

FIRST DRAFT ANNUAL REPORT

2024-2025





Executive Mayor
Cllr PP Magagula



Nkomazi
Local Municipality



Speaker of Council
Cllr HV Nyambi-Sambo



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TABLE OF ABBREVIATIONS

ITEM	DESCRIPTION
APR	Annual Performance Report
CFO	Chief Financial Officer
CLLR	Councillor
COGHSTA	Cooperative Governance human settlements 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
FMCMM	Financial Management Capability Maturity Model
TVET	Technical Vocational Educative and Training
EPWP	Extended Public Works Program
HIV/AIDS	Human Immunodeficiency Virus
AIDS	Acquired Immunodeficiency Syndrome
TB	Tuberculosis
STI	Sexually Transmitted Diseases
GBV	Gender Based Violence
ANC	African National Congress

ITEM	DESCRIPTION
IGR	Inter-Governmental Relations
LED	Local Economic Development
SEZ	Special Economic Zones
WSS	Water Supply Scheme
WTW	Water Treatment Works
TL	Task Level
RBIG	Regional Bulk Water Scheme
HH	House Holds
DFFE	Department Of Forestry, Fisheries and The Environment
IUCMA	Inkomati-Usuthu Catchment Management Agency
DARDLEA	Department Of Agriculture, Rural Development, Land and Environmental Affairs
PHSHDA	Priority Human Settlements and Housing Development Area
SMME	Small, Medium and Micro Enterprise Policy
WHO	World Health Organization
SALGA	South African Local Government Association
SEDA	Small Enterprise Development Agency
MOU	Memorandum Of Understanding
MEGA	Mpumalanga Economic Growth Agency
GDS	Growth And Development Summit

ITEM	DESCRIPTION
ANC	African National Congress
MPAC	Municipal Public Accounts Committee
ICT	Information And Communication Technologies
MSCOA	Municipal Standard Chart of Accounts
VAT	Value Added Tax
COGTA	Department Of Cooperative Governance and Traditional Affairs.
OHS	Occupational Health and Safety
CDW	Community Development Workers
CRO	Chief Risk Officer
CS	Community Survey
TVETs	Technical And Vocational Education And Training
HDI	Human Development Index
WSA	Water Service Authority
EPWP	Extended Public Works Program
GIS	Geographic Information System
KPI	Key Performance Indicators

ITEM	DESCRIPTION
CWP	Community Work Programme
LTOS	Local Tourism Organisation
EDM	Ehlanzeni District Municipality
SITF	Swaziland International Trade Fair
NSP	National Strategic Plan
CCE	Community Capacity Enhancement
TWG	Technical Working Group
CSF	Civil Society Forum
LDAC	Local Drug Action Committee
SALGBC	South African Local Government Bargaining Council
CCMA	Commission For Conciliation Mediation and Arbitration
LLF	Local Labour Forum
MMC	Members Of the Mayoral Committee
GRAP	Recognized Accounting Practice
MSA	Municipal Systems Act

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



**Executive Mayor:
Cllr P.P Magagula**

1.1. MAYOR'S FOREWORD

This report presents the performance results of Nkomazi Local Municipality for the financial year 2024/25. The outcomes contained herein are based on the planned priorities and performance targets as set out in the municipality's Integrated Development Plan (IDP) for 2024/25. The report provides an overview of organizational performance, measuring the level of achievement against the municipality's key service delivery priorities for the reporting period.

The municipality continues to strengthen its administrative capabilities through the ongoing realignment of its performance management system to ensure coherence between planning, budgeting, and implementation processes. This process aims to maintain consistency and reliability in the information captured across the Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIP), particularly during the execution of performance monitoring and reporting activities.

This document begins by outlining the legislative and contextual framework governing performance reporting. In compliance with the requirements of the Municipal Systems Act (MSA), the Municipal Finance Management Act (MFMA), and the relevant Performance Management Regulations, the municipality is obligated to prepare this Annual Performance Report to account for the implementation of its strategic objectives.

The section on the Integrated Development Plan (IDP) details the processes undertaken in the review and development of the 2024/25 IDP. It outlines how the municipality ensured alignment between community needs, strategic priorities, and available resources.

The report also includes key budgetary and performance management information, which outlines the allocation of financial resources to identified development priorities and the setting of corresponding performance targets. This section emphasizes the importance of ensuring that the targets set are both realistic and aligned with the municipality's available resources.

Performance highlights for the 2024/25 financial year are presented to showcase the municipality's service delivery achievements during the reporting period. This includes a comparative analysis of performance across the six key performance areas (KPA's) of local government.

Additionally, the report includes performance trends from the previous financial year (2023/24) as a baseline, allowing for a comprehensive understanding of progress made and areas requiring further attention. Performance indicators are structured in a tabular format to enable easy reference, including a status update on underachieved targets from the previous year.

Ultimately, this report functions as a critical accountability tool, supporting transparency, monitoring, and continuous improvement in municipal governance and service delivery.

In May 2025, the municipality experienced a significant administrative transition when Mr. XT Mabila resigned from his position as Municipal Manager. Subsequently, the council appointed Mr. MM Manzini as the Acting Municipal Manager for a period of one month to ensure smooth running of the administration. During this interim period, the COGHSTA seconded Mr. ON Nkosi as the Acting Municipal Manager, with his appointment commencing on 1 June 2025. In addition, during June 2025, the council placed the Chief Financial Officer, Mr. TS Thobela on precautionary suspension, and appointed Mr. Matsaba as the Acting Chief Financial Officer to ensure the continued management of the municipality's finances.

Cllr PP Magagula
Executive Mayor

1.2. MUNICIPAL MANAGER'S FOREWORD

**Acting Municipal Manager:
Mr ON Nkosi**

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 2025. 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 Integrated Development Plan (IDP) and monitoring the implementation. The Municipality has made massive strides towards achieving the objectives as specified in the IDP and aligned to the Service Delivery, Budget Implementation Plan (SDBIP).

The financial position of the municipality is challenging due to result of high unemployment rate and the ruralness of the municipality as we border the Kingdom of Eswatini and the Republic of Mozambique. Outstanding debts 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. Old infrastructure has resulted in a higher number of burst pipes that contributes to water loss and expensive repairs. The recent floods also contributed to service delivery backlogs especially with road networks and buildings. The municipality is currently collecting revenue in only four towns namely, Malalane, Hectorspruit, Marloth Park and Komatipoort. The greater part of the municipality is owned by traditional councils, and we are still not able to collect revenue 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).

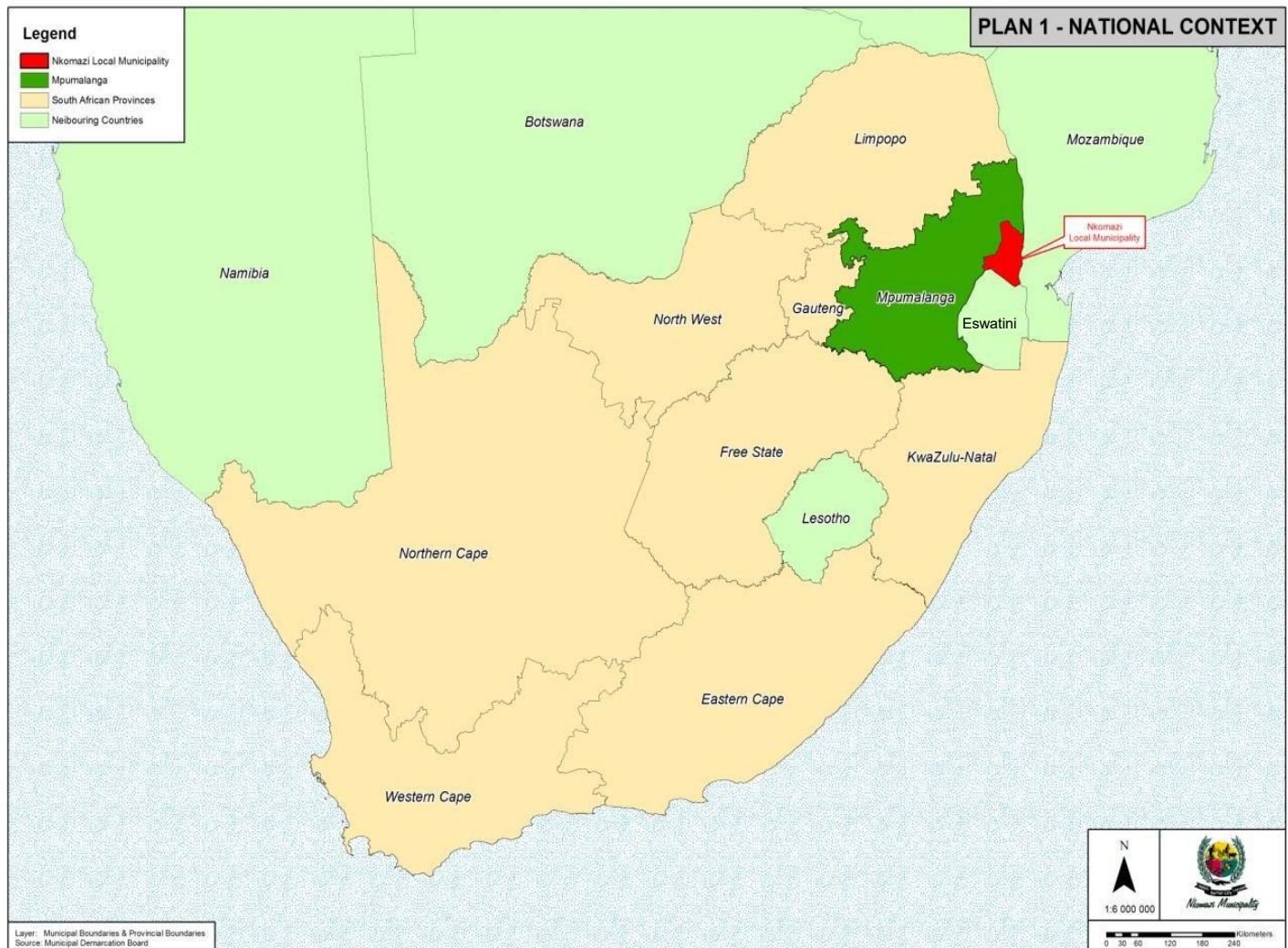
We believe the report will shed light on what has been achieved, our shortfalls and challenges with solutions and clear timelines to address such. Working together we can do more to achieve our utmost goal “A Better Life For All, Imphilo Lencono”.

