushrooming of Stands Inadequate Bulk Water Supply Inadequate Water Reticulation Increased Water Demand Ageing Infrastructure Illegal Connections	<p>WATER</p> <ul style="list-style-type: none"> Construction of Block C water reticulation 22.8km (Ward 1) Kamaqhekeza Replacement of AC Pipes (Ward 1, 3 & 4) Joe Slovo (Part of Block B) 2ML Ground Reservoir (Ward 2) Construction of bulk water supply in Tonga Block C Phakama: bulkline and 2.0ML reservoir & Water Reticulation (Ward 3) Block B Nkanini Water reticulation 15km (Ward 5) Construction of 2ML reinforce concrete reservoir in Mdladla (Ward 7) Old Tonga Bulk water supply (0.2ML steel reservoir) & water reticulation (Ward 9) Tonga block A extension water reticulation and 0.2ML elevated tank (Ward 10) Construction of 2.3km bulk line and 0.6ML elevated steel tank and Water Reticulation in Goba (Ward 11) Installation of a 0.508 ML elevated tank , pumphouse and Water reticulation in Mandulo Timbodweni Phase 2 (Ward 12) Construction of Mananga water reticulation (Ward 12) Construction of 2ML ground reservoir in Mandulo (Ward 12) Upgrading of reservoir and extension of reticulation in Ericsville and Lusaka (Ward 12) 	Completed
Ward 2	5134	4670	4937			
Ward 3	4492	3323	4218			
Ward 4	2221	1768	2035			
Ward 5	2734	2101	2463			
Ward 6	4872	4649	4649			
Ward 7	10 838	10 682	10682			
Ward 8	3092	3012	3012			
Ward 9	3523	3218	3485			

Ward	3107	2855	2914		
10				Inadequate Sanitation Infrastructure	<ul style="list-style-type: none"> • Construction of 3km bulk line and 1 ML concrete reservoir and Water Reticulation in Bhaca (Ward 13) • Construction of reticulation in Mgobodzi (Phakama) (Ward 15) • Installation water reticulation 44 km and metered erf connections in Magudu (Ward 15 & 16) • Sibange Regional Bulk Water Supply Scheme • Langeloop water reticulation (Esigayweni) (Ward 25) • Nhlabaville Water Reticulation (W24) • Middleplaas Water Reticulation (W31) • Driekoppies Regional Bulk Scheme Upgrade (bulk line and booster pump Phase 1B (Ward 26) • Construction of Mjejane Water Supply (Ground Reservoir 3,5ML, Booster pump station, 300kL elevated tank, Phase 1 (Ward 29) • Construction of Mjejane Bulk Water Supply (3,0ML/day plant, Raw water pump station & pipe works phase 2 (Ward 29) • Mkwarukwaru & Stentor Bulk Water Supply (W30) • Construction of water reticulation at Jeppes Reef Zone 10 & 11 (Phigogo) and booster pumpstation with distribution line (Ward 27 & 28) • Mjejane Water Supply-Water reticulation network (Phase 3, Zone 1,2 & 3) Ward 29 • Schulzental Water Reticulation (W31) • Refurbishment & Drilling of Boreholes: Gomora (W18), Stentor (W30), Langeloop (W25), Magogeni, Phiva, Ngwenyeni, Goba, Mdladla, Dludluma • 4 Additional Municipal Water Tankers procured • Schulzental water reticulation, Jeppes Reef water reticulation
Ward 11	2192	2030	2030		
Ward 12	2155	1529	2055		
Ward 13	1885	1372	1639		
Ward 14	2805	2017	2584		
Ward 15	2651	2067	2387		
Ward 16	2237	2117	2117		

Ward No	Total No of HH	HH with access to water	HH with access to sanitation	Challenges	Interventions since 2016 to date	Recommendations
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Ward 17	1660	1154	1421	Inadequate Sanitation Infrastructure	<p>SANITATION</p> <ul style="list-style-type: none"> Construction of 320 Sanitation Toilets in Mangweni (Ward 9) Construction of 320 Sanitation Toilets in Mangweni (Ward 9) and Steenbok (8) Villages Construction of 982 Sanitation toilets in Joe Slovo (W2), Mzinti(W19),Magudu (W15), Mgobodzi (W15), Langelooop (W25), Phosaville (W21), Mdladla (W7 & 20) and Phiva (W10) Construction of 1224 Sanitation Toilets in Khombaso (W12), Mandulo (12), Mbangwane (12) Aniva (24), Magogeni (18), Skoonplaas (18), Block A (2,5,10), Schoemansdal (28), Boschfontein (23) ,Block C (1), Steenbok (8) & Driekoppies (26) Construction of 640 Sanitation toilets in Dlunduma (Ward 6), KaMaqhekeza (1), Ngwenyeni (6), Tsambokhulu (12), Sibange (16) Mzinti (19), Hhoyi, (11)Ndindindi (13), Bongane Phiva (10)and Mdladla (20) Construction of 720 Sanitation toilets in Ntunda (Ward 19) Stentor (30),Louville, (30), Mgobodzi (15),Magogeni (18), (Mbuzini (13) and Masibekela (14) Construction of 600 sanitation toilets in old and new villages Construction of 680 toilets in old and new villages 	Completed
Ward 18	2055	1523	1823			
Ward 19	1910	1858	1658			
Ward 20	4163	3747	4014			
Ward 21	3 789	2 807	3574			
Ward 22	3051	2973	2900			
Ward 23	1617	1364	1464			Construction in progress
Ward 24	2683	2414	2614			
Ward 25	3107	2311	2878			
Ward 26	2434	1388	2155			
Ward 27	2820	2782	2682			
Ward 28	2589	2477	2444			
Ward 29	3079	2744	2549			
Ward 30	5061	4302	4869			
Ward 31	1634	1383	1440			
Ward 32	1866	1606	1603			

3.3 ELECTRICITY

Nkomazi Municipality together with ESKOM is the Licensed Authorities for the Nkomazi jurisdiction as issued by the National Electricity Regulator of South Africa. Although the licenses are the same, the areas of supply are not the same. Nkomazi Municipality is mainly responsible for the formal towns and ESKOM for the rural townships and areas. There are also regions where the areas of supply overlap each other and the Regulator was requested to act as mediator to resolve the dispute.

Table 3.1.4: Financial Performance 2022/23 – Electricity

Electrical Services Financial Performance					R'000		R'000		
Details	2019/20	2022/23							
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget (%)	Original Budget	Adjusted Budget	Actual	Variance to Budget (%)
Total	-165 564	-177 162	-184 589	-180 213	3%	233,784,719	234,405,387.00	227,060,451	-3%
Operational Revenue (Excl. Tariffs)	268	432	174	037					
Expenditure:									
Employees	15 092 353	15 471 757	15 471 757	16 466 131	6%	21,160,939	21,160,939	31,093,088	47%
Repairs & Maintenance	617 901	5 450 580	4 950 580	2 310 696	-415%	4,012,018	2,812,018	2,667,838	27%
Other	129 602 763	111 250 034	111 250 034	133 185 443	17%	175,227,084	150,460,999	158,083,457	-5%
Total Operation Expenditure	145 313 017	132 172 371	131 672 371	151 962 270	14%	200,400,041	174,433,956	193,719,382	11%

Table 3.3.3 Electricity Service Delivery Levels

Electricity Service Delivery Levels T3.3.3				
Description	Actual 2020/2021		Actual 2022/2023	
Number of households	103 965 according to stats SA 107 871 according to completed electrification projects		103 965 according to stats SA 107 871 according to completed electrification projects	
Number of households with access to electricity	104 871		105 171 Current financial year 2023, 300 households electrified	
Number of households without access to electricity	(Estimated at 5000 due to mushrooming and small INEG allocations.)		(Estimated at 5000 due to mushrooming and small INEG allocations.)	
Number of households within area of supply with access to electricity	6 244		6 295	
	Conventional	Pre-paid	Conventional	Pre-paid
	2 027	4 217	2 027	4 268
Number of indigent households with access to electricity.	20 986		20 986	
Number of indigent households with access to FBE.	20 986		20 986	
Number of new households provided access to electricity services through Integrated National Electrification Grant (INEG)	247		0	

Table 3.2.3: Electrical Services Service Employees 2022/23

Employees: Electrical Services			
Task levels	Current funded	Vacant funded	Vacant not funded
T17 Manager	1	0	0
T16 Snr Superintendent	4	1	0
T14 Superintendent	6	0	0
T11 Electrician	25	0	0
T13 Operational Officer	0	1	0
T8 TLB Operators	1	0	0
T9 Team Leader	0	0	5
T8 Driver	1	0	4
T5 Electrical assistant	7	0	3
T3 Electrical general worker	13	0	2
Total	58	2	14

Table 3.2.5: Capital Expenditure 2022/23 (INEG) – Electrical Services

Capital Projects	Type	2021/2022 (R)		2022/2023 (R)	
		Total Budget	Total Expenditure	Total Budget	Total Expenditure
ELECTRICITY PROJECTS					
Improve access to electricity services	Annual	R4,947,000.00	R4,797,723.29	R10,000,000	R10,064,000
TOTAL		R4,947,000.00	R4,797,723.29	R10,000,000	R10,064,000

- ◆ Implementation of Electrification projects was delayed due to non-responsive tenders and late appointment of contractors

Table 3.2.5: Capital Expenditure 2021/22 (Own Revenue) – Electrical Services

Capital Projects	Type	2020/2021 (R)		2021/2022 (R)	
		Total Budget	Total Expenditure	Total Budget	Total Expenditure
ELECTRICITY PROJECTS (MAINTANANCE)					
Nkomazi Smart metering	Annual	3 500 000	Service provider not appointed to date. Expenditure carried over to 2021/2022	3 661 000	Service provider not appointed.
Marloth park Electrification	Annual	2 000 000	2 000 000	2 092 000	2 092 000
Streetlights Nkomazi	Annual	500 000	500 000	1 000 000	1 000 000
MV Infrastructure Networks	Annual	4 000 000	4 000 000	4 184 000	4 184 000
New Substation Ext 21	Annual	5 000 000	Service provider appointed. Expenditure carried over to 2021/2022	5 000 000	3 926 428.72
TOTAL		R 15 000 000.00	R 6 500 000.00	R 15 937 000.00	R 11 202 428.72

COMMENT ON ELECTRICAL SERVICES PERFORMANCE OVERALL

- Compliance to Municipal goals and objectives: To supply safe, sustainable and reliable electricity to all Municipal consumers at cost effective prices.
- Compliance to the Distribution License, terms and conditions of the National Electricity Regulator of South Africa (NERSA) with regards to Technical, Connections and Quality of supply standards.
- The electrical section is a fully functioning section utilizing both the capital and operational budget to the fullest.
- All current infrastructures are being operated and maintained.
- New infrastructure is created according to the demand.

Challenges

Internal:

- Shortage of funding for maintenance a preventative maintenance.
- Shortage of funding for the replacement of old and redundant infrastructure, networks and equipment.
- Serious procurement delays.
- Late appointment of service providers (tenders)
- Minimum access to budget expenditure and vote allocations.

External:

- Co-operation from Eskom, especially when it comes to bulk supply upgrades, payments and cut offs.

COMPONENT B: ROADS TRANSPORT**3.4 ROADS AND STORM WATER**

3.4.1 Roads and storm water services

The road section continues to address the backlog of gravel roads and upgrading the main bus route. An attempt is made every year to upgrade the bus routes by 7,5km, a programme is in place to upgrade the bus routes, the roads department has a planned programme to continuously maintain the gravel roads in all the wards

Table 3.4.1: Roads and storm water Service Employees 2021/22

No	Employees: Roads and storm water services			
	Task levels	Current funded	Vacant funded	Vacant not funded
1	T17 Manager	1	-	-
2	T16 Snr. Superintendent	2	-	-
3	T14 Superintendent	2	2	-
4	T12 Admin officer	1	-	-
5	T12 Foreman	8	1	-
6	T10 Special works man	5	1	1
7	T10 Load bed driver	1	-	-
8	T9 Hire up driver	1	-	-
9	T9 Admin Clerk	1	-	-
10	T9 Team Leader	5	1	-

11	T7 Receptionist	0	0	-
12	T10 Grader operator	9	-	-
13	T8 Driver	10	1	-
14	T10 Excavator operator	1	-	1
15	T8 TLB operator	2	-	-
16	T8 Messenger	1	-	-
17	T6 Store person	2	-	-
18	T3 Grader Assistance	-	2	-
19	T3 Road worker	46	5	-
20	T3 General worker	16	1	-
21	T3 Labourer	-	-	-
22	T4 Paving bricks manufacture	12	-	-
Total		126	14	2

Table 3.4.2: Financial Performance 2020/21 – Roads

Roads & Stormwater Services Financial Performance						R'000			
Details	2019/20	2020/21			2021/22				
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget (%)	Original Budget	Adjusted Budget	Actual	Variance to Budget (%)
Total Operational Revenue (Excl. Tariffs)	-13 638	-13 638	-13 638	0	-100%	7	7	0	100
Expenditure:									
Employees	32 462 824	32 462 824	32 462 824	31 177 235	5%	36 343	35 343	42 816	-21,1

Repairs & Maintenance	1 668 356	1 668 356	3 765 256	3 339 584	13%	4 607	606	2 501	-313,7
Other	450 006	450 006	460 078	427 877	8%	351	2 852	896	68,58
Total Operation Expenditure	34 581 186	34 581 186	36 688 158	34 944 695	4.8%	41 301	38 801	46 213	-19,10

Capital projects

Table 3.4.3: Capital Expenditure 2022/23 (MIG) – Roads and storm water services

CAPITAL PROJECTS	TYPE	PROGRESS	BUDGET 2022/2023	EXPENDITURE 2022/2023
ROADS AND STORM WATER				
Construction of Mabundzeni Bus Route	Multi-year	Completed	R70,305	R70,305
Construction of Goba Bus Route	Multi-year	Completed	R12,375,459	R12,142,811
Upgrade of Masibekela Bus Route to bituminous standards	Multi-year	Completed	R46,114,163	R46,114,163
Construction of Mgobodzi Bus Route Phase 1	Multi-year	Construction 99%	R60,554,853	R60,469,492
Construction of Mgobodzi Bus Route phase 2	Multi-year	Construction 72%		
Construction of Mangweni Bus Route	Multi-year	Construction 100%	R9,715,218	R9,714,176
Construction of Buffelspruit Bus Route (Phase 1 & 2)	Multi-year	Completed	R380,000	R380,194
Paving of Block C internal streets	Multi-year	Design and tender	R2,740,485	R2,740,485
TOTAL			R131,950,483	R131,631,626

Table 3.4.5: Capital Expenditure 2022/23 (Own Revenue) – Roads and storm water services

CAPITAL PROJECTS	TYPE	PROGRESS	BUDGET 2022/2023	EXPENDITURE 2022/2023
ROADS AND STORM WATER				
Rehabilitation of Komatipoort streets	Single-year	Completed	R5,280,000	R4,411,061

			Total Budget	Total Expenditure
ROADS AND STORM WATER PROJECTS (Maintenance)				
Improve Municipal Road network (Resealing of the Nkomazi towns)	Multi-year	Tender advertised but not evaluated	7 500 000	0
TOTAL			7 500 000	0

Table 3.4.6: Roads Maintenance Performance 2021/22

Service Objective	Service Targets	2021/22		Following Year 2022/23 Targets
		Target	Actual	
Improve the municipal road network	Number of Kilometres (km) of municipal road network maintained	320 km of municipal road network maintained by 30 June 2022	320 km of municipal road network maintained by 30 June 2022	320 km of municipal road network maintained by 30 June 2023

COMMENT ON ROADS AND STORMWATER SERVICES OVERALL PERFORMANCE:

- The municipality still has high backlog in roads and a number of roads are dilapidated
- In 2021/22 financial year the municipality planned a number of Bus routes projects but these could not be completed, however these projects are at practical completion
- The planned maintenance of roads networks for the 2021/22 financial year was 320km per annum and the municipality did 320km
- More roads were redone due to the floods, requiring extensive maintenance, and also more requests were received due to bereaved families
- The municipality through CoGTA managed to do resealing of Komatipoort Rissik street
- The municipality also patched potholes in Malelane

Challenges:

- ◆ Foods were experienced causing damaged roads
- ◆ The town roads are in bad state require resealing and rehabilitation
- ◆ Shortage of materials for patching of potholes
- ◆ Insufficient budget to procure roads maintenance materials

Tenders

- ◆ Late appointment of service providers (Resealing of the Nkomazi towns)

Equipment

- ◆ Ageing yellow fleet
- ◆ Late appointment of service providers in the supply and delivery of yellow fleet (SCM)

3.5 COMMUNITY FACILITIES:**3.4.2 Community facilities**

The department of community services is responsible for the provision of maintenance and cleaning of municipal facilities. Infrastructure department under project management unit is responsible for the construction of new facilities and upgrading thereof.

The objectives are as follows:

- Implementing programmes to upgrade and maintain existing municipal buildings and facilities.
- Constructing new facilities for enhanced service delivery
- Construction of facilities closer to the communities

The service delivery priorities are to interact smoothly with the community and other departments without disturbance to ensure accurate implementation of planning and maintenance of municipal buildings while adhering to the National Building Regulations Act.

Table 3.5.1: Community Social Facilities and Infrastructure

Capital Projects	Progress	2022/23	
		Total Budget	Total Expenditure
Construction of Mgobodzi Community Hall	Completed	R107,788	R107,788
Construction of Driekoppies Community Hall	Construction 60%	R11,026,326	R2,762,348
Construction of Block C Community Hall	Construction 73%	R16,249,032	R8,551,408
TOTAL		R27,383,146	R11,421,544

COMMENT ON COMMUNITY FACILITY PERFORMANCE OVERALL:

The current year target for community facilities was completion of Driekoppies community hall & Block C Hall and target not achieved due to financial constraints.

LEVEL OF SERVICE PER SECTOR:

Category	No of HH	HH with access	HH without access
Water	103 965	95 370	8 590
Sanitation	103 965	101 987	1 798
Electricity	107 625	105 171	5 000 (mushrooming stands and Eskom INEP Applications)
Waste Removal	97 713	83 742	20 123
Roads	3477,8 km	KM Not yet determined	KM Not yet determined

PROGRESS REPORT ON BASIC SERVICES PER WARD

Ward No	Total No of HH	HH with access to water	HH with access to sanitation	HH with access to electricity	HH with access to waste removal	Challenges	Interventions since 2016 to date	Recommendations
Ward 1	3138	2550	3417	100 116	83 742	Population growth	<p>WATER</p> <ul style="list-style-type: none"> • Construction of Block C water reticulation 22.8km (Ward 1) • Kamaqhekeza Replacement of AC Pipes (Ward 1, 3 & 4) • Joe Slovo (Part of Block B) 2ML Ground Reservoir (Ward 2) • Construction of bulk water supply in Tonga Block C Phakama: bulkline and 2.0ML reservoir & Water Reticulation (Ward 3) • Block B Nkanini Water reticulation 15km (Ward 5) • Construction of 2ML reinforce concrete reservoir in Mdladla (Ward 7) • Old Tonga Bulk water supply (0.2ML steel reservoir) & water reticulation (Ward 9) • Tonga block A extension water reticulation and 0.2ML elevated tank (Ward 10) • Construction of 2.3km bulk line and 0.6ML elevated steel tank and Water Reticulation in Goba (Ward 11) • Installation of a 0.508 ML elevated tank , pumphouse and Water reticulation in Mandulo Timbodweni Phase 2 (Ward 12) • Construction of Mananga water reticulation (Ward 12) • Construction of 2ML ground reservoir in Mandulo (Ward 12) • Upgrading of reservoir and extension of reticulation in Ericsville and Lusaka (Ward 12) 	Completed
Ward 2	5134	4670	4937					
Ward 3	4492	3323	4218					
Ward 4	2221	1768	2035					
Ward 5	2734	2101	2463					
Ward 6	4872	4649	4649					
Ward 7	10 838	10 682	10682					
Ward 8	3092	3012	3012					
Ward 9	3523	3218	3485					
						<p>Mushrooming of stands</p> <p>Water & Sanitation</p> <p>Inadequate Bulk Water Supply</p> <p>Inadequate Water Reticulation</p> <p>Increased Water Demand</p> <p>Ageing Infrastructure</p> <p>Illegal Connections</p>		

Ward 10	3107	2855	2914	Inadequate Sanitation Infrastructure	<ul style="list-style-type: none"> • Construction of 3km bulk line and 1 ML concrete reservoir and Water Reticulation in Bhaca (Ward 13) • Construction of reticulation in Mgebodzi (Phakama) (Ward 15) • Installation water reticulation 44 km and metered erf connections in Magudu (Ward 15 & 16) • Sibange Regional Bulk Water Supply Scheme • Langeloop water reticulation (Esigayweni) (Ward 25) • Nhlavaville Water Reticulation (W24) • Midleplaas Water Reticulation (W31) • Driekoppies Regional Bulk Scheme Upgrade (bulk line and booster pump Phase 1B (Ward 26) • Construction of Mjejane Water Supply (Ground Reservoir 3,5ML, Booster pump station, 300kL elevated tank, Phase 1 (Ward 29) • Construction of Mjejane Bulk Water Supply (3,0ML/day plant, Raw water pump station & pipe works phase 2 (Ward 29) • Mkwrukwaru & Stentor Bulk Water Supply (W30) • Construction of water reticulation at Jeppes Reef Zone 10 & 11 (Phigogo) and booster pumpstation with distribution line (Ward 27 & 28) • Mjejane Water Supply-Water reticulation network (Phase 3, Zone 1,2 & 3) Ward 29 • Schulzental Water Reticulation (W31) • Refurbishment & Drilling of Boreholes: Gomora (W18), Stentor (W30) , Langeloop (W25) , Magogeni, Phiva, Ngwenyeni, Goba, Mdladla, Diudluma • 4 Additional Municipal Water Tankers procured • Schulzental water reticulation, Jeppes Reef water reticulation
Ward 11	2192	2030	2030		
Ward 12	2155	1529	2055		
Ward 13	1885	1372	1639		
Ward 14	2805	2017	2584		
Ward 15	2651	2067	2387		
Ward 16	2237	2117	2117		

PROGRESS REPORT ON BASIC SERVICES PER WARD

Ward No	Total No of HH	HH with access to water	HH with access to sanitation	HH with access to electricity	HH with access to waste removal	Challenges	Interventions since 2016 to date	Recommendations
Ward 17	1660	1154	1421	1 0 0	8 3 7	Population growth	<p>SANITATION</p> <ul style="list-style-type: none"> Construction of 320 Sanitation Toilets in Mangweni (Ward 9) Construction of 320 Sanitation Toilets in Mangweni (Ward 9) and Steenbok (8) Villages Construction of 982 Sanitation toilets in Joe Slovo (W2), Mzinti(W19),Magudu (W15), Mgobodzi (W15), Langelooop (W25), Phosaville (W21), Mdladla (W7 & 20) and Phiva (W10) Construction of 1224 Sanitation Toilets in Khombaso (W12), Mandulo (12), Mbangwane (12) Aniva (24), Magogeni (18), Skoonplaas (18), Block A (2,5,10), Schoemansdal (28), Boschfontein (23) ,Block C (1), Steenbok (8) & Driekoppies (26) Construction of 640 Sanitation toilets in Dlundluma (Ward 6), KaMaqhekeza (1), Ngwenyeni (6), Tsambokhulu (12), Sibange (16) Mzinti (19), Hhoyi, (11)Ndindindi (13), Bongane Phiva (10)and Mdladla (20) Construction of 720 Sanitation toilets in Ntunda (Ward 19) Stentor (30),Louville, (30), Mgobodzi (15),Magogeni (18), (Mbuzini (13) and Masibekela (14) Construction of 600 sanitation toilets in old and new villages Construction of 680 sanitation toilets in old and new villages <p>ELECTRICITY</p> <ul style="list-style-type: none"> Electrification of 695HH in Gretane Phase 1 (Ward 4) Mananga 	Completed
Ward 18	2055	1523	1823			Mushrooming of stands Water & Sanitation		
Ward 19	1910	1858	1658			Inadequate Bulk Water Supply		
Ward 20	4163	3747	4014			Inadequate Water Reticulation		
Ward 21	3 789	2 807	3574			Increased Water Demand		
Ward 22	3051	2973	2900			Ageing Infrastructure		
Ward 23	1617	1364	1464			Illegal Connections		Construction in progress
Ward 24	2683	2414	2614			Inadequate Sanitation Infrastructure		
Ward 25	3107	2311	2878					
Ward 26	2434	1388	2155					
Ward 27	2820	2782	2682					
Ward 28	2589	2477	2444					
						Waste Removal		
						High backlog on waste removal		

Ward 29	3079	2744	2549			Inadequate transfer stations	(W12) and Mafambisa (W4)
Ward 30	5061	4302	4869			Inadequate landfill sites	<ul style="list-style-type: none"> • Electrification of 280HH in Gretane Phase 2(Ward 4) • Electrification of 303HH in Mgobodzi (Ward 15) and Ngwenyeni Phase 1 (W6) • Electrification of 905HH in Masibekela (Ward 14), Jeppes Reef (W28), Block B (W5), Khombaso (W12) and Mananga (W12) • Electrification of 247HH in Ngwenyeni Phase 2 (Ward 6) • Electrification of 150 Stands at Schulzental Village
Ward 31	1634	1383	1440				
Ward 32	1866	1606	1603				<p>WASTE REMOVAL</p> <ul style="list-style-type: none"> • Construction of Landfill site in Hectorspruit (Ward 29B) and Marloth Park (7B) • Waste Removal Trucks Procured • 17 Waste skip bins Procurement in progress

COMMENT ON ELECTRICAL SERVICES PERFORMANCE OVERALL

The electrical section is a fully functioning section utilizing both the capital and operational budget to the fullest. All current infrastructures are being operated and maintained. New infrastructure is created according to the demand.

Internal Challenges

- Shortage of funding for maintenance a preventative maintenance.
- Shortage of funding for the replacement of old and redundant infrastructure, networks and equipment.
- Procurement delays

External challenges:

Co-operation from ESKOM, especially when it comes to bulk supply upgrades, payments and cut offs.

3.5 WASTE MANAGEMENT UNIT

Introduction of Waste Management

- Development and monitoring of the implementation and of municipal integrated waste management plan.
- Collection, transportation and disposal of waste.
- Water preservation, minimization and recycling.
- Promote environmental awareness in communities, and schools through campaigns, workshops and competition.
- Management of waste disposal sites.
- Monitoring and evaluation of effective waste collection transportation and disposal, Waste information system.

EMPLOYEES FOR WASTE MANAGEMENT

POSITION	NUMBER OF STAFF
Sectional Manager	1
Senior Superintendent	2
Supervisors	4
Foreman waste collection	5
Landfill site	4
Street pickers	61
Refuse removers	134
Drivers	24
Team Leaders	3
Total officials appointed to this Unit	237

ACHIEVEMENTS

- Waste was collected in all the households as per the planned program, as indicated in IDP 103965 households, 83 742 households with service in Nkomazi and 20 223 backlog in rural areas.
- Integrated Waste Management Plan has been approved and endorsed by Province
- Steenbok landfill site is registered with SAWIS and continues to report on monthly basis.
- 1 TLB has been procured
- 2 waste compactors have been procured
- 1 skip loader has been procured
- 2 * 8-ton cage trucks have been procured
- Waste awareness campaigns, Environment Awareness campaigns & Roadshows were conducted.
- There are functional Buy back centers operating around Nkomazi Zanamuhla Trading, John & Sons and Untum (pty)Ltd.
- Marloth park transfer station is operational and there are 8 waste pickers.
- 200 Recycling bags, 10 Trolleys and 1 scale were donated by EDM and distributed to recyclers around Nkomazi.
- World Environment Day was celebrated with EDM and 10 recycling bags and 14 wheelie bins were donated.
- Biodiversity Social Project led by Waste management section in collaboration with SANPARKS Kruger National Park. Two SMME`s were appointed responsible for street picking, cleaning of illegal dumps and planting of trees. The project was for seven months which started 1 December 2022 to 30 June 2023
- EDM assisted Two (2) recovery company`s (John & Sons and Zanamuhla) with scales, waste pickers, hammers, goggles and trolleys.
- 25 wheelie bins were donated by DFFE and are to be distributed to schools
- Integrated Waste Management Plan has been approved and endorsed by the MEC 20 Waste awareness campaigns were conducted in different communities and working together with other stakeholders like IUCMA and DARDLEA and Department of Education and community forums.
- Data base of local recyclers has been established.
- SiyaBuddy Recycling and Waste Management is a company situated at Steenbok Village, Nkomazi Local Municipality, Mpumalanga.
- SiyaBuddy works in partnership with the Nkomazi Municipality and diverts waste from Steenbok Landfill Site and illegal dumps
- 100% youth and Black owned company with a woman partner and workers trust owning 25% of the company shares.
- Nkomazi Local Municipality has partnered with Coca cola and SiyaBuddy recycling and waste management where 26 schools had entered the recycling competition.
- 22 participants for Youth Community Outreach Programme have been appointed by the National Department of Environmental Affairs to assist the municipality doing environmental awareness in schools and communities.

Municipalities > Mpumalanga > Nkomazi Local Municipality

Nkomazi Local Municipality (MP324)

Overview	Contacts	Map	Management	Demographic	Financial	Employment	Services	Resources
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Demographic Information

	2016	2011
Population	410 907	393 030
Age Structure		
Population under 15	38.0%	35.4%
Population 15 to 64	58.3%	60.5%
Population over 65	3.6%	4.1%
Dependency Ratio		
Per 100 (15-64)	71.4	65.4
Sex Ratio		
Males per 100 females	91.0	89.9
Population Growth		
Household Services		
Flush toilet connected to sewerage	4.0%	7.6%
Weekly refuse removal	17.5%	20.2%
Piped water inside dwelling	5.6%	20.9%
Electricity for lighting	95.1%	83.3%

Population Growth		
Per annum	1.01%	n/a
Labour Market		
Unemployment rate (official)	n/a	n/a
Youth unemployment rate (official) 15-34	n/a	n/a
Education (aged 20 +)		
No schooling	17.7%	25.4%
Matric	29.6%	25.5%
Higher education	6.5%	6.4%
Household Dynamics		
Households	103 965	96 202
Average household size	4.0	3.9
Female headed households	45.4%	45.6%
Formal dwellings	91.7%	92.3%
Housing owned	84.0%	65.6%

CHALLENGES

- No extension of waste removal services to communities due to shortage of trucks.
- There is still no revenue collection in rural areas.
- The waste removal trucks are old and encounter lots of breakdowns which makes it difficult to render an effective and efficient service.
- Need for new site at Komatipoort to construct transfer station.
- There is a challenge in acquiring land to construct a new landfill site in Nkomazi West.
- There are no equipment's like skip loader and skips in order to start operation of the transfer stations at Hectorspruit and Marlothpark.
- The waste removal trucks are old and encounter lots of breakdowns which makes it difficult to render an effective and efficient service.
- There was no Nkomazi Cleanest School competition 2021/2022 due to Covid 19
- Budget was adjusted down by National Treasury therefore procurement of 2 Compactor trucks, 3x 8 Ton cage trucks and 2 Bakkies and Skip bins was not done however it will be prioritised in the next financial year

3.6 HUMAN SETTLEMENTS (HOUSING)

The right to adequate human settlements is enshrined in the Constitution of South Africa (Act 108 of 1996), in terms of Section 26, it states that everyone has the right to have access to adequate housing and that the state must take reasonable legislative and other measures within its available resources to achieve the progressive realization of this right. Adequate housing is measured in terms of certain core factors including legal security of tenure, the availability of services, materials, facilities and infrastructure, affordability, accessibility and location.

Nkomazi Local Municipality is experiencing a high population growth, which is a result of rapid development that is taking place around the area, the surrounding borders of Swaziland and Mozambique and the imminent development of the Special Economic Zone at Komatipoort town. This influx has necessitated an increase in the provision of housing and other basic services that promote integrated sustainable human settlements.

In contributing towards the achievement of outcome 8 objectives and the building of Integrated Sustainable Human Settlements, the Municipality has reviewed and adopted its Human Settlements Sector Plan, which assists the Municipality with different proposals, and housing instruments to tackle/reduce the housing backlog. This will further contribute towards spatial transformation, and inform the allocation of funds and housing units to areas which needs urgent interventions.

There has been a serious need to advance and accelerate identified parts of Municipalities in the Mpumalanga Province and Nkomazi has been selected as Priority Human Settlements and Housing Development area. Which Intends to advance Human settlements spatial transformation and Consolidation by ensuring that the delivery of housing is used to restructure and revitalize Towns and cities. The areas within the Nkomazi PSHDA are Malelane, Hectorspruit, Kamaqhekeza A and B, Hhoyi, Komatipoort, Kamhlushwa A, Luggedlane Tourism Estate, Mhlatikop, Malelane, Marloth Park Holiday Township, Mbekisburg, Schoemansdal B and C, Shongwe, Shongwe, Tonga, Tonga East, Tonga view, Tonga Village, and Tonga C.

Integrated Human Settlements have been initiated which respond to the housing needs, and in an effort to bring about Spatial Transformation. These are Breaking new Ground projects that aim to bring different housing typologies and human settlements products that are catering to the different needs of people. The ongoing projects are

The Municipality in collaboration with the Department of Human Settlements has embarked on the formalisation of a number of Human Settlements projects as guided by the Human Settlements Sector Plan, to respond to the Human Settlements needs.

The projects are as follows:

NO.	PROJECT DESCRIPTION	NUMBER OF SITES	PROGRESS
1.	Malelane Extension 21- Community Residential	500 units	200 CRU, Child care center and Community Hall.
2.	Komatipoort Extension 18 Township	1000 units	1000 Units serviced [Internal reticulation]
3.	Formalisation of Mjejane and Mjejane Ext 1	3000 Units	Submission of the pre-liminary land development report.
4.	Kamhlushwa Extension 3	5000 Units	2000 Units serviced [Internal Reticulation]

NATIONAL HOUSING NEEDS REGISTER

The Human Settlement waiting list was adopted during the 2013/2014 financial year, and it is updated yearly currently there are ± 8900 beneficiaries that are registered on the National Housing Needs Register. The number has slightly decreased because of the number of allocations that were received as an intervention to address the backlog on the system. The Human Settlements unit is embarking on a campaign in the 2023/2024 financial year to include beneficiaries in the other different programmes that are offered by the Department in order to have a list that is inclusive.

Komatipoort Township

There is a projected increase of the housing needs because of the imminent development of the Special Economic Zone that will be developed within Komatipoort Township. The Municipality has through the Land Use Planning unit developed a Komatipoort precinct plan which was adopted by Council. The plan has projected the population increase versus the current supply of housing. The plan also highlights the land parcels that should be prioritized and acquired for Human settlements opportunities. The Municipality is proactively having engagements with strategic Partners, who will inject Capital/investment in the upgrading of Infrastructure for the areas surrounding the Komatipoort precinct, and through Agencies such as HDA, the acquisition of Land for the additional Human Settlements.

The Department is undertaking multi-year housing projects (PHP) to respond to the housing needs in the ‘informal settlements’ of the Municipality, to be completed in the financial year of 2023/2024. The projects are listed below:

LOW INCOME HOUSING SUBSIDY- HOUSING ALLOCATION 2022/23

FINANCIAL YEAR	HOUSING INTERVENTION	IDENTIFIED AREA	NUMBER OF UNITS
2021/2022	Rural Housing Programme	Langeloop	628 Units
2022/2023		Boschfontein Magogeni Mjejane Masibekela Steenbok Ngwenyeni Kamaqhekeza Orlando Mgobodzi Dludluma Mangweni Louville Hhoyi Mgobodzi	

EMERGENCY HOUSING

The Municipality in February experienced a storm which damaged a number of houses. It has been established that our area because of the terrain and plains, is more prone to cyclones and storms. The damage to the housing was extensive and the Municipality in collaboration with the Department of Human Settlements, have already worked the ground and have attempted to respond to the needs.

Verifications were conducted with the Departments Engineer to quantify and specify the damages of those affected and currently there has been an appointment of contractors to repair the damaged houses according to the damages. The total number of those affected and in need of repairs is 1500 and those in need of full top structure is 1700.

FINANCIAL YEAR	HOUSING INTERVENTION	AREA	NUMBER OF UNITS
2022/2023	DISASTER [REPAIRS]	All 33 Wards of Nkomazi	800 Units
2023/2024			

CHALLENGES

1. The demand of adequate human settlements exceeds the supply
2. A thorough investigation is required to map and analyze all areas around Nkomazi that are prone to disaster, and to establish mitigation strategies to pro-actively plan for the

COMPONENT C: PLANNING AND DEVELOPMENT

PLANNING

3.7 SPATIAL PLANNING

Planning plays a critical role in any Municipality, Planning can be defined as the method of setting goals, developing strategies, and outlining tasks and schedules to accomplish the goals.

It is a technical and political process concerned with the control of the use of land and design of the environment, which included inter-alia the planning of transportation networks, to guide and ensure the orderly development of settlements and communities. It concerns itself with research and analysis, strategic thinking, architecture, design, public consultation, policy recommendations, implementation and management.

It is a daunting task for a Municipality such as our own, that still reflects the old apartheid spatial planning of fragmentation and spatial injustice.

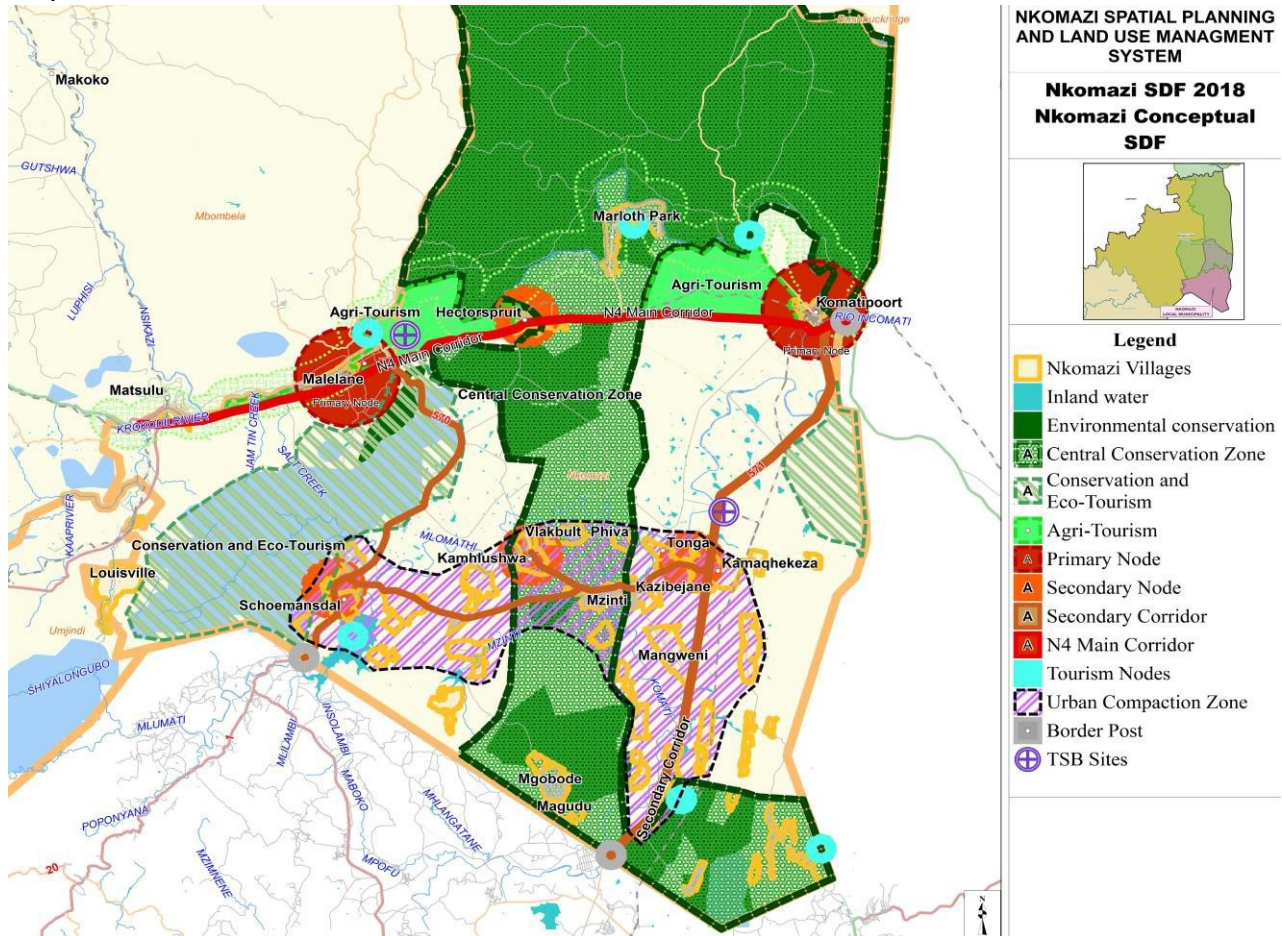
This requires innovation and strategic thinking in order to address and confront fragmentation that exists. Spatial justice can only be achieved through serious interventions relating to the acquisition of prime land nearer to the Towns, and providing human settlements opportunities. The upgrading of informal Settlements that have mushroomed within the Urban edge of the Town such as Impala and Mjejane, Mkhwaru-kwaru, Stentor and Orlando, unlocking the economic activities within the settlements in the South of the Municipality, that have been identified as key areas of growth within the Spatial Development Framework 2016, Kamhlushwa/Tonga, Kamaqhekeza and Matsamo, by developing Precinct plans that will identify and unlock the opportunities that exists that will make the communities to be Sustainable.

This section focuses on spatial planning in terms of Chapter 4 of the Spatial Planning and Land Use Management Act No: 16 of 2013. It is a spatial reference of the development and growth patterns of Nkomazi, coupled with policy development and review. Land Development Applications should be supported by this unit prior to submission to the Municipal Planning Tribunal. Policies and By-laws in relation to land development are maintained and amended by this section through either in-house compilation or private consultants' compilations this includes the Land Use Management Scheme, SDF, Framework plans and other related policies.

The Municipality has reviewed and adopted its Spatial Development Framework for 2016/2017 – 2020/2021, which is SPLUMA compliant, coupled with the Land Use Management Scheme,

which serves as a wall-to-wall scheme that applies for all people of Nkomazi. The Municipality has managed to achieve the deadline that was set by SPLUMA for the adoption of the LUMS, within 5 years of the enactment of the Act. A thorough public participation process was undertaken for the two documents, which involved the Traditional Authorities, who are a critical stakeholder in development, especially for an area such as Nkomazi that pre-dominantly rural.

Map: SDF



3.8 LAND USE MANAGEMENT

This component of the Section regulates all land uses within the jurisdiction of Nkomazi, receives and approves all land use applications that are submitted to the Section for consideration, such as Township Establishment, Rezoning's, Subdivisions, Consolidations, Special and Written Consent, amongst others. The Land Use Applications are submitted in terms of the approved and gazetted Nkomazi Spatial Planning and Land Use Management by Law 2015, and approved in terms of the provisions of the Nkomazi Land Use Management Scheme 2019. The Municipality appointed a Municipal Planning Tribunal, which consists of

external and internal members that range from Environmentalists, Engineers, Attorneys and Professional Town Planners. Their mandate/duty is to consider all Land Use Applications that are submitted to them in terms of the Nkomazi Spatial Planning and Land Use Management By-Law. The MPT has been serving the Municipality from 2016.

The Following list is all the Land Use Applications that were approved by the MPT, during the financial year of 2020/2021:

LAND USE APPLICATION RECEIVED AND APPROVED FOR 2020/2021						
LAND-USE APPLICATION	REZONING	SUB-DIVISION	CONSOLIDATION	SPECIAL CONSENT	TRADITIONAL USE	REMOVAL AND RESTRICTION
TOTAL NUMBER OF APPLICATION	19	15	13	10	0	15
TOTAL AMOUNT RECEIVED FOR APPLICATIONS	R 109 669.90	R 8 859	R 7677.80	R 14 623	0	R 10 542.15

All costs are vat exclusive

3.9 BUILDING CONTROL

The Building Control Unit is attached to the Land Use Planning Section component, lies within the Land Use Planning Section. This unit is concerned with the regulation, approval, and monitoring of all building activities within Nkomazi, coupled with the issuing of legal fines and Occupation certificates. Nkomazi is a vast Municipality, and had developed tremendously. The Building Control Officer, monitor building works from all the approved Townships, and further on the settlements within the Tribal Authority, however the latter is still restricted to just the construction work of all Community Facilities, buildings on road reserve, and buildings on hazardous areas.

A draft Building Control by-law has been developed and is ready to be tabled to the Public to solicit comments, inputs or objections, however due to the Covid-19 regulations the public participation was not completed. It is envisaged that it will be fully completed in the 2021/2022 financial year. The Unit plays a pivotal role in revenue generation, and in the financial year of **2020/2021** a total of **R 925 678.00** was collected in the following areas, Malelane [Leopard creek, Hectorspruit, Mhlathi Kop], Mjejane Game Reserve, Marloth Park, Komatipoort and a small number in the villages.

There is still a greater need for awareness, especially in the Traditional Authority areas. This will be tackled through engagements with the Tribal Authorities, and with hope a Memorandum of Agreement, on the proceedings/plan of action in terms of planning support, and building control within the areas.

COMMENT ON THE PERFORMANCE OF SPATIAL PLANNING AND LAND USE MANAGEMENT OVERALL

Mkhwarukhwaru Settlement:

Land Agreement was signed by the Community to allow for the Upgrading/Formalisation of the settlement. An amendment Town Planning Application was submitted to the Municipality by the appointed Service Provider, and was tabled to the Municipal Planning Tribunal for approval. A project for the construction of roads and installation of water has been completed.

Stentor Settlement:

Bilaterals have been on-going with the Department of Rural Development, and RCL Foods who are critical stakeholders of the project. Further investigation is being undertaken as the Community submitted an application for land restitution on the said piece of land.

CHALLENGES AND RECOMMENDATIONS

- Illegal land uses
- Robust engagements with the Traditional Authorities, and an MOU to be signed regarding the strategy to follow, in terms of development control, allocation of Land and Building Control.
- Lengthy process for the formalisation of informal settlements
- Root cause is the release of state land, it is recommended that the municipality engage with the Department of Rural Development to expedite the process of releasing the state land.

3.10 LOCAL ECONOMIC DEVELOPMENT

LED STRATEGY

The LED Strategy for the Nkomazi Local Municipality is still under review. The review report which has since served the portfolio committee for Planning and Development.

The strategy under review seeks to achieve the following objectives;

- Ensure that social and economic development is prioritized within the IDP plans.
- To conduct economic regeneration studies as part of the IDP's.
- Establish LED forum within the community to mobilize efforts and resources of local stakeholders around the Nkomazi region.
- To build and maintain economic database to inform decision and act as an early warning system for the municipality.
- Create an enabling environment for local businesses through efficient and effective service and infrastructure delivery.
- Mobilize civil society to participate in LED and encourage public participation.

In the 2021/2022 financial year, the Municipality aims to include, post Covid-19 Local Economic Development Recovery Plan together with Small, Medium and Micro Enterprise Policy (SMMEs) as part of the strategy in order to revive the local economy from the damages caused by the world pandemic (Covid 19) as described by the World Health Organization (WHO).

According to the National Treasury Research on SMMEs (2008) South Africa has an estimated 2.8m small, medium and micro enterprises (SMMEs) which contribute 52%-57% of GDP. SMMEs also provide about 60% of jobs, and contribute more than 40% of the country's total remuneration. This means that SMMEs in South Africa employs more people than private sector and government combined.

This fact informs the direction within which the strategy under review must pursue. The Strategy under review is leaning and bias to the youth, women and people living with disabilities.

One of the major challenges in Nkomazi Municipality is unemployment followed by poverty.

The municipality has identified the following key feasibility studies to unlock the development of local economies:

- Driekoppies dam development
- Matsamo nodes
- Kamaqhekeza CBD
- Tonga nodes
- Masibekela nodes

The municipality has identified catalytic projects which will create an economic turnaround for Nkomazi, these proposed projects include inter alia:

- Nkomazi Special Economic Zone (SEZ)
- Nkomazi Cotton Gin
- Matsamo precinct development
- Lebombo one stop boarder post

LED-FORUM

The core function of a municipality is provision of basic services such as electricity, water, waste removal and other basic services. Local government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities.

Section 152(1) of the Constitution spells out the objects of local government as follows;

- (a) To provide democratic and accountable government for local communities
- (b) To promote social and economic development
- (c) To encourage the involvement of communities and community organizations in the matters of local government

Local Economic Development LED and the LED Forum thereof offers local government, the private sector, the non-profit sectors and local community the opportunity to work together to improve the local economy.

Functionality of LED- Forum is often measured by the diverse representation of different sectors, frequency of meetings, programs adopted and implemented. The municipality is pleased to report that in the year under review the LED-Forum in Nkomazi is functional. Nkomazi Local Municipality received an outstanding award from South African Local Government Association

(SALGA) for a functional and performing LED-Forum for the year under review.

During the year under review, the Forum has managed to hold its quarterly meeting at least three times; first quarter, second quarter and third quarter. The forum could not sit for the fourth quarter due to the restriction of gatherings imposed by the national lockdown as declared by the President.

3.11 THE MUNICIPAL TRADING BY-LAW

In the annual report of 2021/2022, the municipality reported that a Municipal Trading By-Law is in place and undergoing consultation. The Municipal Council has since approved the final draft in June 2022. The final consultation process of the draft by-law served the local economic forum meetings in the four quarterly meetings for the financial year 2022/23.

The Municipal Trading By-law was developed in accordance with the Mpumalanga Business Act, Act 2 of 1996 as amended and will be gazetted in the 2022/2023 financial year. The municipality views the approval of the municipal trading by-law as an important step towards creating a health environment for business to operate and also it will help the municipality in its endeavour to expand its revenue base.

Small, micro and medium enterprises (SMMEs)

Small, micro and medium enterprises (SMMEs) are expected to function as a driving force in South Africa's social and economic stability. The municipality is experiencing an expansion in the unemployment, consequently there have been mounting pressures on social relief such as child care, healthcare and etc.

The municipality understands that because so many people are without jobs, investment in infrastructure, clean water and recycling, local tourism, innovation and technology all offer opportunities for SMMEs to emerge and grow.

Partnerships:

The municipality has embarked on the following partnership:

- The Municipality has entered into a Memorandum of Understanding (MOU) between the municipality and Small Enterprise Development Agency (SEDA). The memorandum seeks

to create partnership and collaboration between the agency and the municipality in areas of common interest such as SMME support and development.

- Discussions between the municipality and the University of Mpumalanga is ongoing. The discuss seeks to create partnership with the university on areas of innovation, research and development and training of young people.

In the year under review, the municipality in partnership with the University of Mpumalanga (UMP), Small Enterprise Development Agency (SEDA), Mpumalanga Economic Growth Agency (MEGA) and the Department of Trade and Industry embarked on a program to assist Mr Sibusiso Shabangu and Mr Israel Strive Bila from Sibange and Mangweni respectively. These two gentlemen are involved in similar project of collecting and converting plastic waste into oil then diesel. This process is called **Pyrolysis**. *Pyrolysis is a recycling technique which converts plastic waste into fuels or other valuable materials by thermal and catalytic cracking processes. It allows the treatment of mixed, unwashed plastic waste* at this stage, the by-products are waiting for final approval by the research lab in the University of Johannesburg through the University of Mpumalanga.

COMMUNITY WORKS PROGRAM

The Community Works Program (CWP) is an innovative offering from government to provide a job safety net for unemployed people of working age. Community works programme participants do community work thereby contributing to improvements that benefits all community members.

The municipality understands and appreciate this program to be step in a right direction towards reducing poverty and create jobs for our people.

Community works program had a total of 2443 participants in 2018/2019 (Female 2062, Males 381, youth 625, Persons with Disability 54) and 2214 participants in 2019/2020 (Female: 1886, Males, 328, Youth 528, persons with disability 49) financial year. The targeted number of participants for Nkomazi, as designated by the Department of Corporate Governance and Traditional Affairs, is 2000 participants. Nkomazi Municipality has, since the inception of CWP, consistently retained more than the 2000 targeted participants.

MANGWENI INTEGRATED ENERGY CENTER

The process of developing the Mangweni IeC is still underway. Progress has been made, The Governance Model has finalized which will determine the management and operation of the IeC. The Centre have a committee of 12 members, six of whom are females and six are males. The committee have five members as executive committee members; Chairperson, Deputy Chairperson, Secretary, Deputy Secretary and Treasurer. The Department of Mineral Resources issued a license in respect of the operation of the Mangweni IeC. The municipality is still awaiting SANRALs approval on the access to the site. However due to the lack of security and proper community management the fence has been vandalized and stolen.

SMME Development

Nkomazi Local Municipality working together with Small Enterprise Development Agency (SEDA) has embarked on a drive to identify, register, capacitate, and empower small businesses. The SMME's are involved in the following sectors:

- Manufacturing
- Agriculture
- Mining
- Crafts and arts
- Hospitality
- Logistics, etc

The municipality has further developed a SMME database which is updated on an ongoing basis. Newly registered business is enrolled into the database as soon as the minimum requirements are met. Mentoring and support is also provided on an ongoing basis to new and existing businesses.

(a) Extended Public Works Program (EPWP)

The Expanded Public Works Programme (EPWP) has its origins in Growth and Development Summit (GDS) of 2003. At the Summit, four themes were adopted, one of which was '*More jobs, better jobs, decent work for all*'. The GDS agreed that public works programmes '*can provide*

poverty and income relief through temporary work for the unemployed to carry out socially useful activities.

The Programme is a key government initiative, which contributes to Governments Policy Priorities in terms of decent work & sustainable livelihoods, education, health; rural development; food security & land reform and the fight against crime & corruption. EPWP subscribes to outcome 4 which states “*Decent employment through inclusive economic growth.*”

In 2004, the EPWP was launched and is currently still being implemented. The EPWP is a nationwide programme covering all spheres of government and state-owned enterprises. The Programme provides an important avenue for labor absorption and income transfers to poor households in the short to medium-term. It is also a deliberate attempt by the public-sector bodies to use expenditure on goods and services to create work opportunities for the unemployed. EPWP Projects employ workers on a temporary or on-going basis either by government, by contractors, or by other non-governmental organizations under the Ministerial Conditions of Employment for the EPWP or learnership employment conditions.

i. EPWP Sectors

- The EPWP creates work opportunities in four sectors, namely, Infrastructure, Non-State, Environment & Culture and Social, through:
- increasing the labor intensity of government-funded infrastructure projects under the infrastructure sector,
- creating work opportunities through the Non-Profit Organization Programme (NPO) and Community Work Programme (CWP) under the Non-State sector, and
- creating work opportunities in public environment and culture programmes under the Environment and Culture sector.
- creating work opportunities in public social programmes under the social sector,

(b) Institutional arrangement

The institutional arrangement for Nkomazi Local Municipality separates LED from Tourism thus enabling Tourism to be a stand-alone function. The municipality has also made a provision for a development of Tourism strategy with direct linkages to the LED strategy.

Tourism is a separate function which is comprise of 6 staff compliments. While the municipality the Local economic development sub-directorate, consist of seven (7) staff members that are responsible for the implementation of the strategy.

There is a functional Local Tourism Organisation that has been established and meets regularly.

In the light of the above there is a need to further enhance the implementation of the strategy thereby making provision of additional staffing and funding to realise fully implementation of the strategy.

An LED forum has been established and its functional, meet once per quarter.

(c) IMEDP Programme:

120 Beneficiaries benefited from the IMEDP programme where they were each handed with equipment of Trade by the Minister of Small Business of a value of R10 000 each.

(d) Mangweni IEC

The process of developing the Mangweni IEC is underway. The Governance Model has finalized which will determine the management and operation of the IEC. The area has been cleared and fenced.

(e) Capacity Building Training and Business Breakfast

SEDA and the municipality have developed a good partnership. A joint capacity building amongst others with SEDA was conducted and 30 SMME benefited. A joint Business breakfast was also hosted by Nkomazi Municipality and SEDA. Where 25 stakeholders participated. This workshop also saw companies/beneficiaries presenting how they benefited through the involvement of the likes of SEDA and other government institution support.

3.12 TOURISM

a) Review of the Tourism Strategy and Implementation Plan

Nkomazi Local Municipality has an outdated LED strategy. The 1st draft Tourism strategy and Implementation Plan which is under review was noted by council.

The objectives of the strategy were amongst others to

- Ensure that social and economic development is prioritised within the IDP plans.
- To conduct economic regeneration studies as part of the IDP's.
- Establish LED forum and Local Tourism Organisation within the community to mobilise efforts and resources of local stakeholders around the Nkomazi region

- To build and maintain economic database to inform decision and act as an early warning system for the municipality
- Create an enabling environment for local businesses through efficient and effective service and infrastructure delivery.
- Mobilise civil society to participate in LED and encourage public participation.
- To mobilize the participation of previously disadvantaged individuals into the mainstream tourism.
- To mobilize investors into green and brown-field tourism investment projects.

b) Establishment of Local Tourism Organisation (LTOS)

The Local Tourism Organisation was resuscitated in November of the 2016/17 financial year. The aim is to form one LTO for the whole Nkomazi area which is going to represent community tourism organisation and liaise with the municipality. Previously there were four LTOs: Mbuzini LTO, covering the Nkomazi East, Matsamo LTO covers areas around Nkomazi west, KUPSTA (Kruger Mpumalanga South Tourism Association) includes Malelane, Hectorspruit & NECCTA (Nkomazi East Combined Commerce & Tourism Association) which covers Marloth Park, Komatipoort.

c) Communication, Marketing and Empowerment

The unit published and distributed the tourism information booklet (The best of Nkomazi) among other promotional materials. The booklet is meant to promote Nkomazi as the tourist destination of choice. It is also meant create awareness on the government information that would assist tourist when visiting the country, moreover it presents what Nkomazi is made of and the activities (things to do) that are taking place in the area.

d) The Development of Tourism Database

The unit developed the tourism database, and the purpose is to package tourism offerings, that will ensure new services, optimize tourism management and increase economic activities and job creation. This databased is used not only by the unit but by another department and LTO when required.

d) Tourism Learnership

Nkomazi Local Municipality partnering with Mpumalanga Tourism and Parks Agency conducted two learnership programs on Tourism Safety Monitors and Fast-Food Security for the period of twelve months, which employed 90 learners on a contract basis.

e) **Schools Tourism Awareness**

It's a program conducted during the Tourism month whereby schools around both Nkomazi East & West are invited to participate in a selected venue which differs from year to year, agreed upon by the Tourism Cluster Leaders from the Department of Education.

Target group for this event are learners doing Tourism as a subject in high schools. During the event learners are given support/advise by different sector departments including DEDT (Department of Economic Development & Tourism & Department of Education, the importance of taking Tourism as a career.

Competitions also form part of this event as a way to encourage learners to do well in their academic years. Prizes are awarded to the best performed schools.

f) **Tourism Indaba**

The Annual International Tourism Indaba is held in May at the Inkosi Albert Luthuli Convention Centre. It showcases the widest variety of Southern Africa's best tourism products & attracts international visitors & media from across the world.

All five local municipalities within EDM (Ehlanzeni District Municipality) exhibit under one stand during this event, which means that EDM uses Indaba as a platform to showcase tourism products located within its district.

g) **Swaziland International Trade Fair (SITF)**

An annual International Trade Fair exhibition event held in Eswatini over ten days at Mavuso Trade and Exhibition Centre in Manzini and receives support from the king and government alike. The Swaziland International Trade Fair (SITF) was commenced as a pillar of economic growth since the country gained its independence in 1968, and It attracts over 35,000 exhibitors from different private and public-sector institutions, as well as foreign companies and governments.

The **Swaziland International Trade Fair (SITF)** aims to promote Swaziland's goods and services:

- develop links between Swaziland and international businesses;
- provide business exposure;
- and promote development of Small and Medium Enterprises.

h) Nkomazi/ NDT Tourism Capacity Building

The National Department of Tourism has a Local Government Induction programme initiative of promoting tourism in Nkomazi for the period of 5 years. There are priorities identified on the induction programme include amongst others the implementation of capacity building programme in the financial year 2021/22 to 2022/23.

The main objective was to capacitate and empower the rural community representatives, SMMEs, Municipal Officials, Cooperatives and Traditional Leaders on Tourism related topics as per their needs for tourism growth.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.13 COMMUNITY FACILITIES, LIBRARIES, OTHER

ROLE OF COMMUNITY SERVICES DEPARTMENT

- a) To promote and facilitate a healthy and safe environment and creates an environmental aware society (Waste management)
- b) To ensure that biodiversity is protected and conserved for sustainable use (management of fauna and flora- game, birds, flowers, wetlands etc)
- c) To promote a culture of reading, literacy and access to information
- d) To promote adherence to traffic laws and municipal by-laws
- e) To promote social cohesion through sport and stakeholder forums (mayoral/twinning games and MAM meetings)
- f) To effectively manage municipal facilities (parks, cemeteries, community halls and stadia)
- g) To ensure effective fire and rescue services and manage potential disasters
- h) To effectively and efficiently manage departmental budget and expenditure
- i) To ensure that departmental sector plans are developed/reviewed, implemented and maintained
- j) To adhere to the municipal service standards
- k) To generate income (Traffic fines, waste removal, community halls, stadia and national monument, libraries etc)
- l) To support special groups and HIV/AIDS through mainstreaming
- m) To effectively support institutional monitoring and evaluation system
- n) To effectively support participatory democracy and integration
- o) To manage departmental risks

3.13.1 COMMUNITY FACILITIES

The department of community services is responsible for the provision of maintenance and cleaning of municipal facilities. Infrastructure department under project management unit is responsible for the construction new facilities and upgrading thereof. The strategies are as follows:

- Implementing programmes to upgrade and maintain existing municipal buildings and facilities.
- Constructing new facilities for enhanced service delivery
- Construction of facilities closer to the communities

The service delivery priorities are to interact smoothly with the community and other departments without disturbance to ensure accurate implementation of planning and maintenance of municipal buildings while adhering to the National Building Regulations Act.

Table 3.2.5: Capital Expenditure 2020/21 (MIG projects – Community facility)

CAPITAL PROJECTS	PROGRESS	BUDGET 2020/21	EXPENDITURE 2020/21
COMMUNITY FACILITIES			
Construction of Mgobodzi Community Hall	Construction	R7,679,374	R8,237,517
Construction of Mdladla Community Hall	Construction	R13,024,148	R14,185,688
TOTAL		R20,703,522	R22,423,205

COMMENT ON COMMUNITY FACILITY PERFORMANCE OVERALL:

The current year target for community facilities was Upgrade of Mbuzini stadium and construction of Mgobodzi community hall.

3.13.2 COMMUNITY DEVELOPMENT

Introduction

- To Develop and Maintain Parks around Nkomazi area of Jurisdiction
- To Develop and maintain Cemeteries and Promote Greening in all the Villages
- To Develop and Maintain Sport and Recreation Facilities
- To mobilize funding with regard establishment of Sports facilities and Recreational Parks
- To Promote Sport and Recreation in all communities of Nkomazi.
- Liaise Closely with Government Department, NGO, Sport Academies and Sport Confederation to promote Nkomazi Sport Programme.
- Manage all Library Functions and Activities.
- The number of general workers has to cover the Municipal Parks, Cemeteries, Libraries, Offices, Community Halls and stadiums
- Manage Arts and Culture, and the responsibilities for Arts and Culture are as follows:

The Unit Consists of the Following Components:

1. Libraries
2. Parks and Cemeteries
3. Sports
4. Community Facilities (Stadia and Community Halls)

THE UNIT CONSIST OF THE FOLLOWING COMPONENTS:

5. Libraries
6. Parks and Cemeteries
7. Sports
8. Community Facilities (Stadia and Community Halls)

3.13.3 COMMUNITY DEVELOPMENT STAFF**LIBRARIES, PARKS & CEMETRIES, SPORTS AND ARTS AND CULTURE**

POSITION	NUMBER OF STAFF
Manager Community Development	1
Admin Clerk	1
Senior Librarian	1
Librarians (Municipal)	5
Librarians (DCSR)	5
Cyber Cadet (DCSR)	3
Library Assistant (DCSR)	1
Cleaner	3
General Workers (4 Library assistants, 5 cleaners)	9

3.13.4 PARKS AND CEMETRIES STAFF

POSITION	NUMBER OF STAFF
Senior Superintendent Parks and Cemeteries	1
Team Leaders	2
Tractor Drivers	2
TLB Operator	2
General Workers	35
Cleaners	13

The number of general workers has to cover the Municipal Parks, Cemeteries, Libraries, Offices, Community Halls and stadia

3.13.5 SPORTS STAFF

POSITION	NUMBER OF STAFF
Sports Officer	1
Sports Organizer	1
Admin Clerk	1

3.13.6 LIBRARIES

ACHIEVEMENTS

National Book Week:

Celebrated between 17 – 26 November 2023 through awareness campaign- Visited Block b schools

Library week celebration:

Library week celebrated at Malelane Public library on the 10th of March 2023. Four (4) local schools were part of the celebration (Suikerland, Beacon, Malelane, Mhlathi P)

-Library orientations and storytelling were conducted in all libraries as part of Library Week celebration

World Book Day:

-World Book Day celebrated at Kamhlushwa Public Library. Three (3) were part of the celebration (Matsafeni, Luvolwetfu and Hoechst).

-Conducted reading competitions as part of World Book Day Celebration

Membership:

- New members in all libraries - 139
- Total Number of memberships in all the libraries – 2331
- MINILIB (Library for the Blind) membership - 61

Circulation of Library Material:

-15017 books were circulated in all the libraries

SERVICES:

- Free Access to Internet to all members of the public
- Free Wi-Fi connection

CHALLENGES

- Small library space without (study area, computer rooms and children's area) which makes it difficult for the users to study
- Maintenance of libraries still not a priority
- No telephones in 5 libraries (Malelane, Emtfuntini, Matsamo, Mbuzini and Somuhle)
- No drainage system at Kamaqhekeza library resulting to toilets not working
- Transport for Library section (preferable a Bakkie) to assist when conducting awareness campaign and library marketing
- No budget for library material (Books)
- Very old furniture in some of the libraries
- Very high increase in library tariffs resulting to decrease in library membership
- No internet from the Municipality in the Libraries

RECOMMENDATIONS

Renovation and maintenance of library infrastructure

- Budget for library section transport,
- Library material and furniture should be budgeted for
- Installation of telephone lines in 5 libraries
- Reconsider library tariffs (Membership fee and photocopies)
- Installation of Municipality internet in library computers

SPORTS ACHIEVEMENTS

MAYORAL CUP

Nkomazi municipality hosted the 14th edition of the Mayoral sports development tournament from the 09th October to 03rd December 2022.

REGISTRATION

All teams or clubs participated in the 2022 Nkomazi mayoral sports development cup registered with their prospective federations and streams. The winning teams are as follows:

Code	Category	Position 1	Position 2
Soccer	Under19 BOYS	Magogeni Spoilers FC	Buffelspruit Home Defenders FC
	Under 19 GIRLS	Schoemansdal Young Stars	Mzinti Ladies
	Under 15 boys	Camalaza Secondary School	Suikerland Secondary School
	Under 13 boys	Matsamo Primary School	Shayindlovu Primary School
Netball	Under 19	Block B Green Mamba	Kamhlushwa City Stars
	Under 15	Idlangamabala Secondary	Joseph Mathebula High
	Under 13	Ingwenyama P School	Kwajelusa P School
Volleyball	Under 17 boys	Shinyukane Sec School	Zenzele Sec School
	Under 17 girls	Shinyukane Sec School	Sophungane Sec School
	Under 14 boys	Sihlangu Primary	Mbangwane Primary
	Under 14 girls	Hoyi Primary	Majembeni Primary
Basketball	Under 19	Nkomazi heat	Schoemansdal Ronex
Chess	Under 15	Sihlangu Sec School	Ingwenyama Sec School
Tennis	Under 13	Luvolwethu Primary	Mhlathi Primary
Lsen netball	Under 15	Bukhosibethu inclusive school	Silindokuhle special school
Athletic	10KM Men	Sibonginkosi Maseko	Flavio Sehohle
	10KM Women	Zeferina Zundo	Winile Mninsi
	21KM Men	Abednego Mashaba	Samuel Mathabatha
	21KM Women	Nomvula Sithole	Zanele Sehohle

1. LOCAL ORGANISING COMMITTEE

The organizing committee of the 2022 Nkomazi mayoral sports development cup consist of the following stakeholders:

Organization	Representative
Nkomazi local football association	Mr. MC Silabela & Mr. BJ Mhlabane
Nkomazi sport Council	MR. OL Zitha, Mr. AS Magagula, Mr. JC Nkalanga, Mr. ZC Khumalo
Nkomazi volley ball association	Mr. T Zitha
Nkomazi disability sports	Mr. S Madonsela
Department of culture sports and recreation	Mr. G Mabuza, Mr. M Mkabela, Ms T Mavuso, Ms. E Mathabela & Mr. S Mahlobo
Municipal sports desk	Mr. TL Mabunda, Mr. T Sambo & Mr. TC Ngwenya & Ms. Z Mahlalela
Netball	Ms. S Metiso & Mrs. N Mokoena
Chess	Ms T Nsingwane
School sports	Mr. A Mpofo, Ms LV Hlophe, Ms. S Ntuli, Mr. S Mahlalela
Communication	Mr. MC Malale
Disaster	Mr. G Sibambo

Waste	Ms. L Nkosi
Facilities	Mr. WL Mkhathswa, Ms. T Maziya & Mrs. F Thabethe
EMS	Mr. B Mathonsi
SAPS	Mr. M Shongwe

NKOMAZI Developmental Leagues

Nkomazi Local municipality supported the developmental leagues (Netball and Basketball), the leagues started on the 08th of April 2023 and finished on the 24th June 2023, winners received playing attires, Gold Medals and a trophy, while the second best received silver medals and balls.

Nkomazi Sports Indaba

Nkomazi Local Municipality in conjunction with the Department of Culture Sports and Recreation hosted the sports indaba on the 17th May 2023 Kamhlushwa Community Hall, from 08h00 to 17h00, all federation, Community sports committees and all sporting activism were invited.

CHALLENGES AND RECOMMENDATIONS

- Most of our programs are not funded, we only receive funding for mayoral cup.
- We recommend that all our programs be funded.
- Sports is still taken as a non- service delivery programme in our Municipality, we recommend that sports budget be increased as sports changes the lives of many people worldwide and it's playing a very vital role in fighting and combating too many social ills in the world.
- We also recommend that at least two 15 seater buses be purchased for the transportation of our athletes especially those who qualify to represent the municipality provincial and national as we are unable to do so at some stage due to insufficient budget

CONCLUSION

The Nkomazi municipality sports desk will recognize, support and nurture the sporting aspirations of individuals, develop them to their fullest potential and establish sport as a valuable asset in the quest to promote the image of the municipality as a leader in the sport fraternity of South Africa. As sports desk we also like to thank the support, we acquire from the entire management in terms of rendering our programs.

3.13.7 PARKS AND CEMETRIES

ACHIEVEMENTS

- Maintenance of all parks and open spaces is an ongoing maintenance.
- Current Nkomazi municipality have 77 cemeteries in rural areas that are maintained by tribal authorities
- Managed to assist the tribal authorities on any matter regarding cemeteries on request.
- Management and maintenance of four cemeteries, Malelane, Komatipoort, Kamaqhekeza and Kamhlushwa are well managed.
- Maintenance of all sports and recreation facilities are serviced by the section (KaMaqhekeza, Mangweni, KaMhlushwa, Mbuzini and Driekoppies).
- Three newly identified cemetery sites: as follows- Mjejane, Block C and Jeepes Reef.

Challenges

- Purchase of Law bet to minimize the long road traveling.
- The section couldn't able to purchase the TLB due to insufficient budget after budget review
- Shortage of soccer pitch marking machine makes our work difficult.

- Electronic substitution board and technical and medical bench.
- Electronic registration of graves is needed
- Refencing of cemetery with clear view fencing to avoid stealing and vandalizing tombstone
- No ablution block, water and store rooms in all cemeteries.
- Extension of cemetery services to tribal areas.
- The athletic pitch needs to be rubberized to allow the athlete to run without any danger.
- Shortage of water at Mangweni stadia is causing a seriously challenged, not able the community to use the facility as expected.
- Rebushing of grave yard with a TLB cause breakdowns.

Recommendations

- Breakdown truck to be budgeted for the section to assist in transporting the TLB.
- Budget should be available for the construction of ablution and store room at Kamaqhekeza, Malelane, Komatipoort and Kamhlushwa cemeteries
- Council approves the artificial pitch at Mangweni stadia.
- Purchasing of bulldozer for cemetery establishment in the next financial year.

3.13.8 MUNICIPAL RECREATIONAL FACILITIES

POSITION	NUMBER OF STAFF
Senior Municipal Recreational Facility officer	1
General Workers	40

ACHIEVEMENTS

Two recreational Hall built at Mgobodzi and Kamdladla completed

CHALLENGES

-No budget allocated for recreational facilities maintenance

SOCIAL SERVICES AND TRANSVERSAL

INTRODUCTION

The National strategic Plan (NSP) on HIV, STI's and TB 2017-2022 extended to 2023 is a multi-sectoral intervention that aimed at providing strategic guideline and policy direction in the fight against the pandemic. Nkomazi Municipality saw the need to develop a Multisectoral Local Implementation Plan (MLIP) which is aligned to the National Strategic Plan (NSP) but more linked to the Provincial Implementation Plan on HIV, TB and STIs 2017-2022 and it is reviewed annually to track the progress. Like the MDIP the MLIP is organised into eight strategic goals that guide the local HIV, STIs and TB response that are namely,

Eight Strategic Goals

- *Goal 1:* Accelerate prevention to reduce new HIV and TB infections and STIs.
-By “Breaking circle of transmissions”.
- *Goal 2:* Reduce mortality and morbidity by providing treatment, care and adherence support for all.
“Reaching 95-95-95 in every district”.
- *Goal 3:* Reach all key and vulnerable populations with customised and targeted interventions.
“Nobody left behind”
- *Goal 4:* Address the social and structural drivers of HIV, TB and STIs and link them to the NDP goals.
“A multi department, A multi sector approach”
- *Goal 5:* Ground the responses to HIV, TB and STIs in human rights principles and approaches.
“Equal treatment and social justice”
- *Goal 6:* Promote leadership and accountability for a sustainable response to HIV, TB and STIs.
“Mutual accountability”
- *Goal 7:* Mobilise resources and maximise efficiencies to support the achievement of the NSP goals.
“Spend now, to safe Later”
- *Goal 8:* Strengthen strategic information to drive progress towards achievement of the MLIP goals.
“Data driven action”

This is done through:

Coordination: Bring together stakeholders to develop and coordinate implementation of projects

Facilitation: Assist projects from civil society to get access to resources and to other government services and funding processes. Make council facilities available and use municipal communication facilities like newsletters and notice boards.

Planning: Ensure that the impact and consequences of AIDS are taken into account in the long-term planning around the municipal IDP. Develop clear poverty alleviation and indigent policies and target child-headed families and families that have lost breadwinners.

Leadership: Mayors, Ward councillors and Community Development Workers should be role models for the community and provide moral leadership on dealing with HIV/ AIDS and people who are affected by HIV and TB.

The Role of the Local AIDS Council

- Ensuring effective coordination of HIV, STI's, TB and other social issues affecting the community including key population (Women, Children, Disabled persons' LGBTIQ, People living with Albinism, Orphans and Migrant population)
- Nkomazi Local Aids Council as an advocating structure coordinate HIV, STI's and TB programmes and other related matters.
- Assisting Non-Profit organization dealing with HIV/AIDS and related issues in drafting funding proposal.
- Ensuring that Special Groups programmes are mainstreamed within the Municipal Business.
- The Special Groups focus was proclaimed the Presidency as the most vulnerable and historically disadvantaged individuals (women, Children Disabled Persons, Elderly and Youth. The mandate of the Government is to ensure that the above-mentioned Special departments for rendering services to the public/
- Advocating for the implementation of special programmes
- Develop and coordinate for implementation of multi-sectoral local implementation plan every year till 2023
- Coordinate for the annual reviewal of (MLIP) Multi-sectoral local implementation plan on annual bases
- Coordinate and supports all health calendar event
- Coordination and support awareness campaigns and community dialogues on HIV/TB and STIs.
- Coordination and support School health programmes on HIV, STI, TB, Teenage pregnancy, Drugs and Alcohol abuse
- Coordination and support Stakeholders on HIV Testing Services during community events/ Imbizo such as UMMEMO and Traditional graduation ceremony (Tintfwaso).
- Mobilisation of young and older men for Medical Male Circumcision (MMC)
- Advocacy role in issues of prevention, treatment Care and support and support for Orphans and Vulnerable Children.
- Assist and support DOH on Defaulter tracing and client's linkage to facilities
- HIV Prevention Programmes targeting the Lesbian Gay Bisexual Transgender and Intersexual (LGBTIQ+) society.
- Community Capacity Enhancement (CCE) Dialogue in school & communities
- ZAZI girls programme to address teenage pregnancy
- Coordination and compiling comprehensive multi-sectoral reports for LAC and DAC
- Coordination of Technical Task team meetings
- Establishment of support group for key population or marginalised group
- Established and strengthening civil society sectors
- Support Ward AIDS council functionality in all 33 Wards
- COVID 19 screening and Testing awareness and Vaccination campaigns in all 33 Wards
- Coordinate Condom distribution in communities and in high transmission areas
 - (SRHR) Services in school and communities
 - She conquers programme on HIV & Sustenance abuse

EMPLOYEES FOR SOCIAL SERVICES HIV/AIDS

POSITION	NUMBER OF STAFF
Manager	1
Social Worker	1
HIV/ AIDS Officer	1
HIV /AIDS Prevention Co-Ordinator	1
Admin Clerk	0
Data Capturer	0
Lay Councillors	4
General Worker (Data Capturer)	3

3.13.9 PROGRAMMES

- World AIDS Day Celebration / Commemoration and Red Ribbon campaign
- World TB Day celebration
- Positive Living Convention and Candle Lighting Memorial
- Development of Multisectoral Local Implementation Plan (MLIP) and Review on annual bases.
- LAC Full sittings on quarterly bases
- Technical Working Group (TWG) Meeting on quarterly bases
- Civil Society Forum (CSF) Meeting on quarterly bases
- Local Drug Action Committee (LDAC) Meeting on quarterly bases
- Coordination of Ward AIDS Council Programs in 33 wards.
- Coordination of Civil Society Programs
- Coordination of School support programs (Address teenage pregnancy)
- Coordination of Community awareness campaign on health and Social in all 33 wards.
- Coordination of Community dialogues on GBV and substance abuse etc.
- Establishment of Civil Society Forum sectors
- Coordination of Report from stakeholders

ACHIEVEMENTS

Goal 1: Accelerate prevention to reduce new HIV, STI's and TB infections

- World AIDS Day event and Red Ribbon campaign was commemorated successfully on the 12th of December 2022 at Mzinti Ebukhosini Lodge, and target group was People Living with HIV and Orphans. The Honorable Exec. Mayor motivated the guest on the most sensitive issues such as treatment adherence and child disclosure and also handed food parcels and gifts to our guests.
- World TB Day/TB Comprehensive health campaign was celebrated on 23rd of March 2023 at Mdladla community hall by showcasing Comprehensive health services from all stakeholders.
- 126 Awareness campaigns coordinated and supported on Health and Social (Covid 19 vaccination, HIV, STI's, TB and school health programs) in all 33 wards 2022/2023.
- 26 Community Dialogues on GBV, Men championing change program, Drug and substance abuse coordinated and supported successfully.
- There was great achievement in terms of TB screening reported 100% for adult and 98% for children respectively above set target of 90%, thus reaching the 1st 90% on TB.
- Percentage of women accessing ANC services who were tested for syphilis was 100% achieved across the 4 quarters thus reaching the 1st 90% on STI screening.

CHALLENGES

- There much improvement in terms of Percentage of ANC early bookings before 20 weeks was below the set target of 80% across the 4 quarters where in Q2 was 77.5%, Q3 was 78,5% and Q4 79% and this was due to late bookings of pregnant women and cross boarder issues.
- There was a poor performance of 55% on Delivery in 10 to 19 years in facility rate against annual target of less than 11% (Negative indicator) that indicate a high number of teenage pregnancies, which contributed by inconsistent supply of contraceptives in health facilities.
- 793 Voluntary Male Medical circumcision (VMMC) clients performed against annual target of 4 514, it was due to the fact that Right To care has withdrawn both human and material resources from the

main site (Old Naas Clinic). Shongwe site also operate on Wednesday only due to the roving team that is stationed at Nelspruit and supporting the whole of Ehlanzeni).

Recommendations

- Clinicians to accelerate health talks 3 times a day at the reception area, emphasize on foreigners to bring their country's ANC booklet and stakeholders intensify awareness campaigns to pregnant women about early booking, radio slots and PMTCT dialogues
- Stakeholders lead by DOH to intensify health education on family planning method to leaners especial (AYW's) Adolescent and Young women and (AYFS) adolescent youth friendly services to empower our young girls on skills on how to handle peer pressure and also accept their social status.
- There is a need to have a meeting with Senior Management of both Tonga and Shongwe hospital including Political Leadership to discuss issue of VMMC for the for the Department to allocate more Doctors on VMMC to improve demand creation and also re-open Naas old clinic site.

Goal 2: Reduce morbidity and mortality by providing treatment, care and adherence support for all

Achievements

- Positive Living convention and Candle lighting memorial event held in a form of Dialogue on the 30 of May 2023 at Phiva Sivutsa Lodge, and target group was People Living with HIV (PLHIV) and Sex workers Hon. MMC motivated guest to live a positive life and also handed over gifts.
- Total HIV test clients conducted (incl. ANC) achieved 157 996 against the target of 85 380 annually and this was achieved through stakeholders collaborated services.
- There was an over achievement of 101% on TB/HIV co- infection above the target of 90% annually. This was mainly attributed by most clients who were prioritised on TB drugs.
- There was massive improvement in terms of TB loss to follow up (Defaulter rate) in Quarter 1 recorded 5%, Quarter 2 & 4 recorded 3% and Quarter 3 recorded 4% from target of less than 5% across the 4 quarters, and this was attributed to good partnerships between DOH and Acquity Solutions a Global Fund TB implementer.

- Total number clients remaining on ART (adults and children) has increased from 69 651 in Q1 to 74 624 in Q4. Overall annual increase was 4 970 ART clients thus reaching the 2nd 90% with treatment initiation.

Gaps and Challenges

- TB client death rate was high across the 4 quarters where in Quarter 1 = 9% was recorded, Quarter 2 = 13% and in Quarter 3 & 4 = 9% recorded way above the set target of below 5% across the 4 quarters and this was attributed to late presentation of clients with both HIV and TB and also unsuppressed viral load.
- TB client treatment success rate performance was 86% below the set target of 90% annually which was attributed to high TB death rate.
- There was a decline with viral Load suppression in children under 15 years with the performance of 58% in Q1, 60.4% in Q2, 75% in Q3 and 85% in Q4. against Quarter target of 90%, which indicates that most children are defaulting on ART treatment.

Recommendations

- DOH to intensify and raise more HIV and TB screening, community awareness campaigns on treatment adherence and also conduct workshops to traditional healers and spiritual leaders.
- DOH, RTC Social workers and DREAMS partners to support parents with children's disclosure to improve adherence.

3: Reach all key and vulnerable population with customised and targeted interventions

Achievements

- 121 farms were reached through mobile clinic for provision of comprehensive health services to farm workers and Migrant population.
- 726 900 Health and safety packages (Condoms and Lubricant) distributed to Sex worker sites and Truck drivers achieved from target of 211 752 annually.
- 3 628 Sex workers and Truck drivers reached through peer education against an annual target of 1 732.

- 2 Health facilities that were providing Key and vulnerable population with friendly services as targeted were operating as targeted and these were Komatipoort clinic and Trucking wellness clinic.

Gaps and Challenges

- There was no data received from some of the organisations responsible for key and vulnerable population such as Male Sleeping with other Men (MSM), AGRI IQ and TB/HIV care.

Recommendations

- There is need for mapping Civil Society Organisation (DREAMS partners) that are directly responding to goal 3, in order to report on the services being rendered to the key and vulnerable populations (LGBTIQ and Farm workers).

Goal 4: Address the social and structural drivers of HIV, TB and STIs and link them to the NDP goals Achievements

- There was an increase in number of beneficiaries receiving social grants from 169 911 in Quarter 1 to 173 227 in Quarter 4 annually, with the increase of 3 316 due to online grant application system.
- There was overachievement in terms of awareness campaigns for substance abuse, the overall annual performance is 74 against 25 targets.
- Nkomazi has 2 funded Victim Empowerment sites (Schoemansdal VEP and Masisukumeni Women crises) that are providing psychosocial support.
- There was an overachievement of 94 awareness campaigns out of the targeted 8 were conducted for Gender Based Violence (GBV).
- The 589 of victims of crime and violence receiving psycho-social support services were successfully achieved against the set target of 130 annually and this was achieved due to service demand.
- 17 Support groups for persons with disabilities against annual target of 8.
- 9 Persons with disabilities out of the targeted 4 that were reached through prevention programmes.

Goal 5: Ground the response to HIV, Tb and STIs in human rights principles and approaches

Achievements

- Human Right Day was celebrated on the 19th of March 2022 at KamaQhekeza community hall

Challenges

- There was no data received from DOJ in all 4 quarters for verification.

Recommendations

- The Hon. Executive Mayor Chairperson of the LAC to hold accountable every stakeholder that are not complying in submitting their quarterly progress reports for data verification.
-

Goal 6: Promote leadership and shared accountability for a sustainable response to HIV, TB and STIs Achievements.

- All 4 Local AIDS Council (LAC) full sittings held annually as planned and was chaired and championed by the Honourable Exec. Mayor the chairperson of the AIDS Council.
- Induction workshop for the New Leadership on Terms of Reference of AIDS Council was conducted on the 1st of November 2022 at Mayor's Boardroom with the assistance from Ehlanzeni District Municipality (EDM) and Mpumalanga AIDS Council (MPAC).
- Induction Workshop of Ward Councillors was conducted successfully on the 08th of November 2022 at Mdladla community hall with the assistance of the Office of the speaker and support from Ehlanzeni District municipality and Mpumalanga AIDS Council.
- 24 Ward AIDS Councils established in 2022-2023 financial year and those are Ward 01, Ward 02, Ward 05, Ward 06, Ward 07, Ward 08, Ward 12, Ward 14, Ward 15, Ward 16, Ward 17, Ward 18, Ward 19, Ward 21, Ward 22, Ward 23, Ward 25, Ward 26, Ward 27, Ward 28, Ward 29, Ward 30, Ward 31 and Ward 33
- All 4 (Technical Working Group) TWG meetings were coordinated across the 4 quarters for data verification to ensure quality of LAC report.
- All 4 CSF (Civil Society Forum) meetings were coordinated and chaired by the Chairperson of the Civil society across the 4 quarters.
- Local Drug Action Committee (LDAC) was Launched in 2nd quarter on the 1st of November 2022 at Malelane Kobwa Hall and 3 meetings coordinated as planned across the 3 quarters.

Achievements

- Nkomazi HIV Coordination budget for 2022-2023 financial year was achieved R1 654 598 (One million six hundred and fifty-four thousand five hundred and ninety-eight cents).

Goals 8: Strengthen strategic information to drive progress towards achievement of the LIP goals

Achievements

- Nkomazi LAC conducted Nkomazi Local Implementation Plan (MLIP) review for 2021-2022 and 2022-2023 financial years with the assistance of the Ehlanzeni District Municipality, AIDS Foundation and MPAC on the 26th of June 2022 at Malelane Planning and Development Boardroom.
- The LAC secretariat has managed to achieved in developing the Multisectoral Local Implementation plan (MLIP), which is the Five-year plan extended to six due to COVID from the 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021/2022 and 2022-2023 financial years.
- Nkomazi has managed to produce an Annual Multisectoral Local Implementation Plan (MLIP) report and Summary report for 2022-2023.
- The report is a reflection of the multi-sectoralism that must exist in the HIV, TB and STI response although there are some stakeholders and department that didn't sent their reports for consolidations.
- There has been adoption of indicators from various stakeholders measuring different aspects in the response, thus covering goals from 1 to 8 of the MLIP 2022/2023.
- Four Government departments (DOH, DOE, DSSL and DSD) have been able to report quarterly to the LAC.