Mr. ON Nkosi
Acting Municipal Manager.

1.3. MUNICIPAL OVERVIEW

1.3.1. Geographic profile of the municipality

National and Provincial geographic Context

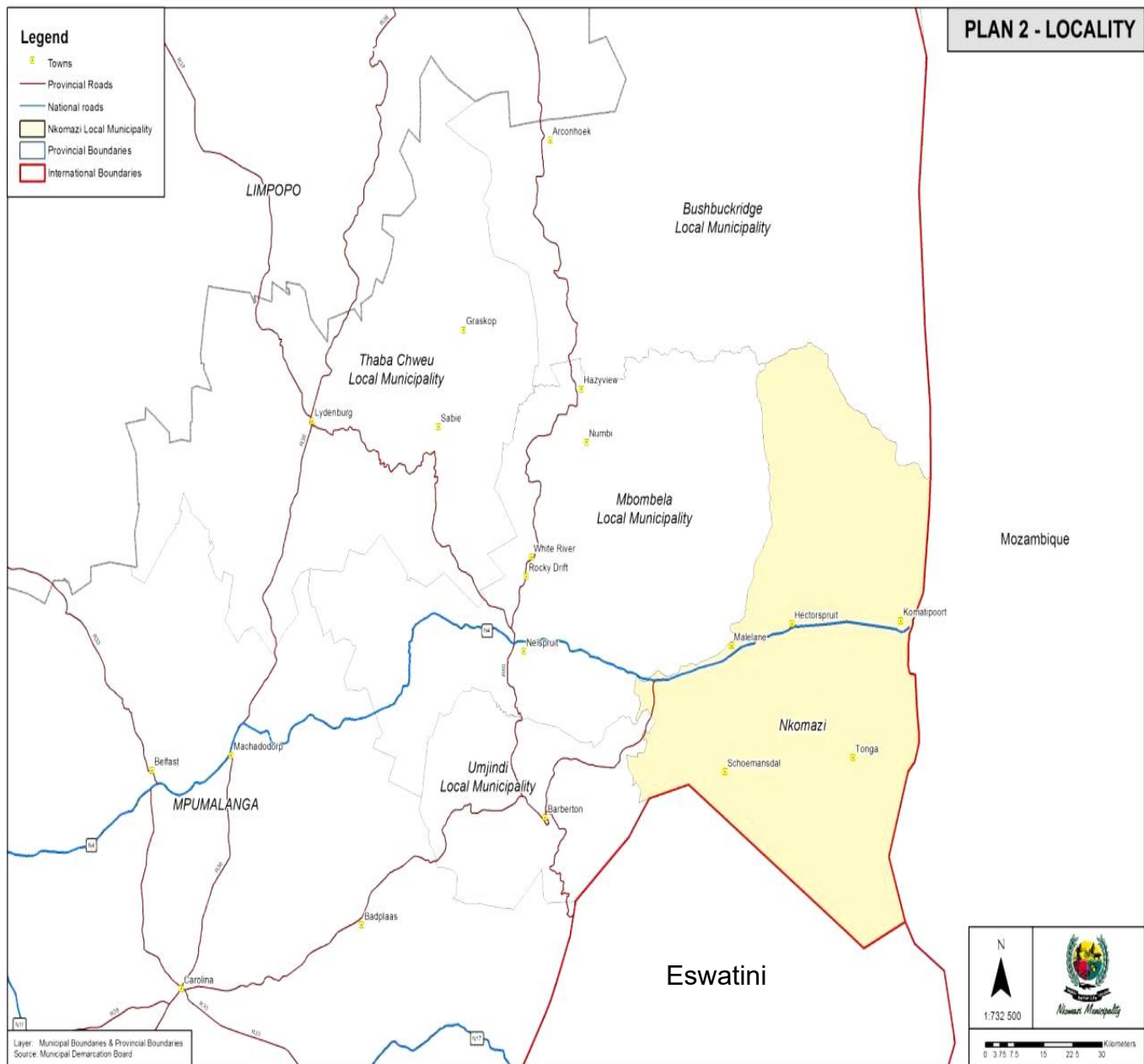


Source: Municipal demarcation board

Nkomazi Local Municipality is positioned 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 advantageously placed between Eswatini (North of Eswatini) 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.

Municipality overview

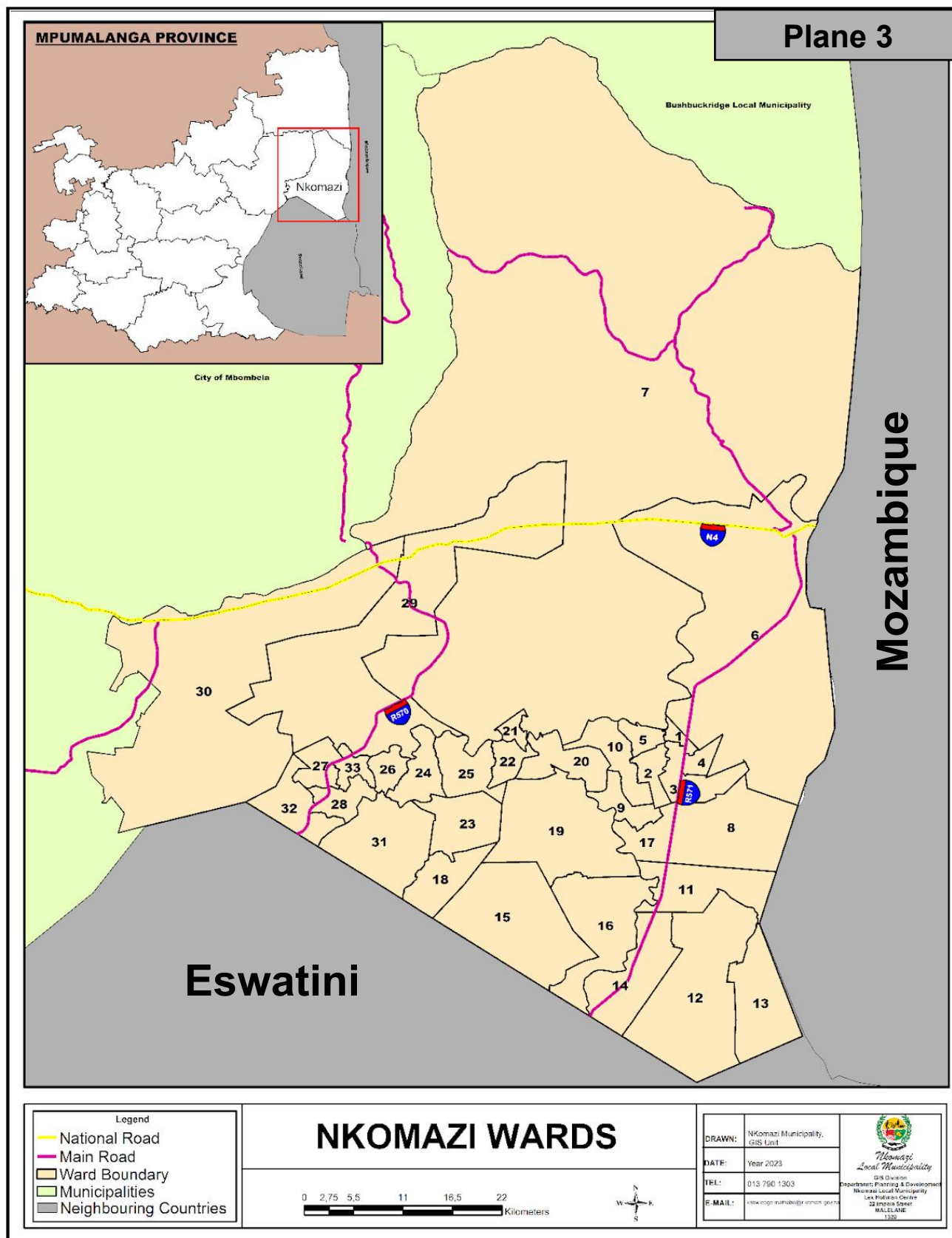
The geographical area measures **478 754.28** Ha in extent (Source: Municipal Demarcation Board).



Source: Municipal demarcation board

1.3.2. Municipal ward boundaries

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).



Source: Municipal demarcation board

1.3.3. Municipal wards

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

Ward no	Settlement Area	Counsellor
Ward 1	Part of Tonga, Block C; Part of KaMaqhekeza	Cllr. Silinda Phindile. Cynthia
Ward 2	Tonga Block A; Part of Tonga B; Part of Mangweni	Cllr. Makhubela Dumisani
Ward 3	Part of KaMaqhekeza; Part of Block C	Cllr. Ngomane Wanda
Ward 4	Naas Township; Part of KaMaqhekeza	Cllr. Ngobeni Samuel Vusi
Ward 5	Part of Tonga Block B; Part of Block C	Cllr. Shongwe Lucky. Nhlanhla
Ward 6	Komatipoort and Farms; Orlando; Brink (Dludluma); Albertsnek (Ngwenyeni)	Cllr. Ndlovu Jabulani
Ward 7	South-eastern part of the Kruger National Park, Marloth Park; Part of Vlakhult (Mdladla) and farms	Cllr. Malaza Busisiwe. Bernatette
Ward 8	Steenbok, Part of Mangweni	Cllr. Tshabalala Siyabonga. Buddy
Ward 9	Part of Mangweni; Tonga Village	Cllr. Mngomezulu Israel. Mafuthuzi
Ward 10	Phiva, Part of Tonga Block A	Cllr. Irvin Sibiya
Ward 11	Goba, Ericsville, Figtree (Hhoyi)	Cllr. Mafia Fane
Ward 12	Mbangwane; Tsambokhulu; Khombaso; Mananga; Mandulo	Cllr. Mahlalela Manene. Moses
Ward 13	Mbuzini, Bhaca, Ndindindi, Nkungwini, Mbangwane, Mabidozini, Samora Park, Emacambeni	Cllr. Nkala Sizwe
Ward 14	Masibekela; Mthatha; Hlahleya	Cllr. Mbatha Nonhlanhla Jabhisa
Ward 15	Mgobodzi; Part of Magudu	Cllr. Ngcane Thandeka. Vestar
Ward 16	Madadeni; Sibange and Part of Magudu	Cllr. Mashele Rebecca. Nomvula
Ward 17	Part of Mangweni	Cllr. Makhubela Bridget Sphiwe
Ward 18	Magogeni; Skoonplaas (Gomora)	Cllr. Mkhatshwa Boycott. Lovemore
Ward 19	Ntunda; Sikhwahlane; Part of Mzinti	Cllr. Mkhabela Mfundi Howard
Ward 20	Part of Mzinti; part of Mahhushe Ruth first	Cllr. Shabangu Mpande. Jobe
Ward 21	Phosaville; Part of Kamhlushwa	Cllr. Mahlalela Solomon. Septimus
Ward 22	Part of Kamhlushwa	Cllr. Lubisi Sibusiso. Dumisani
Ward 23	Boschfontein	Cllr. Sibuye Sicelo. Enough
Ward 24	Part of Driekoppies; Part of Middelplaas; Aniva	Cllr. Mahlalela Paul. Abednigo
Ward 25	Part of Langeloop	Cllr. Sibiya Sipho. Gift
Ward 26	Part of Driekoppies	Cllr. Mhlongo Vusi. Wiseman
Ward 27	Part of Schoemansdal; Part of Buffelspruit	Cllr. Shabangu Richmond
Ward 28	Part of Schoemansdal; Jeppes Reef	Cllr. Mhlongo Lungelo. Kim
Ward 29	Part of Buffelspruit; Mbekisberg; Hectorspruit; Luggedlane Tourism Estate; farms	Cllr. Lubisi Mxolisi. Thomas
Ward 30	Mhlathi, Malelane; Mkhwarukhwaru, Stentor, Kaapmuiden, Shiyalongubo, Sincobile, Louisville; farms,	Cllr. Magagula Fikile. Khanyisile
Ward 31	Schulzendal: Part of Middelplaas	Cllr. Siboza Justice. Twelve
Ward 32	Part of Jeppes Reef	Cllr. Ngomane Sifiso. Wyken
Ward 33	Part of Schoemansdal	Cllr. Mziako Philosopher. Mancoba

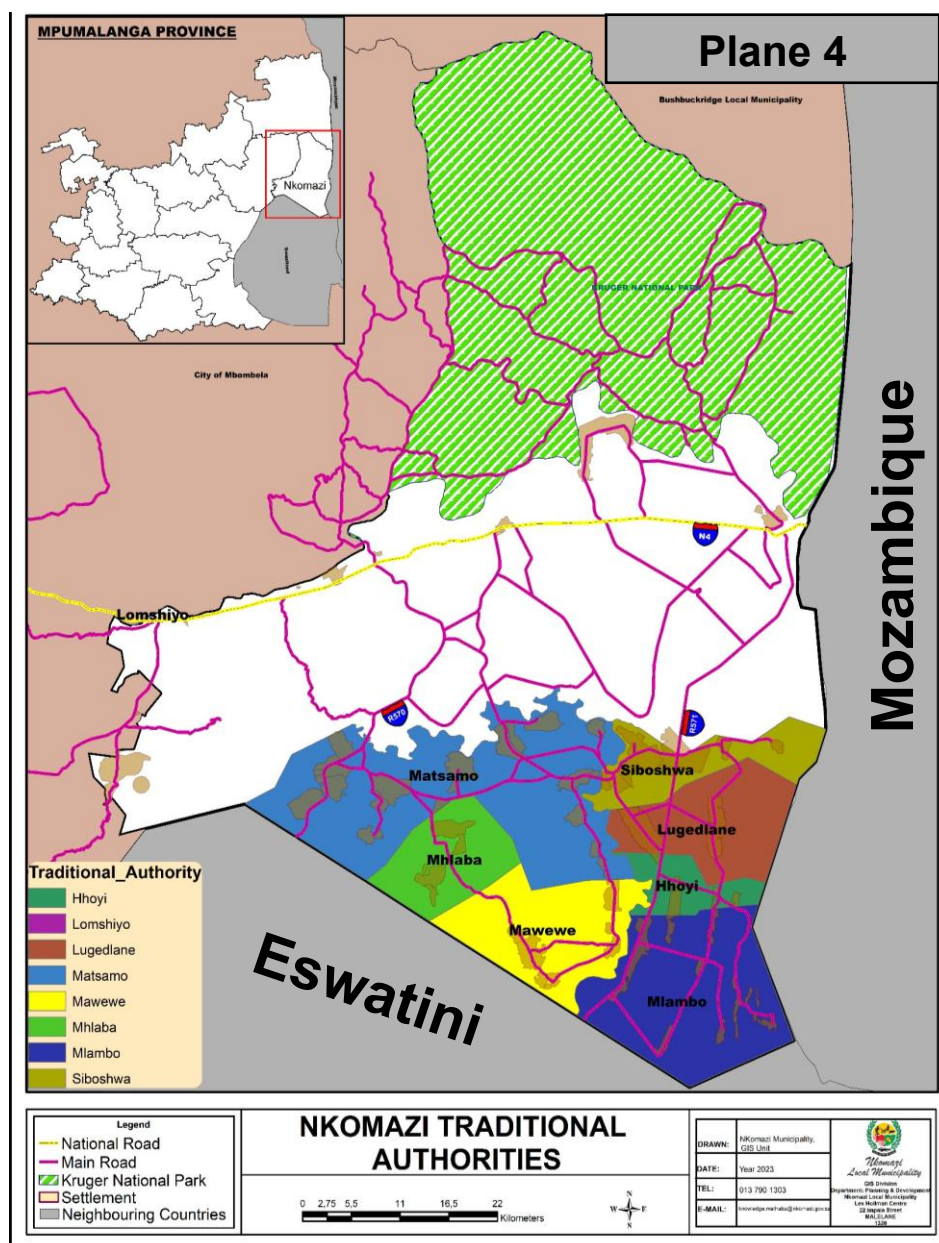
1.3.4. URBAN AREAS

The urban areas for Nkomazi Local Municipality are as follows:

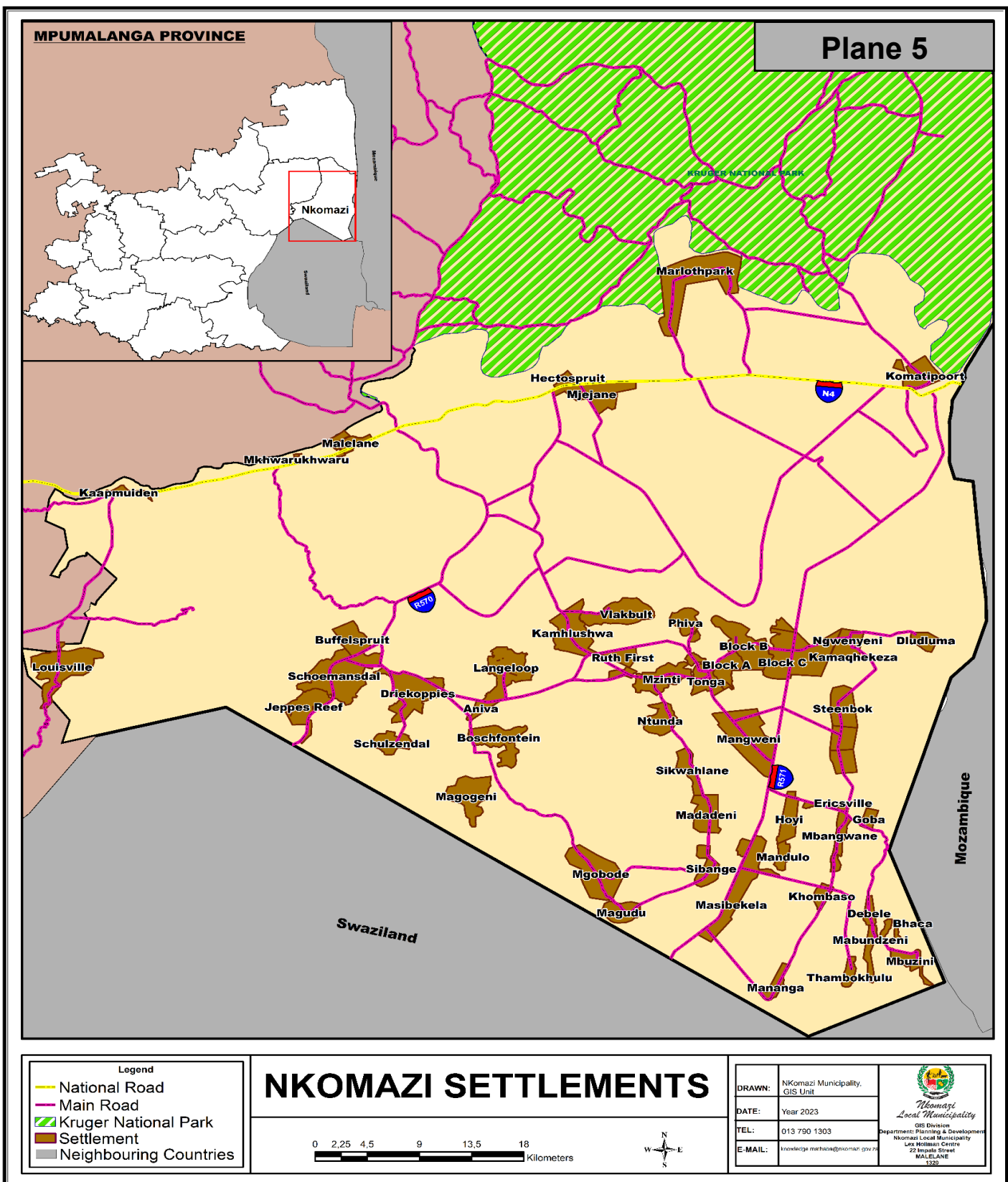
Number No	Urban Areas
1	Marloth Park
2	Malalane
3	Kaapmuiden
4	Hectorspruit
5	Komatipoort
6	KaMaqhekeza
7	Tonga
8	KaMhlushwa