Challenges

- No data received from Department of Justice that addresses goal 5 which was a huge challenge when evaluating the response on issues of human rights.

Recommendations

- Technical Working Group to continue with verifying of data submitted by the stakeholders prior to adopting the reports during the LAC meetings sitting.
- There is need for Department of Justice to report on issues of Human rights and other stakeholders focussing on issues of key population such as Migrant, Farm workers and Sex workers also report to the council in the next financial year 2023/2024 financial year.

RECOMMENDATIONS

There is a need for stakeholders such as Department of Justice, HIV/ TB care and AGRI wellness to attend and submit their data for verification and compile quarterly progress reports

3.13.10 TRANSVERSAL

EMPLOYEES FOR TRANSVERSAL

POSITION	NUMBER OF STAFF
Senior Transversal Officer	1
Transversal Officer	1
Transversal Co-Ordinator	2
Admin Clerk	1
General Worker (Data Capturing)	1

ACHIEVEMENTS

Programmes for people with disabilities

- Launched the disability forum on the 15th March 2023
- Quarterly meeting for people with disabilities were held on quarterly basis
- Participated in the disability awards held at the district on the 29th June 2023 at Hazyview
- Visited all the centre for people with disabilities on the 03rd to 07th July 2023 Quarterly meetings were held

for people with disabilities at local level and at Ehlanzeni District Municipality

Programmes for elderly persons

- Participated in the provincial forums for elderly person

Women Programmes

-Launched the women council on the 27 January 2023 at Mdladla Community Hall

- Launched the multi-party women commission on the 31st January 2023 at Schoemansdal Community Hall

Meetings are held on quarterly basis at the Municipality district and provincial level

Children Programmes

Launched the Junior Council at Kamdladla on the 27th and 28th May 2023

Junior Council Members participated in the State of the Municipal Address on the 29th June at Boschfontein Community Hall

Challenges

Shortage of office space

-The unit needs a car to transport the marginalized groups and the forum members in their meetings and when conducting activities for societies

Recommendations

- That and office space be availed for the employees

-That a combi for the transversal unit be purchased to enable facilitating and implementation of their programmes

SOCIAL WORKER

BACKGROUND

-The Municipality Social Worker conducted a number of activities related to services delivery during the financial year 2022/23. The Social Worker has been rendering services to a number of community members and officials of the municipality most of whom required Psychosocial services, counselling services, social needs of distress, assistance with registration of birth and school registration.

-With reference to the above-mentioned subject the Social Worker's annual report for 2022/2023 is as follows:

PSYCHOSOCIAL AND COUNSELLING SERVICES

The Municipality social worker provided

- 25** psychosocial and counseling services counselling sessions to Municipal employees and their immediate family members.
- 50** support services and counselling sessions provided to families in need of support and care.
- 10** children assisted with letters for school registration and placement.

LATE REGISTRATION OF BIRTH

A number of community members have requested to be assisted with late registration of birth with the Department of Home Affairs and the social worker conducted a number of investigations in order to assess the individual cases.

- 30** cases of late registration of birth investigations and assessments were conducted.
- 05** clients assisted successfully to register for birth documents with Department of Home Affairs.

PAUPERS BURIAL SERVICES

-The Municipality Social Worker received request of burial services from Ward Councilors for people who had no means to be buried.

-**55** paupers burial request were received and provided

-The social worker was able to assist the ward councilors to perform their duties by enabling them to be assisted by the funeral undertakers under Nkomazi Municipality.

LOCAL DRUG ACTION COMMITTEE

-**01** Local Drug Action Committee launched and members were appointed by the Executive Members on 01 November 2022.

-Social Worker appointed as a Deputy Chairperson for the Mpumalanga Provincial Substance Abuse Forum by the MEC for Social Development.

CONTINUATION OF SERVICES

-The social worker will continue to render services to the affected community members of Nkomazi and Municipal officials who requires the services of the social worker. The social worker made follow ups to cases that were referred to Departments of Home Affairs, Department of Social Development, and SASSA.

-The social worker will continue to work with the ward councilors to assist affected families in Nkomazi who requires the services of Nkomazi Municipality. Furthermore, the social worker will continue to work with the different stakeholders within the Nkomazi Municipality in order to enhance and improve the quality of life for all community members within the municipality.

CHALLENGES

-Lack of resources such as social relief of distress (Food parcel) during state of disaster in the Nkomazi Municipality.

-High number of people who are unemployed and unable to access services and to conduct DNA Test that are required by the Department of Home Affairs.

-Not enough personnel to provide social work services for the entire population of Nkomazi Municipality including employees of Nkomazi Municipality

BIO-DIVERSITY, LANDSCAPE AND OTHER NATURE

CONSERVATION

INTRODUCTION

- Ensure proper management of fauna and flora
- Ensure proper veldt and soil management through rehabilitations and control of alien species.
- Liaise with stakeholders and other interested parties to ensure good governance.
- Administration management and control of municipal resources

POSITION	NUMBER OF STAFF
Manager	1

Nature Conservation Officer	1
Senior Ranger	1
Field Ranger	10
Field Assistant	7
Malaria Control	3
Admin Clerk	1

PROGRAMMES

- Control of alien species.
- Game Count
- Culling programme
- Trophy hunting
- Translocation programme
- Malaria control

- Rhino collaring and dehorning
- Lion's collaring

ACHIEVEMENTS

- Stakeholders' meetings were attended whereby game management was discussed.
- Invader plants were controlled in most identified areas including parklands in Marlothpark.
- 406 mortalities (dead animals) were realized during the financial year caused by speeding cars, age, fight and some were poisoned by poachers.
- 16 snares were removed inside the park during patrol.
- 344 houses were sprayed for malaria control during the season.
- 732 vehicles were recorded entered Lionspruit Nature Reserve during this period and this generated an income for the institution of R58 230.00
- The electric fence was well maintained in Lionspruit and Marlothpark.
- Erosion was also covered both in Marlothpark and Lionspruit.
- The roads of Marlothpark and Lionspruit were also graveled and maintained.

Trimming of the trees were also done along the fence and roads at Marlothpark and Lionspruit.

CHALLENGES

- Annual culling not done because of Marlothpark residents interference preventing the municipality to carry on with the operation.
- Conflict interest from stakeholders of Marlothpark arises from time to time.
- Under staffing.
- Insufficient budget allocation to buy feed for the animals during drought season.
- Speed of cars which led to mortalities and diseases.
- Game count was never conducted due to procurement process that was delayed.
- We have only two male rhinos without a female rhino.
- People's movement inside the park which possess a threat of poaching.
- Not enough training was provided for staff.

RECOMMENDATIONS

- Trophy hunting must be introduced to other species at Lionspruit Nature Reserve for more income generation.
 - Patrol teams and programs developed to minimize poaching.
 - Regular meetings with interests groups. (MPPOA, Conservancy etc.) and interested parties.
 - More budget is needed for electric fence upgrade.
 - Regular trainings to be budgeted and implemented for staff.
- A female rhino must be introduced.

3.13.11 COMPONENT F: SECURITY AND SAFETY

TRAFFIC SECTION

INTRODUCTION TRAFFIC

- Responsible for law enforcement as part of compliance to the National Road Traffic act no. 93 of 1996
- Ensure Public safety on our roads and communities.
- Enforcing municipal by-laws.
- Escorting of Mayor, MEC's, Deputy Ministers, Ministers and Funerals.
- Painting of road markings.
- Replacing of Traffic Signs.
- closing of roads due to funerals and events.
- Capturing of 56 Notices.
- Capturing Court Roll Results.
- Capturing of Payments and Representation Results.
- Printing of Warrants of Arrest.
- Admin Office Duties.
- Attending of courts and calling of court rolls (Lows Creek, Malelane, Komatipoort and Tonga).

EMPLOYEES FOR TRAFFIC

POSITION	NUMBER OF STAFF
Manager Traffic	1
Assistant Manager	1
Senior Superintendent	2
Superintendent	6
Assistant Superintendent	13
Law Enforcement Officers	26
Drivers	1
Admin Clerk	2
Data Capturers	5
Road Markers	7

ACHIEVEMENTS

- 13 Road Safety Awareness and Campaign were conducted at N4 Malelane, Komatipoort BP Garage, Komatipoort Lebombo Border post, R571 Mangweni road
- Managed to install road studs at Rissik Street Komatipoort
- Manage to procure two VIP toilets for roadblocks
- Managed to install road traffic lights at Kamhlushwa and Matsamo Plaza
- Managed to paint road markings at Malelane, Komatipoort, Hectospruit, Marlothpark and Mhlatikop.
- Managed to replace traffic signs at Malelane, Komatipoort and Hectospruit
- Managed to execute warrant of arrest.
- All reported accidents were attended.
- Roadblocks were conducted with Tonga Cluster (SAPS) at Malelane, Tollgate Kaapmuiden, N4 Komatipoort, N4 Kaapmuiden Tonga and Schoemandsal
- Managed to escort all principals visited Nkomazi (Executive Mayor, MEC's, Deputy Ministers, SARS Officials, President of Contralesa and Ministers

CHALLENGES

- Shortage of Traffic Officers
- Shortage of Road Markers Superintendent
- Shortage of Law Enforcement Senior Superintendent
- Shortage of Traffic Senior Superintendent
- Shortage of Senior Law Enforcement Officers
- Shortage of Law Enforcement Officers
- Shortage of Drivers
- Shortage of transport for transporting road markers
- Shortage of transport for transporting Law Enforcement Officers
- Shortage of Admin Officer
- Shortage of transport for transporting Law Enforcement Officers
- Shortage of office space
- Shortage of Senior transport Officer
- Shortage of transport Officer

SUB-SECTION: FIRE & RESCUE

Introduction

- Record every information received and dispatch it to the relevant person(s) or Department(s) for urgent response.
- Work as mediator between the community and the Municipality in terms of Disaster, Fire & Rescue Services.
- Keep records of all incidences occurred within the jurisdiction of Nkomazi regardless of the nature of the incidence.

Rescue Team

- Attend all road traffic accident
- Attend all house and veldt fires
- Attend all incidents which may cause negative impact to humans, nature and environment
- Attend to all Disaster related cases
- Participate in all events which take place within the Municipality
- Provide Emergency services and support as part of emergency response.

Disaster Team

- Conduct Disaster awareness in communities
- Attend all Disaster issues when need arises
- Assist at the Lebombo boarder post during Easter and festive season
- Assist the community to receive disaster relief post disaster incidences.

Position	No of Staff
Manager Fire & Rescue	1
Senior Superintendent	1
Supervisor	4
Disaster Coordinator	4
Radio Operator	4
Fire Fighter	12
General Worker (Data Capturer)	1

3.13.12 Sub-Section DISASTER TEAM

-Disaster Management Function manages and controls the key performance areas associated with the disaster management and security functionality through inputs into the design, development of approved policies, alignment of procedures, systems and controls guiding critical interventions and processes with respect to loss control, risk reduction and elimination and, providing advice, information and guidelines on critical initiatives related to legislative imperatives with a view to sustaining interventions and supporting an integrated approach to protecting Council property and the building of resilient individuals, households and communities within the context of the Integrated Development Plan (IDP).

- Conduct Disaster awareness in communities
- Attend all Disaster issues when need arises

- Assist at the Lebombo boarder post during Easter and festive season
- Assist the community to receive disaster relief post disaster incidences.
- Preparing incidents reports to EDM on monthly basis

Sub-section VIP Protection

- Protect the Principals at their community outreach
- Do sites inspection, if need be, during Principal visits
- Protect and escort Principals if need be

ACHIEVEMENTS

- Floods awareness done targeting 28 Schools 11 Community Development Centre and 9 Community Health care
- 201 blankets distributed to the needy families post disaster.
- 200 sponges distributed around Nkomazi for disaster relief.
- Attended 11 local events.
- Attended 201 road accident, 46 fatal and 231 injuries
- Attended 02 vehicle fires
- Managed to rescue 07 trapped casualties.
- Awareness fire evacuation drills, Basic firefighting training to the community (use of fire extinguishers) and danger of electricity
- Two fire trucks procured

CHALLENGES

- Shortage of operation vehicles
- Shortage of operation personnel's and material resource
- Shortage of Sub-Stations to minimize respond time

RECOMMENDATIONS

- Purchase additional motor vehicle for response in all forms of disaster.
- Appointment of more staff
- Purchase working equipment's (laptop, camera & cell phone

EXPANDED PUBLIC WORKS PROGRAM INTRODUCTION

Facilitate job creation (beneficiaries) through the EPWP

STAFF

POSITION	NUMBER OF STAFF
Manager EPWP	1
Data capture	1
General Worker (Data capturers)	3

ACHIEVEMENTS

- 229 beneficiaries to all the 33 wards
- Minimization of Waste
- Cleaning and Beautification of parks and strategic areas
- Cleaning of Municipal Facilities
- Assisting in Road Markings

CHALLENGES

- Shortage of office furniture and office equipment.
- Lack of EPWP Co-Ordinator's
- Lack of EPWP Data Captures
- Shortage of office space

COMPONENT E: ENVIRONMENTAL PROTECTION

3.13.13 CLIMATE

Nkomazi Local Municipality falls within the summer rainfall region with the rainy season normally lasting from October to March. The average mean annual precipitation for the municipal area varies between approximately 750 and 860mm with averages varying from approximately 450 to 550mm in the eastern areas to 1500mm on the higher lying western areas.

Table: Elevation

Range (m)	Area (ha)	%
101 – 200	25 412	7.9
201 – 300	193 936	59.9
301 – 400	86 937	26.9
401 – 500	9 362	2.9
501 – 600	6 687	2.1
601 – 700	1 337	0.4

Source: Mpumalanga Provincial Government: Integrated Resource Information Report - 2005

TOPOGRAPHY

Slope

Table: Slope Analysis

Class	Area (ha)	%
Level (0-3%)	158 511	49
Moderate (4-15%)	111 955	34.6
Steep (16-25%)	22 169	6.8
Very Steep (25+)	31 037	9.6

Source: Mpumalanga Provincial Government: Integrated Resource Information Report Nkomazi

In terms of topography, the following is concluded:

Steep slopes and mountainous areas are to be found in the western part and along the eastern boundary of the municipality. The Kaalrug Mountain range is to be found to the west forming part of the Barberton Mountainlands and the Lebombo Mountain range is located along the

eastern boundary. The Lebombo Plains, located between the Komati River and the Lebombo Mountains to the east, are characterized by flat to undulating landscapes. The central part between the Komati River and the mountainous western areas is fairly flat however steeper slopes occur to the south towards Swaziland border.

GEOLOGY

Geology

Geology Type	Area (ha)	%
Arenite	34 730.01	10.73
Basalt	50 784.14	15.69
Dolorite	6 732.38	2,08
Gabbro	388.41	0.12
Gneiss	14 209.20	4.39
Granite	12 234.80	3.78
Granophyre	2 492.27	0.77
Lava	38 970.11	12.04
Lutaceous Arenite	15 018.38	4.64
Quartz Monzonite	94 609.33	29.23
Rhyolite	18 449.30	5.70
Shale	32 529.04	10.05
Ultramafic Rocks	2 492.27	0.77

Source: Strategic Environmental Focus

A large proportion of Nkomazi is underlain with quartz monzonite (30.7%) to the south and central region. Basalt is the second most dominant (16.5%) geology type, located to the east. The north-western part is predominantly underlain with arenite and lava. The least occurring geology types are ultramafic rocks, granophyre, gabbro and dolorite.

AGRICULTURE POTENTIAL

i. Soil Potential

In response to the increasing development pressure and request for information on agricultural land a **Soil Potential Layer** was developed by the Department of Agriculture based in Ermelo, as part of a process to develop an **Agricultural Potential Map** for Mpumalanga.

Soil Form Associations, Soil Depth and Clay Contents layers of the Mpumalanga Soil Mapping Project (Van den Berg) were used to create a preliminary Soil Potential Layer that shows the location of the different soil potential classes (Low, Low-Medium, Medium, Med-High, High) for Mpumalanga.

The soil potential layer was superimposed on Nkomazi municipal area and the results are indicated in the table below.

Soil potential

Class	Area (ha)	%
Low	171147	53
Low-Medium	133327.8	41.3
Medium	1459.62	0.5
Medium-High	13666.48	4.2
High	3433.68	1.1

The soil potential layer is still a preliminary data set, which need to be verified by field surveys and observations. It should be further verified and refined before it can be used in the modelling of the Agricultural Potential Layer.

ii. Agricultural Land Capability

In addition to the Soil Potential Layer the Agricultural Land Capability of Nkomazi is illustrated in the soil potential table.

Agricultural Land Capability

Class	Area (ha)	%
Very Low	49400.2	15.3
Low	30475.9	9.4
Medium	243105.2	75.3
High	0	0

Accordingly, 0% of the municipal area is regarded as high potential agricultural soils, 75.3% as medium potential agricultural soils and 15.3% as very low potential soils. Most of the agriculture activities (grazing and irrigation) take place on medium potential land.

iii. High Potential Agricultural Land

“High potential agricultural land” means the best available land, best suited to, and capable of consistently producing acceptable yields of a wide range of crops with acceptable expenditure of energy and economic resources and minimal damage to the environment”. (Source: www.agis.agric.za)

3.14 STATE OF THE ENVIRONMENT

The mountainous areas and the river systems form the backbone of the natural environmental system, providing the major water source needed for development and the scenic environment essential for tourism. Areas of pristine natural environment in the northern part of Nkomazi include the Kaalrug Mountain range to the west, the Lebombo Mountain range to the east and the whole length of the Crocodile River. These areas have excellent potential for eco-tourism uses.

The southern part contains large areas of pristine natural environment with conservational value. Important to mention are the banks of the Mlumati River, naturally occurring cycads at Mbuzini, the Mananga Wetland, the areas surrounding Lake Matsamo and the Mananga Whaleback, this forms part of the Lebombo Mountain range on the far eastern side.

i. Conservation Areas

Nkomazi municipal area boasts a number of nature reserves and conservancies as indicated in the table

Reserve/Conservancy	Location	Area (ha)
Lionspruit	Adjacent south of Marloth Park.	1615.27
Dumaneni Reserve	South of Malelane along the R570 road.	2664.63
Mahushe Shongwe	Adjacent west of Mzinti settlement.	1139.73
Ligwalagwala Conservancy	South of the N4	12639.98
Mawewe Cattle/Game Project	In the vicinity of Mgobode, Magudu, Sibange and Madadeni Settlements.	9190.24
Masibekela Wetland	East of the Mananga Border Gate to Swaziland and surrounded by Mananga, Thambokhulu, Mbuzini, Khombaso and Masibekela Settlements.	987.46
Mananga Care Program	In Mananga settlement.	244.13

ii. Biodiversity Assets

The 2007 Mpumalanga Biodiversity Conservation Plan (MBCP) is a spatial plan that groups the province's biodiversity assets into six conservation categories based on the measured distribution of hundreds of biodiversity and ecological features throughout the province.

No	Category	Area in NLM (ha)
1	Protected areas – currently under formal biodiversity protection	14070
2	Irreplaceable areas – in urgent need of Protected Area status	17175
3	Highly Significant areas - requiring strict land use controls	11458
4	Important and Necessary areas – requiring special care	10692
5	Areas of Least Concern – providing sites for development	155845
6	Areas with No Natural Habitat remaining – providing preferred sites for all forms of development	114369

Source: Mpumalanga Biodiversity Conservation Plan

Furthermore, the *Barberton Bio-Diversity Corridor Initiative* has identified Nkomazi to have good potential for consumptive conservation, including game breeding and hunting.

iii. Natural Ecology

There are six Biomes in South Africa namely the Fynbos Biome, Ticket Biome, Forest Biome, Succulent Karoo Biome, Grassveld Biome and Savannah Biome. The municipality forms part of the Savannah Biome, which covers approximately 33% of the area of South Africa. Generally, the Savannah Biome is characterized by a grassy ground layer and a distinct upper layer of woody plants. Some sub-categories of the Savannah Biome form part of the municipality as follows (Source: Department Environmental Affairs and Tourism 2009).

Sweet Lowveld Bushveld- located from the eastern parts of the Kruger National Park, southwards through Swaziland and into the northern parts of KwaZulu-Natal. In terms of climate, rainfall varies from 550 to 600 mm per year, falling in summer. Temperatures range between -2°C and 43°C, with an average of 22°C.

Mixed Lowveld Bushveld- located on flat to undulating landscapes between 350 and 500m cutting across the municipality from the north to the south. In terms of climate, the annual summer rainfall for the area varies from 450mm to 600mm. Temperatures vary between -4°C and 45°C, with an average of 22°C.

Lebombo Arid Mountain Bushveld– located on undulating rocky terrain on the eastern border of the Kruger National Park, extending through Swaziland into the northern part of KwaZulu-Natal. In terms of climate, the annual rainfall ranges from 450mm to 700mm. Temperatures vary between -1°C and 46°C, with an average of 23°C.

Sour Lowveld Bushveld – located on the lower eastern slopes and foothills of the Drakensberg, from the Soutpansberg in Limpopo, through Mpumalanga and into Swaziland cutting across NLM. In terms of climate, the summer rainfall varies from 600mm to 1000mm per year. Temperatures range between 2°C and 43°C with an average of 22°C.

3.14.1 BIO-DIVERSITY, LANDSCAPE AND OTHER

NATURE CONSERVATION

INTRODUCTION

- Ensure proper management of fauna and flora
- Ensure proper veldt and soil management through rehabilitations and control of alien species.
- Liaise with stakeholders and other interested parties to ensure good governance.
- Administration management and control of municipal resources

POSITION	NUMBER OF STAFF
Manager Nature Conservation	1
Nature Conservation Officer	1
Senior Ranger	1
Malaria Control	3
Admin Officer	1
Field Ranger	12
Field Assistant	3
Control Ranger	1

ACHIEVEMENTS

- Game count was successfully done as required by NEMA (National Environmental Management Act) and other legislations
- Invader plants were controlled in most identified areas including parklands in Marlothpark.
- Feasibility study for Abattoir was finalised

- All programmes were implemented according to plans including patrols in Lionspruit and Marlothpark
- Public complaints were attended and resolved
- Invader plants were controlled in most identified areas including parklands in Marlothpark.
- Houses were sprayed for malaria control during the season
- Managed to build standby quarters for standby officials
- Managed to build ablution block at Lionspruit Gate
- Managed to procure Buffalos

PROGRAMMES

- Control of alien species.
- Game Count
- Culling programme
- Trophy hunting
- Translocation programme
- Malaria control
- Rhino collaring and dehorning
- Lion's collaring

CHALLENGES

- Culling not done because of rate payers association interference.
- Under staffing.
- Insufficient budget allocation.
- Too many different community structures with different interest in the park.
- People's movement inside the park.

RECOMMENDATIONS

- New abattoir structure must be budgeted and erected at Marlothpark
- Trophy hunting to be introduced to other species at Lionspruit Nature Reserve for more income generation for the Municipality

COMPONENT F: SECURITY AND SAFETY

3.14.2 POLICE

TRAFFIC SECTION

INTRODUCTION TRAFFIC

- Responsible for law enforcement as part of compliance to the National Road Traffic act no. 93 of 1996
- Ensure Public safety on our roads and communities.
- Enforcing municipal by-laws.
- Escorting of Mayor, MEC's, Deputy Ministers, Ministers and Funerals.
- Painting of road markings.
- Replacing of Traffic Signs.
- Closing of roads due to funerals and events.
- Capturing of 56 Notices.
- Capturing Court Roll Results.
- Capturing of Payments and Representation Results.
- Printing of Warrants of Arrest.
- Admin Office Duties.
- Attending of courts and calling of court rolls (Lows Creek, Malelane, Komatipoort and Tonga).

EMPLOYEES FOR TRAFFIC

POSITION	NUMBER OF STAFF
Manager Traffic	1
Senior Superintendent	1
Superintendent	1
Traffic Officers	20
Drivers	2
Admin Clerk	2
Contract Workers	1

ACHIEVEMENTS

- 15 Road Safety Awareness and Campaign were conducted at N4 Malelane, Mzinti, Komatipoort BP Garage, N4 Komatipoort Weighbridge/ red Airplane and at Komatipoort Lebombo Border Post

- Managed to paint road markings at Malelane, Komatipoort, Hectospruit and Kamhlushwa.
- Managed to replace traffic signs at Malelane, Komatipoort and Hectospruit
- Managed to execute warrant of arrest.
- All reported accidents were attended.
- Roadblocks were conducted with Tonga Cluster (SAPS) at Malelane, Kaapmuiden, N4 Komatipoort, N4 Kaapmuiden Tonga and Schoemandsal
- Managed to escort all principals visited Nkomazi (Executive Mayor, MEC's, Deputy Ministers and Ministers).

CHALLENGES

- Shortage of Staff (Receptionist, Admin Officer, Data Capturers, Road Markers, Gardener, Driver, Traffic Officers and Law enforcement Officers responsible for Municipal bylaws).

3.14.3 DISASTER MANAGEMENT

SUB-SECTION: FIRE & RESCUE

Introduction

- Record every information received and dispatch it to the relevant person(s) or Department(s) for urgent response.
- Work as mediator between the community and the Municipality in terms of Disaster, Fire & Rescue Services.
- Keep records of all incidences occurred within the jurisdiction of Nkomazi regardless of the nature of the incidence.

Rescue Team

- Attend all road traffic accident
- Attend all house and veldt fires
- Attend all incidents which may cause negative impact to humans, nature and environment
- Attend to all Disaster related cases
- Participate in all events which take place within the Municipality
- Provide Emergency services and support as part of emergency response.

Disaster Team

- Conduct Disaster awareness in communities
- Attend all Disaster issues when need arises
- Assist at the Lebombo boarder post during Easter and festive season
- Assist the community to receive disaster relief post disaster incidences.

Position	No of Staff
Manager Fire & Rescue	1
Senior Superintendent	1
Supervisor	

Achievements

- Floods awareness done targeting 28 Schools 11 Community Development Centre and 9 Community Health care
- 201 blankets distributed to the needy families post disaster.
- 200 sponges distributed around Nkomazi for disaster relief.
- Attended 11 local events.
- Attended 201 road accident, 46 fatal and 231 injuries
- Attended 02 vehicle fires
- Managed to rescue 07 trapped casualties.
- Awareness fire evacuation drills, Basic firefighting training to the community (use of fire extinguishers) and danger of electricity
- Two fire trucks procured

Challenges

- Shortage of operation vehicles
- Shortage of operation personnel's and material resource
- Shortage of Sub-Stations to minimize respond time.

Recommendations

- Purchase additional motor vehicle for response in all forms of disaster.
- Appointment of more staff
- Purchase working equipment's (laptop, camera & cell phone)

COMPONENT G: SPORT AND RECREATION

3.18 SPORT AND RECREATION

INTRODUCTION OF ARTS AND CULTURE

Arts and Culture is a center of all 8 sectors identified by national Government and implemented by the Department of Culture Sports and Recreation, where by our responsibilities are to promote, market, encourage the community to participate, and protect:

- Indigenous Wisdom (IKS)
- Arts Education & Training (Arts in School)
- Language & Publishing (Books, newspapers and Magazines, Electronic Media and Archives)
- Cultural and Natural Heritage (Museum, Geology Historical places and Cultural Landscape)

ARTS AND CULTURE

POSITION	NUMBER OF STAFF
Arts and Culture Officer	1
Arts and Culture Organizer	1

ACHIEVEMENTS

MAYORAL HERITAGE CEEBRATION

1. Introduction

Duties and Responsibilities

- Is to coordinates and facilitate Arts and Culture programs and trainings
- Coordinate stakeholders' meetings
- Attend Provincial, District and National meetings and workshops
- coordinate Arts and Culture Council
- Mobilise resources for Arts and Culture Programmes
- Integrate Arts and Culture programmes
- Intergrade Arts and Culture programmes to all Municipal Business

ACHIEVEMENTS

In schools Heritage Day celebrations

- The unit has managed to host the in-school Heritage Celebration at Ndlemane Primary School
- The mayoral Heritage was held at Odiweni Cultural Kraal on the 30th of September 2022

- The unit managed to support the following NPO's to access funding:

Siyatentela Active Buddies : Funded by National Arts Council

Sidlangaloludzala : Funded by National Arts Council

Ligugulethu : Funded by National Arts Council

AFRICA MONTH CELEBRATION

- The unit has only achieved to do the auditions for the Africa month celebration between March and April 2022 and we were unable to celebrate the Africa Day due to budget constrains

Indoni 2022 culture school

AS the hosting municipality we hosted the Indoni Culture school at Shongwe Boarding School from the 9th to the 13th of July 2022, out of the 78 learners who attend the culture school 58 learners are from Nkomazi Municipality and the winners are, Sihle Mdluli from Mawewe and King Khushukhushu from Middelplaas

Challenges

- Items that are on the SDBIB but not budgeted for
- Budget limitations
- Some projects not listed on the SDBIB

Recommendations

- The unit recommends that the in Schools Heritage, Africa Month celebration and youth Day celebration be adopted as Mayoral annual events and be budgeted for
- Request budget for the unit to attend all Cultural activities, National and Provincially especially when our own contestants participate
- To attend or benchmark on Incwala, Umhlanga, Emagenu Cultural events that normally takes place in Swaziland
- Request an increase on Heritage Day Celebration
- That Nkomazi Carnival be budgeted for or at least one CCIFSA lead program be budgeted for
- Budget to assist the SMME`s to comply

COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.19 INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES

During the 2022/2023 financial year, ICT continued to grow in stature as it set out to implement the priority projects as indicated in the current strategy and ICT Governance Framework. This is evident by the continuers strengthening, the ICT governance, IT steering committee, the budgeting and filling of the post for system developer. As ICT continues to priorities governance and compliance, ICT finding and Risk appetite have been tremendously improved as results, most risks or findings have been mitigated or resolved.

In a request to improve efficiency and business process, Nkomazi Municipality invested in Disaster Recovery plan, the Disaster center is in one of the Municipality offices, and Nkomazi also improved their server to accommodate MSCOA implementation and the upgrade on Solar system. In case of disaster, we can be able to recover all the information that is valuable to the Municipality.

ICT Networks, Services and Systems

ICT Systems are well protected with an-antivirus software and with firewall, we have improved our network to mega net, Networks Nkomazi Municipality has also invested on backup exec with our information being backed up on a tape daily and stored offsite for any data recovering. ICT server systems, ICT systems networks, Servers and Application have stabilized and performing optimally as results of a major drives in replacing all the obstacle equipment during 2021/22 financial year. We have been upgrading some of our server, software license and network monitoring tools during 2022/2023 financial year as we transact on MSCOA.

3.20 LEGAL SERVICES

1. LITIGATION MATTERS, INCLUDING DISPUTES AND SUSPENSIONS:

1.1 As a juristic person the municipality is capable of being sued and it can also sue in its own name.

1.2 During the financial year 2022/2023, three employees were suspended and charged for misconduct. They were summoned into a disciplinary hearing. Two were found guilty and dismissed and one not guilty.

1.3 Various matters had been and some are pending in various forums including divisions of the high court, labour court, as well as the magistrates court, South African Local Governing Bargaining Council (SALGBC), and the Commission for Conciliation Mediation and Arbitration (CCMA).

1.4 A number of attorneys had been appointed to handle municipal cases. By the end of the financial year the procurement of the panel of attorneys was being concluded. Attorneys currently servicing the municipality are obliged to submit progress reports on the cases they handle. They are further called upon to submit reports to the Auditor General of South Africa on legal confirmations and contingencies on matters they handle.

1.5 The matter of the Leopard Creek Shareblock dispute was taken on review to the Mpumalanga Division of the High Court following the Appeal Valuation Appeal Board ruling in favour of the municipality. The high court ruled in favour of Leopard Creek which ruling had been taken on appeal to the Supreme Court of Appeal in Bloemfontein considering the principles involved and the likely negative precedence that the outcome will have to various properties within the Municipality's jurisdiction and generally within the Republic of South Africa. The law needs to have certainty on this matter once and for all.

2. LOCAL LABOUR FORUM:

3.

3.1 There is an established Local Labour Forum (LLF) in line with the SALGBC Main Collective Agreement comprising South African Local Government Association (SALGA), SAMWU and IMATU. The Municipality is a member of SALGA.

3.2 The LLF representation and constitution are proportionate based on each trade union membership on the one side and the employer on the other side. The employer side comprises the directors, selected managers and some councillors, particularly the Members of the Mayoral Committee (MMC) for corporate services and budget & treasury departments. The chairpersonship is rotating every year – one year is chaired by the trade unions and another year it is chaired by the employer.

3.3 The LLF is effective and sit regularly. Issues are handled in a robust fashion and where possible resolutions are reached. There was only one instance where there was stand-off arising out of stoppage and reinstatement of danger allowance. However the parties had agreed to engage on the policy till solution is reached.

4. SALGBC COLLECTIVE AGREEMENTS:

4.1 Municipalities in partnership with the recognized trade unions negotiate terms and conditions of employment through the representative body of SALGBC.

4.2 There is the Main Collective Agreement which regulate conditions of service.

4.3 There are other collective agreements negotiated and reached at the various levels chambers, for example – conditions of service for the Mpumalanga Division which cover inter alia overtime/standby, emergency work, night shift allowance, shift allowance, acting allowance, danger allowance, working hours, long service recognition, annual service bonus, long service bonus, special leave, additional sick leave, isolation or quarantine, other special leave, special leave, special sick leave for injury on duty cases and occupational diseases, study leave, adoption/surrogate leave.

5. GENERAL LEGAL ADVICE / LEGAL OPINIONS:

5.1 Critical is the monitoring of legal development in the country as far as these impact on the local government sector and this municipality in particular.

5.2 For example, when various courts (from magistrates, high courts/ labour courts, SCA, and Constitutional court to other tribunals) deliver judgments, these are scrutinized for the likely implications to the municipality and its general administration and the workforce at large.

5.3 Advice is given to council (councillors and administration) *mero motu* (out of own initiative) and on request, on its work and processes, e.g. the application of the law; giving general legal advice on any matter including legislative developments and the standing orders bylaw.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: PERFORMANCE REPORT PART II

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The municipality pursues the equitable representation of designated groups in all occupational categories and levels in the workforce and actively supports organizational culture and climate based on diversity, equality, mutual respect and dignity for all.

Currently in the organization, African males are over represented at most of the occupational levels while other demographic groups are minimally or not represented at all. People with disabilities are critically underrepresented in all the levels.

The priorities for human resource in 2021/22 financial year included the approval of the organizational structure (Organogram), reviewing of HR policies, vetting of new appointees and establishment of job evaluations through working together with SALGA. The council has in the year under review approved the organizational structure and 17 policies.

The vetting of new employees did take place in the current year and the municipality is awaiting the results from the service provider. Through continuous engagement with SALGA, it can be assured that the Job evaluation processes will be completed by the end of second quarter in the next financial year.

EMPLOYEE TOTALS, TURNOVER AND VACANCIES IN MUNICIPALITIES 2023

Name of Municipality	Municipal building accessible to disable people	Status of organogram (Approval date)	Total No of Posts	Total no of Posts Filled	No of Post Vacant	Vacancy Rate %	No of Male	No of Female	Employment of Disable people in Municipality	People employed under age of 35 year
Nkomazi Local Municipality	Yes	30 May 2023	2392	1368	1024	42,8	822	546	06	328

VACANCY RATE PER ORGANIZATIONAL STRUCTURE

DEPARTMENT	POSTS	FILLED
Office of the Executive Mayor	6	5
Office of the Speaker	15	12
Whip of Council	5	3
Councilor Support	7	7
Office of the Municipal Manager	38	21
Department Corporate Services	163	85
Department Financial Services	98	72
Community Services Department	652	324
Social Services Department	281	181
Department Technical Services/Infrastructure	1007	621
Department Planning and Development	45	18
Economic Development and Tourism	75	19
TOTAL	2392	1368

Nkomazi local municipality has a total workforce including contract workers of 1368 in its employment as at 30 June 2023, which constitutes 42,8 vacancy rate. Therefore, the vacancy rate for section 56/57 managers is at 0%. Nkomazi local municipality did not experience a high turnover rate since it had a rating of less

Summary New appointees, resignation and pensioned

FINANCIAL YEAR	NEW APPOINTEES	RESIGNATION (TERMINATIONS)	PENSIONED
2022/2023	17	5	13
2021/22	2	2	11
2020/21	521	8	12
2019/20	5	0	8
2018/19	9	4	9

Deceased, transfers and councilors

FINANCIAL YEAR	DECEASED	TRANSFERS	COUNCILORS
2022/2023	11	0	0
2021/22	1	1	2
2020/21	14	2	3
2019/20	14	1	2
2018/19	15	3	2

COMPONENT B: MANAGING THE MUNICIPAL WORKFROCE

4.2 OCCUPATIONAL HEALTH AND SAFETY

Introduction

In the financial year of 2022/23, Occupational Health and Safety has managed to empower all employees to take priority in their own safety and their workplace surroundings.

ACHIEVEMENTS

Occupational Health and Safety annual report 2022/23

Injuries on duty for 2022/23

During the current financial year 2022/23 the municipality unfortunately incurred 19 injuries on duty, remedial actions to address the course were taken and employees were referred to relevant institutions for assistance. 19 of these cases were reported to the department of Labour, however one of these cases where not referred due to the fact that employee refused medical assistance due to a misunderstanding between him and his supervisor

No	Injures employee	Department	Date of injury	Cause of injury	Remedial actions	Department of Labour reporting
1	14	Infrastructure Development	Occurred in the Financial year 2021	Injuries on duty	Employee's injuries attended by the Municipality	All cases were reported to Department of Labour reporting
2	4	Community Services	Occurred in the Financial year 2022	Injuries on duty	Employee's injuries attended by the Municipality	All cases were reported to Department of Labour reporting
3	1	Corporate Services	Occurred in the Financial year 2022	Injuries on duty	Employee's injuries attended by the Municipality	All cases were reported to Department of Labour reporting

Medical surveillance

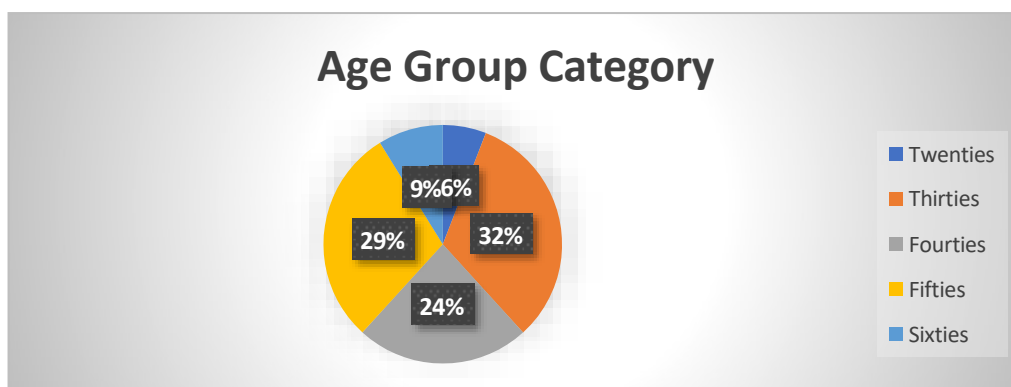
Workplace medical Surveillance programmes are becoming more widespread throughout the country, and the bottom line of such programmes is this: healthy employees tend to be happier and more productive employees. Employees are a great asset to any organisation and for this reason, the medical evaluation programme was implemented with the hope of enhanced recruitment and retention of healthy employees, reduced healthcare costs, decreased rates of illness and injuries, reduced employee absenteeism, improved employee relations and morale and increased productivity.

Purpose

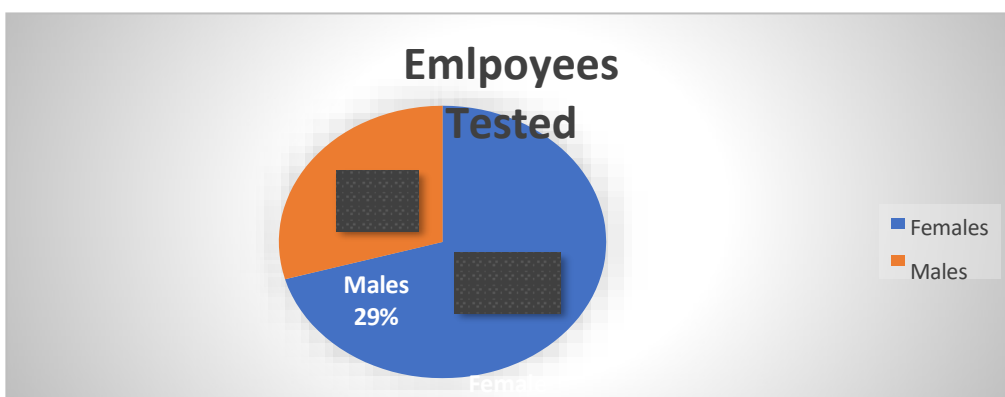
- To establish worker's health status when they start to work in an environment where they are exposed to particular hazards
- To establish if a worker needs to be removed from a certain work environment or if a worker can return to that environment.
- To ensure that workers can seek appropriate medical treatment
- To show if the company's prevention and control measure are working effectively
- Medical surveillance should be to ensure that control and prevention measures are working properly.

STATS:

Different age group of employees evaluated

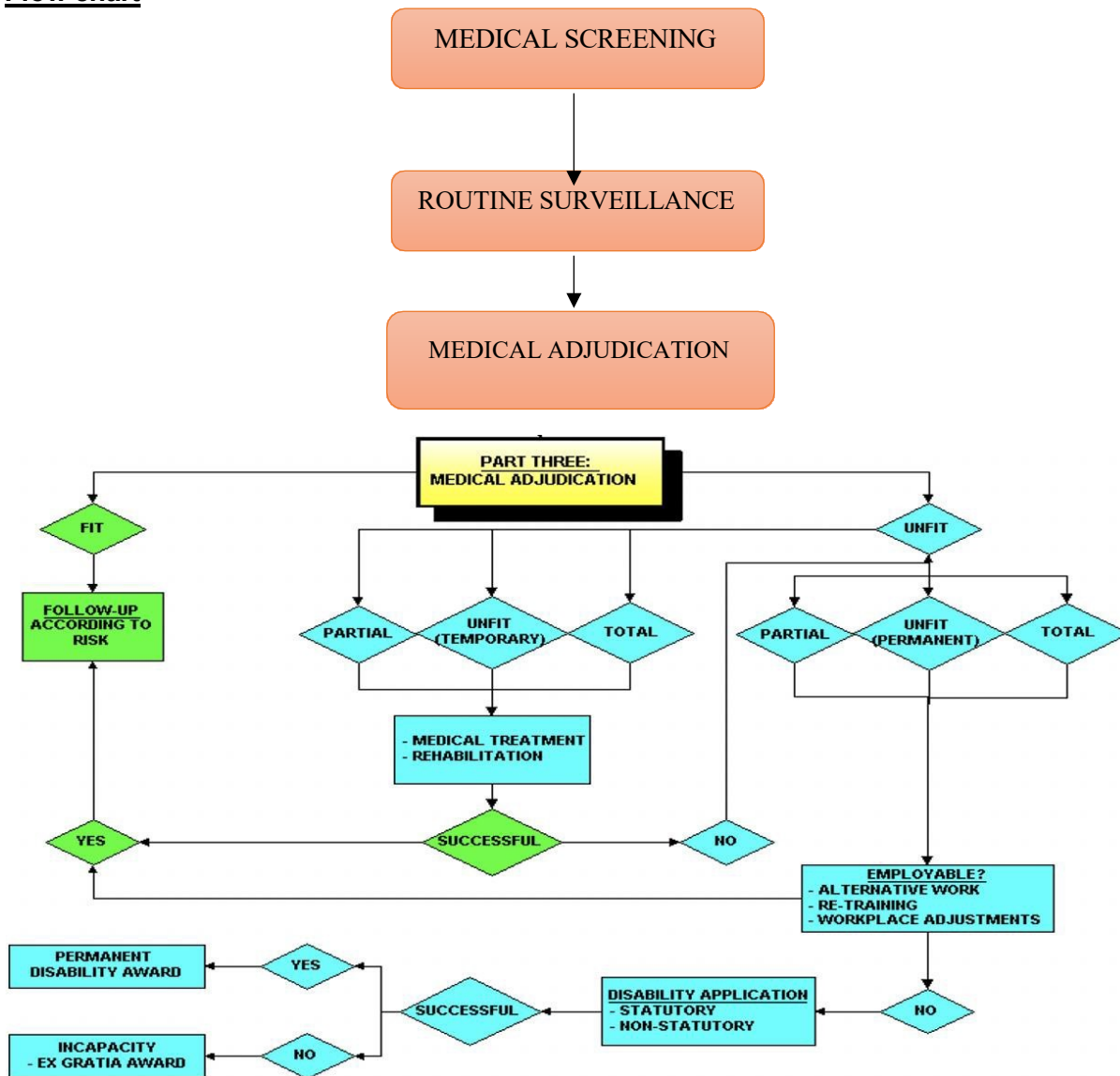


Percentage of employees that were evaluated:



Group has a high percentage of elderly people. 60% of employees are diabetic and 20% are on the verge of developing diabetes and hypertension. We have noted that employees may need to be trained on adhering to COVID protocols and the use of PPE. As inhalation of fumes. However, by year end the restrictions has been lowered. Wellness workshops may assist in educating employees on diabetes and the signs and the symptoms.