1.3.5. Traditional authorities

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



Plan: Traditional Authorities Settlement Boundaries



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

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

1.3.6. Population & development analysis of the municipality

Demographic overview of the Nkomazi local municipality

An overview of the demographic situation in the Nkomazi local municipality provides an understanding of the current scale of the population and allows for the calculations of 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 plan cycle. A population growth of this proportion is likely to place a strain on existing backlogs and the municipality's ability to effectively service the communities, because of the increase in households which directly demand services.

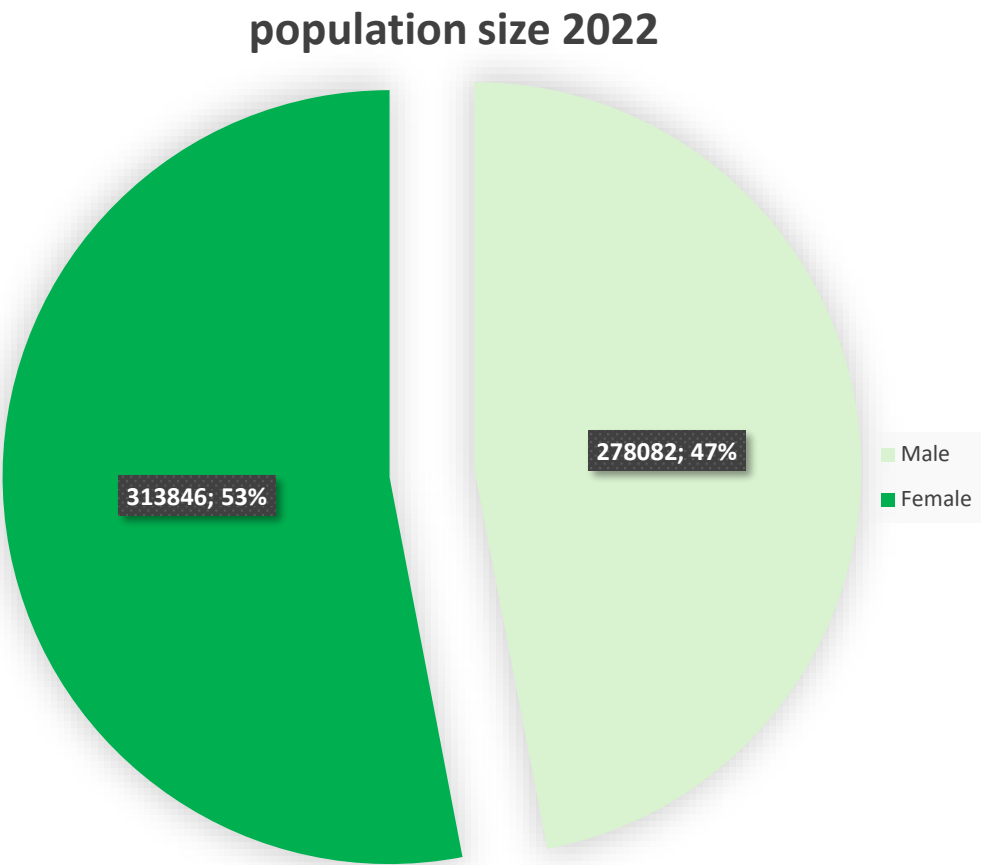
Population size

	Census 2011			CS 2016			Census 2022		
Age groups	Male	Female	Total	Male	Female	Total	Male	Female	Total
0-15	74,262	74,661	148,923	82,290	83,799	166,089	96,369	98,157	194,526
16-35	73,275	79,344	152,616	73,475	77,975	151,450	103,483	117,100	220,583
36-55	26,931	34,881	61,812	29,060	35,738	64,798	56,050	69,092	125,142
65+	11,607	18,072	29,676	10,980	17,589	28,569	22,179	29,498	51,677
Total	186,075	206,958	393,027	195,805	215,101	410,906	278,082	313,846	591,928

Source: Stats SA Community profiles (Census 2011, CS 2016 and Census 2022)

Population Size and Composition

According to the Stats SA's Census 2022, Nkomazi's population increased from 393 030 in 2011 to 591 928 people in 2022 - 3rd. largest population in the province in 2022 and 26.1% of total Ehlanzeni population in 2022. In 2022, the youth population (0-34 years) formed 68.4% of the total population & the elderly population (60+ years) 6.2%. In 2022, the share of the female population was 53.0% and that of males 47.0%. Between 2011 & 2022, the population grew by 198 898 and recorded a growth rate of 4.0% per annum (p.a.), which was considerably higher than the 1.0% average annual economic growth rate over the same period. The number of households in Nkomazi increased from 96 202 in 2011 to 134 143 households in 2022 - an increase of 37 941 households & a growth rate of 3.2% p.a. The household size increased from 4.1 to 4.4 over the same period



Source: Stats SA 2022 census

The increase in the population size is caused by high birth rate and high influx of immigrants from Mozambique and Kingdom of Eswatini due to its middle-income status, stable democratic institutions and comparatively industrialized economy. The increase of the population shown throughout the years means that the community needs increase as well, whilst on the other hand, the available resources of revenue have remained the same for the municipality, this has caused a serious challenge for the municipality as it implies that it should try and cater for competing community needs through using limited resources. The unforeseeable increase of population if it keeps on increasing the municipality will be adversely affected by 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 municipal services. The municipality will increase its revenue base by implementing the revenue enhancement strategy, it is important to note that the population growth statistics was taken into consideration throughout the IDP planning processes of the Municipality.

Annually population growth

Population		Average annual population growth	population	Average annual population growth
2011 (Census)	2016(C)	2011-2016	2022	2011-2022
393 030	410 907	1.0%	591 923	4.0%

Source: Stats SA Community profile (Census 2011, CS 2016) and 2022

The table above indicate that Nkomazi’s increasing population is putting the municipality under pressure to service delivery due to the population growth in 2011 census, survey 2016 and the census 2022. The total population in Nkomazi was 410 907 in 2016, 393 030 in 2011 and 591 923 in 2022 the population grew by 1.0% over 5 years period from 2011 to 2016 and grew by 4.0% between 2011 and 2022.

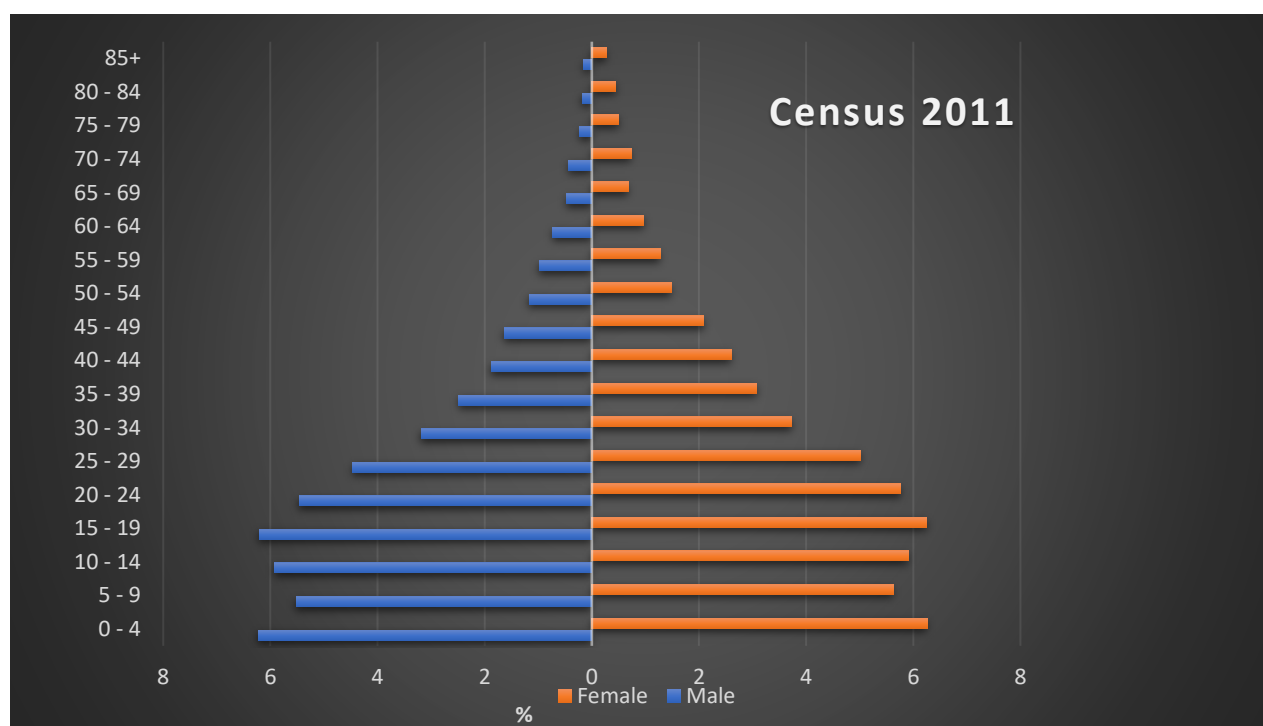
Population distribution

population distribution is the arrangement or spread of people living in an area according to variable such as age, sex and race.