Flow chart



The flow chart represents steps on how best Nkomazi municipality can look into handling the different outcomes.

Recommendation

- Employees with poor vision were referred to local clinic for further tests;
- Overweight employees advised on lifestyle and diet changes;
- Employees with high blood pressure and diabetes referred to local clinic for further tests and treatment;
- TB Screening test results showed negative signs;
- Employees with low blood levels referred to local clinic for treatment and management;

Conclusion

- All participants appeared to be generally in a good state of health at the time of the medical examination.
- Employees names and identity withheld as per confidentiality agreement
- Employees with abnormalities referred to local clinic.
- Health education given to all participants.

COMPONENT C: CAPACITATING THE MUUNICIPAL WORKFORCE

4.3 SKILL DEVELOPMENT AND TRAINING

Skills Development programme has continued to be effective as trainings were conducted during the year in order to capacitate the workplace. 35 first year Students were offered once-off registration fee bursaries for the financial year 2023. There were also 15 Employees students offered bursaries, this was done through a resolution passed by Council.

The budget allocated for the implementation of skills development interventions has been increased substantially and is in line with the Skills Development Levies Act. The municipality has budgeted 1% of the total amount paid in salaries to employees (including all benefits) to the skills development. All mandatory funding received from the LGSETA is used to supplement the budget for the implementation of skills development interventions of employees.

The Nkomazi Municipality acknowledges the value of development of its employees and is cooperating fully with the LGSETA and ensures that the unit participate in all relevant grants and training opportunities offered.

The Skills Development unit also make use of the discretionary grants from the LGSETA to cover the cost of learnership, apprenticeship, Recognition of Prior Learning and also partners with various training providers who have SETA accreditation to offer training for municipal employees/unemployed and councilors.

National Treasury has made funding available to develop Senior Managers and interns on the MFMA competence regulation. By 30 June 2023 the municipality has managed to train 5 interns;3 directors To date, the Nkomazi Municipality has managed to train, Speaker of the council, MMC's of all Departments, Managers from different Department, all Senior Managers in finance, Junior Finance officials who require these competencies as per the National Treasury Competency

Financial Competency Development: Progress report					
Description	Total number of officials employed by Municipal regulation 14(4)(a) and (c)	Total number of officials with Performance Agreement who comply with Regulation 16 (Regulation 13(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)c)	Male	Female
Speaker	0	0	0		1
MMC Corporate Services	0	0	0	1	0
MMC Infrastructure	0	0	0	1	0
Councilors	0	0	0	4	2
Chief whip	0	0	0		1
Accounting Officer	1	1	0	1	0
Chief Financial Officer	1	1	0	1	0
Deputy CFO	1	0	0	1	0
COO	1	0	0	1	0
Senior Manager Finance	7	0	0	1	0
Supply chain Manager	1	0	0	1	0
Supply chain official	3	0	0	3	0
Supply chain junior official	5	0	0	1	4
Junior finance officials	14	0	0	2	12
Interns	5	0	0	2	3

The following is a summary of all trainings done during the financial year under review:

FULL TIME BURSARIES FOR STUDENTS

No	Field of Study	Number of Learners
1	Male	1
2	Female	0 (completed

ONCE-OFF -BURSARIES FOR FIRST YEAR STUDENTS (REGISTRATION FEE)

No	Field of Study	Number of Learners
1	Male	15
2	Female	20

UNEMPLOYED LEARNERS IN PROGRESS LGSETA FUNDED

No	Field of Study	Number of Learners
1	Water and Wastewater reticulation	20
2	Water process control	25
3	Road works	10
4	Plumbing Apprenticeship	18
	Total	73

Course Description	Employed	Councilor's	Unemployed	Funding Granted by	Amount	Institution
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2021/2022 training in progress programmes by LGSETA

Course Description	Employed	Councilors	Unemployed	Funding granted by
Water and Wastewater Process Control	50	0	0	LGSETA
Water and Wastewater Treatment	49	0	0	LGSETA

Process Operations	0	0	0	LGSETA
Road construction	10	0	0	LGSETA
Plumbing RPL	20	0	0	LGSETA
Environmental practice	34	0	0	LGSETA
Local Economic Development	10	0	0	LGSETA

2022/2023 training in pending programmes by LGSETA

Course Description	Employed	Councilors	Unemployed	Funding granted by
Water and Wastewater Reticulation	25	0	0	LGSETA
Municipal Finance Management	20	0	0	LGSETA
IDP	20	0	0	LGSETA
Local Economic Development	10	0	0	LGSETA
Municipal Finance Management Intern Programme	5	0	0	National Treasury
Water and waste water process control	50	0	0	LGSETA
Waste water treatment	50	0	0	LGSETA
Plumbing RPL	25	0	0	LGSETA
Plumbing RPL	10	0	0	Municipality
Disaster Management	25	0	0	Municipality
Customer Cure	55	0	0	Municipality
Health and Safety	100	0	0	Municipality
Generic Management	40	0	0	Municipality

2022/2023 training achieved with certificates programmes by LGSETA

Course Description	Employed	Councilors	Unemployed	Funding granted by
Mechanical Engineering			50	LGSETA
Road construction	20		20	LGSETA
Environmental practice	20		30	LGSETA
Councilor practice			30	LGSETA
Management Assistance Work Integrated Learner			1	LGSETA
Public Management Internship			1	LGSETA
First Aid	43	0	0	Municipality
Generic Management	40	0	0	Municipality
Water Services	0	0	10	LGSETA
Water Purification	0	0	10	LGSETA
Water Reticulation	0	0	10	LGSETA
Road Supervision	0	0	50	LGSETA
MFMP	21	0	0	Municipality
Electrical Apprenticeship	0	0	23	LGSETA

Challenges

- Financial constraints continuously prevent the full implementation of all the skills development needs and that the mandatory grant not allocated in the right vote
- Poor attendance of learners to training
- Delays in studies due to COVID 19 regulations adhered by the Municipality

Recommendation

- Training budget to be allocated as the approved workplace skills plan mandatory grant to be placed in the right vote that is training vote
- Management to release their officials and the transport to the venue for training

In Conclusion

Nkomazi Local Municipality treats its Training and Development as a strategic business role rather than an ad-hoc activity of the Human Resources Department. It is also geared to planning, coordinating and regulating their workforce growth. Both the WSP and ATR are used to create a comprehensive skills plan that is aligned with our organisation's strategic objectives in order to create an environment of real growth and development. The municipality also appreciates the co-operation by LGSETA. The Municipality intends to continue with the training as soon as the Lockdown restrictions allow the training process to continue.

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

ASSET MANAGEMENT

Overview of Asset Management

The municipality has a council approved asset management policy which was developed to comply with all relevant legislative requirements relating to assets management.

Fixed Asset Register (FAR)

A GRAP 17 compliance fixed assets register is essential to ensure that it contains key financial data on each item of property, plant and equipment that satisfies the criterion for recognition as well as the initial and subsequent measurement thereof.

Staff Involvement and Delegations

The Chief Financial Officer as per the approved delegation framework was delegated by the Accounting Officer to ensure that investments in the municipality's assets are safeguarded and properly maintained. The asset management team which is headed by a Manager within the Budget and Treasury Office ensures that appropriate physical management and established control systems are implemented and maintained for all assets and that the municipal resources assigned to officials and honourable Councillors are utilized effectively, efficiently, economically and in a transparent manner.

Comments on spending against capital budget and sources of funding

Capital expenditure relates mainly to the construction of assets that will have service potential lasting over many years. Capital expenditure is funded from conditional grants as well as internally generated revenue.

During the financial year under review capital expenditure towards the acquisition of property, plant and equipment as well as other intangible assets amounted to R362 million.

The five large assets acquisitions for the year were as follows:

Capital Spending on five largest assets acquired in 2022/23	
Asset 1	
Name	CONSTRUCTION OF BULK PIPELINES, REINFORCED CONCRETE RESERVIORS AND BOOSTER PUMPS STATIONS IN MAGOGANI (3A) AND LANGELOOP 2ML (3A)
Asset Type	BULK PIPELINE, CONCRETE RESERVIORS, PUMPS STATIONS & WATER RETICULATION
Key Staff Involved	PROJECT MANAGEMENT UNIT, INFRASTRUCTURE_ WATER & ASSET SECTION
Staff Responsibilities	MANAGEMENT OF PROJECT UNTIL COMPLETION ACCOUNTING FOR THE ASSET VALUES OF PROJECT IN LINE WITH GRAP
Asset Value (Excl. VAT)	Expenditure in 2022/23
	R 72,252,319.20
Capital Implications	
Future Purpose of Assets	WATER ACCESS FOR COMMUNITY OF NKOMAZI
Describe Key Issues	
Policies in Place to Manage Asset	ASSET MANAGEMENT POLICY

Capital Spending on five largest assets acquired in 2022/23	
Asset 2	
Name	CONSTRUCTION OF BULK PIPELINES, REINFORCED CONCRETE RESERVIORS 2ML AND BOOSTER PUMPS STATION IN JEPPE REEF (2B) AND BUFFELSPRUIT (2C)
Asset Type	BULK PIPELINE, CONCRETE RESERVIORS, PUMPS STATIONS & WATER RETICULATION
Key Staff Involved	PROJECT MANAGEMENT UNIT, INFRASTRUCTURE_ WATER & ASSET SECTION
Staff Responsibilities	MANAGEMENT OF PROJECT UNTIL COMPLETION ACCOUNTING FOR THE ASSET VALUES OF PROJECT IN LINE WITH GRAP
Asset Value (Excl. VAT)	Expenditure in 2022/23
	R 62,039,279.77
Capital Implications	
Future Purpose of Assets	WATER ACCESS FOR COMMUNITY OF NKOMAZI

Describe Key Issues	
Policies in Place to Manage Asset	ASSET MANAGEMENT POLICY

Capital Spending on five largest assets acquired in 2022/23	
Asset 3	
Name	UPGRADE OF MASIBEKELA BUS ROUTE
Asset Type	ROADS MUNICIPAL ASPHALT SURFACE
Key Staff Involved	PROJECT MANAGEMENT UNIT, INFRASTRUCTURE_ROADS & ASSET SECTION
Staff Responsibilities	MANAGEMENT OF PROJECT UNTIL COMPLETION ACCOUNTING FOR THE ASSET VALUES OF PROJECT IN LINE WITH GRAP
Asset Value (Excl. VAT)	Expenditure in 2022/23
	R 33,921,085.91
Capital Implications	
Future Purpose of Assets	ROAD ACCESS FOR COMMUNITY OF NKOMAZI
Describe Key Issues	
Policies in Place to Manage Asset	ASSET MANAGEMENT POLICY

Capital Spending on five largest assets acquired in 2022/23	
Asset 4	
Name	CONSTRUCTION OF MGOBODZI BUS ROUTE PHASE 2
Asset Type	ROADS MUNICIPAL ASPHALT SURFACE
Key Staff Involved	PROJECT MANAGEMENT UNIT, INFRASTRUCTURE_ROADS & ASSET SECTION
Staff Responsibilities	MANAGEMENT OF PROJECT UNTIL COMPLETION ACCOUNTING FOR THE ASSET VALUES OF PROJECT IN LINE WITH GRAP
Asset Value (Excl. VAT)	Expenditure in 2022/23
	R 30,517,738.57

Capital Implications	
Future Purpose of Assets	ROAD ACCESS FOR COMMUNITY OF NKOMAZI
Describe Key Issues	
Policies in Place to Manage Asset	ASSET MANAGEMENT POLICY

Capital Spending on five largest assets acquired in 2022/23	
Asset 5	
Name	CONSTRUCTION OF MGOBODZI BUS ROUTE PHASE 1
Asset Type	ROADS MUNICIPAL ASPHALT SURFACE
Key Staff Involved	PROJECT MANAGEMENT UNIT, INFRASTRUCTURE_ ROADS & ASSET SECTION
Staff Responsibilities	MANAGEMENT OF PROJECT UNTIL COMPLETION ACCOUNTING FOR THE ASSET VALUES OF PROJECT IN LINE WITH GRAP
Asset Value (Excl. VAT)	Expenditure in 2022/23 R 22,064,428.15
Capital Implications	DELAYED BY MASS COMMUNITY STRIKES DUE TO FORCED SUBCONTRACTING BY COMMUNITY
Future Purpose of Assets	ROAD ACCESS FOR COMMUNITY OF NKOMAZI
Describe Key Issues	
Policies in Place to Manage Asset	ASSET MANAGEMENT POLICY

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Introduction to cash flow management and investments

Prudent cash flow management and investments is a critical element of financial management which ensures that the municipality meets its obligations as they fall due and can be able to operate for the foreseeable future. A stable positive cash flow balance relative to the growth of the municipality is a good indication of the municipality financial position and health. Cash flow projections were done on a monthly basis and cash not immediately required was invested on a short- term basis for better returns in the form of interest earned on investments.

Comment on cash flow outcomes

The net cash flow generated from operating activities indicate a positive cash inflow of R117 012 900. An amount of R362 million was utilized on investment activities mainly for the acquisition of property, plant and equipment as well as other intangible assets. The municipality had no long-term borrowings or overdraft facility with any financial institution during the year under review.

The net cash and cash equivalents at the end of the year amounts to R465 818 917. The net cash position of the municipality has remained stable over the past five (5) years. This is an indicator amongst other things that the municipality has been a going concern for over the last five (5) year. This going concern principle presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary courses of business.

Budget and financial performance for the year 2023

In terms of Section 52 (d) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter referred to as “MFMA”), the mayor of the municipality must within 30 days of the end of each quarter, submit to council on the implementation of the budget and the financial state of affairs of the municipality.

Council has on 27 May 2022, approved the annual budget of the municipality in accordance with section 16 (1) of the Municipal Finance Management Act, 56 of 2003. The total budget approved for the financial year 2022/23 under resolution number NLM: S-GCM: A062/2022 was R1,7 Billion comprising of the Operational budget of R1.16 Billion and capital budget of R579.8 Million.

The approved budget has been implemented from 01 July 2022 and reported on monthly basis in accordance with section 71 of the Municipal Finance Management Act no: 56 of 2003.

The Executive Mayor and Council has been exercising an oversight responsibility on the implementation of the budget through the in-year reporting processes prescribed in terms of Section 71 and 52(d) of the Municipal Finance Management Act No, 56 of 2003 (the Act).

The budget performance for the first half of the financial year was assessed in terms of section 72(1)(a)(i) of the MFMA and tabled to council in compliance with MFMA section 54(1)(f) on 25 January 2023, resolution NLM: S-GCM: A007/2023.

The assessment conducted reflected that an adjustments budget will need to be done to address challenges of under-collection on revenue, overspending on certain operating and capital expenditure.

Independent views on the assessment were obtained after consultation with the Provincial Treasury during the performance engagement session held on 07 February 2023, it was further recommended that the budget will have to be adjusted to enhance credibility and performance of the municipality.

Resolution number NLM: S-GCM: A018/2023 was passed on 28 February 2023 to adjust the budget

The table below detailing Revenue by source and Expenditure by type provides an overview of the budget and financial performance for the 2022/2023 fourth quarter period ended 30 June 2023, reflecting performance summary for each segment of the budget. The Municipality is currently implementing the mSCOA budget on version 6.6.1 after successful verification by National Treasury in line with the Municipal Finance budget regulations.

MP324 Nkomazi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) Q4 Third Quarter												
Description	2021/22	budget Year 2022/23										
	Audit Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands												
Total Revenue (excluding capital transfers and contributions)	992 243	1 164 702	1 125 364	369 369	329 377	295 803	100 332	1 094 881	1 125 389	(30 508)	-3%	1 125 364
Total Expenditure	1 265 043	1 163 546	1 144 674	250 970	297 454	335 978	352 554	1 236 956	1 158 013	78 943	7%	1 144 674
Surplus/(Deficit)	(272 801)	1 156	(19 310)	118 399	31 922	(40 175)	(252 222)	(142 075)	(32 624)	(109 451)	0	(19 310)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	365 225	485 581	504 602	34 288	209 775	70 195	81 194	395 452	504 602	(109 150)	(0)	504 602
Surplus/ (Deficit) for the year	92 424	486 737	485 292	152 687	241 697	30 020	(171 028)	253 377	471 978	(218 601)	-	485 292

The year-to-date revenue realized for the quarter quarter amounts to R1,094.8 billion against the year-to-date budgeted revenue amounted to R1,125,4 billion resulting in an overall under-performance of 3% or R30.5 million. These amounts exclude the capital grant income recognised to fund capital expenditure. It must be noted that capital grants will be recognised in the Statement of Financial Performance on a monthly basis as soon as the conditions of the grant has been met. The deviations of the revenues are discussed in detail later in the report.

The year-to-date actual operating expenditure for the fourth quarter ending 30 June 2023 is at R1,236.9 billion. The budgeted expenditure is R1,158 billion which is R78.9 million more than budgeted. The deviations of the expenditure are discussed in detail later in the report.

The year-to-date operational results reflects a budgeted deficit of R32.6 million and the actual surplus amounted to R142 million for the quarter. The table below further represents the budgeted surplus after the capital grants as R471.9 million and the actual surplus as R253.3 million.

It must be noted that certain Revenue by source and Expenditure by type categories are showing excessive negative and/or positive variances. This is due to fact that the YTD budgets were all systematically determined on a straight-line basis by dividing the total budget per category per line item by 12 months. The capital projections were also done in the same method. Variances within a 5% range, as prescribed by National Treasury are acceptable and need not necessarily be explained.

The operational expenditure performance for the quarter as at 30 June 2023 is reflected on the table below. The year-to-date actual expenditure amounted to R1,236 billion, measured against the year-to-date budget amounting to R1,158 billion reflecting a significant variance of R78.9 million or 7 % over-performance.

MP324 Nkomazi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) Q4 fourth Quarter

Description	Ref	2021/22	budget Year 2022/23										
		Audit Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands													
Expenditure By Type													
Employee related costs		630 659	590 017	585 487	149 535	179 724	151 558	154 445	635 262	585 487	49 775	9%	585 487
Remuneration of councillors		25 081	27 225	27 225	7 173	6 479	6 570	6 568	26 791	27 225	(435)	-2%	27 225
Debt impairment		23 239	13 000	8 333	-	6	(6)	6	6	8 339	(8 333)	-100%	8 333
Depreciation & asset impairment		96 394	64 975	64 975	-	-	48 963	26 429	75 393	64 975	10 418	16%	64 975
Finance charges		467	277	107	35	13	93	84	225	107	118	110%	107
Bulk purchases		105 046	101 177	101 177	24 558	23 190	22 942	21 496	92 187	101 177	(8 990)	-9%	101 177
Inventory consumed		39 863	49 823	45 696	2 559	9 844	6 490	23 486	42 379	49 434	(7 056)	-14%	45 696
Contracted services		128 970	105 050	103 696	23 608	31 714	32 265	41 336	128 923	116 505	12 418	11%	103 696
Transfers and subsidies		11 444	28 558	34 184	1 061	1 888	4 805	19 995	27 750	36 784	(9 035)	-25%	34 184
Other expenditure		202 580	183 443	178 594	42 439	44 596	62 297	58 031	207 363	167 979	39 385	23%	178 594
Loss on disposal of PPE		1 301	-	-	-	-	-	679	679	-	679	100%	-
Total Expenditure		1 265 043	1 163 546	1 149 478	250 970	297 454	335 978	352 554	1 236 956	1 158 013	78 943	7%	1 149 478

The detailed analysis of the actual operational expenditure performance for the fourth quarter period ending 30 June 2023 is further outlined below:

- The year-to-date actual expenditure amounted to R635.5 million against the year-to-date budget amount of R585.5 million reflecting an over-spending of R49.7 million or 9 percent. This is due to annual bonuses paid during the month of November and overtime payments depleted prior to year-end amounting to an overspending of R55.6 million or 219 percent.

- b) The year-to-date actual expenditure amounted to R26.8 million against the year-to-date budget of R27.2 million, which results to an under-spending of R435 thousand or 2 %.
- c) Debt Impairment year to date actual expenditure amounts to R0. This is due to the fact that the municipality is currently accounting for none cash items at year end.
- d) Depreciation was projected for on a straight-line basis but will only be provided for, as part of year-end procedures. Depreciation cannot be recognised at least quarterly since the asset management system currently does not integrate with the financial system and this make it difficult to post the transactions for depreciation monthly or quarterly. As part of MSCOA re-establishment, trainings are to be conducted on the built-in asset management module on the financial system to enable seamless integration.
- e) Finance charges year to date actual expenditure amounted to R225 thousand against the year-to-date budget of R107 thousand reflecting an over-spending of R118 thousand or 110 %. All Interest paid on overdue accounts must be recognized as Fruitless and Wasteful expenditure in the Annual Financial Statements, therefore management must strive to minimize this type of expenditure by ensuring that invoices are paid within 30 days of receipts.
- f) Bulk purchases for the quarter are at R21.4 million which is compatible with the performance of the third quarter. The year-to-date actual expenditure amounted to R92.1 million against the year-to-date budget of R101.1 million reflecting an under-spending of R8.9 million or 9 percent. Load shedding continuously implemented by Eskom during the financial year under review also contributed to the less spending in Bulk purchases.
- g) Inventory consumed for the quarter amounted to R23.5 million, with a year-to-date actual expenditure of R42.4 million that resulted to a saving of R7 million or 14 percent when compared to the year-to-date budget of R49.4 million. It must be noted that these are demand-based items, however expenditure on Inventory consumed needs to monitored closely and remedial action be taken to ensure that store issuing is timeously done, funds are spent effectively with good value for money and also that funds will be fully spent at year-end.
- h) Contracted services year to date actual expenditure amounted to R128.9 million against the year-to-date budget of R116.5 million reflecting an over-spending of R12.4 million or 11 percent. Security services has overspent since its expenditure is at R44 million that is 126% when compared to the budgeted expenditure of R29.1 million

- i) Transfers and subsidies year to date actual expenditure amounted to R27.7 million against the year-to-date budget of R36.8 million which reflect a saving of 9 percent. This is due to a delay on the implementation of electrification and sanitation projects.
- j) Other expenditure for this quarter amounted to R58 million, reflecting an overspending of R39.4 million or 23 percent when comparing the year to date actual of R207.3 million with the year-to-date budget of R168 million.

Capital expenditure budget analysis

For the quarter ended 30 June 2023 the year-to-date actual expenditure is at R405 million with the year-to-date budget amount of R578.5 million reflecting a 30% variance when compared. The variance is due to R43 million savings when appointments were done for RBIG projects.

Out of the spent amount of R405 million, R353.4 million was spent from conditional grants mainly on MIG, RBIG and WSIG, the balance of R52.3 million was spent on internally generated funds, the variances when compared to the year-to-date budget are 27% and 45% Respectively

MP324 Nkomazi - Table C1 Monthly Budget Statement Summary

Description	2021/22	budget Year 2022/23										
	Audit Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands												
Financial Performance												
Property rates	112 274	128 281	128 914	32 295	32 241	31 945	31 613	128 094	128 914	(820)	-1%	128 914
Service charges	173 460	197 802	182 094	44 397	44 569	43 245	42 327	174 538	182 094	(7 555)	-4%	182 094
Investment revenue	13 302	38 883	21 988	2 953	3 578	4 304	4 325	15 160	21 988	(6 828)	-31%	21 988
Transfers and subsidies	673 386	768 876	772 210	286 145	242 918	211 850	16 004	756 918	772 210	(15 292)	-2%	772 210
Other own revenue	18 449	30 859	20 158	3 579	6 070	4 458	6 063	20 171	20 183	(13)	-0%	20 158
Total Revenue (excluding capital transfers and contributions)	990 870	1 164 702	1 125 364	369 369	329 377	295 803	100 332	1 094 881	1 125 389	(30 508)	-3%	1 125 364
Employee costs	630 659	590 017	585 487	149 535	179 724	151 558	154 445	635 262	585 487	49 775	9%	585 487
Remuneration of Councillors	25 081	27 225	27 225	7 173	6 479	6 570	6 568	26 791	27 225	(435)	-2%	27 225
Depreciation & asset impairment	96 394	64 975	64 975	-	-	48 963	26 429	75 393	64 975	10 418	16%	64 975
Finance charges	467	277	107	35	13	93	84	225	107	118	110%	107
Materials and bulk purchases	144 908	151 000	146 873	27 117	33 034	29 432	44 982	134 565	150 611	(16 046)	-11%	146 873
Transfers and subsidies	11 444	28 558	34 184	1 061	1 888	4 805	19 995	27 750	36 784	(9 035)	-25%	34 184
Other expenditure	356 090	301 493	290 626	66 048	76 316	94 556	100 051	336 971	292 823	44 148	15%	290 626
Total Expenditure	1 265 043	1 163 546	1 149 478	250 970	297 454	335 978	352 554	1 236 956	1 158 013	78 943	7%	1 149 478
Surplus/(Deficit)	(274 173)	1 156	(24 114)	118 399	31 922	(40 175)	(252 222)	(142 075)	(32 624)	(109 451)	335%	(24 114)
Transfers and subsidies - capital (monetary allo	365 225	485 581	504 602	34 288	209 775	70 195	81 194	395 452	504 602	(109 150)	-22%	504 602
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	91 052	486 737	480 488	152 687	241 697	30 020	(171 028)	253 377	471 978	(218 601)	-46%	480 488
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	91 052	486 737	480 488	152 687	241 697	30 020	(171 028)	253 377	471 978	(218 601)	-46%	480 488
Capital expenditure & funds sources												
Capital expenditure	361 166	579 824	578 491	90 072	85 524	71 789	158 395	405 779	578 491	(172 711)	-30%	578 491
Capital transfers recognised	329 296	485 581	482 702	85 352	83 847	49 934	134 315	353 448	482 702	(129 254)	-27%	482 702
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	31 870	94 242	95 789	4 720	1 677	21 855	24 080	52 332	95 789	(43 457)	-45%	95 789
Total sources of capital funds	361 166	579 824	578 491	90 072	85 524	71 789	158 395	405 779	578 491	(172 711)	-30%	578 491
Financial position												
Total current assets	412 810	597 761	597 761	-	-	-	-	-	-	-	-	597 761
Total non current assets	2 764 636	3 045 082	3 045 082	-	-	-	-	-	-	-	-	3 045 082
Total current liabilities	342 686	174 182	174 182	-	-	-	-	-	-	-	-	174 182
Total non current liabilities	27 532	52 206	52 206	-	-	-	-	-	-	-	-	52 206
Community wealth/Equity	2 926 470	2 929 718	2 929 718	-	-	-	-	-	-	-	-	2 929 718
Cash flows												
Net cash from (used) operating	252 345	454 441	486 632	271 042	49 814	76 590	(230 679)	166 768	486 632	319 864	66%	486 632
Net cash from (used) investing	(253 118)	(458 536)	(428 784)	(105 738)	(97 743)	(39 744)	(31 199)	(274 425)	(428 784)	(154 360)	36%	(428 784)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	205 822	216 268	304 466	412 115	364 186	401 032	139 154	112 706	304 466	191 759	63%	278 210
Debtors & creditors analysis												
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr				Total
Debtors Age Analysis												
Total By Income Source	25 493	6 568	6 956	5 382	5 281	4 639	28 494	78 598				161 410
Creditors Age Analysis												
Total Creditors	29 433	3 956	168	719	-	-	-	-				34 275

Cash Flow performance

The municipal cash balance is monitored on a daily basis to ensure that the municipality is in a conducive position to run its day-to-day operations and settle short-term commitments. This will enable the municipality to provide effective service delivery and maintain the municipality's relationship with its service providers and further protect the municipality's reputation.

MP324 Nkomazi - Table C7 Monthly Budget Statement - Cash Flow - Q4 Fourth Quarter

Description	Ref	budget Year 2021/22											
		2020/21 Audit Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1												
CASH FLOW FROM OPERATING ACTIVITIES													
Receipts													
Property rates		99 034	101 318	91 860	24 491	24 329	15 932	33 847	98 599	91 860	6 739	7%	91 860
Service charges		149 597	172 376	167 357	41 834	45 159	48 307	45 777	181 077	167 357	13 719	8%	167 357
Other revenue		33 725	110 337	158 969	46 080	46 877	29 329	30 635	152 922	158 969	(6 048)	-4%	158 969
Government - operating		548 507	686 595	686 595	292 690	247 854	166 573	-	707 117	686 595	20 522	3%	686 595
Government - capital		272 666	355 025	355 025	154 481	66 016	98 071	-	318 568	355 025	(36 457)	-10%	355 025
Interest		27 649	5 751	5 751	1 227	1 240	543	2 349	5 359	5 751	(392)	-7%	5 751
Dividends		-	-	-	-	-	-	-	-	-	-	-	-
Payments													
Suppliers and employees		(876 953)	(976 408)	(978 373)	(289 641)	(381 656)	(282 154)	(343 227)	(1 296 678)	(978 373)	318 305	-33%	(978 373)
Finance charges		(824)	(553)	(553)	(119)	(5)	(11)	(60)	(195)	(553)	(358)	65%	(553)
Transfers and Grants		(1 055)	-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		252 345	454 441	486 632	271 042	49 814	76 590	(230 679)	166 768	486 632	319 864	66%	486 632
CASH FLOWS FROM INVESTING ACTIVITIES													
Receipts													
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-	-
Payments													
Capital assets		(253 118)	(458 536)	(428 784)	(105 738)	(97 743)	(39 744)	(31 199)	(274 425)	(428 784)	(154 360)	36%	(428 784)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(253 118)	(458 536)	(428 784)	(105 738)	(97 743)	(39 744)	(31 199)	(274 425)	(428 784)	(154 360)	36%	(428 784)
CASH FLOWS FROM FINANCING ACTIVITIES													
Receipts													
Short term loans		-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-	-
Payments													
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(772)	(4 095)	57 847	165 305	(47 929)	36 846	(261 878)	(107 657)	57 847	165 504	286%	57 847
Cash/cash equivalents at beginning:		206 594	220 363	246 618	246 811	412 115	364 186	401 032	220 363	246 618	246 811	100%	220 363
Cash/cash equivalents at month/year end:		205 822	216 268	304 466	412 115	364 186	401 032	139 154	112 706	304 466	412 315	135%	278 210

The cash balance on the municipal bank accounts reflects a favorable net cash and cash equivalents of R112.7 million for the period ended 30 June 2023.

Account receivables (Debtors)

MP324 Nkomazi - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q4 Fourth Quarter

Description	NT Code	Budget Year 2022/23										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total				
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	2 378	659	601	569	606	387	1 294	6 179	12 673	9 035			
Trade and Other Receivables from Exchange Transactions - Electricity	1300	8 328	1 503	1 476	569	540	435	2 023	6 074	20 948	9 641			
Receivables from Non-exchange Transactions - Property Rates	1400	10 240	3 302	3 379	3 235	3 074	2 990	20 208	46 444	92 872	75 950			
Receivables from Exchange Transactions - Waste Water Management	1500	504	70	91	80	71	61	250	1 527	2 655	1 990			
Receivables from Exchange Transactions - Waste Management	1600	711	122	136	120	110	99	447	1 632	3 378	2 408			
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-			
Interest on Arrear Debtor Accounts	1810	1 686	768	702	674	631	604	2 816	12 950	20 832	17 676			
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-			
Other	1900	1 646	143	570	135	249	63	1 455	3 792	8 053	5 693			
Total By Income Source	2000	25 493	6 568	6 956	5 382	5 281	4 639	28 494	78 598	161 410	122 394	-	-	
2016/17 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200	3 787	1 688	1 641	1 642	1 810	1 599	13 458	15 472	41 097	33 981	-	-	
Commercial	2300	12 797	2 384	3 038	2 202	2 051	1 871	9 299	40 017	73 658	55 440	-	-	
Households	2400	7 477	2 315	2 099	1 360	1 246	994	4 792	21 386	41 668	29 778	-	-	
Other	2500	1 432	181	179	177	175	174	946	1 723	4 987	3 195	-	-	
Total By Customer Group	2600	25 493	6 568	6 956	5 382	5 281	4 639	28 494	78 598	161 410	122 394	-	-	

The above table indicates total outstanding debts by income source and customers group with a total outstanding debt of R161.4 million. The debt of R161.4 million consists of R25.4 million that is 16 percent which is collectable within 30 days, R57.3 million ageing between 31 and 366 days and R78.5 million over a period of a year is still overdue.

To enhance cash collection, In terms of the credit control and debt management implementation, disconnection of services are implemented on a monthly basis on Household and Commercial accounts which doesn't have or dishonored payment arrangement with the municipality. Furthermore, four Debt Collectors were appointed during the fourth quarter for assisting the municipality in collecting the long-outstanding debt. As part of the debt collection strategy, all accounts in areas and over 90 days as at the 30th of April 2023 were handed over to the above-mentioned Debt Collectors totaling to R98.1 million. The debtor's book was equally distributed amongst the four Collectors and each company received 357 accounts.

Outstanding Government accounts are collected through a government debt forum facilitated by the Provincial Treasury on a quarterly basis. Based on COGTA directive on valuation methods on farms. The department of Rural Development and Land Reform has disputed invoices billed on properties having provincial domestic functions. Hence the debt forum is also engaging on the issue.

Quarterly Budget Statement Summary

MP324 Nkomazi - Table C1 Monthly Budget Statement Summary

Description	2021/22	budget Year 2022/23										
	Audit Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands												
Financial Performance												
Property rates	112 274	128 281	128 914	32 295	32 241	31 945	31 613	128 094	128 914	(820)	-1%	128 914
Service charges	173 460	197 802	182 094	44 397	44 569	43 245	42 327	174 538	182 094	(7 555)	-4%	182 094
Investment revenue	13 302	38 883	21 988	2 953	3 578	4 304	4 325	15 160	21 988	(6 828)	-31%	21 988
Transfers and subsidies	673 386	768 876	772 210	286 145	242 918	211 850	16 004	756 918	772 210	(15 292)	-2%	772 210
Other own revenue	18 449	30 859	20 158	3 579	6 070	4 458	6 063	20 171	20 183	(13)	-0%	20 158
Total Revenue (excluding capital transfers and contributions)	990 870	1 164 702	1 125 364	369 369	329 377	295 803	100 332	1 094 881	1 125 389	(30 508)	-3%	1 125 364
Employee costs	630 659	590 017	585 487	149 535	179 724	151 558	154 445	635 262	585 487	49 775	9%	585 487
Remuneration of Councillors	25 081	27 225	27 225	7 173	6 479	6 570	6 568	26 791	27 225	(435)	-2%	27 225
Depreciation & asset impairment	96 394	64 975	64 975	-	-	48 963	26 429	75 393	64 975	10 418	16%	64 975
Finance charges	467	277	107	35	13	93	84	225	107	118	110%	107
Materials and bulk purchases	144 908	151 000	146 873	27 117	33 034	29 432	44 982	134 565	150 611	(16 046)	-11%	146 873
Transfers and subsidies	11 444	28 558	34 184	1 061	1 888	4 805	19 995	27 750	36 784	(9 035)	-25%	34 184
Other expenditure	356 090	301 493	290 626	66 048	76 316	94 556	100 051	336 971	292 823	44 148	15%	290 626
Total Expenditure	1 265 043	1 163 546	1 149 478	250 970	297 454	335 978	352 554	1 236 956	1 158 013	78 943	7%	1 149 478
Surplus/(Deficit)	(274 173)	1 156	(24 114)	118 399	31 922	(40 175)	(252 222)	(142 075)	(32 624)	(109 451)	335%	(24 114)
Transfers and subsidies - capital (monetary aid)	365 225	485 581	504 602	34 288	209 775	70 195	81 194	395 452	504 602	(109 150)	-22%	504 602
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	91 052	486 737	480 488	152 687	241 697	30 020	(171 028)	253 377	471 978	(218 601)	-46%	480 488
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	91 052	486 737	480 488	152 687	241 697	30 020	(171 028)	253 377	471 978	(218 601)	-46%	480 488
-	-	-	-	-	-	-	-	-	-	-	-	-
Capital expenditure & funds sources												
Capital expenditure	361 166	579 824	578 491	90 072	85 524	71 789	158 395	405 779	578 491	(172 711)	-30%	578 491
Capital transfers recognised	329 296	485 581	482 702	85 352	83 847	49 934	134 315	353 448	482 702	(129 254)	-27%	482 702
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	31 870	94 242	95 789	4 720	1 677	21 855	24 080	52 332	95 789	(43 457)	-45%	95 789
Total sources of capital funds	361 166	579 824	578 491	90 072	85 524	71 789	158 395	405 779	578 491	(172 711)	-30%	578 491
Financial position												
Total current assets	412 810	597 761	597 761	-	-	-	-	-	-	-	-	597 761
Total non current assets	2 764 636	3 045 082	3 045 082	-	-	-	-	-	-	-	-	3 045 082
Total current liabilities	342 686	174 182	174 182	-	-	-	-	-	-	-	-	174 182
Total non current liabilities	27 532	52 206	52 206	-	-	-	-	-	-	-	-	52 206
Community wealth/Equity	2 926 470	2 929 718	2 929 718	-	-	-	-	-	-	-	-	2 929 718
Cash flows												
Net cash from (used) operating	252 345	454 441	486 632	271 042	49 814	76 590	(230 679)	166 768	486 632	319 864	66%	486 632
Net cash from (used) investing	(253 118)	(458 536)	(428 784)	(105 738)	(97 743)	(39 744)	(31 199)	(274 425)	(428 784)	(154 360)	36%	(428 784)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	205 822	216 268	304 466	412 115	364 186	401 032	139 154	112 706	304 466	191 759	63%	278 210
Debtors & creditors analysis												
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr				Total
Debtors Age Analysis												
Total By Income Source	25 493	6 568	6 956	5 382	5 281	4 639	28 494	78 598				161 410
Creditors Age Analysis												
Total Creditors	29 433	3 956	168	719	-	-	-	-				34 275

Budget Statement –Financial Performance (revenue and expenditure by standard classification)

MP324 Nkomazi - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q4 Fourth Quarter

Description	Ref	budget Year 2022/23											
		2021/22	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands													
Revenue - Functional													
Governance and administration		356 043	418 611	398 762	126 563	116 951	104 728	41 851	390 093	398 762	(8 669)	-2%	398 762
Executive and council		6 125	4 621	4 621	94	1 038	1 601	1 122	3 855	4 621	(766)	-17%	4 621
Finance and administration		349 918	413 990	394 141	126 469	115 912	103 127	40 730	386 238	394 141	(7 903)	-2%	394 141
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		2 962	10 025	3 211	54	57	131	315	557	3 211	(2 654)	-83%	3 211
Community and social services		96	124	79	15	17	20	44	96	79	18	22%	79
Sport and recreation		68	113	94	16	1	34	46	97	94	3	3%	94
Public safety		2 798	9 788	3 038	23	38	77	225	363	3 038	(2 674)	-88%	3 038
Housing		-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		9 611	12 627	10 604	2 476	2 848	2 523	2 212	10 058	10 604	(546)	-5%	10 604
Planning and development		8 512	11 354	9 497	2 200	2 571	2 245	1 933	8 948	9 497	(549)	-6%	9 497
Road transport		-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		1 100	1 273	1 107	276	277	278	279	1 110	1 107	3	0%	1 107
Trading services		988 851	1 209 020	1 195 514	274 564	419 296	258 615	137 148	1 089 625	1 217 414	(127 789)	-10%	1 195 514
Energy sources		227 060	264 298	250 347	74 191	67 782	64 713	30 421	237 107	250 347	(13 240)	-5%	250 347
Water management		542 726	691 395	691 317	110 821	275 059	127 116	89 589	602 585	713 217	(110 632)	-16%	691 317
Waste water management		119 211	137 737	142 802	47 839	40 726	36 049	14 236	138 850	142 802	(3 952)	-3%	142 802
Waste management		99 853	115 591	111 047	41 713	35 729	30 736	2 903	111 082	111 047	35	0%	111 047
Other	4	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	1 357 467	1 650 283	1 608 091	403 657	539 151	365 998	181 526	1 490 333	1 629 991	(139 658)	-9%	1 608 091
Expenditure - Functional													
Governance and administration		484 015	436 842	424 450	81 074	93 874	102 645	117 799	395 393	368 448	26 945	7%	424 450
Executive and council		79 625	82 357	82 357	18 821	21 357	20 469	22 302	82 950	82 965	(15)	0%	82 357
Finance and administration		400 048	349 740	337 299	61 143	71 141	80 973	94 122	307 378	280 688	26 690	10%	337 299
Internal audit		4 342	4 745	4 795	1 110	1 375	1 203	1 376	5 065	4 795	270	6%	4 795
Community and public safety		113 660	102 353	102 455	27 019	33 098	34 801	34 390	129 309	110 414	18 894	17%	102 455
Community and social services		52 631	44 855	45 100	9 130	11 158	15 138	14 064	49 489	52 908	(3 419)	-6%	45 100
Sport and recreation		7 602	7 271	7 245	4 791	5 954	5 962	5 125	21 832	7 406	14 426	195%	7 245
Public safety		39 114	36 273	36 273	9 528	11 223	9 946	11 222	41 919	36 264	5 656	16%	36 273
Housing		-	-	-	-	-	-	-	-	-	-	-	-
Health		14 313	13 954	13 837	3 570	4 763	3 755	3 979	16 068	13 837	2 231	16%	13 837
Economic and environmental services		100 972	107 716	104 486	20 148	24 707	31 160	28 530	104 545	131 889	(27 344)	-21%	104 486
Planning and development		39 124	55 110	50 780	9 575	10 876	8 983	11 034	40 468	50 769	(10 302)	-20%	50 780
Road transport		49 258	40 154	41 354	10 572	13 614	22 179	17 410	63 775	68 761	(4 986)	-7%	41 354
Environmental protection		12 589	12 452	12 352	1	217	(3)	86	302	12 358	(12 057)	-98%	12 352
Trading services		563 075	510 763	515 253	121 864	144 605	166 500	170 378	603 348	540 941	62 407	12%	515 253
Energy sources		202 559	209 458	210 158	48 133	51 249	55 739	51 229	206 351	213 123	(6 772)	-3%	210 158
Water management		207 245	181 307	180 307	43 110	57 673	75 419	71 341	247 543	207 706	39 837	19%	180 307
Waste water management		21 103	20 975	25 882	2 937	2 967	3 259	17 025	26 188	26 192	(4)	0%	25 882
Waste management		132 169	99 023	98 906	27 684	32 717	32 082	30 783	123 266	93 919	29 347	31%	98 906
Other		5 357	5 872	6 369	863	1 170	878	1 450	4 362	6 320	(1 958)	-31%	6 369
Total Expenditure - Functional	3	1 267 078	1 163 546	1 153 013	250 970	297 454	335 983	352 549	1 236 956	1 158 013	78 943	7%	1 153 013
Surplus/ (Deficit) for the year		90 389	486 737	455 078	152 687	241 697	30 015	(171 022)	253 377	471 978	(218 601)	-46%	455 078

Quarterly Budget Statement –Financial performance (revenue and expenditure by municipal vote)

MP324 Nkomazi - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q4 fourth Quarter

Vote Description	Ref	2021/22			budget Year 2022/23								
		Audit Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands													
Revenue by Vote													
Vote 01 - Executive & Council	1	6 125	4 621	4 621	94	1 038	1 601	1 122	3 855	4 621	(766)	-16.6%	4 621
Vote 02 - Budget & Treasury Office		340 973	405 069	387 781	125 712	112 851	102 371	40 358	381 292	387 781	(6 489)	-1.7%	387 781
Vote 03 - Corporate Services		8 945	8 922	6 360	757	3 061	756	372	4 946	6 360	(1 414)	-22.2%	6 360
Vote 04 - Planning And Development		681	997	712	186	194	283	401	1 064	712	351	49.3%	712
Vote 05 - Community & Social Services		103 915	9 813	3 056	28	43	84	230	385	3 056	(2 672)	-87.4%	3 056
Vote 06 - Energy And Public Works		896 829	274 655	259 132	76 205	70 159	66 676	31 952	244 991	259 132	(14 141)	-5.5%	259 132
Vote 07 - Water And Sanitation		-	829 132	834 119	158 660	315 785	163 166	103 825	741 435	856 019	(114 584)	-13.4%	834 119
Vote 08 - Environmental Services		-	117 076	112 309	42 016	36 020	31 062	3 267	112 364	112 309	55	0.0%	112 309
Total Revenue by Vote	2	1 357 467	1 650 283	1 608 091	403 657	539 151	365 998	181 526	1 490 333	1 629 991	(139 658)	-8.6%	1 608 091
Expenditure by Vote													
Vote 01 - Executive & Council	1	91 351	99 236	99 286	21 993	25 088	23 667	25 990	96 738	99 908	(3 170)	-3.2%	99 286
Vote 02 - Budget & Treasury Office		299 829	252 654	196 490	38 449	48 633	61 873	64 541	213 495	140 345	73 150	52.1%	196 490
Vote 03 - Corporate Services		92 835	84 951	128 673	20 633	20 154	17 105	27 268	85 160	128 195	(43 035)	-33.6%	128 673
Vote 04 - Planning And Development		36 650	47 864	48 364	8 425	9 669	7 898	10 170	36 162	48 290	(12 127)	-25.1%	48 364
Vote 05 - Community & Social Services		258 316	92 543	92 645	22 057	27 233	29 608	29 268	108 166	100 444	7 722	7.7%	92 645
Vote 06 - Energy And Public Works		486 063	262 730	260 297	60 719	67 241	79 883	71 128	278 970	293 256	(14 285)	-4.9%	260 297
Vote 07 - Water And Sanitation		-	202 282	206 189	46 047	60 639	78 678	88 191	273 556	231 327	42 229	18.3%	206 189
Vote 08 - Environmental Services		-	121 285	121 068	32 647	38 798	37 271	35 992	144 708	116 248	28 460	24.5%	121 068
Total Expenditure by Vote	2	1 265 043	1 163 546	1 153 013	250 970	297 454	335 983	352 549	1 236 956	1 158 013	78 943	6.8%	1 153 013
Surplus/ (Deficit) for the year	2	92 424	486 737	455 078	152 687	241 697	30 015	(171 022)	253 377	471 978	(218 601)	-46.3%	455 078

Quarterly Budget Statement–Financial Performance (revenue and expenditure)

MP324 Nkomazi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) Q4 fourth Quarter

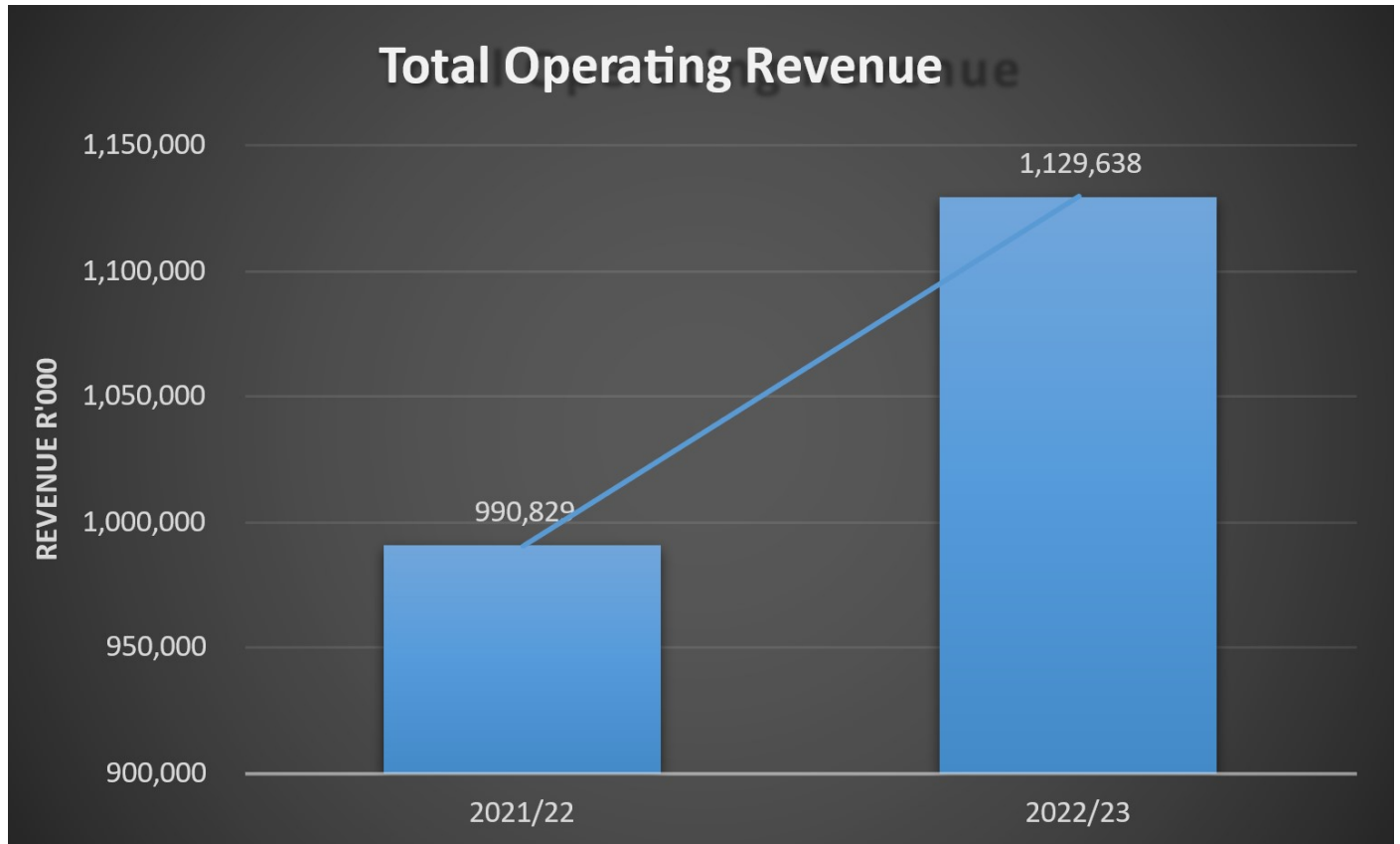
Description	Ref	budget Year 2022/23											
		2021/22 Audit Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands													
Revenue By Source													
Property rates		112 274	128 281	128 914	32 295	32 241	31 945	31 613	128 094	128 914	(820)	-1%	128 914
Service charges - electricity revenue		128 556	143 186	129 463	30 925	32 078	30 550	29 936	123 489	129 463	(5 975)	-5%	129 463
Service charges - water revenue		28 948	32 848	35 390	9 143	8 180	8 401	8 072	33 796	35 390	(1 594)	-5%	35 390
Service charges - sanitation revenue		5 559	5 891	5 999	1 496	1 501	1 504	1 501	6 002	5 999	3	0%	5 999
Service charges - refuse revenue		10 397	15 877	11 241	2 833	2 810	2 791	2 818	11 252	11 241	11	0%	11 241
Service charges - other													
Rental of facilities and equipment		4 122	5 444	2 908	307	2 414	348	372	3 440	2 908	532	18%	2 908
Interest earned - external investments		13 302	38 883	21 988	2 953	3 578	4 304	4 325	15 160	21 988	(6 828)	-31%	21 988
Interest earned - outstanding debtors		7 813	9 384	10 658	2 356	2 761	3 217	3 771	12 105	10 658	1 447	14%	10 658
Dividends received													
Fines, penalties and forfeits		2 895	10 395	3 228	77	110	90	254	531	3 228	(2 697)	-84%	3 228
Licences and permits		42	50		6	7	21	7	42	25	17	66%	
Agency services													
Transfers and subsidies		673 386	768 876	772 210	286 145	242 918	211 850	16 004	756 918	772 210	(15 292)	-2%	772 210
Other revenue		3 576	5 585	3 364	833	778	782	1 499	3 892	3 364	528	16%	3 364
Gains on disposal of PPE		1 372						161	161		161	100%	
Total Revenue (excluding capital transfers and contributions)		992 243	1 164 702	1 125 364	369 369	329 377	295 803	100 332	1 094 881	1 125 389	(30 508)	-3%	1 125 364
Expenditure By Type													
Employee related costs		630 659	590 017	585 487	149 535	179 724	151 558	154 445	635 262	585 487	49 775	9%	585 487
Remuneration of councillors		25 081	27 225	27 225	7 173	6 479	6 570	6 568	26 791	27 225	(435)	-2%	27 225
Debt impairment		23 239	13 000	8 333		6	(6)	6	6	8 339	(8 333)	-100%	8 333
Depreciation & asset impairment		96 394	64 975	64 975			48 963	26 429	75 393	64 975	10 418	16%	64 975
Finance charges		467	277	107	35	13	93	84	225	107	118	110%	107
Bulk purchases		105 046	101 177	101 177	24 558	23 190	22 942	21 496	92 187	101 177	(8 990)	-9%	101 177
Inventory consumed		39 863	49 823	45 696	2 559	9 844	6 490	23 486	42 379	49 434	(7 056)	-14%	45 696
Contracted services		128 970	105 050	103 698	23 608	31 714	32 265	41 336	128 923	116 505	12 418	11%	103 698
Transfers and subsidies		11 444	28 558	34 184	1 061	1 888	4 805	19 995	27 750	36 784	(9 035)	-25%	34 184
Other expenditure		202 580	183 443	178 594	42 439	44 596	62 297	58 031	207 363	167 979	39 385	23%	178 594
Loss on disposal of PPE		1 301						679	679		679	100%	
Total Expenditure		1 265 043	1 163 546	1 149 478	250 970	297 454	335 978	352 554	1 236 956	1 158 013	78 943	7%	1 149 478
Surplus/(Deficit)		(272 801)	1 156	(24 114)	118 399	31 922	(40 175)	(252 222)	(142 075)	(32 624)	(109 451)	0	(24 114)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		365 225	485 581	504 602	34 288	209 775	70 195	81 194	395 452	504 602	(109 150)	(0)	504 602
Transfers and subsidies - capital (in-kind - all)													
Surplus/(Deficit) after capital transfers & contributions		92 424	486 737	480 488	152 687	241 697	30 020	(171 028)	253 377	471 978	(218 601)	0	480 488
Taxation													
Surplus/(Deficit) after taxation		92 424	486 737	480 488	152 687	241 697	30 020	(171 028)	253 377	471 978	(218 601)	-	480 488
Attributable to minorities													
Surplus/(Deficit) attributable to municipality		92 424	486 737	480 488	152 687	241 697	30 020	(171 028)	253 377	471 978	(218 601)	-	480 488
Share of surplus/ (deficit) of associate													
Surplus/ (Deficit) for the year		92 424	486 737	480 488	152 687	241 697	30 020	(171 028)	253 377	471 978	(218 601)	-	480 488

Quarterly budget statement-Capital Expenditure (municipal vote, standard classification and funding)

MP324 Nkomazi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) -Q4 fourth Quarter													
Vote Description	Ref	2021/22		budget Year 2022/23									
		Audit Outcome	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1												
Multi-Year expenditure appropriation	2												
Vote 01 - Executive & Council		--	--	--	--	--	--	--	--	--	--	--	--
Vote 02 - Budget & Treasury Office		--	--	--	--	--	--	--	--	--	--	--	--
Vote 03 - Corporate Services		--	--	--	--	--	--	--	--	--	--	--	--
Vote 04 - Planning And Development		--	--	--	--	--	--	--	--	--	--	--	--
Vote 05 - Community & Social Services		274 271	--	--	--	--	--	--	--	--	--	--	--
Vote 06 - Energy And Public Works		--	129 160	128 774	37 206	21 359	7 895	23 787	90 247	128 774	(38 527)	-30%	128 774
Vote 07 - Water And Sanitation		--	349 660	345 342	44 208	61 358	44 227	111 908	261 701	345 342	(83 641)	-24%	345 342
Vote 08 - Environmental Services		--	16 240	16 240	--	12	3 080	3 674	6 765	16 240	(9 475)	-58%	16 240
Total Capital Multi-year expenditure	4,7	274 271	495 060	490 356	81 414	82 729	55 201	139 369	358 713	490 356	(131 643)	-27%	490 356
Single Year expenditure appropriation	2												
Vote 01 - Executive & Council		555	835	1 585	755	141	46	74	1 016	1 585	(569)	-36%	1 585
Vote 02 - Budget & Treasury Office		2 588	3 720	3 920	42	31	122	394	588	3 920	(3 332)	-85%	3 920
Vote 03 - Corporate Services		3 489	5 140	5 340	3 692	22	1 915	2 508	8 137	5 340	2 797	52%	5 340
Vote 04 - Planning And Development		1 938	2 744	2 744	--	--	--	--	--	2 744	(2 744)	-100%	2 744
Vote 05 - Community & Social Services		27 874	34 968	30 642	3 938	1 386	155	3 750	9 228	30 642	(21 414)	-70%	30 642
Vote 06 - Energy And Public Works		50 450	17 944	23 590	--	561	4 018	8 578	13 157	23 590	(10 433)	-44%	23 590
Vote 07 - Water And Sanitation		--	19 413	20 313	231	654	10 333	3 723	14 940	20 313	(5 373)	-26%	20 313
Vote 08 - Environmental Services		--	--	--	--	--	--	--	--	--	--	--	--
Total Capital single-year expenditure	4	86 895	84 764	88 134	8 658	2 795	16 588	19 026	47 066	88 134	(41 068)	-47%	#REF!
Total Capital Expenditure		361 166	579 824	578 491	90 072	85 524	71 789	158 395	405 779	578 491	(172 711)	-30%	#REF!
Capital Expenditure - Functional Classification													
Governance and administration		6 632	9 695	10 845	4 489	193	2 082	2 976	9 741	10 845	(1 104)	-10%	10 845
Executive and council		529	725	1 475	755	91	46	74	966	1 475	(509)	-35%	1 475
Finance and administration		6 103	8 970	9 370	3 734	103	2 036	2 902	8 775	9 370	(595)	-6%	9 370
Internal audit		--	--	--	--	--	--	--	--	--	--	--	--
Community and public safety		26 256	36 868	32 542	3 938	1 398	155	3 821	9 311	32 542	(23 231)	-71%	32 542
Community and social services		25 080	35 436	31 810	3 938	1 398	155	3 615	9 105	31 810	(22 705)	-71%	31 810
Sport and recreation		898	--	--	--	--	--	--	--	--	--	--	--
Public safety		--	1 370	670	--	--	--	164	164	670	(506)	-76%	670
Housing		--	--	--	--	--	--	--	--	--	--	--	--
Health		277	62	62	--	--	--	42	42	62	(20)	-32%	62
Economic and environmental services		105 303	133 888	137 379	37 206	21 102	9 083	24 501	91 892	137 379	(45 487)	-33%	137 379
Planning and development		1 938	2 744	2 781	--	--	--	--	--	2 781	(2 781)	-100%	2 781
Road transport		103 364	130 204	133 658	37 206	21 102	9 083	24 086	91 478	133 658	(42 180)	-32%	133 658
Environmental protection		--	940	940	--	--	--	414	414	940	(526)	-56%	940
Trading services		222 976	399 372	397 725	44 439	62 830	60 469	127 097	294 835	397 725	(102 889)	-26%	397 725
Energy sources		9 121	16 899	18 669	--	818	2 830	8 279	11 926	18 669	(6 743)	-36%	18 669
Water management		210 212	354 866	344 992	43 367	62 013	49 036	111 497	265 913	344 992	(79 078)	-23%	344 992
Waste water management		2 025	14 207	20 664	1 072	--	5 523	4 133	10 728	20 664	(9 936)	-48%	20 664
Waste management		1 618	13 400	13 400	--	--	3 080	3 188	6 268	13 400	(7 132)	-53%	13 400
Other		--	--	--	--	--	--	--	--	--	--	--	--
Total Capital Expenditure - Functional Classification	3	361 166	579 824	578 491	90 072	85 524	71 789	158 395	405 779	578 491	(172 711)	-30%	578 491
Funded by:													
National Government		329 296	485 581	482 702	85 352	83 847	49 934	134 315	353 448	482 702	(129 254)	-27%	482 702
Provincial Government		--	--	--	--	--	--	--	--	--	--	--	--
District Municipality		--	--	--	--	--	--	--	--	--	--	--	--
Other transfers and grants		--	--	--	--	--	--	--	--	--	--	--	--
Transfers recognised - capital		329 296	485 581	482 702	85 352	83 847	49 934	134 315	353 448	482 702	(129 254)	-27%	482 702
Public contributions & donations													
Borrowing	5	--	--	--	--	--	--	--	--	--	--	--	--
Internally generated funds	6	31 870	94 242	95 789	4 720	1 677	21 855	24 080	52 332	95 789	(43 457)	-45%	95 789
Total Capital Funding		361 166	579 824	578 491	90 072	85 524	71 789	158 395	405 779	578 491	(172 711)	-30%	578 491

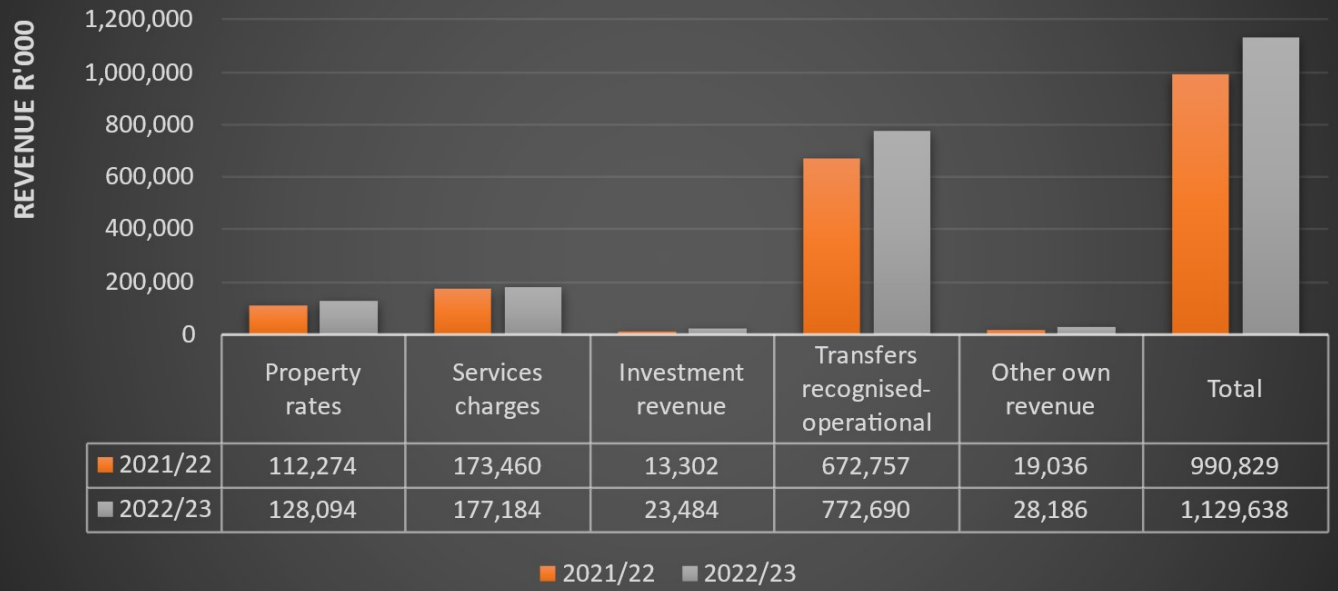
FINANCIAL GRAPHS AND RATIOS

Total Operating Revenue (excluding capital transfers and contributions)

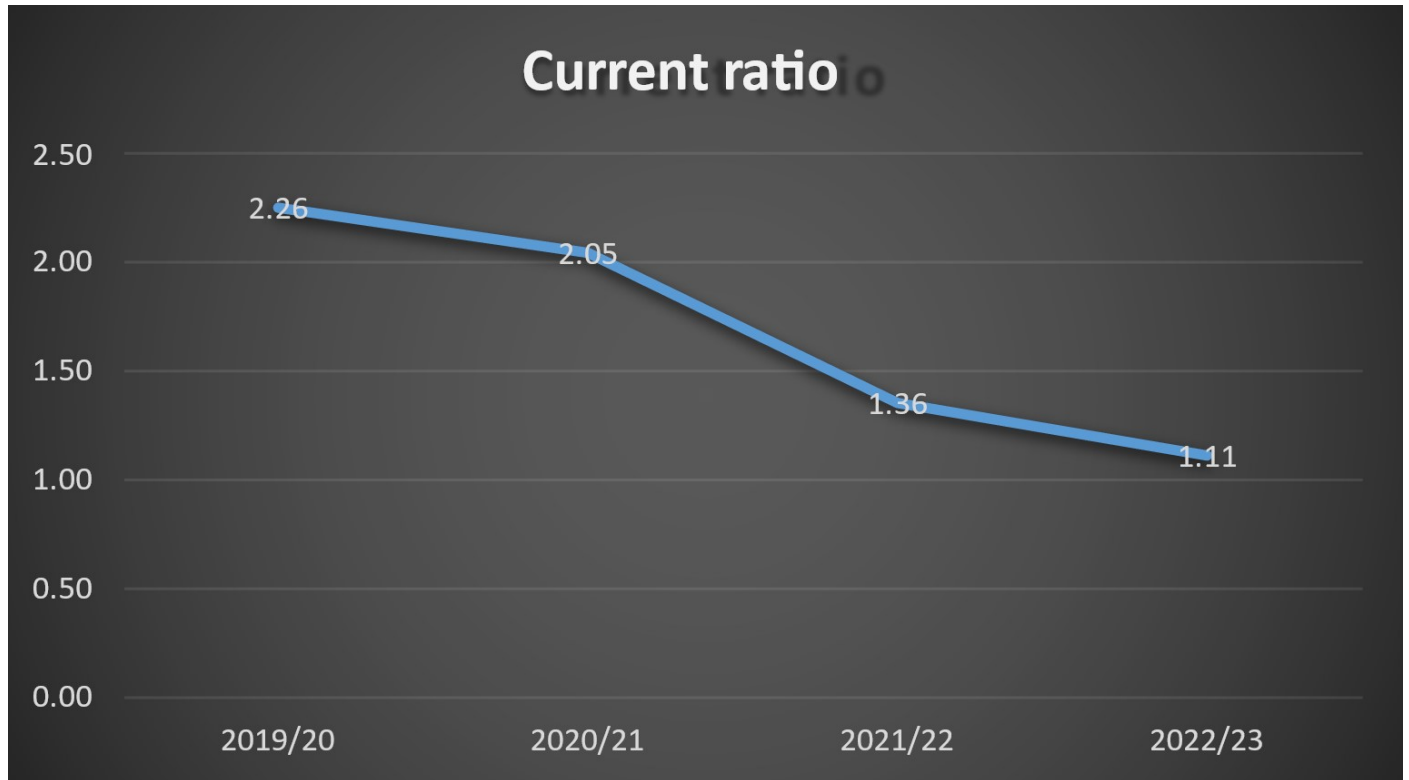


Operating Revenue by Source

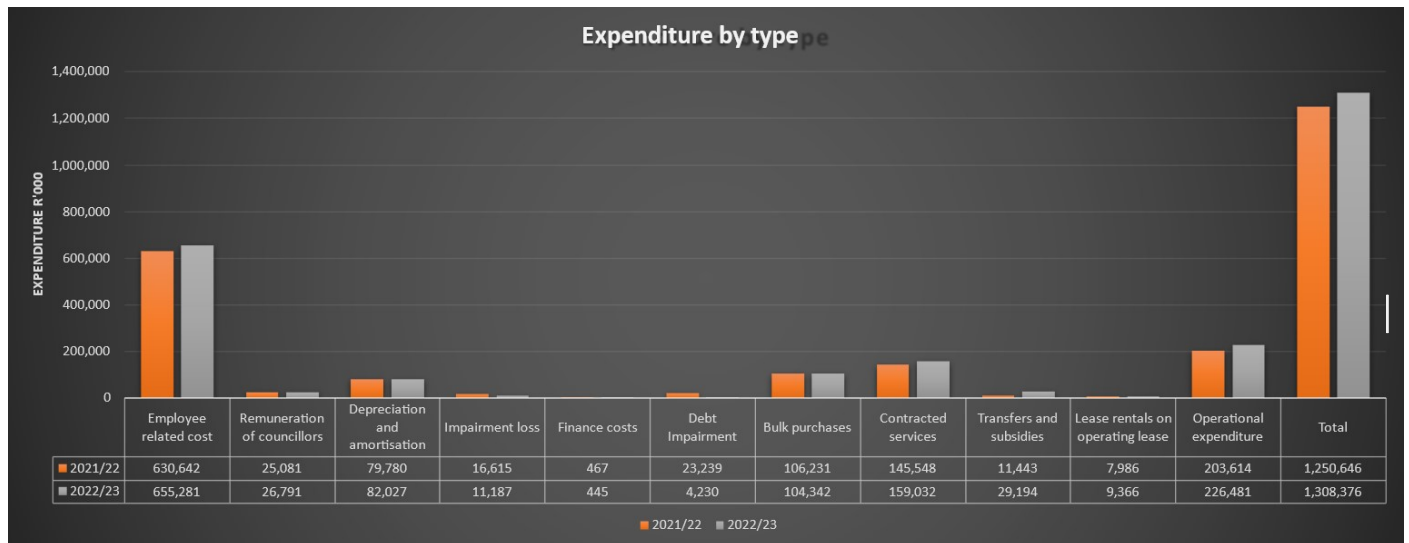
Operating revenue by source



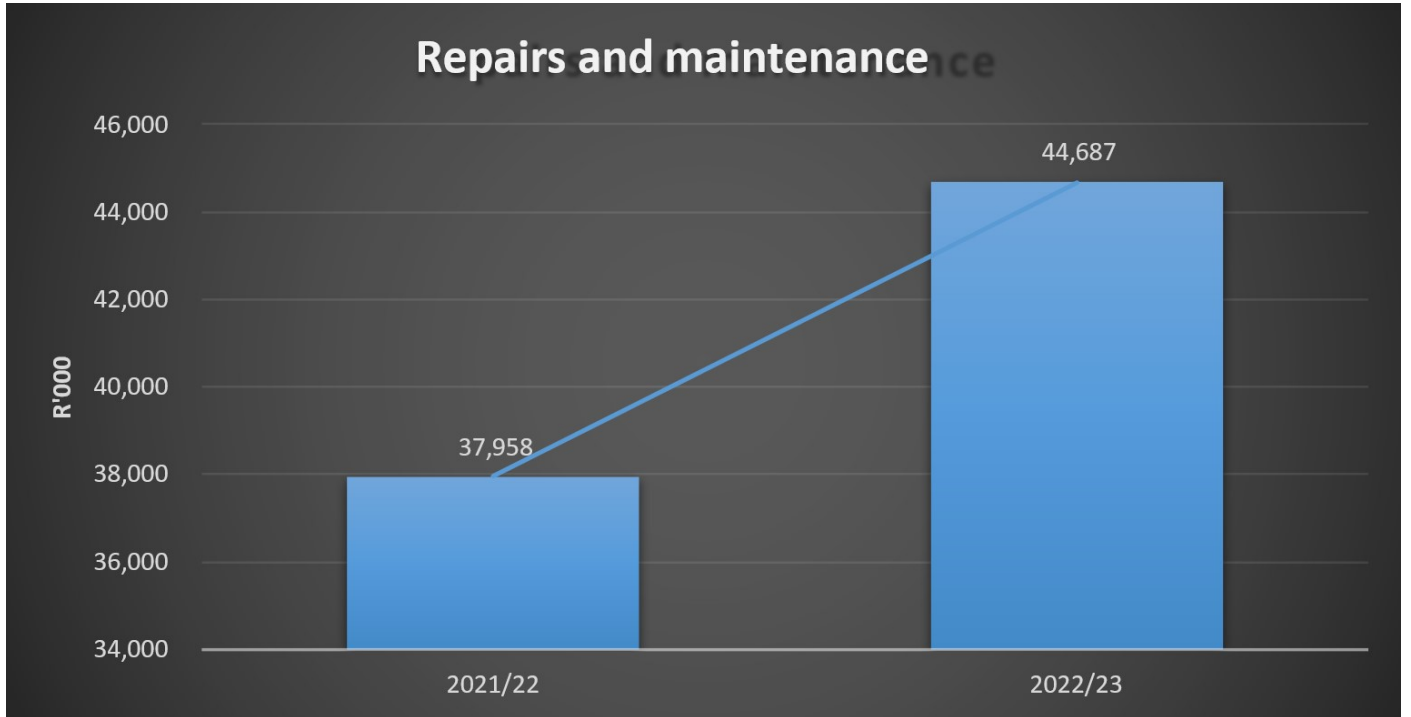
Current Ratio



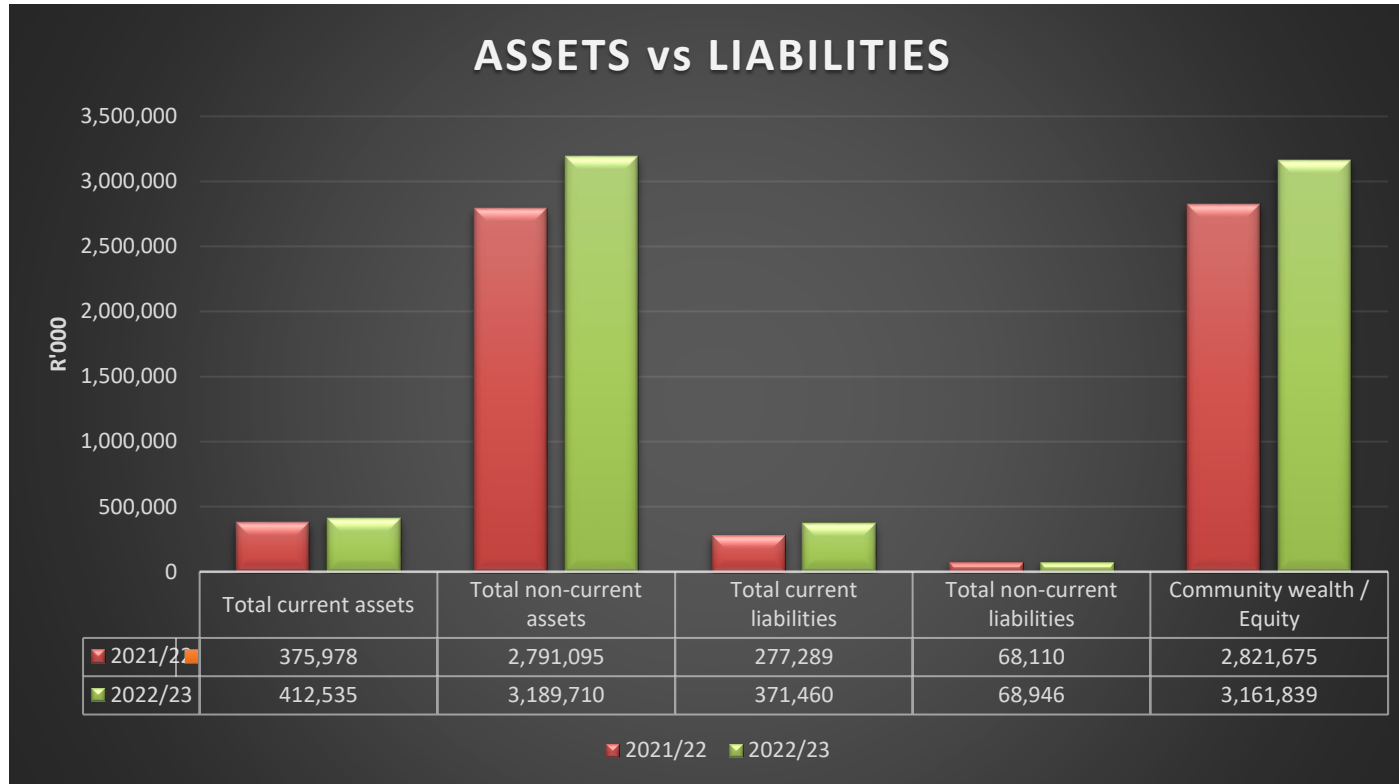
Expenditure By Type



Repairs and Maintenance



Assets vs Liabilities



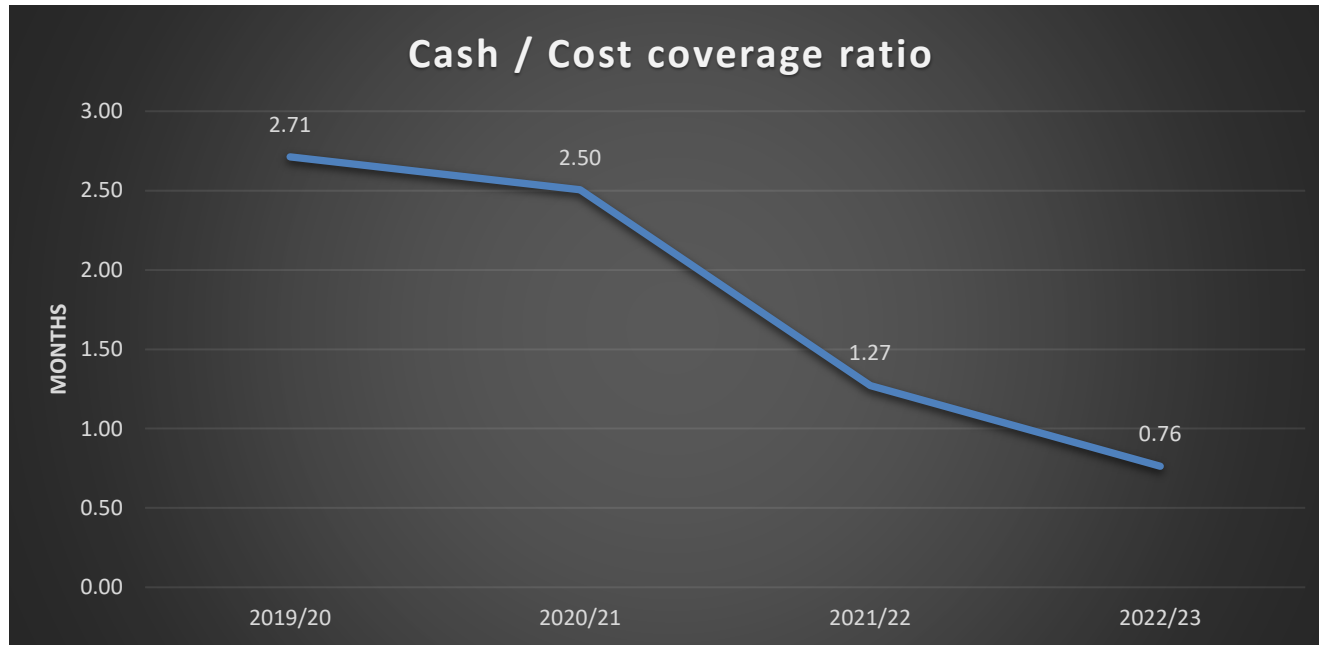
ASSET AND LIABILITY MANAGEMENT COMPONENTS OF FINANCIAL STATEMENTS

Total non-current assets increased from R2.79 billion in 2022 to R3.2 billion in 2023 due to asset additions. Current assets increased from R375.9 million in 2022 to R409.9 million in 2023 due to increase in debtors and vat receivable at year end.

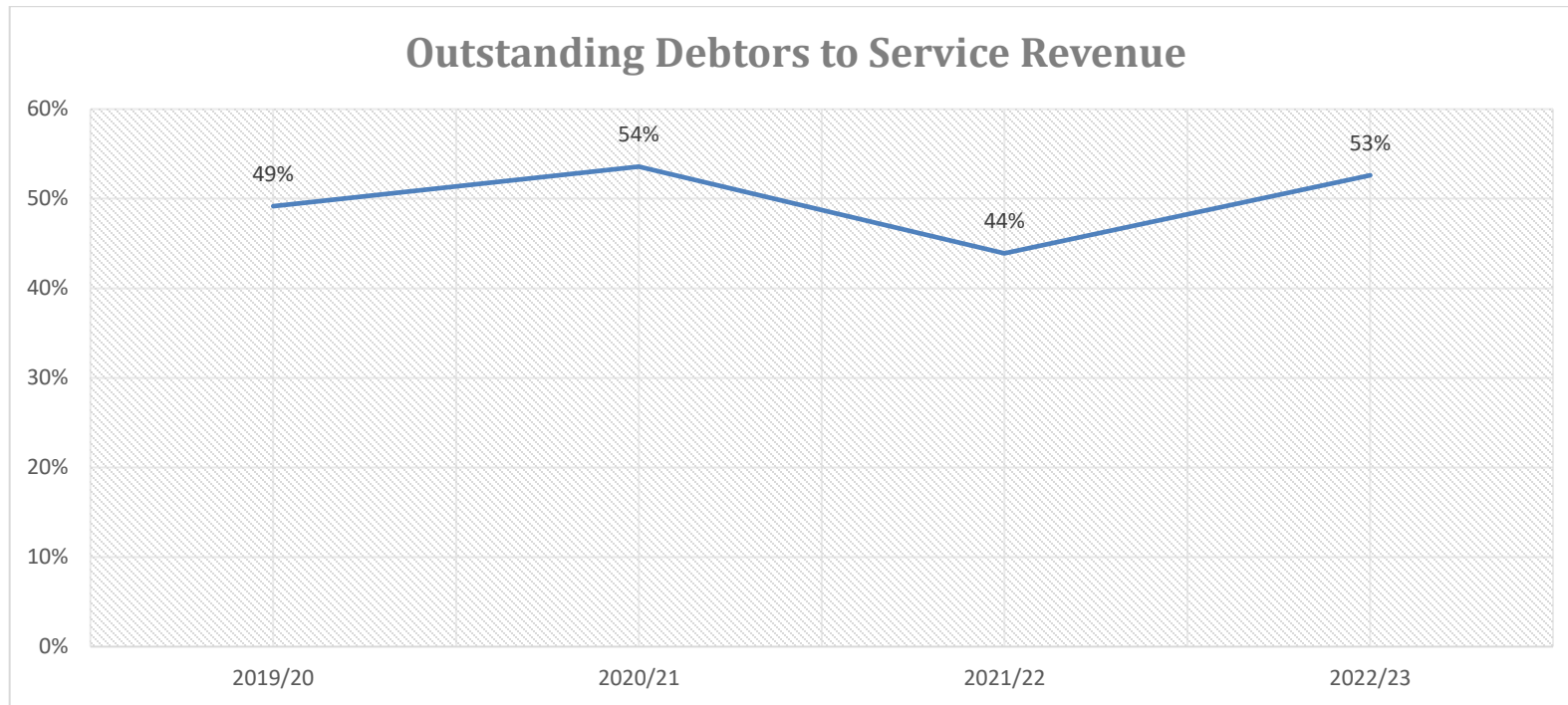
Total non-current liabilities has increased from R68.1 million in 2022 to R69.4 million in 2023 due to increase in employee benefits obligation. Current liabilities increased from R277 million in 2022 to R366 million in 2023 which is due to increase in trade creditors, retentions, surety, Salary suspense account, Consumer deposits and accumulated leave provision.

The municipality was unable to pay all creditors within 30 days period as required by section 65(e) of MFMA.

Cash Coverage Ratio



Outstanding Accounts Receivables to Services Charges Revenue



GRANT PERFORMANCE

Unspent conditional grants and receipts	Financial year 2023	Financial year 2022
Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of: Unspent conditional grants and receipts		
Municipal Infrastructure Grant	16 675 468	-
LG SETA Grant	921 678	667 847
Integrated National Electrification Grant	-	2 008 688
Water Service Infrastructure Grant	-	407 741
Regional Bulk Infrastructure Grant	-	46 804
Municipal Disaster Grant	16 230 000	-
	<u>33 827 146</u>	<u>3 131 080</u>
Movement during the year		
Balance at the beginning of the year	3 131 080	1 693 788
Additions during the year	566 868 381	394 545 055
Income recognition during the year	(536 172 315)	(393 107 763)
	<u>33 827 146</u>	<u>3 131 080</u>
	2023 R	2022 R
<hr/>		
27. Government grants and subsidies		
Operating grants		
Equitable share	725 680 688	646 530 443
Municipal Infrastructure Grant	307 263 532	258 568 000
Financial Management Grant	1 770 000	1 770 000
LG SETA Grant	3 154 550	3 451 553
Integrated National Electrification Grant	10 000 000	1 991 312
Water Service Infrastructure Grant	50 407 741	54 592 259
Expanded Public Works Programme	4 621 000	6 125 000
Regional Bulk Infrastructure Grant	156 946 804	64 953 196
	<u>1 259 844 315</u>	<u>1 037 981 763</u>

COMPONENT D: OTHER FINANCIAL MATTERS

SUPPLY CHAIN MANAGEMENT

Overview of supply chain management

Section 217 of the Constitution of the Republic of South Africa requires that when an organ of State contracts for goods and services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective.

The supply chain management policy of the municipality has been drawn up to give effect to these principles and the Preferential Procurement Legislation, and furthermore to comply with the provisions of the Local Government: Municipal Finance Management Act and its Regulations promulgated in terms thereof.

The supply chain management policy implemented during the 2022/23 financial year was reviewed and approved by Council as part of the budget related policies. The approved supply chain management policy therefore ensures that controls are tightened to combat fraud and corruption in the procurement processes.

Supply chain management unit

Chapter 11 of the Municipal Finance Management Act no.56 of 2003 compels municipalities to establish supply chain management units and implement supply chain management policy, which gives effect to all supply chain management functional areas. The supply chain management unit has been established within Nkomazi Local Municipality and operates under the direct supervision of the Chief Financial Officer.

Bid committees

Regulation 26 of the Municipal Supply Chain Management Regulations stipulates that a municipality's supply chain management system must provide for a committee system for competitive bids consisting of at least a bid specification, bid evaluation and bid adjudication committee.

Nkomazi Local Municipality has established the following committees in response to regulation 26 of the municipal supply chain management regulations: -

Bid Specification Committee;
Bid Evaluation Committee and
Bid Adjudication Committee.

Each Committee consists of a practitioner from supply chain management and officials from key directorates within the municipality. The Accounting Officer is responsible for the appointment of bid committees and committees are appointed once a year and reviewed accordingly by the Accounting Officer which allows the option of co-opting other members. Although the chain of work of these Committees is intertwined, they operate separately from each other. All members of the Committees sign an Oath of Secrecy and Declaration of Interest to ensure that the bidding system is fair, transparent, open and equitable.

No councillor of the municipality was a member of any committee handling supply chain processes during the year under review.

GRAP COMPLIANCE

GRAP is an acronym for Generally Recognized Accounting Practices. The Annual Financial Statements for the year under review were prepared in accordance with standards of Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standard Board. The Annual Financial Statements were based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgment and estimates.

SECTION 2: ANNUAL PERFORMANCE REPORT

5.1 Annual performance for 2022/23 financial year

1. Executive Summary

This report highlights the performance results achieved by Nkomazi Local Municipality during the financial year of 2022/23. The results are based on the planned priorities and targets as outlined in the Integrated Development Plan (IDP) 2022/23. The report presents organisational performance and the level of achievement in terms of key service delivery priorities for the year. The municipality continues to engage its administrative function of realigning the performance management system with the planning and budgeting process in order to achieve its mandate. Presently, the process is ongoing in order to ensure that information between the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) remain consistent and reliable during the execution of performance management activities.

This document starts by providing the context and background to the report. It is a legislative requirement that a municipality prepares its annual performance report in order to comply with the provisions of mainly the Municipal Systems Act (MSA), Municipal Finance Management Act (MFMA) and Performance Management Regulations in respect of the performance management system. The section on Integrated Development Plan (IDP) outlines the processes leading to the review and compilation of the IDP for the year 2022/23.