Population Age and Sex composition

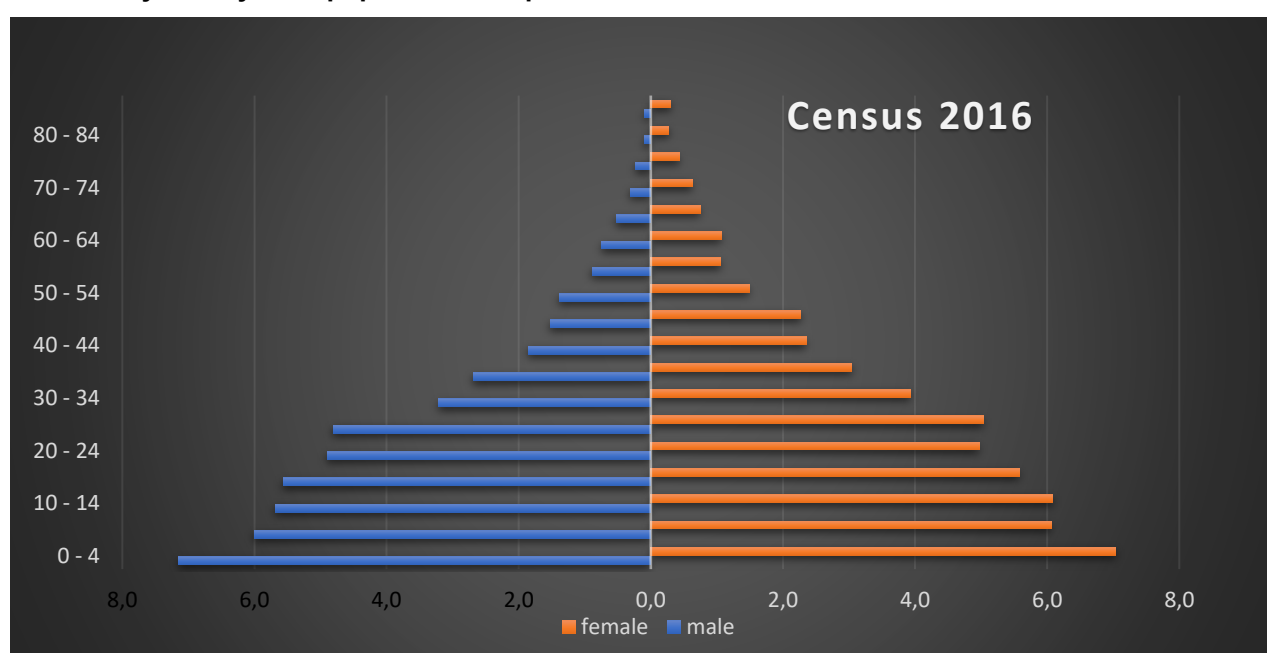
Age and gender of the population are the key determinant of population dynamic and can influence the current and future needs and spending of the municipality, and also identify where the bulk of the population is located and to target civil society and non-government programmes more effectively. A 65-year older group gives an indication of the persons that have retired and elderly and those that are no longer economically active.

Census 2011 population composition



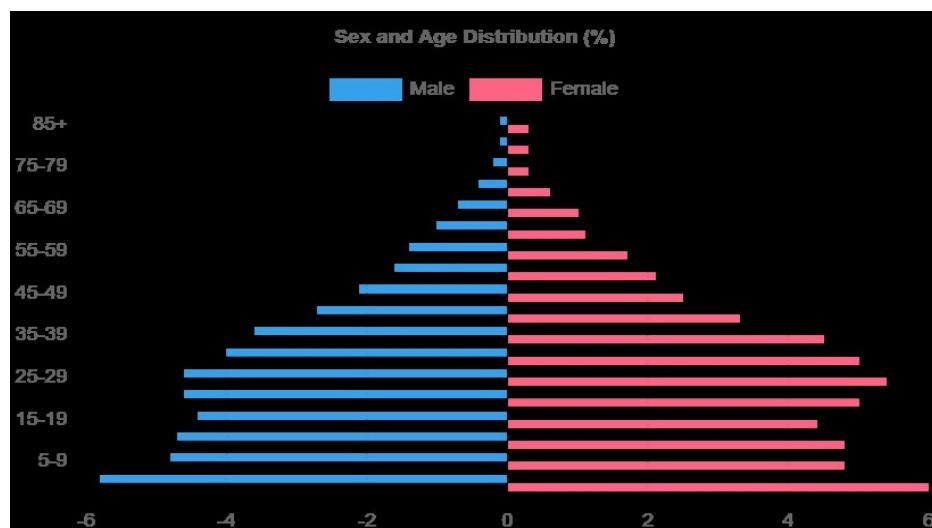
Source: Stats SA community profile (Census 2011)

Community Survey 2016 population composition



Source: Stats SA community profile (CS 2016)

Census 2022 population composition



Source: Stats SA census 2022

The population of Nkomazi municipality shows a typical age structure of a very young population distribution from 2011-2016 and 2022. According to 2011 censuses it shows that the young generation from 0-34 years shares more than 75% of the total population, which will put more pressure on the municipality for provision of good education, improved health and job creation. A decline was observed in children aged 0-4 years in 2011; this could be attributed to fertility decline or high child mortality, and an increase in the 2022 census; this may be attributed to the long term that statistics take to conduct a survey where childbearing has increased over the years.

Change in the age composition and Population Dependency

Age Group	Census 2011		CS 2016		Census 2022	
	Number	%	Number	%	Number	%
0-14	139 278	35.4	156 235	38	183 584	31.0
15-34	157 563	40.1	156 087	38.0	221 203	37.4
35-64	80 115	20.4	83 645	20.4	162 869	27.5
65 +	16 074	4.1	14 940	3.6	24 272	4.1
Economically Active (15-64)	237 678	60.5	239 732	58.4	591 928	100

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

As illustrated in the table above, the population aged 0-14 years has increased between 2011 and 2016 by 3% and in the 2022 census the population aged 0-14 decreased by 7%. It is important to note that the economically active population aged 15-64 years has decreased by 2.5% in 2016, which stipulates that job opportunities were created and youth was employed to decrease the level of dependency in Nkomazi and in 2022 the dependency increased; this may be due to the impact of COVID-19, which impacted a lot of companies to shut down, as well as the bad impact of loadshedding, which is affecting the country as a whole.

It is important that within the economically active population, the largest increase was in the youth aged 15-34 years. If the economically active population is growing faster than the population in general, it holds an important developmental opportunity. This is reflected in the decrease in the dependency ratio. In other words, there are fewer people in the dependent age groups 0-14 and 65+ years that rely on the working population for their livelihoods. However, this opportunity can only be materialized if the potentially economically active population is in fact accommodated in the labour market. This is most often not the case as shown in the socio-economic analysis. Although the proportion of older persons remains unchanged from 2011 up to 2016, the proportion of women in the population has remained unchanged from 2001 to 2011 at 53%, and 47% for males.

Racial Composition

Population group	2011	%	2016	%	2022	%
Blacks Africans	384 074	97.7	405 931	98.79	579 755	98
Coloured	589	0.2	733	0.18	1750	0
Indians	1316	0.33	389	0.09	1794	0
Whites	6301	1.6	3854	0.94	8431	1
Other	450	0.11	0	0	27	0
Unspecified	300	-	-	-	171	0
Total	393 030	100	410 907	100	591 928	100

Source: Stats SA community profile (Census 2011, CS 2016 and Census 2022)

The African Population is still predominant at 97.7% in 2011. The 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 and increase in 2022 in blacks, coloured, Indians and whites

Socio economic status

The socio-economic analysis is specifically aimed to spatial related matters i.e., employment, income and economic profile. The analysis is based on the municipal level to give a broader overview of the municipality.

Nkomazi's economy

Contribution to the Mpumalanga economy in 2022 was 3.5% – 8th largest economy in the province. Contribution to the district of 9.6% in 2022.

Large contributions to Ehlanzeni's utilities, agriculture, mining, construction, & finance industries.

Average annual economic growth rate for Nkomazi was 1.7% p.a. over the period 1996 to 2022. It decreased to a low growth of 0.1% p.a. for the period 2019-2022.

The economy expanded by 2.2% in 2019, contracted by 3.7% in 2022, and it is expected to expand by 3.7% in 2023.