The budget and performance management information sections present the crucial processes of allocating financial resources to the identified development priorities contained in the IDP, and the setting of performance targets of which resources have to be commensurate with the priorities and available municipal resources. The section on Performance highlights for the financial year 2022/23 showcases some of the key service delivery results of the municipality achieved during the period under review.

Performance results 2022/23 as per municipal key performance is a presentation of the achievements or non-achievements by the municipality according to the six (6) key performance areas of local government. This section also shows the planned or actual performance results for the period 2021/22 (Baseline). The baseline is the planned targets in the prior financial year (2021/22) Performance summary results for 2021/22 is a log frame showing strategic key performance indicators structured in a tabular format for easy referencing as well as providing a systematic scorecard of service delivery performance of the municipality. The prior year performance comparison is depicted by the baseline or previous year performance target of 2021/22. Prior year under-achieved targets are also reported in the Performance report for 2022/23 with a status.

1. Context and Background

This report is prepared in compliance of Section 41 of the *Local Government Municipal Systems Act, No. 32 of 2000* and Regulations which states that – A municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed –

- (a) set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan;
- (b) Set measurable performance targets with regard to each of those developmental priorities and objectives;
- (c) With regard to each of those development priorities and objectives and against the key performance indicators and targets set in terms of paragraphs (a) and (b);
 - i) Monitor performance, and
 - ii) Measure and review performance at least once per year;
- (d) Take steps to improve performance with regard to those development priorities and objectives where performance targets are not met.
- (e) Establish a process of regular reporting to
 - i) The Council, other political structures, political office bearers and staff of the municipality, and
 - ii) The public and appropriate organs of state.

This report is also prepared in terms of the municipal *Performance Management System (PMS) Policy Framework* which highlights other key legislative and regulatory frameworks that inform the preparation of the annual reporting cycle. The Municipal Planning and Performance Management Regulations (2001) states that the Minister responsible for local government through regulations prescribed the General Key Performance Indicators (GKPIs). Municipalities are required to annual report on these GKPIs. These indicators focus on:–

- (a)** Spatial development
- (b)** Basic Service Delivery
- (c)** Local Economic Development;
- (d)** Municipal Transformation;
- (e)** Good Governance and Public Participation; and
- (f)** Financial Viability.

The *Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (2006)* aim to ensure that organisational

performance is properly linked to individual performance in order to entrench a culture of improved performance; set uniform standards to monitor and improve municipal performance; provide principles for managing and rewarding performance; and proactively identify performance barriers and provide targeted support in the municipality. The *Municipal Finance Management Act (2003)* requires the accounting officer of a municipality to assess the performance of the municipality by taking into account of the municipality's service delivery performance, service delivery targets and performance indicators set in the service delivery and budget implementation plan; the past year's annual report and progress on resolving problems identified in the annual report; and submit a report on such assessment to the mayor of the municipality; the national treasury and relevant provincial treasury.

3.1 Vision and Mission

The vision and mission of Nkomazi Local Municipality are highlighted herein.

Vision: *"A leading local municipality that empowers the community through excellent service delivery"*

Mission: *"To enhance the quality of life of all the communities in the Nkomazi Local Municipality area through rendering basic services in an efficient and cost-effective manner that adheres to the principles of sustainable development"*

3.2 Municipal Priorities

The IDP outlines key priorities identified each year after a thorough consultative process with communities and all other stakeholders. While priorities such as housing and social-infrastructure or facilities – schools, hospitals, police stations, etc. are a competency of provincial and national departments the municipality provides an opportunity for engaging departments to equally respond to the demands of the community in respect of such facilities and services. Resource allocation has a direct bearing on target setting as well as prioritisation of service delivery programmes of the municipality. It is therefore important to highlight that the priorities herein were considered after undertaking a due diligence process of resource prioritisation and allocation in order to respond to community needs and demands. These were considered as critical and therefore included in the IDP under review. The following are some of the key priorities of the municipality which were identified during the year 2022/23.

Table 1 Municipal Priorities

Municipal Key Priorities	
1	Water
2	Sanitation
3	Electricity
4	Refuse Removal and Waste Management
5	Roads and Storm Water
6	Water Conservation and water demand management
7	Community Social Facilities and infrastructure
8	Local Economic Development and Tourism strategies
9	Spatial Development and Built-In Environment

4. Budgeting and Performance Management Information

Budgeting and performance management information are critical components of the Service Delivery and Budget Implementation Plan (SDBIP). The annual service delivery plan or SDBIP is compiled and approved based on the identified priorities in the IDP as well as the Budget available for the year. The SDBIP serves as a contract between the municipality and the community. It also provides the municipality with a framework for holding management accountable for the performance of programmes and projects.

Implementation of Division of Revenue Act.

On the 26th of April 2023, the Council approved the implementation of section 18 and 19 of the Division of Revenue Act (DoRA) which is the stopping and re-allocation of funds Gazette number 48327 issued on the 29th of March 2023. Council resolution number S-GCM: A044/2023. Hence the adjusted SDBIP had to be revised to accommodate the implementation thereof.

4.1 Performance Highlights and Summary for the Year 2022/23

The performance review reflects on the achievements and the challenges encountered in achieving the municipal strategic commitments and priorities. As a municipality, it is required that it delivers on the mandate by providing better services to communities in its jurisdiction; secondly, NLM needs to ensure that it remains financially sustainable and facilitates the creation of job opportunities within its rural and urban areas.

The tables below illustrate the comparison of the current year performance to the prior year:

The table below shows that there has been an overall improvement in the organisational performance as significant targets were achieved, and there has been a drop in the number of targets not achieved and those that were partially achieved.

Period (Year)	Targets achieved			Targets partially achieved		Targets not achieved		Targets not applicable	
	Planned targets	Actual targets achieved	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)
2022/23	41	27	66%	7	17%	7	17%	0	0%
2021/22	39	28	72%	3	7.7%	8	20.5%	0	0%
2020/21	32	21	66%	7	21.88%	4	12.50%	2	0%
2019/20	32	16	50%	10	31.25%	6	18.75%	0	0%
2018/19	31	21	68%	2	6%	8	25%	0	0
2016/17	68	49	72%	9	13%	7	10%	3	4%
2015/16	47	26	55%	10	21%	6	13%	5	11%

Table 4.2

The above table shows that the municipality has decreased in terms of performance for actual target achieved to 66% .

HIGH-LEVEL SUMMARY OF QUARTERLY PERFORMANCE REPORT: 30 JUNE 2023

4th quarter total indicators (operational and organizational)

4Q TREND



2021/22 4th quarter performance					
Description	Number of targets	Targets achieved	% Targets achieved	No of target not achieved	% Target not achieved
Basic service delivery and Infrastructure development	59	26	44,06%	33	55,93%
Local Economic Development	12	9	75%	3	25%

2022/23 4th quarter performance				
Number of targets	Targets achieved	% Targets achieved	No of target not achieved	% Target not achieved
77	48	62.34%	29	38%
9	6	66.67%	3	33%

Municipal Transformation and Institutional development	19	11	57,89%	8	42,11%
Good governance and public participation	10	8	80%	2	20%
Financial viability and Management	8	8	100%	0	0%
Spatial development and built Environment	11	2	18.18%	9	81,82%
Total	119	64	53,78%	55	46,21%

21	16	76.19%	5	24%
10	6	60.00%	4	40%
8	7	87.50%	1	13%
5	1	20.00%	4	80%
130	84	64.62%	46	35.38%

No	Key Performance Indicator (Performance Measure)	Performance target 2021/22		Action taken to address prior year non-achievements
		Planned	Actual	Results as 30 June 2023
1	Number of new households with access to electricity services	300 New households with access to electricity services by 30 June 2022	0 New households with access to electricity services by 30 June 2022	Target have been budgeted and included in SDBIP 2023 and in the Annual performance report 2023
2	Number of additional households provided with access to Free Basic Electricity	300 of additional households provided with access to Free Basic Electricity by June 2022	0 of additional households provided with access to Free Basic Electricity by June 2022	Due to non-completion of the electrification projects the new FBE customers were not registered with Eskom for FBE
3	Number of Mast lights Maintained	2 Mast Lights Maintained by 30 June 2022	1 Mast Lights Maintained by 30 June 2022	Target have been budgeted and included in SDBIP 2023 and in the Annual performance report 2023
4	Number of new households with access to water services	3210 new households with access to water services by 30 June 2022	2733 new households with access to water services by 30 June 2022	Target have been budgeted and included in SDBIP 2023 and in the Annual performance report 2023
5	Number of Kilometres (km) of municipal road network constructed	20.19 Km of municipal road network constructed by 30 June 2022	5.02 Km of municipal road network constructed by 30 June 2022	Target have been budgeted and included in SDBIP 2023 and in the Annual performance report 2023
6	KMs of roads resurfaced/rehabilitated/resealed	3,0 KMs of roads resurfaced/rehabilitated/resealed by 30 June 2022	0 KMs of roads resurfaced/rehabilitated/resealed by 30 June 2022	Target have been budgeted and included in SDBIP 2023 and in the Annual performance report 2023
8	Number of social facilities upgraded and/or constructed	2 Community social facilities by 30 June 2022	0 Community social facilities completed by 30 June 2022	Target have been budgeted and included in SDBIP 2023 and in the Annual performance report 2023
9	Number of LED strategies developed	3 LED related strategies developed and approved by 30 June 2022	0 LED related strategies developed and approved by 30 June 2022	Target have been budgeted and included in SDBIP 2023 and in the Annual performance report 2023
10	Number of initiatives promoting tourism	4 Initiatives promoting tourism by 30 June 2022	0 Initiatives promoting tourism by 30 June 2022	Target have been budgeted and included in SDBIP 2023 and in the Annual performance report 2023
11	Number of employee wellness campaigns and assessments conducted	6 Wellness Campaigns and 4 and health risk assessment reports on OHS issued by 30 June 2022	8 Wellness Campaigns and 4 and health risk assessment reports on OHS issued by 30 June 2022	Target have been budgeted and included in SDBIP 2023 and in the Annual performance report 2023

12	Number of strategic plans completed that promote spatial sustainability	4 Strategic plans completed as at 30 June 2022	0 Strategic plans completed as at 30 June 2022	Target have been budgeted and included in SDBIP 2023 and in the Annual performance report 2023
13	Number of settlement plans completed	2 Settlement Plans completed as at 30 June 2022	0 Settlement Plans completed as at 30 June 2022	Target have been budgeted and included in SDBIP 2023 and in the Annual performance report 2023



Results and action plans for Targets not achieved in prior financial year.

5. Performance Results 2022/23 as per Municipal Key Performance Areas

5.1 KPA 1 SPATIAL DEVELOPMENT AND BUILT ENVIRONMENT

LEGEND			
Achieved		Partial	
Achieved		Not Achieved	

5.1.1 Spatial Development and Built Environment




Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Spatial Development and Built-In Environment	Promote spatial sustainability	Number of strategic plans completed that promote spatial sustainability	5 Spatial Plans completed by the end of 30 June 2022	2 Strategic plans completed by 30 June 2023	1 Strategic plans completed by 30 June 2023		There were insufficient proposals received after it was advertised twice.	The target planned to be achieved in the next financial year 2023/24
	Provide spatial justice	Number of settlement plans undertaken.	2 Settlements with amended general plans by 30 June 2022	2 Settlement Plans undertaken by 30 June 2023	1 Settlement Plans undertaken by 30 June 2023		Service provider declined he appointment.	Re-advertised and closed on the 25 th of August 2023. The service provider will be appointed by 30 September 2023

5.2KPA 2 Basic Service Delivery and Infrastructure Development

5.2.1 A Solid waste management





Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Solid Waste Management	Improved access to refuse removal services	Number of refuse removal assets purchased by a specific date	New indicator	70 Refuse removal assts purchased by 30 June 2023	16 Refuse removal assts purchased by 30 June 2023		Insufficient budget to procure all the other refuse removal assets by 30 June 2023	The assets have been reprioritized for the next financial year 2023
	Improved access to refuse removal services	Frequency of refuse removal/waste collection conducted in the rural villages of Nkomazi Municipality by specific dates	83 742 Households with access to refuse removal by 30 June 2022	Weekly waste collection/ waste removal conducted in the 32 rural villages of Nkomazi Local municipality by 30 June 2023	Weekly waste collection/ waste removal conducted in the 32 rural villages of Nkomazi Local municipality by 30 June 2023		None	None
Solid Waste Management	Improved access to refuse removal services	Frequency of refuse removal/waste collection conducted in the urban's areas of Nkomazi Municipality by specific dates		Weekly waste collection/ waste removal conducted in the 5 urban areas of Nkomazi Local municipality by 30 June 2023	Weekly waste collection/ waste removal conducted in the 5 urban areas of Nkomazi Local municipality by 30 June 2023		None	None

5.2.2 Electricity





Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Electricity	Improved access to electricity services	Number of new households with access to electricity services	905 new households with access to electricity services as at 30 June 2022	800 New households with access to electricity services by 30 June 2023	222 New households with access to electricity services by 30 June 2023		226 for Mdladla not completed by 30 June due to unforeseen delays of the lead materials attributed to on-going loadshedding which resulted in the delays of processing ordering and delivery. 274 for Phiva/ Khumbulekhaya not completed due to Hardrock during the digging of trenches and pole holes 78 for empty stands meters that will be connected via ESKOM.	Service provider requested extension of time to be completed by the 25th of August 2023. Service provider requested extension of time to be completed by the 30th of August 2023.
	Improved access to electricity services	Electrification of new households according to application received in % (urban development)	100% of new customer applications on new electricity connections received, installed and energized by 30 June 2022	100% of new customer applications on new electricity connections received electrified by 30 June 2023	100% of new customer applications on new electricity connections received electrified by 30 June 2023		None	None
	Improved access to electricity services	Percentage of reported Mast lights Maintained.	100% maintenance, repairs and replacement on all mast and street lights in Nkomazi by 30 June 2022	100% reported Mast lights Maintained by 30 June 2023	85% reported Mast lights Maintained by 30 June 2023		Not maintained due to shortage of material for mast lights	The materials for mast lights have been planned to be procured in the next financial year for the maintenance

	Improved access to electricity services	Percentage of reported faulty street lights Maintained		100% reported faulty street lights maintained by 30 June 2023	100% reported faulty street lights maintained by 30 June 2023		None	None
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5.2.3 Water

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Water	Improve access to water services	Number of new households with access to piped water	3210 new households with access to water services by 30 June 2022	9734 new households with access to piped water by 30 June 2023	1149 new households with access to piped water by 30 June 2023		The target could not be achieved by 30 June 2023 due to community refusal to sign happy letters	The Municipality has already engaged the Word committee's members together with councillors to resolve the matter by end of October 2023.
	Improve access to water services	Percentage of drinking water samples complying to SANS241	70% Average Compliance of Drinking Water to SANS 241 by 30 June 2022	70% Average Compliance of Drinking Water to SANS 241 by 30 June 2023	75,98% Average Compliance of Drinking Water to SANS 241 by 30 June 2023		Plants optimization and chlorine boost at reservoirs	None
	Improve access to water services	Percentage of Water Callouts Responded to Within 24hrs	70% Water Callouts Responded within 24hrs by 30 June 2022	70% Water Callouts Responded within 24hrs by 30 June 2023	89,4% Water Callouts Responded within 24hrs by 30 June 2023		More teams were dispatched and timeously attended to callouts in time.	None
	Improve access to water services	Percentage Mechanical Infrastructure Upgraded & Replaced	New Indicator	100% Pumps upgraded by 30 June 2023	0% Pumps upgraded by 30 June 2023		Funds reprioritized to procure a transformer for Tonga raw water.	Pumps planned to be upgraded in the next financial year 2023/24




5.2.4 Sanitation

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Sanitation	Improve access to water services	Installation of convertible sanitation toilets to existing households	600 households with access to sanitation services by 30 June 2022	Installation of convertible sanitation toilets to 350 existing households by 30 June 2023	350 convertible sanitation toilets to existing households installed by 30 June 2023		None	None
	Improve access to water services	Installation of convertible sanitation toilets to new Households		Installation of convertible sanitation toilets to 330 new villages Households by 30 June 2023	330 convertible sanitation toilets to new villages households by 30 June 2023			None
	Improve access to water services	Percentage of wastewater samples compliant to water use license	60% Compliance of Wastewater samples to license conditions by 30 June 2022	80% Compliance of Wastewater samples to license conditions by 30 June 2023	71,68% Compliance of Wastewater samples to license conditions by 30 June 2023		Wastewater plants were flooded and overflowed after the disaster that occurred, process will take months to recover.	Plan in place to add BAC-E chemicals to improve performance and restore plant compliance 2023/24FY
	Improve access to water services	Percentage of callouts responded to within 24 hours	70% of Wastewater Callouts responded to within 24hours by 30 June 2022	70% of Wastewater Callouts responded to within 24hours by 30 June 2023	94,09% of Wastewater Callouts responded to within 24hours by 30 June 2023		More teams were dispatched and timeously attended to callouts in time.	None


5.2.5 Water Conservation and Water Demand Management

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Water Conservation and water demand Management	Reduce Water losses	% Water distribution loss	3% water distribution losses as at 30 June 2022	4% water distribution loss by 30 June 2023	0,53% water distribution loss by 30 June 2023		Timeous attending to bulk water leakages callouts and fixing of community leaking pipes resulted in improved water loss mitigation	None

5.2.6 Roads and Storm Water


Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Roads and Storm Water	Improve the municipal road network	Number of Kilometres (km) of municipal road network constructed	20.19 Km of municipal road network constructed by 30 June 2022	23.24 km of municipal road network constructed by 30 June 2023	23.24 km of municipal road network constructed by 30 June 2023		None	None
	Improve the municipal road network	Number of Kilometres (km) of municipal road network maintained	320 km of municipal road network maintained as at 30 June 2022	320 km of municipal road network maintained by 30 June 2023	387.4 km of municipal road network maintained by 30 June 2023		More roads network maintained due to touching life programmes, disaster events and additional fleet procured in the prior year	None
	Improve the municipal road network	KMs of roads resealed	3,0 KMs of roads resurfaced/rehabilitated/ resealed by 30 June 2022	2 KMs of roads resurfaced / rehabilitated by 30 June 2023	2 KMs of roads resurfaced / rehabilitated by 30 June 2023		None	None

5.2.7 Community Social Facilities and Infrastructure

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Community Social facilities and infrastructure	Improve community social facilities and infrastructure	Number of amenities upgraded and or constructed	2 Community social facilities completed as at 30 June 2022	2 Community social facilities completed by 30 June 2023	0 Community social facilities completed by 30 June 2023		Slow progress experienced due to heavy rain fall and community unrest.	Service provider will increase resources on site to recover time lost.

5.3 Local Economic Development

5.3.1 Local Economic Development and Tourism Strategies


Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Local Economic Development and Tourism Strategies	Create an enabling environment for job opportunities through local economic development initiatives	Number of LED strategies developed	3 LED related strategies developed and approved by 30 June 2022	1 LED strategy developed and approved by 30 June 2023	0 LED strategy developed and approved by 30 June 2023		No LED strategy developed and approved by 30 June 2023 due to the fact that procurement processed were initiated late in the 4th quarter.	The service provider will be appointed by the end of the 1 st quarter 2023/24 hence the target will be reported in the next financial year.


5.3.2 Tourism Management

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Tourism	Promote tourism in the municipality	Number of initiatives promoting tourism	3 initiatives promoting tourism by 30 June 2022	4 Initiatives promoting tourism by 30 June 2023	3 Initiatives promoting tourism by 30 June 2023		Feasibility study not finalized by 30 June 2023, due to late appointment of service provider	The target has already been rolled out be completed by end of the second quarter in the next financial year.


5.4 Municipal Transformation and Institutional Development

5.4.1 Programmes for Special Groups


Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Programmes for Special Groups	Improved livelihoods for special groups youth, elderly, disabled persons, children and gender	Number of people empowered through special groups programmes	15 events for special groups by 30 June 2022	15 events for special groups conducted by 30 June 2023	15 events for special groups conducted by 30 June 2023		None	None

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Community Events	Facilitate community events	Number of community events	4 community events as at 30 June 2022	15 community events as at 30 June 2023	15 community events as at 30 June 2023		None	None


5.3.3 Human Capital Development

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Human Capital Development	Implement the Workplace Skills Plan (WSP)	Number of training programmes implemented	35 training programmes implemented by 30 June 2022	35 training programmes implemented by 30 June 2023	35 training programmes implemented by 30 June 2023		None	None


5.3.4 Performance Management

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2020/21)	Performance target 2021/22		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Performance Management Systems	Improved organisational performance	Number of IPMS workshops conducted	New indicator	5 IPMS Workshops conducted by 30 June 2023	5 IPMS Workshops conducted by 30 June 2023		None	None

5.3.5 Employee Well-Being


Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Employee Well Being	Ensure employee well-being (includes Employee Assistance Programme and Occupational Health and Safety)	Number of employee wellness campaigns and assessments conducted	6 Wellness Campaigns and 4 and health risk assessment reports on OHS issued by 30 June 2022	4 Wellness Campaigns conducted by 30 June 2023	4 Wellness Campaigns conducted by 30 June 2023		None	None

5.3.6 Information Technology


Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Information Technology	Ensure effective and efficient information management	Percentage (%) of all reported problems responded to within 4 working hours	100% of ICT problems responded to within 4 hours as at 30 June 2022	100% of ICT problems responded to within 4 hours as at 30 June 2023	100% of ICT problems responded to within 4 hours as at 30 June 2023		None	None

5.5 Good Governance and Public Participation

5.5.1 Public Participation and Inter-Governmental Relations




Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Public Participation and Inter-Governmental Relations	Promote a culture of participatory democracy and governance	Number of Public Participation Consultations held	1 public participation consultation held by 30 June 2022	1 public participation consultation held by 30 June 2023	4 public participation consultation held by 30 June 2023		Establishment of 33 ward committees by 30 June 2022 contributed to the overachievement	None

5.5.2 Expanded Public Works Programme


Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Expanded Public Works Programme (EPWP)	Facilitate job creation (beneficiaries) through the EPWP	Number of beneficiaries through EPWP	211 beneficiaries as at 30 June 2022	159 job opportunities created through EPWP by 30 June 2023	232 job opportunities created through EPWP by 30 June 2023		More EPWP beneficiaries appointed on contract basis base on the grant	None


5.6 Municipal Financial Viability and Management

5.6.1 Cash Flow Management


Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Cash flow management	Ensure efficient and effective cash flow management	Net current assets position (Financial Viability)	Current ratio of 1.6:1 as at 30 June 2022	Current ratio of 1.7:1 by 30 June 2023	Current ratio of 1.66:1 achieved as at 30 June 2023		None	None
	Improved financial sustainability and liability management	Percentage change in cash backed reserves reconciliation	New indicator	2% cash backed reserves reconciliation by 30 June 2023	14% decrease in Closing Bank balance (R117 million)		Purchases concluded towards year end resulted in significant cash outflows.	Spending be evenly spread for the whole year
	Improved liquidity management	Percentage change in cash and cash equivalent (short term)	New indicator	2% change in cash and cash equivalent (short term) by 30 June 2023	14% decrease in cash and cash equivalent as at 30 June 2023		Purchases concluded towards year end resulted in significant cash outflows.	Spending be evenly spread for the whole year

5.6.2 Asset Management



Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Asset Management	To manage, control and maintain all assets of the municipality	Percentage (%) of operational expenditure budget spent on Repairs and Maintenance of municipal assets	4% of the budgeted total operational expenditure spent on repairs and maintenance of assets by 30 June 2022	4% of the budgeted total operational expenditure spent on repairs and maintenance of assets by 30 June 2023	4% of operational expenditure budget has been spent on repairs and maintenance of assets as at 30 June 2023		None	None

		Number of physical fixed assets verifications conducted	1 Movable and 1 Immovable fixed asset physical verification performed by 30 June 2022	1 Movable and 1 Immovable fixed asset physical verification performed by 30 June 2023	1 Movable and 1 Immovable fixed asset physical verification performed by 30 June 2023		None	None
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5.6.3 Expenditure Management

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Expenditure Management	Ensure effective systems of expenditure controls	Number of days to settle creditors	Creditors paid within 30 days of receipt of an invoice	Creditors be paid within 30 days of receipt of an invoice	Creditors were paid within 30 days of receipt of an invoice		None	None

5.6.4 Revenue and Debtors Management

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2021/22)	Performance target 2022/23		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
Revenue and Debtors Management	Increase municipal revenue	Percentage (%) of revenue collection rate	80% average collection rate of billed areas as at 30 June 2022	80% collection rate of billed areas by 30 June 2023	89% collection rate achieved as at 30 June 2023		Increase due to hike in revenue from service charges (Electricity)	None
		Number of debtors' days	120 debtors' days as at 30 June 2022	160 debtors' days by 30 June 2023	Debtors' days was 178 as at 30 June 2023		Increase in debtors	Review of the Revenue collection (95% complete)

5.6.5 Valuation roll

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Baseline (Previous Year Performance Target 2020/21)	Performance target 2021/22		Output Result/ Trend Achieved	Explanation of Variance	Corrective Measure/ Action Plan
				Planned	Actual			
General Valuation Roll	Ensure general valuation roll is updated	Number of compiled General Valuation Roll	One (1) General valuation roll compiled by 30 June 2022	One (1) General valuation roll compiled by 30 June 2023	One (1) General valuation roll compiled by 30 June 2023		None	None

CHAPTER 5: FINANCIAL STATEMENT 2022/23

COMPONENT A: FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2022



Nkomazi Municipality

Nkomazi Local
Municipality Annual
Financial Statements
for the year ended 30 June
2023

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Legal form of entity

Local municipality

Nature of business and principal activities

Providing municipal services

Mayoral committee

Executive Mayor

Magagula PP

Speaker

Nyambi-Sambo HV

Chief whip

Mziako PM

Other mayoral committee members

Mahlalela SS (MMC - Budget and Treasury)

Sibiya S (MMC - Corporate Services)

Ndlovu JB (MMC - Planning and Development)

Mavuso MJ (MMC - LED and Tourism)

Luphoko PC (MMC - Community Services)

Vuma LT (MMC - Social Services)

Makamo TN (MMC - Infrastructure)

Biya MP

Dikiza GK

Dlamini DM

Dlamini NG

Hlophe NC

Khoza J

Khoza NC

Lubisi MT

Lubisi SD

Mabaso MS

Mahlalela MM

Mahlalela PA

Mahlalela SS

Makhubela D

Malaza BB

Mathobela NV

Mazibuko DG

Mhlongo VW

Mkhabela MH

Mkhatshwa BL

Mkhatshwa SH

Mkhatshwa SL

Mndawe SO

Mngomezulu IM

Mthombo TM

Ndlovu J

Ngcane TV

Ngomane GB

Ngomane KG

Ngomane LP

Ngomane SW

Ngwenya AM

Ngwenya BT

Nkomo NR

Nkala S

Nkosi SP

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

	Nkuna SB
	Shabane NP
	Shabangu MJ
	Shabangu R
	Shongwe BC
	Shongwe LN
	Shongwe NF
	Shungube ZI
	Sibiya GP
	Sibiya SG
	Siboza JT
	Silinda PC
	Tshabalala SB
	Van der walt CJ
Accounting Officer	Mabila XT
Chief Finance Officer (CFO)	Thobela T S
Business address	9 Park Street Civic centre Malelane 1320
Postal address	Private Bag X101 Malelane 1320
Bankers	Standard Bank Mbombela
Auditors	The Auditor General
Demarcation code	MP324

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Statement of Financial Position	7
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Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 15
Accounting Policies	18 - 41
Notes to the Annual Financial Statements	42 - 85
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Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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Acronyms

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
ASB	Accounting Standards Board
GRAP	Generally Recognised Accounting Practice
AFS	Annual financial statements
MMC	Member of mayoral committee
IAS	International Accounting Standards
SOFP	Statement of Financial Position
SOCINA	Statement of Changes in Net Assets
SOFPR	Statement of Financial Performance
PPE	Property, plant and equipment
MFMA	Municipal Finance Management Act
CIGFARO	Chartered Institute of Government Finance, Audit & Risk Officers
mSCOA	Municipal Standard Chart of Accounts
AP	Accounting Policy
ME's	Municipal Entities

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30

Accounting Officers' Responsibilities and Approval

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

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

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

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

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

The accounting officers have reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The accounting officer is responsible for the preparation of these annual financial statements, which are set out on the attached pages, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in the notes of the attached annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

The annual financial statements set out on pages 6 to 85, which have been prepared on the going concern basis, were approved by the accounting officers on 31 August 2023.

Mabila XT
Accounting officer

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30

Accounting Officers' Report

The accounting officers submit their report for the year ended 30 June 2023.

1. Review of activities

Main business and operations

The municipality is a medium capacity municipality, engaged in providing municipal services. It delivers basic services such as water, electricity and refuse removal services to the Malelane, Komatipoort, Marloth Park and Hectorspruit region. The municipality provides free water and refuse removal services to rural areas within the local sphere of Nkomazi.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Surplus of the municipality was R 340 301 276 (2022: surplus R 106 036 036).

2. Going concern

We draw your attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R 3 161 838 827 and that the municipality's total assets exceed its liabilities by R 3 161 838 827.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Due to the rapid development of the COVID-19 pandemic the South African government declared a state of disaster and placed the entire country under a national lockdown. The resulting impact of the virus and the subsequent lockdown of the country on the operations of the municipality severely affected the municipality's ability to render basic services and contain the spread of the virus effectively. However, through implementing strict measurements and proper planning of activities the municipality was able to continue rendering effective basic services to the communities.

The curtailing of economic activities however did have a negative effect on the financial results of the municipality during the period under review

3. Subsequent events

The accounting officers are not aware of any other matter or circumstance arising since the end of the financial year which requires adjustment or disclosure in the annual financial statements, except for the event disclosed under the note 50 "Events after the reporting date".

4. Accounting policies

The annual financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board, in accordance with Section 122(3) of the MFMA. The impact on the results of the municipality in adopting the above policies is reflected in note 1 to the financial statement.

5. Accounting Officers

The accounting officers of the municipality during the year and to the date of this report are as follows:

Name	Nationality	Changes
Mabila XT (Accounting Officer)	South African	Appointed 01 February 2023
Dr Ndlovu D (Acting Accounting Officer)	South African	Appointed 01 August 2022, contract ended 31 October 2022
Lisa JC (Acting Accounting Officer)	South African	Appointed 01 November 2022, contract ended 31 January 2023
Kaseke TA (Acting Accounting Officer)	South African	Appointed 01 June 2022, contract ended 31 July 2022

6. Auditors

The Auditor General will continue in office for the next financial period.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30

Statement of Financial Position as at 30 June 2023

	Note(s)	2023 R	2022 Restated*R
Assets			
Current Assets			
Operating lease asset	7	-	72 201
Inventories	9	42 334 425	43 648 705
Receivables from exchange transactions	10	8 600 894	8 324 961
Receivables from non-exchange transactions	11	115 159 243	88 561 835
VAT receivable	12	75 951 065	54 479 649
Consumer debtors	13	53 475 986	45 200 241
Cash and cash equivalents	14	117 012 900	135 690 491
		412 534 513	375 978 083
Non-Current Assets			
Investment property	2	10 619 830	10 741 516
Property, plant and equipment	3	3 148 482 082	2 751 153 974
Intangible assets	4	1 221 367	981 324
Heritage assets	5	1 621 944	1 621 944
Receivables from exchange transactions	10	27 764 611	26 459 341
		3 189 709 834	2 790 958 099
Total Assets		3 602 244 347	3 166 936 182
Liabilities			
Current Liabilities			
Operating lease liability	7	140 314	-
Finance lease obligation	15	324 287	626 098
Employee benefit obligation	8	4 333 394	3 414 148
Unspent conditional grants and receipts	16	33 827 146	3 131 080
Provisions	17	63 036 353	58 576 574
Payables from exchange transactions	18	269 798 373	211 540 731
		371 459 867	277 288 631
Non-Current Liabilities			
Operating lease liability	7	70 838	211 153
Employee benefit obligation	8	43 849 010	41 175 336
Finance lease obligation	15	-	324 287
Provisions	17	25 025 805	26 399 221
		68 945 653	68 109 997
Total Liabilities		440 405 520	345 398 628
Net Assets		3 161 838 827	2 821 537 554
Accumulated surplus		3 161 838 827	2 821 537 554

* See Note 47

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30

Statement of Financial Performance

	Note(s)	2023 R	2022 Restated*R
Revenue			
Revenue from exchange transactions			
Service charges	19	177 183 732	173 459 848
Rental of facilities and equipment	20	3 604 785	4 122 367
Interest received (trading)		3 325 464	1 336 942
Licences and permits	22	41 712	41 562
Recoveries		2 792	8 066
Other income		8 125 606	3 568 297
Interest received - investment	25	23 484 500	13 302 221
Actuarial gains		1 276 818	587 485
Total revenue from exchange transactions		217 045 409	196 426 788
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	128 094 035	112 273 850
Interest - Taxation revenue		8 779 528	6 476 229
Transfer revenue			
Government grants & subsidies	27	1 259 844 315	1 037 981 763
Public contributions and donations	28	31 885 542	628 466
Fines, Penalties and Forfeits	23	3 028 957	2 895 384
Total revenue from non-exchange transactions		1 431 632 377	1 160 255 692
Total revenue	21	1 648 677 786	1 356 682 480
Expenditure			
Employee related costs	29	(655 280 610)	(630 642 228)
Remuneration of councillors	30	(26 790 657)	(25 081 467)
Depreciation and amortisation	31	(82 027 257)	(79 779 796)
Reversal of impairments	32	(11 187 041)	(16 614 673)
Finance costs	35	(445 389)	(466 932)
Lease rentals on operating lease	33	(9 365 935)	(7 986 181)
Debt Impairment	36	(4 230 153)	(23 238 900)
Bulk purchases	37	(104 342 309)	(106 231 038)
Contracted services	38	(159 032 110)	(145 548 274)
Transfers and Subsidies	34	(29 194 322)	(11 443 597)
Loss on disposal of assets and liabilities		(3 539 010)	(383 006)
Inventories losses/write-downs		(718 195)	(132 772)
General Expenses	39	(222 223 522)	(203 097 580)
Total expenditure		(1 308 376 510)(1)	250 646 444)
Surplus for the year		340 301 276	106 036 036

* See Note 47

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance at 01 July 2021	2 715 638 862 2	715 638 862
Changes in net assets		
Surplus for the year	106 036 036	106 036 036
Total changes	106 036 036	106 036 036
Opening balance as previously reported	2 821 674 895 2	821 674 895
Adjustments		
Correction of errors	(137 344)	(137 344)
Restated* Balance at 01 July 2022 as restated*	2 821 537 551 2	821 537 551
Changes in net assets		
Surplus for the year	340 301 276	340 301 276
Total changes	340 301 276	340 301 276
Balance at 30 June 2023	3 161 838 827 3	161 838 827
Note(s)	47	

* See Note 47

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30

Cash Flow Statement

	2023	2022
	R	Restated*R
Note(s)		
Cash flows from operating activities		
Receipts		
Property rates and other	326 226 405	298 909 040
Grants	1 290 540 381	1 039 419 056
Interest income	23 484 500	13 302 221
	<u>1 640 251 286</u>	<u>1 351 630 317</u>
Payments		
Employee costs	(655 658 063)	(636 330 343)
Suppliers	(539 559 160)	(466 173 771)
Finance costs	(445 389)	(466 932)
	<u>(1 195 662 612)</u>	<u>(1 102 971 046)</u>
Net cash flows from operating activities	41 <u>444 588 674</u>	<u>248 659 271</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	3 (462 105 808)	(359 885 465)
Purchase of other intangible assets	4 (534 359)	(652 118)
Net cash flows from investing activities	<u>(462 640 167)</u>	<u>(360 537 583)</u>
Cash flows from financing activities		
Finance lease receipts / (payments)	(626 098)	950 385
Net increase/(decrease) in cash and cash equivalents	<u>(18 677 591)</u>	<u>(110 927 927)</u>
Cash and cash equivalents at the beginning of the year	135 690 491	246 618 418
Cash and cash equivalents at the end of the year	14 <u>117 012 900</u>	<u>135 690 491</u>

* See Note 47

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments on comparable basis	Final Budget	Actual amounts	Difference between final budget and actual	Reference
R	R	R	R	R	R	

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	197 802 174	(15 708 661)	182 093 513	177 183 732	(4 909 781)	57
Rental of facilities and equipment	5 444 355	(2 536 059)	2 908 296	3 604 785	696 489	57
Interest received (trading)	2 146 011	807 940	2 953 951	3 325 464	371 513	57
Licences and permits	50 156	(24 982)	25 174	41 712	16 538	57
Recoveries	30 591	(25 546)	5 045	2 792	(2 253)	57
Other income	5 554 198	(2 195 381)	3 358 817	8 125 606	4 766 789	57
Interest received - external	38 883 472	(16 895 739)	21 987 733	23 484 500	1 496 767	57

Total revenue from exchange transactions **249 910 957** **(36 578 428)** **213 332 529** **215 768 591** **2 436 062**

Revenue from non-exchange transactions

Taxation revenue

Property rates	128 281 101	632 847	128 913 948	128 094 035	(819 913)	57
Interest received - property rates	7 238 390	465 931	7 704 321	8 779 528	1 075 207	57

Transfer revenue

Government grants & subsidies	1 254 457 620	22 354 543	1 276 812 163	1 259 844 315	(16 967 848)	57
Public contributions and donations	-	-	-	31 885 542	31 885 542	57
Fines, Penalties and Forfeits	10 395 263	(7 167 441)	3 227 822	3 028 957	(198 865)	57

Total revenue from non-exchange transactions **1 400 372 374** **16 285 880** **1 416 658 254** **1 431 632 377** **14 974 123**

Total revenue **1 650 283 331** **(20 292 548)** **1 629 990 783** **1 647 400 968** **17 410 185**

Expenditure

Personnel	(590 017 017)	4 530 074	(585 486 943)	(655 280 610)	(69 793 667)	57
Remuneration of councillors	(27 225 322)	-	(27 225 322)	(26 790 657)	434 665	
Depreciation and amortisation	(64 975 325)	(4)	(64 975 329)	(82 027 257)	(17 051 928)	57
Impairment loss/ Reversal of impairments	-	-	-	(11 187 041)	(11 187 041)	57
Finance costs	(276 522)	169 322	(107 200)	(445 389)	(338 189)	57
Lease rentals on operating lease	(7 624 213)	(500 000)	(8 124 213)	(9 365 935)	(1 241 722)	57
Debt Impairment	(13 000 000)	4 661 050	(8 338 950)	(4 230 153)	4 108 797	57
Bulk purchases	(101 176 683)	-	(101 176 683)	(104 342 309)	(3 165 626)	57
Contracted Services	(105 050 286)	(11 455 163)	(116 505 449)	(159 032 110)	(42 526 661)	57
Transfers and Subsidies	(28 558 095)	(8 226 059)	(36 784 154)	(29 194 322)	7 589 832	57
General Expenses	(225 642 395)	16 353 702	(209 288 693)	(222 223 522)	(12 934 829)	57

Total expenditure **(1 163 545 858)** **5 532 922** **(1 158 012 936)** **(1 304 119 305)** **(146 106 369)**

Operating surplus **486 737 473** **(14 759 626)** **471 977 847** **343 281 663** **(128 696 184)**

Loss on disposal of assets	-	-	-	(3 539 010)	(3 539 010)	57
Actuarial gain	-	-	-	1 276 818	1 276 818	57
Inventories losses/write-downs	-	-	-	(718 195)	(718 195)	57

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
		-	-	-	(2 980 387)	(2 980 387)
Surplus for the year	486 737 473	(14 759 626)	471 977 847	340 301 276	(131 676 571)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	486 737 473	(14 759 626)	471 977 847	340 301 276	(131 676 571)	

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments on comparable basis	Final Budget	Actual amounts	Difference between final budget and actual	Reference
R		R	R	R	R	

Statement of Financial Position Assets

Current Assets

Operating lease asset	-	72 201	72 201	-	(72 201)	
Inventories	42 807 613	841 092	43 648 705	42 334 425	(1 314 280)	
Receivables from exchange transactions	579 557	5 337 331	5 916 888	8 600 894	2 684 006	
Receivables from non-exchange transactions	52 896 070	46 417 786	99 313 856	115 159 243	15 845 387	57
		(112 030 882)	32 776 043	75 951 065	43 175 022	57
VAT receivable	144 806 925	7 685 948	54 689 759	53 475 986	(1 213 773)	
Consumer debtors	47 003 811	(20 815 410)	235 761 016	117 012 900	(118 748 116)	57
Cash and cash equivalents	256 576 426	(72 491 934)	472 178 468	412 534 513	(59 643 955)	
	544 670 402					

Non-Current Assets

Investment property	10 108 282	633 234	10 741 516	10 619 830	(121 686)	
Property, plant and equipment	3 024 045 461	386 331 543	3 410 377 004	3 148 482 082	(261 894 922)	57
Intangible assets	1 495 085	538 241	2 033 326	1 221 367	(811 959)	57
Heritage assets	1 621 944	-	1 621 944	1 621 944	-	
Receivables from exchange transactions	23 487 255	(23 487 255)	-	27 764 611	27 764 611	57

3 060 758 027 364 015 763 3 424 773 790 3 189 709 834 (235 063 956)

Total Assets

3 605 428 429 291 523 829 3 896 952 258 3 602 244 347 (294 707 911)

Liabilities

Current Liabilities

Finance lease obligation	-	837 251	837 251	324 287	(512 964)	57
Operating lease liability	-	-	-	140 314	140 314	57
Unspent conditional grants and receipts	-	-	-	33 827 146	33 827 146	57
Provisions	35 204 136	27 405 400	62 609 536	63 036 353	426 817	
Payables from exchange transactions	64 802 555	218 362 184	283 164 739	269 798 370	(13 366 369)	57
Employee benefit obligation	44 769 000	(44 769 000)	-	4 333 394	4 333 394	57
	144 775 691	201 835 835	346 611 526	371 459 864	24 848 338	

Non-Current Liabilities

Finance lease obligation	-	4 950 066	4 950 066	-	(4 950 066)	57
Operating lease liability	-	211 153	211 153	70 838	(140 315)	57
Employee benefit obligation	32 516 257	12 073 227	44 589 484	43 849 010	(740 474)	57
Provisions	19 195 440	7 203 781	26 399 221	25 025 805	(1 373 416)	
	51 711 697	24 438 227	76 149 924	68 945 653	(7 204 271)	

Total Liabilities

196 487 388 226 274 062 422 761 450 440 405 517 17 644 067

Net Assets

3 408 941 041 65 249 767 3 474 190 808 3 161 838 830 (312 351 978)

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments on comparable basis	Final Budget	Actual amounts	Difference between final budget and actual	Reference
R		R	R	R	R	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	3 408 941 041	65 249 767	3 474 190 808	3 161 838 830	(312 351 978)	

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference	
R	R	R	R	R		
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates and other	279 930 742	30 147 125	310 077 867	326 226 405	16 148 538	57
Grants	1 254 457 620	21 899 998	1 276 357 618	1 290 540 381	14 182 763	
Interest income	5 750 738	16 236 995	21 987 733	23 484 500	1 496 767	
	1 540 139 100	68 284 118	1 608 423 218	1 640 251 286	31 828 068	
Payments						
Suppliers and employees	(439 462 009)	(524 719 030)	(964 181 039)	(1 195 217 229)	(231 036 190)	57
Finance costs	(579 557)	472 357	(107 200)	(445 389)	(338 189)	57
	(440 041 566)	(524 246 673)	(964 288 239)	(1 195 662 618)	(231 374 379)	
Net cash flows from operating activities	1 100 097 534	(455 962 555)	644 134 979	444 588 668	(199 546 311)	
Cash flows from investing activities						
Purchase of capital assets (PPE & Intangible Assets)	(579 823 601)	(15 567 330)	(595 390 931)	(462 640 167)	132 750 764	57
Cash flows from financing activities						
Finance lease payments	(698 657)	72 559	(626 098)	(626 098)	-	
Net increase/(decrease) in cash and cash equivalents	520 273 933	(471 529 885)	48 744 048	(18 051 499)	(66 795 547)	
Cash and cash equivalents at the beginning of the year	-	-	-	135 690 491	135 690 491	
Cash and cash equivalents at the end of the year	520 273 933	(471 529 885)	48 744 048	117 638 992	68 894 944	

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30
June 2023

Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
R	R	R	R	R	R	R	R	R	R	R
2023										
Financial Performance	128 281 101	632 847	128 913 948	-	128 913 948	128 094 035		(819 913)	99 %	100 %
Property rates	197 802 174	(15 708 661)	182 093 513	-	182 093 513	177 183 732		(4 909 781)	97 %	90 %
Service charges	38 883 472	(16 895 739)	21 987 733	-	21 987 733	23 484 500		1 496 767	107 %	60 %
Investment revenue	1 254 457 620	22 354 543	1 276 812 163	-	1 276 812 163	772 689 779		(504 122 384)	61 %	62 %
Transfers recognised - operational	30 858 964	(10 675 538)	20 183 426	-	20 183 426	28 185 662		8 002 236	140 %	91 %
Other own revenue	1 650 283 331	(20 292 548)	1 629 990 783	-	1 629 990 783	1 129 637 708		(500 353 075)	69 %	68 %
Total revenue (excluding capital transfers and contributions)										
Employee costs	(590 017 017)	4 530 074	(585 486 943)	-	(585 486 943)	(655 280 610)		(69 793 667)	112 %	111 %
Remuneration of councillors	(27 225 322)	-	(27 225 322)	-	(27 225 322)	(26 790 657)		434 665	98 %	98 %
Debt impairment	(13 000 000)	4 661 050	(8 338 950)		(8 338 950)	(4 230 153)		4 108 797	51 %	33 %
Depreciation and asset impairment	(64 975 325)	(4)	(64 975 329)		(64 975 329)	(93 214 298)		(28 238 969)	143 %	143 %
Finance charges	(276 522)	169 322	(107 200)	-	(107 200)	(445 389)		(338 189)	415 %	161 %
Materials and bulk purchases	(101 176 683)	-	(101 176 683)	-	(101 176 683)	(104 342 309)		(3 165 626)	103 %	103 %
Transfers and grants	(28 558 095)	(8 226 059)	(36 784 154)	-	(36 784 154)	(29 194 322)		7 589 832	79 %	102 %
Other expenditure	(338 316 894)	4 398 539	(333 918 355)	-	(333 918 355)	(394 878 772)		(60 960 417)	118 %	117 %
Total expenditure	(1 163 545 858)	5 532 922	(1 158 012 936)	-	(1 158 012 936)	(1 308 376 510)		(150 363 574)	113 %	112 %
Surplus/(Deficit)	486 737 473	(14 759 626)	471 977 847	-	471 977 847	(178 738 802)		(650 716 649)	(38)%	(37)%

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30
June 2023

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
R	R	R	R	R	R	R	R	R	R	R	R
Transfers recognised - capital	485 581 440	19 020 326	504 601 766	-		504 601 766	487 154 535		(17 447 231)	97 %	100 %
Contributions recognised - capital and contributed assets	-	-	-	-		-	31 885 542		31 885 542	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	972 318 913	4 260 700	976 579 613	-		976 579 613	340 301 275		(636 278 338)	35 %	35 %
Surplus/(Deficit) for the year	972 318 913	4 260 700	976 579 613	-		976 579 613	340 301 275		(636 278 338)	35 %	35 %
Capital expenditure and funds sources											
Total capital expenditure	579 823 601	15 567 330	595 390 931	-		595 390 931	462 640 166		(132 750 765)	78 %	80 %
Sources of capital funds											
Transfers recognised - capital	485 581 440	19 020 330	504 601 770	-		504 601 770	404 756 684		(99 845 086)	80 %	83 %
Internally generated funds	94 242 161	(3 453 000)	90 789 161	-		90 789 161	57 883 482		(32 905 679)	64 %	61 %
Total sources of capital funds	579 823 601	15 567 330	595 390 931	-		595 390 931	462 640 166		(132 750 765)	78 %	80 %

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30

June 2023

1. Presentation of Annual Financial Statements

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

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

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

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

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

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including, together with economic factors such as inflation interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30

June 2023

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of PPE and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for PPE and other assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 8.