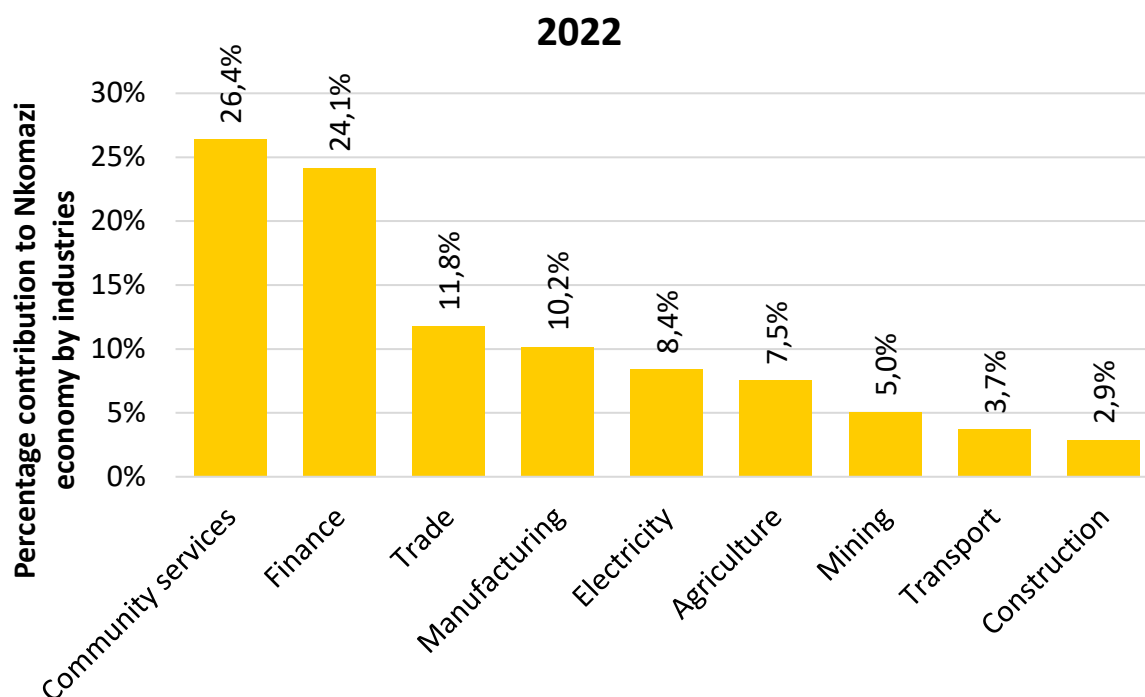
The estimated average annual GDP growth for Nkomazi between 2023 and 2027 is 1.9% p.a.

In 2022, the size of the economy was estimated at R18.0 billion in current prices & R12.2 billion in constant prices.

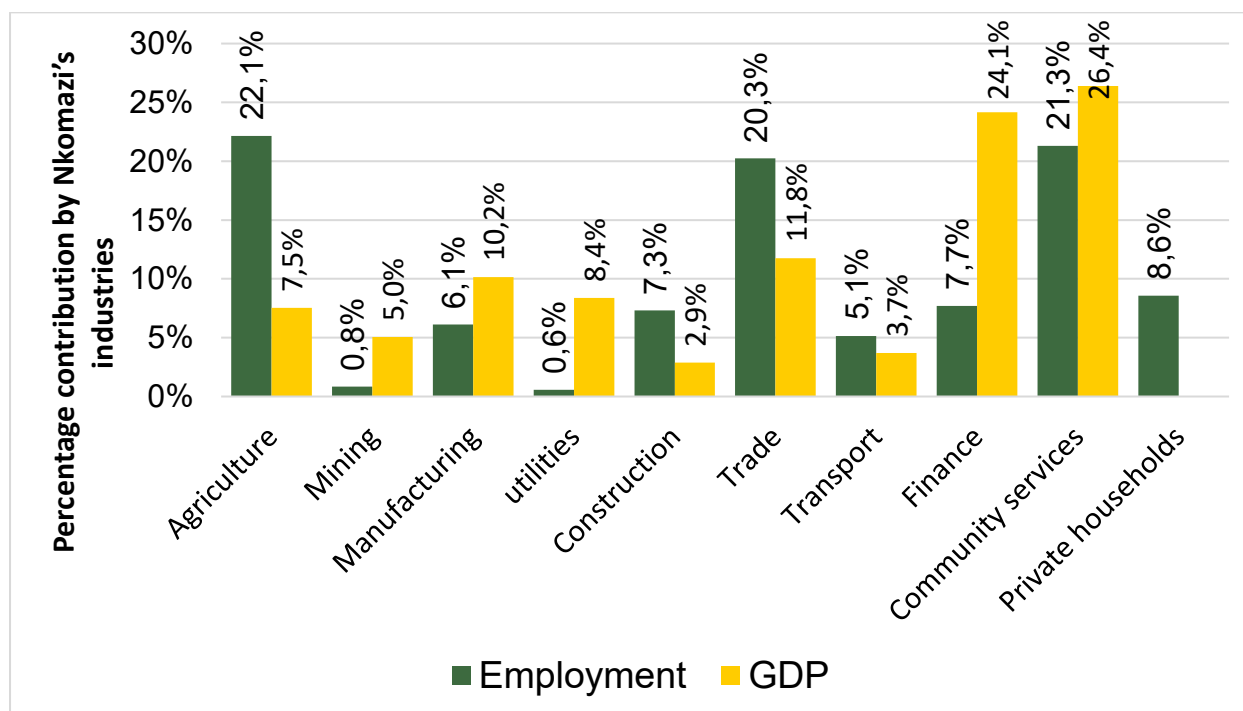
In 2022, the four largest industries (community services, finance, trade, and manufacturing) contributed 72.5% to the economy of Nkomazi.

Nkomazi holds a comparative advantage in utilities, agriculture, construction, mining & community services.

In 2019, tourism spend totalled R2.1 billion or equal to 13.4% of the local GDP. It declined to R2.0 billion in 2022, which was equal to 11.0% of the local GDP in current prices.

Nkomazi's contribution by industry- employment GDP

Source: (Sero Report), Department of Economic development and tourism

Nkomazi contribution by industry - Employment & GDP in constant 2015-prices

Source: SEP & DEDT (Department of Economic development and tourism)

Human Development Index

Human development index (HDI) is defined as a standard measure of determining whether an area is developed, developing and developed. According to SERO 2018 report the average trend on the HDI has Improved Human Development Index (HDI) from 0.50 in 2016 to 0.54 in 2020, but still the lowest/worst in the province. Improved Human Development Index (HDI) from 0.53 in 2019 to 0.54 in 2022, however, it was the lowest/worst in the province.

Labour Market in Nkomazi

The strict unemployment rate of Nkomazi increased from 32.0% in 2019 to 36.4% in 2022. The expanded unemployment rate increased from 42.7% to 50.9% over the same period.

In 2022, both Nkomazi's official & expanded unemployment rates were the second highest in the district.

In 2022, the strict unemployment rate for females was 41.6% and that of males was 31.3%.

In 2022, the youth (15-34 yr) unemployment rate was 49.9% - the 2nd highest in the district.

There is concern about the high share of unemployed youth & especially females – there appears to be a mismatch between their offering of education and skills (or lack thereof) and the demand of the labour market, but also a lack of investment to create jobs.

Importance of quality and relevant education and training in line with the economic needs of the province to improve their employability but also a need to retain businesses and attract new investment. Emphasis on the role of the University of Mpumalanga and TVETs.

In 2022, Nkomazi contributed 6.1% to the total employment in the province and 15.7% to employment in Ehlanzeni.

Decline in employment level between 2019 & 2022 of 3.1% pa. The average annual employment growth deteriorated compared with 2.0% growth between 2014 and 2019.

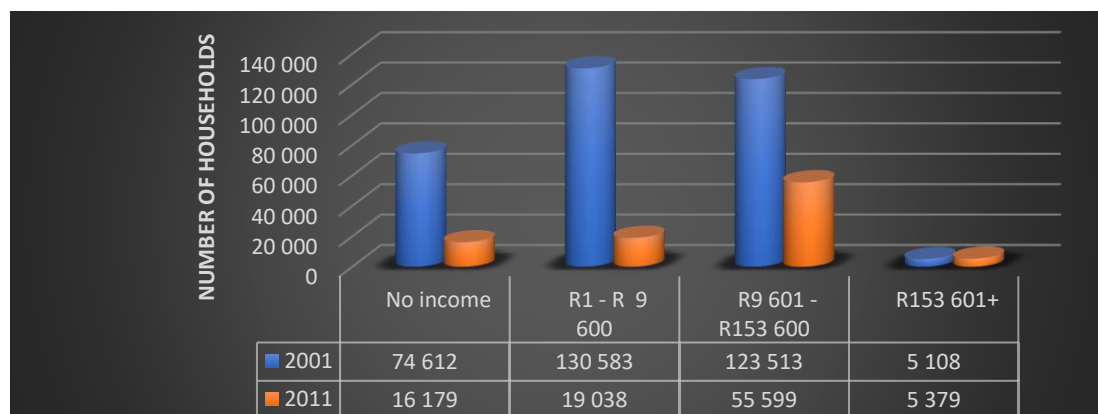
The job gains in 2022 were 8 228, which is in contrast to the 6 023 jobs that were lost in 2021.

In 2022, the largest employing industries in Nkomazi were agriculture, community services, trade, and private households.

Labour market in Nkomazi

36.4% Strict unemployment rate Deteriorated from 32.0% in 2019	41.6% Female strict unemployment rate Deteriorated from 36.8% in 2019	49.9% Youth (15-34 yr) strict unemployment rate Deteriorated from 43.1% in 2019
-3.1% Average annual employment decline 2019-22 Worse than 2.0% p.a. growth 2014-19	6.1% Share of Mpumalanga's employment in 2022 15.7% share of district's employment	8 228 Number of job gains in 2022 6 023 job losses in 2021

Household income



Source: Stats SA community profile (Census 2001 and 2011)

Although a significant decrease was recorded in the number and percentage of households that reported not having any income at all, it is still high at 16.8%. The number and percentage of household earning R1 – R9600 per year decreased from 45.2% in 2001 to 19.7% in 2011. If this is considered as a good indication of the levels of poverty, it means that 36% of the households in Nkomazi still earn less than R800 per month, which has serious implications for the indigent policies of the municipality as well as their ability to generate income from rates and taxes. The number of households in Nkomazi increased by 7 763 from 96 202 in 2011 to 103 965 in 2016 - represents 21.5% of the Ehlanzeni household figure - household size declining from 4.1 to 4.0 between 2011 and 2016.

Households profile and services

Number of households in Nkomazi 2011, 2016 and 2022

Year	2011	2016	2022
Number of households	96 201	103 965	134 143

Source: Stats SA community profile (Censuses 2011, CS 2016) and 2022 Census

According to census 2011 the number of households community survey 2016, the number of households seems to be increasing this is because of mushrooming of informal settlements, Nkomazi is currently reviewing the Land Invasion By-law to deal with such issues of mushrooming of informal settlements.

The number of households in Nkomazi increased by 7 763 from 96 202 in 2011 to 103 965 in 2016 and further increase to 134 143 in the census conducted in 2022. Between 2011 and 2016 the number of households increased by 37942- represents 21,5% of the Ehlanzeni household figure household size declining from 4.1%between 2011 to 2016. Where in the youth population (15-35) forma 38.0% of the total population, in 2016 the share of the female population was 52.3% and males 47.7%.

Access to households' services

According to Census 2022 the backlog numbers of all household services indicated a declined and improved between 2011 and 2022, except informal dwellings, piped water & refuse removal – large challenges remain in piped water, access to flush/chemical toilets, & refuse removal. Number of informal dwellings increased by 263 from 2 797 in 2011 to 3 060 in 2022 and 2.3% of households still lived in informal dwellings.

In 2022, 106 520 households had access to piped water, either in the house, yard or through a communal tap. The number of households without access to piped water increased/deteriorated from 18 042 in 2011 to 27 623 in 2022. Due to the increased backlog number, 20.6% of households still without access to piped water in 2022.

In 2022, 29.8% of households had access to flush/chemical toilets. In 2022, there were still 94170 households without a flush/chemical toilet and 3 928 of households were still without any toilet facilities in 2022.

Share of households connected to electricity improved to 95.6% in 2022, however, there were still 5 858 households not connected to electricity at all.

The share of households with no refuse collection by local authorities improved from 91.4% in 2011 to 69.8% in 2022. In 2022, 93 678 households still lacked regular refuse removal.

According to the Blue Drop Report 2023, Nkomazi received a “low” Blue Drop Risk Rating (BDRR). The BDRR improved remained on “low” between 2022 & 2023 and was the 7th lowest in Mpumalanga. 3 of the water supply systems held a “medium” risk & 13 a “low” risk.

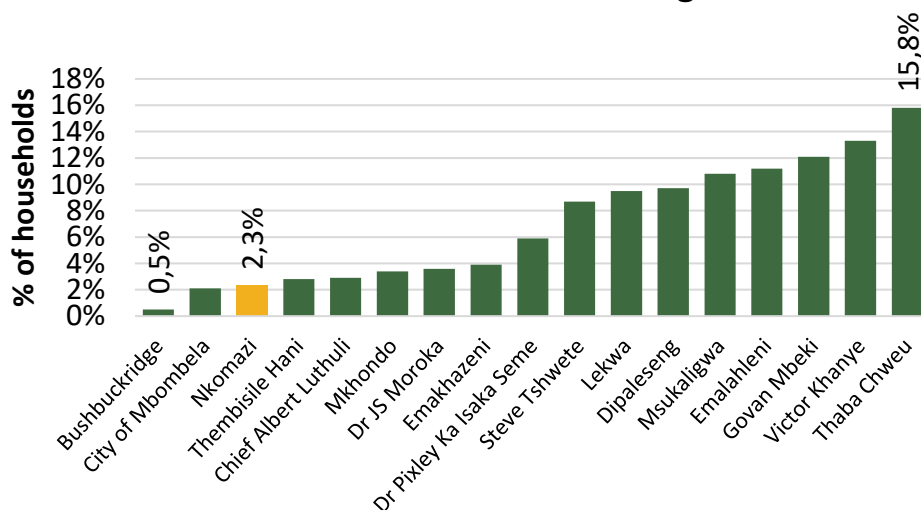
According to the Green Drop Progress Report 2023, Nkomazi received a “high” Cumulative Risk Rating (CRR). The CRR deteriorated from “low” in 2022 to “high” in 2023, 6th lowest/best among the municipal areas. 1 of the waste water treatment works held a “medium” risk and 4 held a “high” risk.

According to the No Drop Report 2023, Nkomazi received a “average” No Drop categorisation in 2021/22. Nkomazi’s weighted No Drop score was the highest/best among the municipal areas.

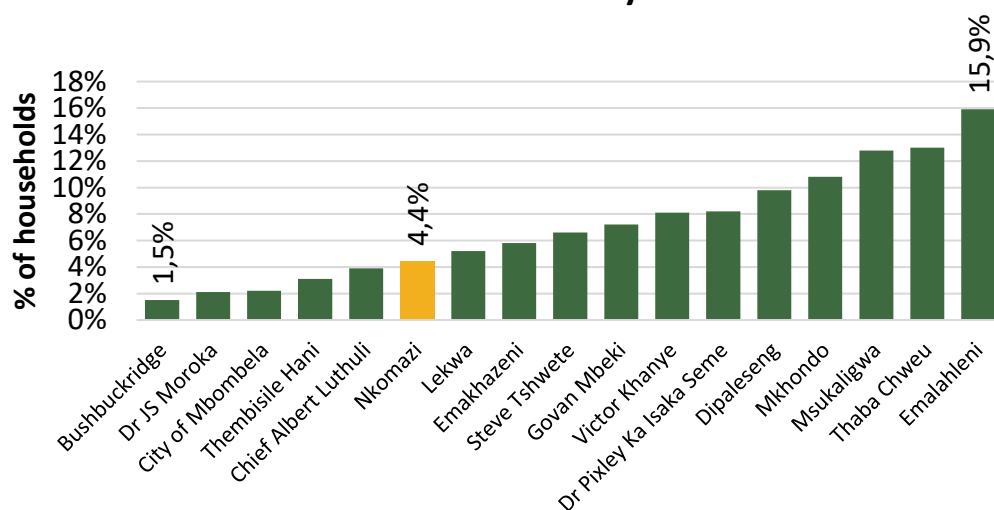
Nkomazi ranked 6th in Mpumalanga in the Out of Order municipal rankings by News24 in October 2021 and scored 49/100.

11: households services 2022

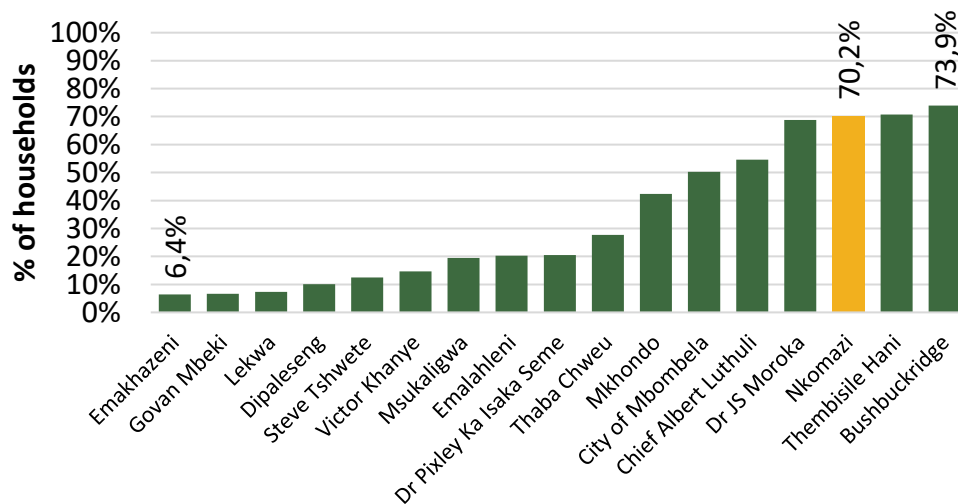
Households in informal dwellings



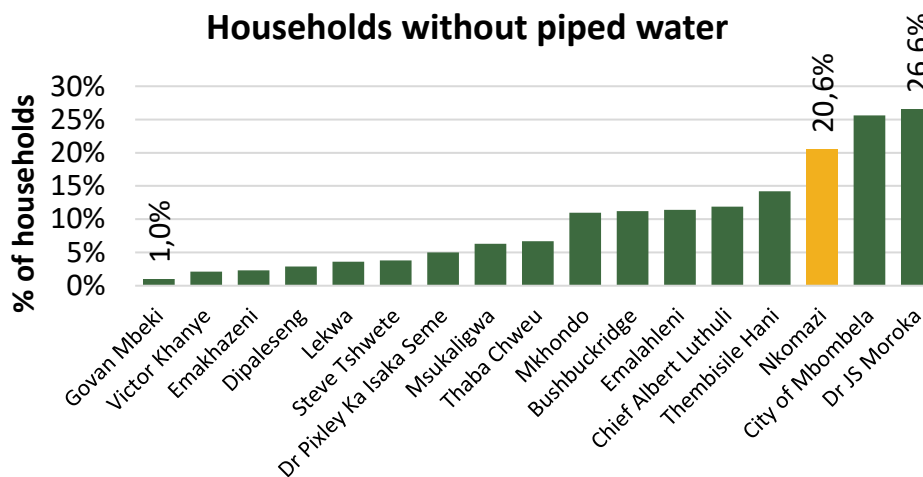
Households without electricity connections



Households without flush/chemical toilets



Households without piped water



Types of Main Dwelling

Types of dwellings	2011	2016	2022
Formal dwelling	86874	92798	126063
Traditional dwelling	3948	1032	1613
Informal dwelling	2796	6684	1871
Flat or apartment in a block of flats	834	233	449
Cluster house in complex	303	24	64
Townhouse	81	232	51
Semi-detached house	222	1609	363
Room/flatlet on a property or larger dwelling/servant's quart	453	442	2265
Caravan/tent	84	21	26
Other	594	882	190

Source: Stats SA community profile (Census 2011, CS 2016 and 2022)

Types of dwelling

Housing type implies the structure of the dwelling a family occupies as their home. The main categories can be distinguished: these are formal permanent structures, traditional structures and informal non-permanent structures. The table above indicates the different dwelling types in the municipal area according census 2011, Community survey 2016 and Census 2022. It shows a significant increase in the proportion of households residing in the formal dwellings across the municipality. Meanwhile there is decline in the traditional dwelling unit.