Effective interest rate

The municipality used an appropriate interest rate, taking into account guidance provided in the accounting standards, and applying professional judgement to the specific circumstances, to discount future cash flows. Appropriate adjustments have been made to compensate for the effect of deferred settlement terms that materially impact on the fair value of financial instruments, revenue and expenses at initial recognition. The adjustments requires a degree of estimation around the discount rates and periods used.

Allowance for doubtful debts

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

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

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

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

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30

June 2023

1.3 Investment property (continued)

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Investment property for buildings are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of investment property have been assessed as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	10 - 30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	N/A	Indefinite
Buildings	Straight line	5 -30 years
Plant and machinery	Straight line	2 - 15 years
Furniture and fixtures	Straight line	3 - 10 years
Motor vehicles	Straight line	4 - 15 years
IT equipment	Straight line	3 - 10 years
Infrastructure	Straight line	.
- Roads and storm water	Straight line	3 - 100 years
- Electricity	Straight line	3 - 80 years
- Water	Straight line	10 - 100 years
- Sewerage	Straight line	10 - 60 years

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1.4 Property, plant and equipment (continued)

- Solid waste disposal	Straight line	5 - 55 years
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The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

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

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

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

Game assets is initially measured at cost

Where game asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition or game count.

Subsequent to initial recognition game assets are measured at cost less accumulated impairment losses.

The municipality derecognises game asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The municipality also derecognises game asset when the definition is longer met.

The gain or loss arising from the derecognition of game asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the game asset. Such difference is recognised in surplus or deficit when the game asset is derecognised.

1.5 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

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

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1.5 Intangible assets (continued)

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight line	2 - 5 years

Intangible assets are derecognised:

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

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

1.6 Heritage assets

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Transfers

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

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

Derecognition

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

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

1.7 Financial instruments

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

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1.7 Financial instruments (continued)

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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1.7 Financial instruments (continued) Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at cost

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

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Gains and losses

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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1.7 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting. The

entity derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

1.8 Statutory receivables

Identification

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

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1.8 Statutory receivables (continued)

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Impairment losses

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

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

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

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

Derecognition

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

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

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

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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1.9 Leases (continued)

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

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

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

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

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

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

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

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

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

The cost of water inventories is assigned using the weighted average cost formula. The first in, first out (FIFO) cost formula is used for all other inventories having a similar nature and use to the municipality.

Land inventory is measured at the lower of cost and current replacement cost as they will be distributed through a non-exchange transaction. Transfer costs relating to the transfer of the title deeds to the beneficiaries will be recognised in surplus or deficit in the period which they occur.

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1.10 Inventories (continued)

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

1.11 Impairment of cash-generating assets

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

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

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

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

Identification

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

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

1.12 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

Identification

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Reversal of an impairment loss

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

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

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1.13 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid interim leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

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1.13 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

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June 2023

1.13 Employee benefits (continued)

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an interim basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Nkomazi Local Municipality

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1.13 Employee benefits (continued)

Other post retirement obligations

The municipality has an obligation to provide long-term service allowance benefits to all of its employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

A contingent liability is a possible obligation, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event(s) not wholly within the control of the entity.

A contingent asset is a possible asset that arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the entity.

Contingent assets and contingent liabilities are not recognised but a note disclosure is required if the inflow or outflow of resources is probable. Contingencies are disclosed in note 44.

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1.14 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

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

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.11 and 1.12.

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

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

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

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

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

Rendering of services

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

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

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

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

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

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1.17 Revenue from non-exchange transactions (continued)

Measurement

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

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

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

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

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

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Allocation in-kind

Where allocation in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of allocation in-kind received during the reporting period.

1.18 Investment income

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

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1.19 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

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

Recognition

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.20 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.21 Comparative figures

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

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1.22 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of changes in net assets in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of changes in net assets.

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of changes in net assets in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of changes in net assets.

1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Changes in Net Assets and where recovered, it is subsequently accounted for as revenue in the Statement of Changes in Net Assets.

1.25 Segment information

A segment is an activity of an entity:

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

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

Measurement

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

Nkomazi Local Municipality

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1.26 Budget information

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

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

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

The approved budget covers the fiscal period from 2021/07/01 to 2024/06/30.

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

1.27 Related parties

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

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

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

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

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

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

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

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1.29 Living and non-living resources

Living resources are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Agricultural activity is the management by an municipality of the biological transformation and harvest of biological assets for:

- (a) sale;
- (b) distribution at no charge or for a nominal charge; or
- (c) conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

Biological transformation (for purposes of this Standard) comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Recognition

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

Where the municipality is required in terms of legislation or similar means to manage a living resource, but it does not meet the definition of an asset because control of the resource cannot be demonstrated, relevant information are disclosed in the notes to the annual financial statements.

Where the municipality holds a living resource that meets the definition of an asset, but which does not meet the recognition criteria, relevant information are disclosed in the notes to the annual financial statements. When the information about the cost or fair value of the living resource becomes available, the municipality recognise, from that date, the living resource and apply the measurement principles.

Measurement at recognition

A living resource that qualifies for recognition as an asset is measured at its cost.

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

The cost of a living resource comprises its purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.

1.30 Value Added Tax

The municipality accounts for Value Added Tax on payment basis.

1.31 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

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2023

2023 R	2022 R
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2. Investment property

2023 Cost / Valuation	2022					
	Accumulated depreciation and accumulated impairment	Carrying value Valuation	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	
Investment property	15 544 854	(4 925 024)	10 619 830	15 544 854	(4 803 338)	10 741 516

Reconciliation of investment property - 2023

	Openingbalance	Depreciation	Total
Investment property	10 741 516	(121 686)	10 619 830

Reconciliation of investment property - 2022

	Openingbalance	Depreciation	Total
Investment property	10 997 356	(255 840)	10 741 516

Pledged as security

No investment property assets were pledged as security:

Other disclosure

There were no operating costs incurred related to the investment property.

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Figures in Rand

3. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	194 090 276	(12 402 319)	181 687 957	194 090 276	(12 402 319)	181 687 957
Buildings	322 047 344	(107 501 979)	214 545 365	302 939 549	(99 562 128)	203 377 421
Plant and machinery	47 126 611	(22 384 181)	24 742 430	37 894 025	(20 240 488)	17 653 537
Furniture and fixtures	13 488 990	(8 401 279)	5 087 711	16 137 985	(13 285 369)	2 852 616
Motor vehicles	89 988 405	(42 080 106)	47 908 299	65 068 076	(38 743 865)	26 324 211
IT equipment	19 565 844	(9 970 980)	9 594 864	15 104 382	(8 625 504)	6 478 878
Infrastructure - Electricity	136 300 962	(44 055 101)	92 245 861	129 951 290	(39 386 248)	90 565 042
Infrastructure - Roads	806 865 739	(167 010 486)	639 855 253	553 950 785	(150 071 899)	403 878 886
Infrastructure - Storm water	60 943 734	(9 990 335)	50 953 399	60 943 734	(8 808 313)	52 135 421
Infrastructure - Sewerage	18 408 201	(4 453 251)	13 954 950	18 766 079	(3 579 979)	15 186 100
Infrastructure - Solid waste	32 496 835	(23 372 549)	9 124 286	32 363 693	(23 269 470)	9 094 223
Infrastructure - Water	1 651 158 026	(460 696 493)	1 190 461 533	1 448 556 431	(411 787 412)	1 036 769 019
Capital work in progress	668 320 174	-	668 320 174	705 150 663	-	705 150 663
Total	4 060 801 141	(912 319 059)	3 148 482 082	3 580 916 968	(829 762 994)	2 751 153 974

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Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Donations / Additions noncash	Disposals	Transfers from WIP	Transfers to WIP	Depreciation	Impairment loss	Total
Land	181 687 957	-	-	-	-	-	-	-	181 687 957
Buildings	203 377 421	11 103 169	17 871 376	-	-	(9 866 750)	(7 921 982)	(17 869)	214 545 365
Plant and machinery	17 653 537	9 921 886	542 720	(121 397)	-	-	(3 193 877)	(60 439)	24 742 430
Furniture and fixtures	2 852 616	277 122	3 219 191	(520 304)	-	-	(734 370)	(6 544)	5 087 711
Motor vehicles	26 324 211	25 433 705	-	(109 447)	-	-	(3 246 463)	(493 707)	47 908 299
IT equipment	6 478 878	4 539 243	978 151	(267 763)	-	-	(2 114 824)	(18 821)	9 594 864
Infrastructure - Electricity	90 565 042	6 349 672	-	-	-	-	(3 370 711)	(1 298 142)	92 245 861
Infrastructure - Roads	403 878 886	106 728 042	3 000 147	-	197 801 718	(54 614 953)	(16 332 708)	(605 879)	639 855 253
Infrastructure - Storm water	52 135 421	-	-	-	-	-	(1 182 022)	-	50 953 399
Infrastructure - Sewerage	15 186 100	12 096 079	-	(153 798)	-	(12 096 079)	(317 116)	(760 236)	13 954 950
Infrastructure - Solid waste	9 094 223	600 000	-	(133 275)	-	-	(308 285)	(128 377)	9 124 286
Infrastructure - Water	1 036 769 019	285 056 890	5 948 020	(2 228 210)	166 358 056	(250 751 501)	(42 893 714)	(7 797 027)	1 190 461 533
Capital work in progress	705 150 663	-	-	-	305 582 532	(342 413 021)	-	-	668 320 174
	2 751 153 974	462 105 808	31 559 605	(3 534 194)	669 742 306	(669 742 304)	(81 616 072)	(11 187 041)	3 148 482 082

Nkomazi Local Municipality

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Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Donations / Additions noncash	Disposals	Transfers from WIP	Transfers to WIP	Opening balance adjustment	Depreciation	Impairment loss	Total
Land	181 687 957	-	-	-	-	-	-	-	-	181 687 957
Buildings	168 715 090	25 499 796	-	-	49 279 406	(23 580 733)	-	(7 725 672)	(8 810 466)	203 377 421
Plant and machinery	17 368 353	3 419 528	313 023	(95 840)	-	-	(137 344)	(3 038 488)	(175 695)	17 653 537
Furniture and fixtures	3 399 532	346 067	315 443	(75 829)	-	-	-	(1 076 549)	(56 048)	2 852 616
Motor vehicles	28 171 350	1 516 829	-	(77 755)	-	-	-	(3 286 213)	-	26 324 211
IT equipment	2 820 148	5 076 392	-	(123 698)	-	-	-	(1 293 964)	-	6 478 878
Infrastructure - Electricity	86 910 026	8 848 735	-	-	-	-	-	(3 412 685)	(1 781 034)	90 565 042
Infrastructure - Roads	387 194 621	103 246 581	-	-	30 730 108	(99 432 233)	-	(14 815 055)	(3 045 136)	403 878 886
Infrastructure - Storm water	53 319 476	-	-	-	-	-	-	(1 184 055)	-	52 135 421
Infrastructure - Sewerage	15 503 418	2 024 634	-	-	-	(2 024 634)	-	(317 318)	-	15 186 100
Infrastructure - Solid waste	9 473 065	-	-	-	-	-	-	(313 350)	(65 492)	9 094 223
Infrastructure - Water	1 072 129 524	209 906 903	-	-	6 820 652	(206 581 813)	-	(42 825 445)	(2 680 802)	1 036 769 019
Capital work in progress	460 361 416	-	-	-	(86 830 166)	331 619 413	-	-	-	705 150 663
	2 487 053 976	359 885 465	628 466	(373 122)	-	-	(137 344)	(79 288 794)	(16 614 673)	2 751 153 974

Pledged as security

No property, plant and equipment were pledged as security:

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2023 R	2022 R
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3. Property, plant and equipment (continued)

Impairment of assets

Property, plant and equipment impaired

Buildings	17 869	8 810 466
Infrastructure - Water	7 797 027	2 680 802
Infrastructure - Roads	605 879	3 045 136
Infrastructure - Sewerage	760 236	-
Infrastructure - Electricity	1 298 142	1 781 034
Infrastructure - Solid waste	128 377	65 492
Furniture and fixtures	6 544	56 048
Plant and machinery	60 439	175 695
IT Equipment	18 821	-
Motor vehicles	493 707	-
	11 187 041	16 614 673

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Buildings 29	Total
Opening balance	676 063 789	086 771	705 150 560
Additions/capital expenditure	295 715 782	9 866 750	305 582 532
Transferred to completed items	(342 413 021)	-	(342 413 021)
	629 366 550	38 953 521	668 320 071

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Buildings 54	Total
Opening balance	405 575 973	785 444	460 361 417
Additions/capital expenditure	308 038 576	23 580 733	331 619 309
Transferred to completed items	(37 550 760)	(49 279 406)	(86 830 166)
	676 063 789	29 086 771	705 150 560

Some of the work in progress construction projects are taking significantly longer period than expected due to delays by sub-contractor with mechanical works, additional scope of work, heavy rains, hard rock and underground water. The carrying value of the construction projects that are taking significantly longer period than expected is R411 286 283.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	27 187 588	25 438 461
Inventory - materials & supplies	16 543 641	11 276 491
General expenses	955 925	1 242 616
	44 687 154	37 957 568

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

Nkomazi Local Municipality

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2023 R	2022 R
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4. Intangible assets

2023 Cost / Valuation	2022					
	Accumulated amortisation and accumulated impairment	Carrying value Valuation	Cost /	Accumulated amortisation and accumulated impairment	Carrying value	
Computer software, other	3 385 231	(2 163 864)	1 221 367	2 869 840	(1 888 516)	981 324

Reconciliation of intangible assets - 2023

	Openingbalance	Additions	Disposals	Amortisation	Total
Computer software, other	981 324	534 359	(4 816)	(289 500)	1 221 367

Reconciliation of intangible assets - 2022

	Openingbalance	Additions	Disposals	Amortisation	Total
Computer software, other	574 251	652 118	(9 885)	(235 160)	981 324

Pledged as security

No intangible assets were pledged as security.

5. Heritage assets

2023 Cost / Valuation	2022					
	Accumulated impairment losses	Carrying value Valuation	Cost /	Accumulated impairment losses	Carrying value	
Historical monuments	1 621 944	-	1 621 944	1 621 944	-	1 621 944

Reconciliation of heritage assets 2023

	Openingbalance	Total
Historical monuments	1 621 944	1 621 944

Reconciliation of heritage assets 2022

	Openingbalance	Total
Historical monuments	1 621 944	1 621 944

Pledged as security

No heritage assets were pledged as security.

Nkomazi Local Municipality

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2023	2022
R	R

6. Living resources

Living resources not recognised

The municipality did not recognise the following living resources, due to the definition of asset not being met.

Type of living resources

Mammals

Birds

Key judgements and assumptions applied

The municipality holds the living resources to meet its mandate in acting as custodian to conserve the resources entrusted to it and to manage the environment where the resources are situated as a whole. Game animals in Marloth Park and Lion Spruit are left to roam freely. The municipality only restricts the movement of the animals by fencing off Marloth Park and Lion Spruit. Though the areas have fences, animal migration still occurs for some animals and they do from time to time jump over or burrow under fences. The municipality does from time to time move animals from the residential area (Marloth Park) to park area (Lion Spruit) to do culling, in order to comply with the number of animals that should be in the whole environment as required by Mpumalanga Tourism and Parks Agency. The municipality does not manage the physical condition of each individual animal within the environment. Therefore as a result, the municipality has concluded that it does not control these living resources by applying paragraph 23 of GRAP 110.

7. Operating lease asset (accrual)

Current assets	-	72 201
Non-current liabilities	(70 838)	(211 153)
Current liabilities	(140 314)	-
	(211 152)	(138 952)

Nkomazi Local Municipality

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2023	2022
R	R

8. Employee benefit obligations

Defined benefit plan

The municipality offers employees and continuation members the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical aid scheme.

In-service members that qualify for post employment medical aid benefit are entitled to a subsidy of 60% of the contribution payable. All current continuation members receive a 60% subsidy.

An actuarial valuation has been performed of the municipality's liability in respect of benefits to eligible retirees and retired employees of the municipality.

In accordance with the requirements of GRAP25, we have applied the Projected Unit Credit Method to determine the liabilities. The projected liability is based on actuarial assumptions about the future. These assumptions are set to be realistic and individually justifiable. However, the actual experience of the beneficiaries of the municipality will vary from these assumptions. These variations emerge at each valuation as actuarial gains or losses.

The approach taken in this valuation has been made with reference to the guidelines issued by the Actuarial Society of South Africa (ASSA), in particular, the Advisory Practice Note 207 as issued by ASSA.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	11 555 180	11 793 755
Contributions for continuation pensioners	(503 551)	(458 636)
Net expense recognised in the statement of changes in net assets	2 104 323	220 061
	13 155 952	11 555 180

Net expense recognised in the statement of changes in net assets

Current service cost	244 019	258 900
Interest cost	1 411 129	1 324 588
Actuarial (gains) losses	449 175	(1 363 427)
	2 104 323	220 061

Calculation of actuarial gains and losses

Actuarial (gains) losses	449 175	(1 363 427)
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Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.96 %	12.49 %
Consumer price inflation	7.04 %	7.49 %
Health care cost inflation	8.54 %	8.99 %
Net discount rate	4.07 %	3.21 %

Nkomazi Local Municipality

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2023 R	2022 R
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8. Employee benefit obligations (continued)

Long service awards

Long service benefits are awarded in the form of a number of leave days awarded once an employee has completed a certain number of years in service. The valuation was performed in line with GRAP 25. We applied the Projected Unit Credit Method to determine the liabilities. The projected liability is based on actuarial assumptions about the future. These assumptions are set to be realistic and individually justifiable. However, the actual experience of the beneficiaries of the municipality will vary from these assumptions. These variations emerge at each valuation as actuarial gains or losses.

The approach taken in this valuation has been made with reference to the guidelines issued by the Actuarial Society of South Africa (ASSA), in particular, the Advisory Practice Note 207 as issued by ASSA.

Opening balance	33 034 304	29 417 367
Current service cost	3 443 579	3 333 234
Interest cost	3 499 545	2 389 317
Actuarial (gains) / losses	(1 725 993)	775 942
Expected benefits payments	(3 224 983)	(2 881 556)
	35 026 452	33 034 304

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10.99 %	11.08 %
Consumer price inflation	5.54 %	6.79 %
Salary increase rate	6.54 %	7.79 %
Net discount rate	4.18 %	3.05 %
Normal retirement age	65	65

Actuarial (gains) losses

Defined benefit plan	449 175	(1 363 427)
Long service awards	(1 725 993)	775 942
	(1 276 818)	(587 485)

Current liability of Employee benefit obligation

Defined benefit plan	848 967	514 215
Long service awards	3 484 427	2 899 933
	4 333 394	3 414 148

Non-current liability of Employee benefit obligation

Defined benefit plan	12 306 985	11 040 965
Long service awards	31 542 025	30 134 371
	43 849 010	41 175 336

9. Inventories

Land held for distribution	35 694 585	35 894 585
Consumable stores	6 471 916	7 597 845
Water for distribution	167 924	156 275
	42 334 425	43 648 705

The municipality has reclassified land which was verified to have private properties but still have legal ownership. The land has been reclassified from PPE Land and Investment Land to Inventory after council resolved that the municipality should assist with the transfer of title deeds to the beneficiaries.

Nkomazi Local Municipality

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	2023 R	2022 R
10. Receivables from exchange transactions		
Deposits	27 764 611	26 459 341
Sundry debtors	3 491 782	6 007 055
Pre-paid electricity accrued	4 868 361	2 152 629
Interest receivable	240 751	165 277
	36 365 505	34 784 302
Non-current assets	27 764 611	26 459 341
Current assets	8 600 894	8 324 961
	36 365 505	34 784 302

11. Receivables from non-exchange transactions

Allowance for impairment - Fines	(112 513 778)	(110 657 741)
SARS overpayment	2 129 577	2 129 577
Salary and long service award overpayment	2 541 118	3 439 079
Traffic fines	115 920 516	113 422 422
Consumer debtors - Property rates	118 040 777	89 223 824
Allowance for impairment - Property rates	(10 958 967)	(8 995 326)
	115 159 243	88 561 835

Receivables from non-exchange transactions pledged as security

No receivables from non-exchange were pledged as security

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 1 months past due are not considered to be impaired. At 30 June 2023, R 7 722 813 (2022: R 12 013 414) were past due but not impaired.

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

1 month past due	7 722 813	12 013 414
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Receivables from non-exchange transactions impaired

As of 30 June 2023, other receivables from non-exchange transactions of R 233 961 293 (2022: R 190 632 833) were impaired and provided for.

The amount of the provision was R 123 472 745 as of 30 June 2023 (2022: R 119 653 068).

The ageing of amounts past due and impaired is as follows:

1 to 2 months	4 849 880	4 158 826
Over 2 months	229 111 413	186 474 007

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	2023 R	2022 R
11. Receivables from non-exchange transactions (continued)		
Reconciliation of provision for impairment of receivables from non-exchange transactions		
Opening balance	(119 653 068)	(117 462 630)
Provision for impairment	(3 819 677)	(2 190 438)
	(123 472 745)	(119 653 068)
Net rates		
Current (0 - 30 days)	7 722 813	12 013 414
31 - 60 days	4 368 093	3 674 306
61 - 90 days	3 816 077	2 851 821
91 + days	91 174 827	61 688 958
	107 081 810	80 228 499
Net traffic fines		
Over 2 months	3 406 738	2 764 681
12. VAT receivable		
VAT	75 951 065	54 479 649
VAT is payable on the payment basis. Only once payment is received from debtors, the VAT portion of the receipt is paid over to SARS with input VAT only claimed when payment is made to creditors.		
13. Consumer debtors		
Gross balances		
Electricity	24 379 984	21 727 013
Water	16 669 517	12 716 198
Waste water	3 579 793	3 189 942
Refuse	4 307 934	3 671 156
Other	10 011 598	8 963 844
	58 948 826	50 268 153
Less: Allowance for impairment		
Electricity	(2 263 450)	(2 190 464)
Water	(1 547 607)	(1 282 016)
Waste water	(332 350)	(321 602)
Refuse	(399 951)	(370 117)
Other	(929 482)	(903 713)
	(5 472 840)	(5 067 912)
Net balance		
Electricity	22 116 534	19 536 549
Water	15 121 910	11 434 182
Waste water	3 247 443	2 868 340
Refuse	3 907 983	3 301 039
Other	9 082 116	8 060 131
	53 475 986	45 200 241

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	2023 R	2022 R
13. Consumer debtors (continued)		
Electricity		
Current (0 -30 days)	7 812 546	7 949 921
31 - 60 days	1 204 746	1 131 431
61 - 90 days	1 456 264	907 178
91 + days	11 642 978	9 548 019
	22 116 534	19 536 549
Water		
Current (0 -30 days)	1 905 780	1 565 280
31 - 60 days	835 571	479 414
61 - 90 days	730 828	493 154
91 + days	11 649 731	8 896 334
	15 121 910	11 434 182
Waste water		
Current (0 -30 days)	443 488	416 203
31 - 60 days	136 720	128 583
61 - 90 days	86 134	95 834
91 + days	2 581 101	2 227 720
	3 247 443	2 868 340
Refuse		
Current (0 -30 days)	606 140	567 467
31 - 60 days	203 320	191 678
61 - 90 days	140 707	144 875
91 + days	2 957 816	2 397 019
	3 907 983	3 301 039
Other		
Current (0 -30 days)	1 671 162	2 930 695
31 - 60 days	206 121	210 430
61 - 90 days	184 177	266 187
91 + days	7 020 656	4 652 819
	9 082 116	8 060 131
Reconciliation of allowance for impairment		
Balance at beginning of the year	(5 067 912)	(3 963 662)
Contributions to allowance	(404 928)	(1 104 250)
	(5 472 840)	(5 067 912)

Consumer debtors pledged as security

No consumer debtors were pledged as security

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

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2023	2022
R	R

13. Consumer debtors (continued) Consumer

debtors past due but not impaired

Consumer debtors which are less than 1 months past due are not considered to be impaired. At 30 June 2023, R 12 439 116 (2022: R 13 429 567) were past due but not impaired.

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

1 month past due	12 439 116	13 429 567
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Consumer debtors impaired

As of 30 June 2023, consumer debtors of R 46 509 710 (2022: R 36 838 586) were impaired and provided for.

The amount of the provision was R 5 472 839 as of 30 June 2023 (2022: R 5 067 911).

The ageing of amounts past due and impaired is as follows:

1 to 2 months	2 941 646	2 497 604
Over 3 months	43 568 064	34 340 982

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	2023 R	2022 R
14. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2 000	2 000
Bank balances	112 010 900	130 688 491
Short-term deposits	5 000 000	5 000 000
	117 012 900	135 690 491

The municipality has a cession of R5,000,000 as security in respect of ABSA investment for the guarantees that have been issued to Eskom by Absa bank.

The remaining cash and cash equivalent balances held by the municipality is available for use by the municipality.

Short term deposits

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Short term deposits consists of:

ABSA account no 2068718251	5 000 000	5 000 000
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The municipality had the following bank accounts

Account number / description	2023			2022		
	30 June 2023 - Bank statement balance	30 June 2023 - Cash book balance	30 June 2023 - 30 June 2022 - Difference	30 June 2022 - Bank statement balance	30 June 2022 - Cash book balance	30 June 2022 - Difference
STANDARD BANK - Current account - 032610335	128 644 961	107 070 780	(21 574 181)	129 847 309	125 400 039	(4 447 270)
ABSA BANK, Current account - 1650 000 087	2 095 992	4 940 120	2 844 128	4 306 611	5 282 514	975 903
ABSA BANK, MIG Transfers - 4080254392	-	-	-	-	4 093	4 093
ABSA BANK, MIG Fund - 4077034870	-	-	-	-	1 845	1 845
Total	130 740 953	112 010 900	(18 730 053)	134 153 920	130 688 491	(3 465 429)

Differences explanation

Standard bank – Current account

The difference is mainly attributable to outstanding payments of R19.3 million (Uncashed ACBs) processed on 30 June 2023 and the unallocated deposits of R2.4 million which awaits the process of tracing the relevant references to allow correct allocation.

ABSA bank – Current account

The variance is substantially due to the outstanding receipts amounting to R2 844 128.

Nkomazi Local Municipality

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	2023 R	2022 R
15. Finance lease obligation		
Minimum lease payments due		
- within one year	350 350	840 840
- in second to fifth year inclusive	-	350 350
	<u>350 350</u>	<u>1 191 190</u>
less: future finance charges	(26 063)	(240 805)
Present value of minimum lease payments	<u>324 287</u>	<u>950 385</u>
Non-current liabilities	-	324 287
Current liabilities	324 287	626 098
	<u>324 287</u>	<u>950 385</u>

The lease term is 2 years and the effective borrowing rate is 31.60%. Interest rates are fixed at the contract date. Obligations under finance leases are secured by the lessor's title to the leased asset.

Defaults and breaches

There were no default on principal and interest repayments. None of the terms and conditions were re-negotiated.

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of: Unspent

conditional grants and receipts		
Municipal Infrastructure Grant	16 675 468	-
LG SETA Grant	921 678	667 847
Integrated National Electrification Grant	-	2 008 688
Water Service Infrastructure Grant	-	407 741
Regional Bulk Infrastructure Grant	-	46 804
Municipal Disaster Grant	16 230 000	-
	<u>33 827 146</u>	<u>3 131 080</u>

Movement during the year

Balance at the beginning of the year	3 131 080	1 693 788
Additions during the year	566 868 381	394 545 055
Income recognition during the year	(536 172 315)	(393 107 763)
	<u>33 827 146</u>	<u>3 131 080</u>

Nkomazi Local Municipality

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	2023	2022
	R	R

17. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Increase / (reduction) in provisions	Interest charge	Total
Landfill Site	26 399 221	(3 997 941)	2 624 525	25 025 805
Performance Bonus	604 781	19 888	-	624 669
Accumulated Leave	57 971 793	4 439 891	-	62 411 684
	84 975 795	461 838	2 624 525	88 062 158

Reconciliation of provisions - 2022

	Opening Balance	Increase / (reduction) in provisions	Interest charge	Total
Landfill Site	25 627 509	(1 247 899)	2 019 611	26 399 221
Performance Bonus	453 740	151 041	-	604 781
Accumulated Leave	50 623 417	7 348 376	-	57 971 793
	76 704 666	6 251 518	2 019 611	84 975 795

Non-current liabilities	25 025 805	26 399 221
Current liabilities	63 036 353	58 576 574
	88 062 158	84 975 795

Landfill site provision has been provided after a specialist consultancy in environmental accounting, was appointed by the municipality to assist with the valuation of the required provision for the Hectorspruit, Marloth Park, Komatipoort, Kamaqhekeza and Steenbok landfill for the reporting period to reflect best reliable estimate. The municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost. The timing of the outflow is uncertain, as well as the relating amounts due to discounting and changes in inflation rates.

Performance bonuses are payable to eligible employees provided that the employee has met the targets as required in their performance contracts. The provision is calculated at 9.5% of the total remuneration in terms of the performance agreements at the reporting date. The timing of the outflow is uncertain, as well as the relating amounts due to that the section 57 senior managers have to be assessed first to indicate if they have met their targets as required in their performance contracts..

Employees are obliged to take at least 16 working days of his/her 24 annual leave days of which at least 10 working days shall be taken consecutively in respect of every completed year of service. An employee must take annual leave not later than six months after the end of the annual leave cycle. The 8 days may be accumulated to a maximum of 48 days. The municipality pays any unused leave up to a maximum of 48 days to employees upon retirement, death or resignation (subject to compliance with notice of termination of employment as required by Basic Conditions of Employment Act). The timing of the outflow is uncertain, as well as the relating amounts due to uncertainty of when the employees are going to retire, die or resign.

18. Payables from exchange transactions

Trade payables	61 725 271	46 251 651
Debtors with credit balances	15 579 165	11 421 888
Salary suspense accounts - Third parties	44 649 015	28 567 005
Prepayments-prepaid electricity	774 026	695 874
Other Creditors	2 158	3 416 138
Staff bonus accrual	16 683 512	15 681 835
Surety	46 827 406	31 884 293
Retentions	76 291 287	68 257 657
Deposits	7 266 533	5 364 390
	269 798 373	211 540 731

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	2023 R	2022 R
19. Service charges		
Sale of electricity	126 126 114	128 556 382
Sale of water	33 803 745	28 947 661
Solid waste	11 251 502	10 396 727
Waste water management	6 002 371	5 559 078
	177 183 732	173 459 848
20. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	3 604 785	4 122 367
21. Revenue		
Service charges	177 183 732	173 459 848
Rental of facilities and equipment	3 604 785	4 122 367
Interest received (trading)	3 325 464	1 336 942
Licences and permits	41 712	41 562
Recoveries	2 792	8 066
Operational revenue	8 125 606	3 568 297
Interest received (external)	23 484 500	13 302 221
Property rates	128 094 035	112 273 850
Government grants & subsidies	1 259 844 315	1 037 981 763
Public contributions and donations	31 885 542	628 466
Fines, Penalties and Forfeits	3 028 957	2 895 384
	1 638 621 440	1 349 618 766
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	177 183 732	173 459 848
Rental of facilities and equipment	3 604 785	4 122 367
Interest received (trading)	3 325 464	1 336 942
Licences and permits	41 712	41 562
Recoveries	2 792	8 066
Operational revenue	8 125 606	3 568 297
Interest received (external)	23 484 500	13 302 221
	215 768 591	195 839 303
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	128 094 035	112 273 850
Transfer revenue		
Government grants & subsidies	1 259 844 315	1 037 981 763
Public contributions and donations	31 885 542	628 466
Fines, Penalties and Forfeits	3 028 957	2 895 384
	1 422 852 849	1 153 779 463
22. Licences and permits		
Trading	41 712	41 562

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	2023 R	2022 R
23. Fines, Penalties and Forfeits		
Illegal Connections Fines	287 107	116 434
Law Enforcement Fines	2 741 850	2 778 950
	3 028 957	2 895 384
24. Recoveries and other income		
Recoveries	2 792	8 066
Other income	8 125 606	3 568 297
	8 128 398	3 576 363
25. Interest received - external		
Interest revenue		
Bank	16 062 273	8 568 615
Investment	7 422 227	4 733 606
	23 484 500	13 302 221
26. Property rates		
Rates received		
Residential	60 278 354	38 701 955
Business	36 024 302	23 092 225
Government	16 073 570	42 860 634
Agricultural	13 741 626	6 568 823
Other	1 976 183	1 050 213
	128 094 035	112 273 850
Valuations		
Residential	8 836 400 000	6 109 063 000
Business	2 459 771 000	1 492 747 000
Government	1 001 935 000	2 718 604 099
Agriculture	7 415 750 000	3 520 624 001
Other	1 902 923 610	1 175 913 255
	21 616 779 610	15 016 951 355

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

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	2023 R	2022 R
27. Government grants and subsidies		
Operating grants		
Equitable share	725 680 688	646 530 443
Municipal Infrastructure Grant	307 263 532	258 568 000
Financial Management Grant	1 770 000	1 770 000
LG SETA Grant	3 154 550	3 451 553
Integrated National Electrification Grant	10 000 000	1 991 312
Water Service Infrastructure Grant	50 407 741	54 592 259
Expanded Public Works Programme	4 621 000	6 125 000
Regional Bulk Infrastructure Grant	156 946 804	64 953 196
	1 259 844 315	1 037 981 763
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Municipal Infrastructure Grant		
Current-year receipts	323 939 000	258 568 000
Conditions met - transferred to revenue	(307 263 532)	(258 568 000)
	16 675 468	-
Expanded Public Works Programme		
Current-year receipts	4 621 000	6 125 000
Conditions met - transferred to revenue	(4 621 000)	(6 125 000)
	-	-
Financial Management Grant		
Current-year receipts	1 770 000	1 770 000
Conditions met - transferred to revenue	(1 770 000)	(1 770 000)
	-	-
LG SETA Grant		
Balance unspent at beginning of year	667 847	37 345
Current-year receipts	3 408 381	4 082 055
Conditions met - transferred to revenue	(3 154 550)	(3 451 553)
	921 678	667 847

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2023

	2023 R	2022 R
27. Government grants and subsidies (continued)		
Integrated National Electrification Grant		
Balance unspent at beginning of year	2 008 688	149 277
Current-year receipts	10 000 000	4 000 000
Conditions met - transferred to revenue	(10 000 000)	(1 991 312)
Transfer out - Roll over not approved	(2 008 688)	(149 277)
	-	2 008 688
Water Service Infrastructure Grant		
Balance unspent at beginning of year	407 741	1 507 166
Current-year receipts	50 000 000	55 000 000
Conditions met - transferred to revenue	(50 407 741)	(54 592 259)
Other	-	(1 507 166)
	-	407 741
Regional Bulk Infrastructure Grant		
Balance unspent at beginning of year	46 804	-
Current-year receipts	156 900 000	65 000 000
Conditions met - transferred to revenue	(156 946 804)	(64 953 196)
	-	46 804
Municipal Disaster Response Grant		
Current-year receipts	16 230 000	-
Allocation-in-kind grants		
Regional Bulk Infrastructure Grant	79 696 000	141 517 000
Integrated National Electrification Grant	25 021 000	-
	104 717 000	141 517 000

Regional Bulk Infrastructure Grant

The purpose of the grant is to develop new bulk water infrastructure of regional significance that connects water resources to infrastructure serving areas across municipal boundaries and large bulk infrastructure serving numerous communities over a large area within Nkomazi Municipality. To implement bulk infrastructure with a potential of addressing water conservation and water demand management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements.

Integrated National Electrification Grant

To purpose of the grant is to provide capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure.

Nkomazi Local Municipality

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					2023	2022
					R	R
27. Government grants and subsidies (continued)						
Government grants and subsidies per vote						
2023	Executive & Council	Budget & Treasury Office	Corporate Services	Infrastructure Development	Total	
Municipal Infrastructure Grant	-	-		- 323 939 000	323 939 000	
Financial Management Grant	-	1 770 000		-	1 770 000	
LG SETA Grant	-	-	3 408 381	-	3 408 381	
Intergrated National Electrification Grant	-	-	-	10 000 000	10 000 000	
Water Services Infrastructure Grant	-	-	-	50 000 000	50 000 000	
Municipal Disaster Response Grant	-	-	-	16 230 000	16 230 000	
Expanded Public Works Programme	4 621 000	-	-	-	4 621 000	
Regional Bulk Infrastructure Grant	-	-	-	156 900 000	156 900 000	
	4 621 000	1 770 000	3 408 381	557 069 000	566 868 381	
2022	Executive & Council	Budget & Treasury Office	Corporate Services	Infrastructure Development	Total	
Municipal Infrastructure Grant	-	-		- 258 568 000	258 568 000	
Financial Management Grant	-	1 770 000		-	1 770 000	
LG SETA Grant	-	-	4 082 055	-	4 082 055	
Intergrated National Electrification Grant	-	-	-	4 000 000	4 000 000	
Water Services Infrastructure Grant	-	-	-	55 000 000	55 000 000	
Expanded Public Works Programme	6 125 000	-	-	-	6 125 000	
Regional Bulk Infrastructure Grant	-	-	-	65 000 000	65 000 000	
Subtotal	6 125 000	1 770 000	4 082 055	382 568 000	394 545 055	
	6 125 000	1 770 000	4 082 055	382 568 000	394 545 055	

28. Public contributions and donations

Public contributions and donations	31 885 542	628 466
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The municipality has received donation of moveable assets, infrastructure assets and community library asset to the value of R31 885 542 in the current year.