The informal dwelling declined from 2011 to 2016 and 2022. Formalizing all informal settlements should be a priority to the municipality as the municipality loses income due to people in informal settlements not paying for services. However, the municipality is committed to ensuring that all households, including those located in informal settlements have access to basic services. Nkomazi local Municipality subscribes to the notion of integrated and sustainable human settlements therefore the municipality has identified well-located land, adequate access to municipal services.

Educational attainment

Nkomazi's grade 12 pass rate deteriorated from 86.0% in 2014 to 80.2% in 2023, which was the 8th highest out of 17 municipal areas in the province. Nkomazi's pass rate improved strongly by 6.7 percentage points between 2022 and 2023.

The area also improved its admission rate to university/degree studies from 32.0% in 2022 to 34.9% in 2023, which is the 7th highest of the 17 municipal areas.

The challenge is also to accommodate the educated young people in the area with adequate economic opportunities.

The proportion of population 20 years and older with no schooling improved between 2011 and 2022 – the indicator shows a decline from 25.6% in 2011 to 20.2% in 2022.

The proportion of population 20 years and older with a tertiary qualification increased between 2011 and 2022 – the indicator improved from 6.5% in 2011 to 6.8% in 2022.

Provision of adequate educational, recreational infrastructure and skills development activities to meet the needs of the community. In 2022, the functional literacy rate of 81.9% was the 2nd lowest in the province, however, it showed an improving trend.

Basic educational data and performance

Grade 12 pass rate				Admission to B Degree studies in 2023
2021	2022	2023	2024	34.9%
75.5%	73.5%	80.2%		

Source: SEP and DEDT

Health indicators

106.3%	104.5%	85.9%
2021/22 <1 year immunisation rate Proportion of children <1 year who complete their primary course of immunisation	2021/22 proportion of children 1 year who received measles 2nd dose, as proportion of the 1-year population	2021/22 TB client treatment success rate The percentage of TB clients cured plus those who completed treatment
24.4	6.9	119
2021/22 maternal mortality in facility per 100 000 live births Death resulting from childbearing	2021/22 infant mortality rate per 1 000 live births Number of children <1year who die	COVID-19 related fatalities in-facility between June 2020 & June 2022

1.3.7. Service delivery overview

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 urban areas

Services rendered in all the communities 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	Yes	Yes	Yes	Yes	Yes	Yes
	Orlando; Brink (Dludluma); Albertsnek (Ngwenyeni)	Yes	No	Yes	No	No	Yes
Ward 7	South-eastern part of the Kruger National Park, Marloth Park	Yes	Yes	Yes	Yes	Yes	Yes
	Part of Vlakbult (KaMdladla) and farms	Yes	Yes	Yes	Yes	Yes	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 No	Settlement Area	Water	Electricity	Refuse removal	Solid waste	Property rates	Use of other facilities e.g. halls
Ward 11	Goba;Eric'sville, Figtree (Hhoyi)	Yes	No	Yes	No	No	Yes
Ward 12	Mbangwane;Tsambokhulu;Khombas Mananga; Mandulo	Yes	No	No	No	No	Yes
Ward 13	Mbuzini,Bhaca,Ndindindi,Nkungwini, 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;Sibangeand 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 Middelplaas;	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	Yes	Yes	Yes	Yes	Yes
Ward 31	Schulzendal: Part of Middelplaas	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	Yes	No	No	Yes

Water and Sanitation overview

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 Komatipoort 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

Electricity overview

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.

Waste Management overview

Nkomazi Local Municipality is an authorised waste management authority dedicated to providing comprehensive waste management services to all communities within its jurisdiction.

The Municipality has implemented a waste management collection schedule with monthly updates to the schedule. As a result, the municipality services 83,742 households, covering 35 villages and all urban areas. Waste collection services are also provided to various schools (159), clinics (33), two hospitals, and (310) businesses.

The Municipality operates one permitted landfill site, the Steenbok Landfill Site, and also utilises the RCL landfill under a rental agreement to manage waste from Malelane, Kaapmuiden, and Hectorspruit. Furthermore, two additional sites, (Hectorspruit and Marlothpark), have been commissioned and obtained operational licences as transfer stations, although the Hectorspruit site is not yet operational.

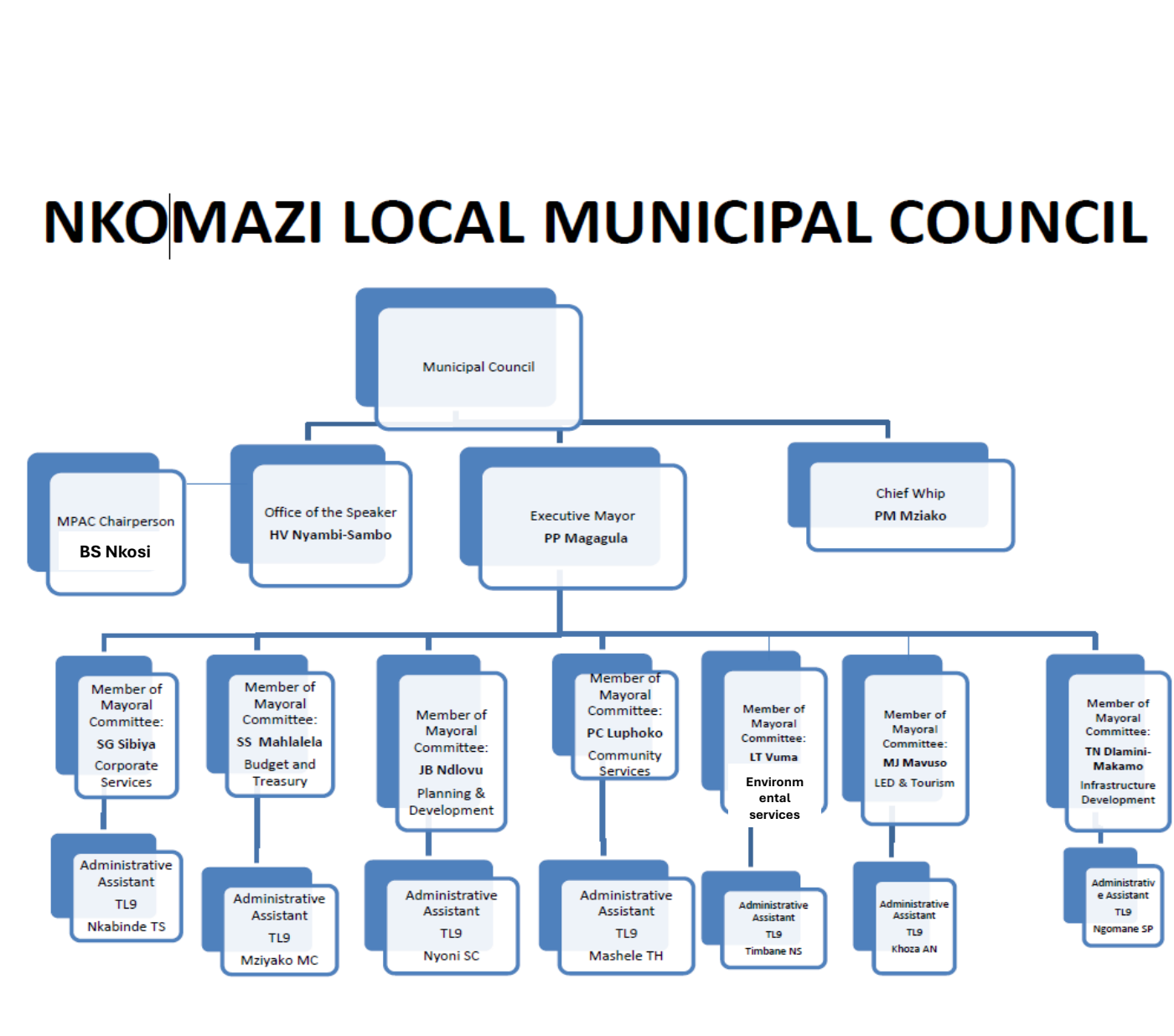
The Municipality has an approved Integrated Waste Management Plan demonstrating a strong commitment to improving waste management standards and service delivery. This strategic plan addresses service backlogs, enhances recycling initiatives, and ensures more effective and efficient waste management services throughout the Nkomazi area. The plan is currently being reviewed to ensure it continues to meet the evolving needs of the community

1.3.8. Political Structures Overview

The process by which an organisation transforms inputs into outputs and results in order to accomplish its strategic goals and create value over the short, medium, and long terms is known as its business model. The working context of the organisation is shaped by a variety of internal and external environmental elements. This methodical approach aims to improve an organization's overall health and effectiveness by making deliberate changes to its structures, procedures, and culture. It includes a variety of actions intended to increase an organization's performance and value creation by enhancing its individual and collective capabilities.