Nkomazi Local Municipality

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2023

	2023 R	2022 R
29. Employee related costs		
Basic	365 982 245	361 868 330
Bonus	29 691 574	27 934 092
Medical aid	26 345 762	23 961 389
UIF	2 968 324	2 974 106
Other payroll levies	204 036	197 376
Pension fund contributions	69 073 529	65 280 619
Travel, motor car, accommodation and subsistence allowances	31 961 296	27 538 960
Overtime payments	81 930 852	75 492 334
Long-service awards	7 071 387	5 185 872
Housing benefits and other allowances	5 672 351	6 582 267
Temporary employees	4 438 741	3 871 866
Standby allowance	23 289 539	21 792 767
	648 629 636	622 679 978
Remuneration of municipal manager		
Annual Remuneration	424 275	1 060 559
Travel Allowance	107 500	112 000
Contributions to UIF, Medical and Pension Funds	57 336	167 564
	589 111	1 340 123
Remuneration of chief financial officer		
Annual Remuneration	757 330	1 030 811
Travel Allowance	149 019	217 502
Performance Bonuses	-	54 981
Contributions to UIF, Medical and Pension Funds	69 220	143 339
	975 569	1 446 633
Remuneration of acting municipal managers		
Annual Remuneration	546 209	-
Travel Allowance	150 290	-
	696 499	-
Remuneration of director technical services		
Annual Remuneration	323 793	1 053 345
Travel Allowance	31 230	185 173
Performance Bonuses	-	60 243
Contributions to UIF, Medical and Pension Funds	33 987	200 039
	389 010	1 498 800
Remuneration of director planning and development		
Annual Remuneration	824 783	936 873
Travel Allowance	170 616	174 141
Performance Bonuses	-	56 503
Contributions to UIF, Medical and Pension Funds	91 608	152 238
	1 087 007	1 319 755

Nkomazi Local Municipality

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	2023 R	2022 R
29. Employee related costs (continued)		
Remuneration of director community services		
Annual Remuneration	941 434	818 961
Travel Allowance	170 447	154 032
Performance Bonuses	-	43 759
Contributions to UIF, Medical and Pension Funds	161 227	150 155
Acting allowance	11 412	-
	1 284 520	1 166 907
Remuneration of director corporate services		
Annual Remuneration	933 558	837 841
Travel Allowance	170 438	154 032
Performance Bonuses	-	40 530
Contributions to UIF, Medical and Pension Funds	165 074	157 629
	1 269 070	1 190 032
30. Remuneration of councillors		
Executive Mayor	967 531	917 237
Chief Whip	760 863	692 560
Mayoral Committee Members	5 251 036	4 089 339
Speaker	733 930	746 070
Councillors	10 418 660	10 115 441
Councillors' pension contribution	1 951 611	1 903 189
Councillors' Allowances	6 707 026	6 617 631
	26 790 657	25 081 467
Executive Mayor		
Remuneration	575 540	540 554
Travel and other allowance	270 402	254 801
Contributions to UIF, Medical and Pension Funds	121 589	121 882
	967 531	917 237
Speaker		
Remuneration	444 902	427 856
Travel and other allowance	206 184	212 853
Contributions to UIF, Medical and Pension Funds	82 844	105 361
	733 930	746 070
Chief Whip		
Remuneration	421 490	407 504
Travel and other allowance	213 067	191 030
Contributions to UIF, Medical and Pension Funds	126 306	94 026
	760 863	692 560
Members of mayoral committee		
Remuneration	3 235 325	2 459 784
Travel and other allowance	1 528 303	1 198 282
Contributions to UIF, Medical and Pension Funds	487 408	431 273
	5 251 036	4 089 339

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	2023 R	2022 R
31. Depreciation and amortisation		
Property, plant and equipment	81 616 071	79 288 796
Investment property	121 686	255 840
Intangible assets	289 500	235 160
	82 027 257	79 779 796
32. Impairment loss		
Impairments		
Property, plant and equipment	11 187 041	16 614 673
The events and circumstances that led to the recognition of the impairment of assets was evidence of damage. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell.		
Refer to Property, Plant and Equipment Note 3 for breakdown of main classes of assets affected by impairment losses in the current and prior year.		
Fair value less cost to sell		
Fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In determining this amount, an entity could consider the outcome of recent transactions for similar assets within the same industry. Fair value less costs to sell does not reflect a forced sale, unless management is compelled to sell immediately.		
33. Lease rentals on operating lease		
Premises		
Contractual amounts	4 172 739	3 536 901
Plant and equipment		
Contractual amounts	5 193 196	4 449 280
	9 365 935	7 986 181
34. Transfers and subsidies		
Other subsidies		
Other transfers	29 194 322	11 443 597
35. Finance costs		
Finance leases	214 742	205 940
Interest paid	230 647	260 992
	445 389	466 932
36. Debt impairment		
Contributions to debt impairment provision	4 224 607	3 294 687
Bad debts written off	5 546	19 944 213
	4 230 153	23 238 900
37. Bulk purchases		
Electricity - Eskom	103 474 264	105 045 540
Water	868 045	1 185 498
	104 342 309	106 231 038

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	2023 R	2022 R
38. Contracted services		
Outsourced Services		
Alien Vegetation Control	79 417	73 774
Animal Care	213 091	85 406
Burial Services	164 150	153 600
Business and Advisory	973 456	-
Catering Services	3 217 069	1 288 035
Hygiene Services	240 574	226 481
Mini Dumping Sites	5 208 691	5 569 214
Refuse Removal	314 607	263 350
Security Services	59 521 221	51 645 607
Sewerage Services	157 060	104 640
Consultants and Professional Services		
Business and Advisory	28 799 649	28 715 894
Infrastructure and Planning	1 153 737	122 367
Laboratory Services	189 447	774 062
Legal Cost	9 205 529	13 804 002
Contractors		
Artists and Performers	127 000	-
Electrical	7 361	263 353
Employee Wellness	25 480	-
Interior Decorator	99 119	179 453
Maintenance of Buildings and Other Assets	3 029 096	505 488
Maintenance of Equipment	19 044 608	20 949 556
Plants, Flowers and Other Decorations	150 150	183 355
Tracing Agents and Debt Collectors	-	6 980
Traffic and Street Lights	360 308	201 645
Transportation	26 471 933	20 132 605
Stage and Sound Crew	279 357	299 407
	159 032 110	145 548 274
39. Operational expenditure		
Advertising	1 340 775	977 473
Auditors remuneration	7 586 938	5 573 820
Bank charges	364 575	757 571
Entertainment	63 984	8 050
IT expenses	8 271 888	7 664 153
Insurance	4 407 969	4 493 092
Inventory - consumables	44 277 551	38 676 842
Levies	12 626 044	11 978 084
Other expenses	10 150 180	7 686 440
Postage and courier	173 926	163 582
Printing and stationery	312 950	106 728
Rental of landfill site	-	2 681 727
Subscriptions and membership fees	35 429	19 235
Telephone and fax	6 414 179	5 928 115
Travel and Subsistence - travel claims	39 029 944	33 041 674
Travel and accomodation - local	8 268 266	4 291 871
Uniform and protective clothing	305 555	6 514 943
Utilities - Electricity	74 743 656	70 042 920
Ward committees	3 849 713	2 491 260
	222 223 522	203 097 580

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	2023 R	2022 R
40. Auditors' remuneration		
Fees	7 586 938	5 573 820
41. Net cash flow from operating activities		
Surplus	340 301 276	106 036 036
Adjustments for:		
Depreciation and amortisation	82 027 257	79 779 796
Gain on disposal of assets	3 539 010	383 006
Impairment deficit	11 187 041	16 614 673
Debt impairment	4 230 153	23 238 900
Movements in operating lease assets and accruals	72 200	62 113
Movements in retirement benefit assets and liabilities	3 592 920	3 378 362
Movements in provisions	3 086 363	8 271 129
Public contributions and donations (Assets non-cash)	(31 559 605)	(628 466)
Changes in working capital:		
Inventories	1 314 280	(1 179 680)
Receivables from exchange transactions	(1 581 203)	(3 526 048)
Consumer debtors	(12 505 898)	(28 548 524)
Other receivables from non-exchange transactions	(26 597 408)	26 543 039
Payables from exchange transactions	58 257 638	23 537 110
VAT	(21 471 416)	(6 739 467)
Unspent conditional grants and receipts	30 696 066	1 437 292
	444 588 674	248 659 271

Nkomazi Local Municipality

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	2023	2022
	R	R

42. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At amortised cost	At cost	Total
Trade and other receivables from exchange transactions	36 365 505		- 36 365 505
Other receivables from non-exchange transactions	115 159 243		- 115 159 243
Consumer debtors	53 475 986		- 53 475 986
Cash and cash equivalents		- 117 012 900	117 012 900
	205 000 734	117 012 900	322 013 634

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	269 798 373	269 798 373

2022

Financial assets

	At amortised cost	At cost	Total
Trade and other receivables from exchange transactions	34 784 302		- 34 784 302
Other receivables from non-exchange transactions	88 561 835		- 88 561 835
Consumer debtors	45 200 241		- 45 200 241
Cash and cash equivalents		- 135 690 491	135 690 491
	168 546 378	135 690 491	304 236 869

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	211 540 731	211 540 731

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	2023 R	2022 R
43. Commitments		
Authorised expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	63 567 900	57 350 078
• Infrastructure	368 901 700	364 917 479
• Other	13 889 100	15 283 347
	446 358 700	437 550 904
Total capital commitments		
Already contracted for but not provided for	446 358 700	437 550 904
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	3 614 117	3 614 117
- in second to fifth year inclusive	1 204 706	4 818 822
	4 818 823	8 432 939

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three to five years and rentals are escalated by 6% & 8% per annum. In terms of the lease agreements the municipality has the option to renew the lease at the end of the lease period under the new terms and conditions, and/or the terms and conditions of the original lease agreement. No contingent rent is payable.

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2023 R	2022 R
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44. Contingencies

Contingent liabilities

2023

Valor IT - Claim of R5 034 960 for breach of contract. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

Maximum profit recovery - Claim for a breach of contract on VAT for an amount of R6 614 932.91. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

JS Nkosi - The case relates to the alleged unfair labour practice, however the potential amount of the liability is uncertain as it was not determined when the claim was instituted.

SANRAL SOC - SANRAL sought an interdict to prevent the Lebombo Border Dry Port from developing a property without first obtaining the zoning. The Municipality was cited as the authority responsible for issuing of the said zoning. The potential amount of the liability is uncertain as it was not determined when the claim was instituted.

Lowveld & Escarpment Fire - Claim for potential amount of R236 348.98 relating to unpaid invoices for fire protection. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

BB Khoza - The matter pertains to the reinstatement of the applicant to his position. The potential amount claimed by the applicant is R400 000. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

2022

Valor IT - Claim of R5 034 960 for breach of contract. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

Maximum profit recovery - Claim for a breach of contract on VAT for an amount of R6 614 932.91. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

JS Nkosi - The case relates to the alleged unfair labour practice, however the potential amount of the liability is uncertain as it was not determined when the claim was instituted.

SANRAL SOC - SANRAL sought an interdict to prevent the Lebombo Border Dry Port from developing a property without first obtaining the zoning. The Municipality was cited as the authority responsible for issuing of the said zoning. The potential amount of the liability is uncertain as it was not determined when the claim was instituted.

Lowveld & Escarpment Fire - Claim for potential amount of R236 348.98 relating to unpaid invoices for fire protection. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

BB Khoza - The matter pertains to the reinstatement of the applicant to his position. The potential amount claimed by the applicant is R400 000. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

BB Khoza - Claim for salary of R174 000 that was stopped after the employee was found to have misappropriated funds of the municipality. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

SS Thabethe - Claim for R400 000 for alleged unlawful arrest and assault by municipal traffic officer. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

M Baloyi - Claim for R200 000 for alleged unlawful arrest and assault by municipal traffic officer. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

Contingent assets

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2023 R	2022 R
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44. Contingencies (continued)

2023

Valor IT - Claim for recovery of amount paid to Valor IT to the value of R6 300 000 for breach of contract. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

Leopard creek share block Ltd - The case relates to a dispute of the value the property in the municipal valuation roll. The potential amount to be claimed is uncertain as it was not determined when the claim was instituted.

Maximum profit recovery - The claim is to recover R1 350 000 that was paid by the municipality as security in terms of a court order which the order has since been lifted.

2022

Valor IT - Claim for recovery of amount paid to Valor IT to the value of R6 300 000 for breach of contract. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

BB Khoza - Claim for recovery of misappropriation of funds by the employee to the value of R1 000 000. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.

Leopard creek share block Ltd - The case relates to a dispute of the value the property in the municipal valuation roll. The potential amount to be claimed is uncertain as it was not determined when the claim was instituted.

45. Related parties

Relationships

Members of key management compensation to Municipal Manager, Chief Financial Officer, Executive Directors, Mayoral Committee and Other Councillors

Refer to employee related costs note on

46. Change in estimate

Property, plant and equipment

The estimated useful life of assets in certain classes of Property, Plant and Equipment, Investment property and Intangible assets were assessed during the current financial year. In the current financial year management have extended their estimated useful lives.. The effect of this revision has decreased the depreciation charges for the current by R 2 217 056. It is impracticable to estimate the effect of these changes on future periods as the municipality have to first assess the condition of these assets in future.

The impact on Property, plant and equipment due to the extension of their useful lives is R2 013 548 The

impact on Investment property due to the extension of their useful lives is R134 141

The impact on Intangible assets due to the extension of their useful lives is R69 367

Nkomazi Local Municipality

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2023 R	2022 R
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47. Prior period errors

There was an incorrect application of residual values which affected the calculation of depreciation for Machinery and equipment in the 2022 financial year.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Accumulated surplus	-	137 344
Machinery & Equipment - Accumulated Depreciation	-	(137 344)

Notes

48. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2023	Less than 1	Between 1 and	Between 2 and	Over 5 years
	year	2 years	5 years	
Trade and other payables	269 798 373	-	-	-

At 30 June 2022	Less than 1	Between 1 and	Between 2 and	Over 5 years
	year	2 years	5 years	
Trade and other payables	211 540 731	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and consumer debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Credit Risk related to consumer debtors is managed in accordance with the Council's credit control and debt collection policy. The Council's credit exposure is spread over a large number and wide variety of consumers, and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated impairment of consumer debtors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Cash and cash equivalents	117 012 900	135 690 491
Other receivables from non-exchange transactions	115 159 243	88 561 835
Receivable from exchange transactions	36 365 505	34 784 302
Consumer debtors - exchange transactions	53 475 986	45 200 241

49. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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2023 R	2022 R
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50. Events after the reporting date

1. Council Resolutions

- i. Council has approved assets to be written-off and disposed in a council meeting that was held 27 July 2023 (Resolution no. S-GCM: A071/2023).
- ii. Council has noted the deviations for the fourth quarter in a council meeting that was held 27 July 2023 (Resolution no. S-GCM: B030/2023).
- iii. Council has approved the outcome of investigations and recommendations made by Municipal Public Accounts Committee for 2021/22 financial year unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure to be written off in a council meeting that was held 27 July 2023 (Resolution no. S-GCM: B029/2023).

The Independent Electoral Commission (IEC) availed to the municipality the documents confirming the replacement of some of the Councillors and declaration of vacancies in certain wards of Nkomazi local municipality. The recorded changes as presented by the IEC were done in terms of the Local government: Municipal Structures Act 117 of 1998, schedule 1 item 18. The recorded changes were.

51. Unauthorised expenditure

Opening balance as previously reported	365 302 939	144 315 127
Opening balance as restated	365 302 939	144 315 127
Add: Expenditure identified - current	162 066 291	227 201 488
Less: Expenditure written off - prior period	(252 358 478)	(6 213 676)
Closing balance	275 010 752	365 302 939

Unauthorised expenditure is as a result of overspending of the budget of the municipality which caused the operational expenditure or capital expenditure incurred during the financial year to exceed the amount appropriated in the budget.

Investigations are still in process regarding the opening balance amounts that are still not yet authorised by council relating to prior years unauthorised expenditure.

The municipality will submit the unauthorised expenditure incurred in the current year to council for investigation.

The unauthorised expenditure incurred in prior year but identified in current year is disclosed above.

There is no unauthorised expenditure recovered or transferred to receivables for recovery.

The unauthorised expenditure recommended for write off in the current year relating to 2022 and 2021 identified unauthorised expenditure has been disclosed above.

Unauthorised expenditure: Budget overspending – per municipal department

Budget and treasury office	3 940 345	65 988 838
Community and social services (Community, Social & Environmental services)	34 503 648	65 761 979
Infrastructure and development (Water & Sanitation and Energy & Public Works)	72 104 257	75 379 369
Executive and council	-	7 581 081
Corporate services	51 518 041	12 490 221
	162 066 291	227 201 488

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	2023 R	2022 R
52. Fruitless and wasteful expenditure		
Opening balance as previously reported	1 611 661	1 875 049
Opening balance as restated	1 611 661	1 875 049
Add: Expenditure identified - current	230 647	375 816
Less: Amount written off - prior period	(682 279)	(639 204)
Closing balance	1 160 029	1 611 661

Expenditure identified in the current year include those listed below:

Salary overpayment - Contract Terminated	-	37 179
Interest	230 647	243 518
Salary overpayment - Incorrect notch	-	95 119
	230 647	375 816

Fruitless and wasteful expenditure is as a result of interest charged by suppliers due to late payments.

Investigations are still in process regarding the opening balance amounts that are still not yet authorised by council relating to prior years fruitless and wasteful expenditure.

The municipality will submit the fruitless and wasteful expenditure incurred in the current year to council for investigation. There is no fruitless and wasteful expenditure incurred in prior year but identified in current year.

Amounts recoverable

There is no fruitless and wasteful expenditure identified in the current year that has been transferred to receivables for recovery.

Amounts written-off

The fruitless and wasteful expenditure recommended for write off in the current year relating to 2022 and 2021 identified cases have been disclosed above.

53. Irregular expenditure

Opening balance as previously reported	300 508 369	301 064 153
Opening balance as restated	300 508 369	301 064 153
Add: Irregular Expenditure - prior period	29 218 594	8 739 149
Less: Amount written off - prior period	(141 378 396)	(112 342 788)
Add: Irregular Expenditure identified in current year	54 205 786	103 047 855
Closing balance	242 554 353	300 508 369

Nkomazi Local Municipality

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	2023 R	2022 R
53. Irregular expenditure (continued)		
Incidents/cases identified in the current year include those listed below:		
Competitive bidding processes not followed and no deviation approved	305 231	-
Tax non-compliance	-	11 775 515
Non-compliance on local production and content	1 079 781	4 490 232
Non-compliance with SCM advertisement	9 539 552	9 511 968
Non-compliance with Subcontracting of tenders above R30 million	-	4 248 917
Awards not made in equitable and fair manner among panel members	-	17 819 482
Non-compliance with evaluation functionality for tender while meeting all the requirements	2 012 513	40 262
Non-compliance with SCM requirement for contract extensions	40 282 059	61 277 522
Pre-qualifying criteria not correctly applied	127 950	2 303 106
Reasons for deviation not justifiable	858 700	320 000
	54 205 786	111 787 004

Cases under investigation

Investigations are still in process regarding the opening balance amounts that are relating to prior years irregular expenditure cases which are related to non-compliance with procurement process requirements.

The municipality will submit the irregular expenditure identified in the current year to council for investigation.

Amounts recoverable and Amounts recommended to be written-off

There is no irregular expenditure recovered or transferred to receivables for recovery.

The irregular expenditure recommended to be written off in the current year relating to 2022 and 2021 identified cases have been disclosed above.

Completeness of Irregular Expenditure

The municipality inspected the whole population of tenders awarded in 2021/22 financial year to determine the full extent of irregularity due to non-compliance with Supply Management Regulations. The incidents and amounts of irregular expenditure have been disclosed above.

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	2023 R	2022 R
54. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Opening balance	29 829	-
Current year subscription / fee	371 359	360 233
Amount paid - current year	(370 105)	(330 404)
	31 083	29 829
Non-compliance with applicable legislation		
MFMA: Section 65(e) and Section 99(2)(b)		
Audit fees		
Current year subscription / fee	7 583 422	5 573 820
Amount paid - current year	(7 583 422)	(5 573 820)
	-	-
PAYE		
Opening balance	-	7 202 684
Current year subscription / fee	99 081 189	93 210 953
Amount paid - current year	(90 925 624)	(100 413 637)
	8 155 565	-
UIF		
Opening balance	-	504 892
Current year subscription / fee	6 053 457	6 204 292
Amount paid - current year	(5 544 081)	(6 709 184)
	509 376	-
SDL		
Opening balance	-	374 424
Current year subscription / fee	4 427 406	5 113 037
Amount paid - current year	(4 008 744)	(5 487 461)
	418 662	-
Pension and Medical Aid Deductions		
Opening balance	10 876 931	-
Current year subscription / fee	142 369 770	133 491 024
Amount paid - current year	(140 752 874)	(122 614 093)
	12 493 827	10 876 931
VAT		
VAT receivable	75 951 065	54 479 649

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

There are no councillors that had arrear accounts outstanding for more than 90 days at 30 June 2023

Nkomazi Local Municipality

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2023

2023 R	2022 R
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54. Additional disclosure in terms of Municipal Finance Management Act (continued)

Deviations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the accounting officer and noted by Council. The deviations below have been approved by the Accounting Officer and noted by Council.

Incident

Deviations - opening balance	-	523 607
Deviations - current year	12 837 501	3 083 985
Deviations - noted by council	(12 837 501)	(3 607 592)
	<u>-</u>	<u>-</u>

A deviation register containing the all incidences is available and all deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the municipality's SCM policy.

Awards to close family members of persons in the service of the state

Amount paid - current year	35 760 772	34 796 318
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2023

Procurement services were made to Gwezela General Trading (Pty) Ltd for a water project at sibange to the value of R44 816

Procurement services were made to Phumis Travelling and Tourism for training services to the value of R90 000 Procurement services were made to Exodus Travel for catering and travel agency services to the value of R3 668 075

Procurement services were made to Abaphumeleli Trading 296 CC for catering and security services to the value of R29 868 191

Procurement services were made to Vuna Lokutjalile Fertilizers for catering services to the value of R727 772

Procurement services were made to Agreeneth Business Enterprise for hiring of tent, chairs and decoration services to the value of R29 900

Procurement services were made to Kwinika Holding (Pty) Ltd for Supply, delivery and balancing of tyres to the value of R1 332 018

2022

Procurement services were made to Gwezela General Trading (Pty) Ltd for a water project at sibange to the value of R4 836 371

Procurement services were made to Phumis Travelling and Tourism for training services to the value of R730 000 Procurement services were made to Exodus Travel for catering and travel agency services to the value of R3 316 562

Procurement services were made to Abaphumeleli Trading 296 CC for catering and security services to the value of R25 652 592

Procurement services were made to Vuna Lokutjalile Fertilizers for catering services to the value of R95 510

Procurement services were made to Piston Power Chemicals (Pty) Ltd for supply and delivery hydrolic oil, transmission oil, engine oil and grease to the value of R146 423

Procurement services were made to Agreeneth Business Enterprise for hiring of tent, chairs and decoration services to the value of R18 860

Nkomazi Local Municipality

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2023	2022
R	R

55. Segment information

General information

Identification of segments

For management purposes, the municipality is organised and operates in four key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration (Vote: Executive & Council, Budget & Treasury Office and Corporate Service) of the municipality are not allocated to these business units.

The four key business units comprise of:

- Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services; (Vote: Community & Social Services)
- Economic and environmental services which includes planning and development, road transport and environmental protection services; (Vote: Community & Social Services, Planning & Development and Infrastructure)
- Trading services which includes energy sources, water management, waste water management and waste management services; (Vote: Community & Social Services and Infrastructure)

- Other services which includes tourism (Vote: Planning & Development)

Nkomazi Local Municipality

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Figures in Rand

55. Segment information (continued)

Segment surplus or deficit

2023

	Community and Public Safety	Economic and Environmental Services	Trading Services	Other	Unallocated	Total
Revenue						
Revenue from non-exchange transactions	2 741 850	8 302 701	1 016 777 828	-	395 030 470	1 422 852 849
Revenue from exchange transactions	216 476	2 270 555	177 183 731	-	9 287 865	188 958 627
Interest revenue	-	-	2 690 378	-	32 899 114	35 589 492
Gains	-	-	-	-	1 276 818	1 276 818
Total segment revenue	2 958 326	10 573 256	1 196 651 937	-	438 494 267	1 648 677 786
Entity's revenue						1 648 677 786
Expenditure						
Total segment expenses	105 191 418	105 350 045	583 710 084	4 629 424	407 354 042	1 206 235 013
Depreciation and amortization	8 591 451	17 865 551	47 264 239	-	8 306 015	82 027 256
Interest expense	-	-	-	-	445 389	445 389
Losses	17 869	-	-	-	19 650 983	19 668 852
Total segment expenditure	113 800 738	123 215 596	630 974 323	4 629 424	435 756 429	1 308 376 510
Total segmental surplus/(deficit)						340 301 276
Assets						
Segment assets	208 933 963	786 983 445	1 733 679 416	73 960	409 933 397	3 139 604 181
Additions to non-current assets	10 656 050	113 567 640	328 334 958	-	10 081 517	462 640 165
Total segment assets	219 590 013	900 551 085	2 062 014 374	73 960	420 014 914	3 602 244 346
Total assets as per Statement of financial Position						3 602 244 346
Liabilities						
Segment liabilities	-	-	(12 703 581)	-	(425 701 940)	(438 405 521)
Total liabilities as per Statement of financial Position						(438 405 521)

Nkomazi Local Municipality

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2023

Figures in Rand

55. Segment information (continued)

2022

	Community and Public Safety	Economic and Environmental Services	Trading Services	Other	Unallocated	Total
Revenue						
Revenue from non-exchange transactions	2 778 950 7 830 838		814 396 012		- 328 773 662	1 153 779 462
Revenue from exchange transactions	183 132 1 780 534		173 458 870		- 5 777 604	181 200 140
Interest revenue	-	-	995 950		- 20 119 443	21 115 393
Gains	-	-	-		- 587 485	587 485
Total segment revenue	2 962 082 9 611 372		988 850 832		- 355 258 194	1 356 682 480
Entity's revenue						1 356 682 480
Expenditure						
Total segment expenses	104 849 887 95 947 869		556 461 488	3 977 660	388 737 679	1 149 974 583
Depreciation and amortization	-	-	-		- 79 779 797	79 779 797
Interest expense	-	-	-		- 466 933	466 933
Losses	8 810 466 3 045 136		4 527 327		- 4 042 207	20 425 136
Total segment expenditure	113 660 353 98 993 005		560 988 815	3 977 660	473 026 616	1 250 646 449
Total segmental surplus/(deficit)						106 036 031
Assets						
Segment assets	187 644 942 545 175 167 1		690 978 137	73 960	382 035 270	2 805 907 476
Additions to non-current assets	26 255 579 105 302 524		222 975 664		- 6 632 283	361 166 050
Total segment assets	213 900 521 650 477 691 1		913 953 801	73 960	388 667 553	3 167 073 526
Total assets as per Statement of financial Position						3 167 073 526
Liabilities						
Segment liabilities	-	-	135 239		- (345 533 867)	(345 398 628)
Total liabilities as per Statement of financial Position						(345 398 628)

Nkomazi Local Municipality

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2023

				2023	2022
				R	R
56. Distribution losses					
Water	Year	Kilo litres pumped 32	Kilo litres sold 58	Loss in kilo litres	Loss in percentage
	30 June 2023	644 677	32 320 662	324 015	1%
	30 June 2022	31 168 142	30 974 637	193 506	0.6%
Electricity	Year	Units purchased 69	Units sold 58	Loss in units	Loss in percentage
	30 June 2023	583 479	145 906	11 437 573	16%
	30 June 2022	78 241 622	65 601 721	12 639 901	16%

Water distribution loss calculated value amounts to R314 037 (2022: R183 060) Electricity

distribution loss calculated value amounts to R14 411 342 (2022: R14 409 487)

Nkomazi Local Municipality

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2023

2023
R

2022
R

57. Budget differences

Material differences between budget and actual amounts

Management have decided to provide reasons for the variances that are more than 10%, however there some exceptional cases where management has decided to provide reasons for the variances that are less than 10%.

Statement of Financial Performance Variances

Service charges: The insignificant variation of 4% from the targeted revenue is as a result of reduced sales of electricity units and it is attributable to billing being lower than anticipated as load shedding is continuously implemented by Eskom. Units not sold during Load-shedding are a major contributing factor.

Rental of facilities and equipment: A favorable variance of R532 thousand is due to more rental income being received from the farm leased to RCL foods. The related rental income is based on profits realised by the lessee.

Interest received (trading): This variance is attributable to interest charged on arrear accounts or accounts that were not kept up to date by customers, especially, government debt.

Licenses and permits: A favorable variance of 40% is due to the fact that the issuing of Business Permits was targeted as being part of the Revenue Enhancement Strategy and a Street Trading By-law was promulgated on the Government Gazette. Existing businesses are inspected for compliance purposes

Recoveries: This class of revenue is contingent in nature and during the budget adjustment the actual income was not yet received

Other income: R530 thousand more was realised from this class of revenue. Income generated from the sale of tender documents, proof of residence, town planning fees such as building plans, Publication print and other sundry revenue items are demand based items.

Interest received – external: The variance of R1.5 million or 6% is due to the interest rate increase and the fact that adequate reserves were available for investment purposes.

Property rates: Property rates- The amount of R819 thousand represents a 1% insignificant unfavorable variation between the budget revenue and the actual revenue. The budgeted amount was an estimate based on the valuation roll and the insignificant variance is due to changes categories of properties.

Government grants & subsidies: The variance of 1% is due to rollovers applied for relating to 2022/2023 financial year

Public contributions and donations: Donations received during the financial year under review were not budgeted for

Fines, Penalties and Forfeits: The variance is due to the fact that only section 56 hand written fines were issued during the financial year under review. There were no section 341 peed camera fines.

Personnel - The minister of Cooperative Governance and Traditional affairs has in the current year issued two government gazettes relating to the Upper limits of total remuneration packages payable to Municipal Managers and Managers directly accountable to Municipal Manager and both gazettes had a percentage cost of living adjustment and the non-pensionable cash gratuity which was not considered in the annual budget.

Overtime costs had a variance of R55.6 million which forms an integral part of the high Personnel costs that is currently above the required normal ratio. Service delivery departments (Infrastructure department and Community service department) remain the significant contributors of the overspending due to ageing infrastructure and the increase need to attend emergencies.

Councilors' remuneration - Implementation of the Government Gazette relating to the Councilors upper limits as determined by the Minister of COGTA and was effective from 01 July 2020. Travel and subsistence claims of councilors increased due to Joint Operations Committees established to manage the spread of COVID-19.

Depreciation and amortisation - The variance is attributable to an increase in Fixed assets as a result of a resolution to acquire additional yellow fleet equipment and service delivery trucks in order to accelerate service delivery to communities

Finance costs -The variance is due to interest charged assumptions for late payment of invoices which are not adequately factored into the budget amounts.

Nkomazi Local Municipality

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2023

2023
R

2022
R

57. Budget differences (continued)

Lease rentals on operating lease - The difference results from increased rates of new operating lease agreements

Impairment loss - The variance resulted from the change in conditions of assets which have deteriorated due to different variables and this was not budgeted for.

Debt Impairment: The actual debt impairment is based on the movement between the prior financial year and the current financial year

Transfers and Subsidies –The item was overbudgeted as the relevant Grants were fully utilized and the transfer of electrified households and toilets constructed to beneficiaries was affected.

Contracted Services - The significant part of the variance is due to security services costs which were under budgeted and there were additional securities which were required to guard newly completed municipal assets and some securities were added to secure food and parcels donated during the flood's disaster.

Bulk purchases - The variance is due to increase in NERSA tariffs which are not factored in the budget allocation and also the increase in electricity demand due to emerging households.

General expenses - The variance is mainly due to an increase in municipal own consumption of electricity since the tariffs have increased and there were newly constructed municipal assets which required additional electricity. Travel claims by municipal officials have also increased by approximately R5 million compared to the prior year. Fuel and fleet maintenance costs have also contributed largely on the overspending of General expenses

Gains, losses & Inventory write-down - The variance is due to that these items were not budgeted for.

Statement of Financial Position Variances

Inventories - The variance is as a result of high demand on uniforms due to additional field workers, Consumable goods and water treatments products to ensure that the community receive potable water. The variance is also associated with the land held for distribution to the beneficiaries where the municipality is the title holder of the land.

Cash and cash equivalent - Closing bank balance is almost 50% lower than what was anticipated in the budget for the year, this is mostly due to overspending on employee related costs, Security Services, fuel and fleet maintenance as these items negatively affects the available cash that could be used for other service delivery priorities

Receivable from exchange transactions: Current - The variance is due to money that was reserved by standard bank following an instruction by Attorneys representing Maximum Profit Recovery for the Contingent Liability. Some of the money was recovered in 2021 financial year and the balance is still not yet recovered.

VAT receivable - The variance is associated with over budgeting due to previous trends and that most VAT refunds were received at year end.

Receivable from non-exchange - The budgeted amount for Property Rates was an estimate based on the valuation roll and the significant variance is due to changes categories of properties and bad debts written off.

Receivable from exchange transactions: Non-current - The variance is due to deposit paid for new electricity connections than anticipated and also the interest earned on the Eskom deposit accounts.

Receivable from exchange transactions: The variance of R2.7 million or 31% is due to the fact that the anticipated amount was not received from debtors during the financial under review.

Intangible assets - The variance is due to less acquisitions during the year than was budgeted for and the variance also results from the different VAT treatments when budgeting and on actual spending.

Heritage assets - This item was over budgeted for as the municipality anticipated to invest in heritage facilities in order to attract tourists

Nkomazi Local Municipality

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2023

2023 R	2022 R
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57. Budget differences (continued)

Operating lease assets - The variance is due to that the operating lease agreements as a lessor expired and are on a month to month basis, therefore there is no straight-lining on the lease agreements as a lessor.

Provision: Current - The variance is also caused by increase in accumulated leave provision due to new appointments of employees.

Provision: Non-current - This is an estimated figure and the budget is based on the prior year actuals which is subject to extensive assumptions depending on the management expert used to determine the actual value. The variance is also caused by the change in the use of landfill sites and CPI rate.

Operating lease Liabilities - Variance is due under budgeting as some agreement expired and other agreements were renewed.

Finance lease obligation - The variance is due to that the lease agreements coming to an end.

Payables from exchange transactions - The item was over budgeted for hence even though there has been a significant increase attributable to salary suspense account as the third-party payments were made after year end; Surety and retentions have significantly increased due to additional Municipal Infrastructure Grant that was received towards year end; Increase in accruals due to purchase transactions taking place in the last month of the financial year

Unspent conditional grant - This line item does not require to be budgeted for hence there is 100% variance.

Employee benefit obligation - Variance is due to changes in the key assumptions used by an expert in determining the value for benefit obligation

Statement of Cash Flow Variances

Property rates and other - The variance relates to impairments made on government properties under land claim which are exempted to pay rates and also due to under collection on service charges for electricity and traffic fines.

Suppliers and employees - The variance is due to overpayments on certain expenditure items including Overtime, Security and Eskom.

Finance costs -The variance is due to interest charged assumptions for late payment of invoices which are not adequately factored into the budget amounts.

Capital assets - The variance is due to late implementation on capital project funded from internal sources and non-spending on some capital items.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.

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2023	2022
R	R

58. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangement is as follows:

The agreement requires Utilities World as the service provider to provide prepaid electricity vending services.

The entity is the principal to the agreement where the service provider will collect all monies on behalf of the entity. The service provider will therefore pay the entity all monies collected less charges and commissions.

Entity as principal

Fee paid

Fee paid as compensation to the agent	2 012 088	2 026 904
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Nkomazi Local Municipality
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Appendix B

June 2023

Analysis of property, plant and equipment as at 30 June 2023 Cost/Revaluation

Accumulated depreciation

	Opening Balance	WIP completed adjustment	Additions	Transfers-WIP completed	Disposals	Closing Balance	Opening Balance	Opening balance adjustment	Depreciation	Disposals	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings													
Land	194 090 276	-	-	-	-	194 090 276	(12 402 319)	-	-	-	-	(12 402 319)	181 687 957
Work in progress - buildings	29 086 770	-	9 866 750	-	-	38 953 520	-	-	-	-	-	-	38 953 520
Buildings	302 939 549	-	19 107 794	-	-	-322 047 343	(99 562 127)	-	(7 922 653)	-	(17 869)	(107 502 649)	214 544 694
	526 116 595	-	28 974 544	-	-	-555 091 139	(111 964 446)	-	(7 922 653)	-	(17 869)	(119 904 968)	435 186 171
Infrastructure													
Roads	554 065 321	(114 536)	76 859 988	176 054 966	-	-806 865 739	(150 071 898)	-	(16 332 708)	-	(605 879)	(167 010 485)	639 855 254
Storm water	60 943 734	-	-	-	-	60 943 734	(8 808 295)	-	(1 182 022)	-	-	(9 990 317)	50 953 417
Sewerage	18 766 079	-	-	-	(357 878)	18 408 201	(3 579 975)	-	(317 115)	204 080	(760 236)	(4 453 246)	13 954 955
Electricity	129 951 290	-	6 349 672	-	-	136 300 962	(39 386 247)	-	(3 370 711)	-	(1 298 142)	(44 055 100)	92 245 862
Water	1 448 556 431	-	40 253 410	166 358 055	(3 783 991)	1 651 383 905	(411 787 405)	-	(42 893 714)	1 555 781	(7 797 027)	(460 922 365)	1 190 461 540
Solid waste	32 363 693	-	600 000	-	(466 858)	32 496 835	(23 269 466)	-	(308 286)	333 583	(128 377)	(23 372 546)	9 124 289
Work in progress - Infrastructure	697 696 108	114 433	295 715 782	(342 413 021)	-	-651 113 302	-	-	-	-	-	-	651 113 302
	2 942 342 656	(103)	419 778 852	-	-	(4 608 727)	3 357 512 678	-	(64 404 556)	2 093 444	(10 589 661)	(709 804 059)	2 647 708 619

Analysis of property, plant and equipment as at 30 June 2023 Cost/Revaluation

Accumulated depreciation

	Opening Balance	WIP completed adjustment	Additions	Transfers-WIP completed	Disposals	Closing Balance	Opening Balance	Opening balance adjustment	Depreciation	Disposals	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets													
Historical monuments	1 621 944	-	-	-	-	1 621 944	-	-	-	-	-	-	1 621 944
	1 621 944	-	-	-	-	1 621 944	-	-	-	-	-	-	1 621 944
Other assets													
Furniture and fixtures	16 137 985	-	3 496 312	-	(6 145 308)	13 488 989	(13 285 368)	-	(734 372)	5 625 004	(6 544)	(8 401 280)	5 087 709
Plant and equipment	38 031 369	-	10 464 605	-	(1 232 019)	47 263 955	(20 240 488)	(137 344)	(3 193 872)	1 110 622	(60 439)	(22 521 521)	24 742 434
IT equipment	15 104 382	-	5 517 394	-	(1 055 933)	19 565 843	(8 625 502)	-	(2 114 154)	788 170	(18 821)	(9 970 307)	9 595 536
Motor vehicles	65 068 076	-	25 433 705	-	(513 376)	89 988 405	(38 743 865)	-	(3 246 464)	403 929	(493 707)	(42 080 107)	47 908 298
	134 341 812	-	44 912 016	-	(8 946 636)	170 307 192	(80 895 223)	(137 344)	(9 288 862)	7 927 725	(579 511)	(82 973 215)	87 333 977
Total property plant and equipment	3 604 423 007	(103)	493 665 412	-	(13 555 363)	4 084 532 953	(829 762 955)	(137 344)	(81 616 071)	10 021 169	(11 187 041)	(912 682 242)	3 171 850 711
Intangible assets													
			8	-	(18 969)	3 385 229	(1 888 517)	-	(289 498)	14 153	-	(2 163 862)	1 221 367
Computers - software & programming	2 869 840	-	534 308	-	(18 969)	3 385 229	(1 888 517)	-	(289 498)	14 153	-	(2 163 862)	1 221 367
	2 869 840	-	534 308	-	-	-	-	-	-	-	-	-	-
Investment properties													
				-	-	15 544 853	(4 803 337)	-	(121 686)	-	-	(4 925 023)	10 619 830
Investment property	15 544 853	-	-	-	-	15 544 853	(4 803 337)	-	(121 686)	-	-	(4 925 023)	10 619 830
Total	15 544 853	-	-	-	-	-	-	-	-	-	-	-	-
Land and buildings	526 116 595	-	28 974 544	-	-	555 091 139	(111 964 446)	-	(7 922 653)	-	(17 869)	(119 904 968)	435 186 171
Infrastructure	2 942 342 656	(103)	419 778 852	-	(4 608 727)	3 357 512 678	(636 903 286)	-	(64 404 556)	2 093 444	(10 589 661)	(709 804 059)	2 647 708 619
Heritage assets	1 621 944	-	-	-	-	1 621 944	-	-	-	-	-	-	1 621 944
Other assets	134 341 812	-	44 912 016	-	(8 946 636)	170 307 192	(80 895 223)	(137 344)	(9 288 862)	7 927 725	(579 511)	(82 973 215)	87 333 977
Intangible assets	2 869 840	-	534 358	-	(18 969)	3 385 229	(1 888 517)	-	(289 498)	14 153	-	(2 163 862)	1 221 367
Investment properties	15 544 853	-	-	-	-	15 544 853	(4 803 337)	-	(121 686)	-	-	(4 925 023)	10 619 830
	3 622 837 700	(103)	494 199 770	-	(13 574 332)	4 103 463 035	(836 454 809)	(137 344)	(82 027 255)	10 035 322	(11 187 041)	(919 771 127)	3 183 691 908

Nkomazi Local Municipality

Appendix D

June 2023

Segmental Statement of Financial Performance for the year ended Prior Year - 2022

Current Year - 2023

Actual Income	Actual Expenditure	Surplus /(Deficit)		Actual Income	Actual Expenditure	Surplus /(Deficit)
Rand	Rand	Rand		Rand	Rand	Rand
Municipality						
6 125 000	91 350 699	(85 225 699)	Executive and council	4 621 000	97 656 998	(93 035 998)
340 963 723	292 793 454	48 170 269	Budget and treasury	425 834 323	144 285 654	281 548 669
680 846	33 292 018	(32 611 172)	Planning and development	1 063 707	37 842 012	(36 778 305)
8 169 472	88 882 463	(80 712 991)	Corporate services	8 038 945	180 708 833	(172 669 888)
103 914 635	258 316 155	(154 401 520)	Community and social services	115 247 383	251 195 865	(135 948 482)
896 828 806	486 011 657	410 817 149	Infrastructure and development	1 093 872 428	596 687 146	497 185 282
1 356 682 482	1 250 646 446	106 036 036		1 648 677 786	1 308 376 508	340 301 278

Nkomazi Local Municipality

Appendix E(1)

June 2023

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June2023

Current year2023	Current year 2023		
Act. Bal. budget	Adjusted Variance greater than 10% versus Budget		Explanation of Significant Variances
Rand	Rand	Rand	Var
Revenue			
Property rates	128 094 035	128 913 948	(819 913)(0.6)
Service charges	177 183 732	182 093 513	(4 909 781)(2.7)
Rental of facilities and equipment	3 604 785	2 908 296	696 489 23.9
Interest received (trading)	3 325 464	2 953 951	371 513 12.6
Interest received (property rates)	8 779 528	7 704 321	1 075 207 14.0
Licences and permits	41 712	25 174	16 538 65.7
Public contributions and donations	31 885 542	-	31 885 542 -
Fines, penalties and forfeits	3 028 957	3 227 822	(198 865)(6.2)
Government grants and subsidies	1 259 844 315	1 276 812 163	(16 967 848)(1.3)
Recoveries	2 792	5 045	(2 253)(44.7)
Other income	8 125 608	3 358 817	4 766 791 141.9
Interest received - external	23 484 499	21 987 733	1 496 766 6.8
Actuarial gains	1 276 818	-	1 276 818 -
	1 648 677 787	1 629 990 783	18 687 004 1.1
Expenses			
Personnel	(655 280 609)	(585 486 943)	(69 793 666)11.9
Remuneration of councillors	(26 790 656)	(27 225 322)	434 666 (1.6)
Depreciation and amortisation	(82 027 257)	(64 975 329)	(17 051 928)26.2
Impairment loss	(11 187 041)	-	(11 187 041)-
Finance costs	(445 389)	(107 200)	(338 189)315.5
Debt Impairment	(4 230 153)	(8 338 950)	4 108 797 (49.3)
Lease rentals on operating lease	(9 365 935)	(8 124 213)	(1 241 722)15.3
Bulk purchases	(104 342 309)	(101 176 683)	(3 165 626)3.1
Contracted Services	(159 032 110)	(116 505 449)	(42 526 661)36.5
Transfers and Subsidies	(29 194 323)	(36 784 154)	7 589 831 (20.6)
General Expenses	(222 223 522)	(209 288 693)	(12 934 829)6.2
Loss on disposal of assets	(3 539 010)	-	(3 539 010)-
Inventories losses/write- downs	(718 195)	-	(718 195)-
	(1 308 376 509)	(1 158 012 936)	(150 363 573)13.0
Net surplus/ (deficit) for the year	340 301 278	471 977 847	(131 676 569)(27.9)

Nkomazi Local Municipality

Appendix E(2)

June 2023

Actual versus Budget (Acquisition of Property, Plant and Equipment) asat 30 June 2023

	Additions	Original Budget	Revised Budget	Variance	Variance	Explanation of significant variances from budget
	Rand	Rand	Rand	Rand	%	
Municipality						
Executive & Council	1 191 861	835 000	2 165 000	973 139	45	
Budget and treasury	573 856	3 720 000	3 048 000	2 474 144	81	
Corporate services	8 315 800	5 140 000	7 312 000	(1 003 800)	(14)	
Planning and development	-	2 744 000	2 144 000	2 144 000	100	
Community & Social services	24 291 405	51 207 955	46 082 146	21 790 741	47	
Infrastructure and development	428 267 244	516 176 646	534 639 785	106 372 541	20	
	462 640 166	579 823 601	595 390 931	132 750 765	22	

Nkomazi Local Municipality

Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act

June 2023

Name of Grants	Quarterly Receipts			
	Sep	Dec	Mar	Jun
Equitable Share	283 015 000	237 465 000	203 192 000	-
Municipal Infrastructure Grant (MIG)	173 939 000	50 000 000	100 000 000	-
Water Services Infrastructure Grant (WSIG)	5 000 000	25 000 000	20 000 000	-
Integrated National Electrification Programme Grant (INEP)	4 000 000	-	6 000 000	-
Finance Management Grant (FMG)	1 770 000	-	-	-
Expanded Public Works Programme Grant	1 156 000	2 080 000	1 385 000	-
Regional bulk infrastructure grant	50 000 000	50 000 000	56 900 000	-
Municipal Disaster Response Grant	-	-	-	16 230 000
518 880 000	364 545 000	387 477 000	16 230 000	

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocation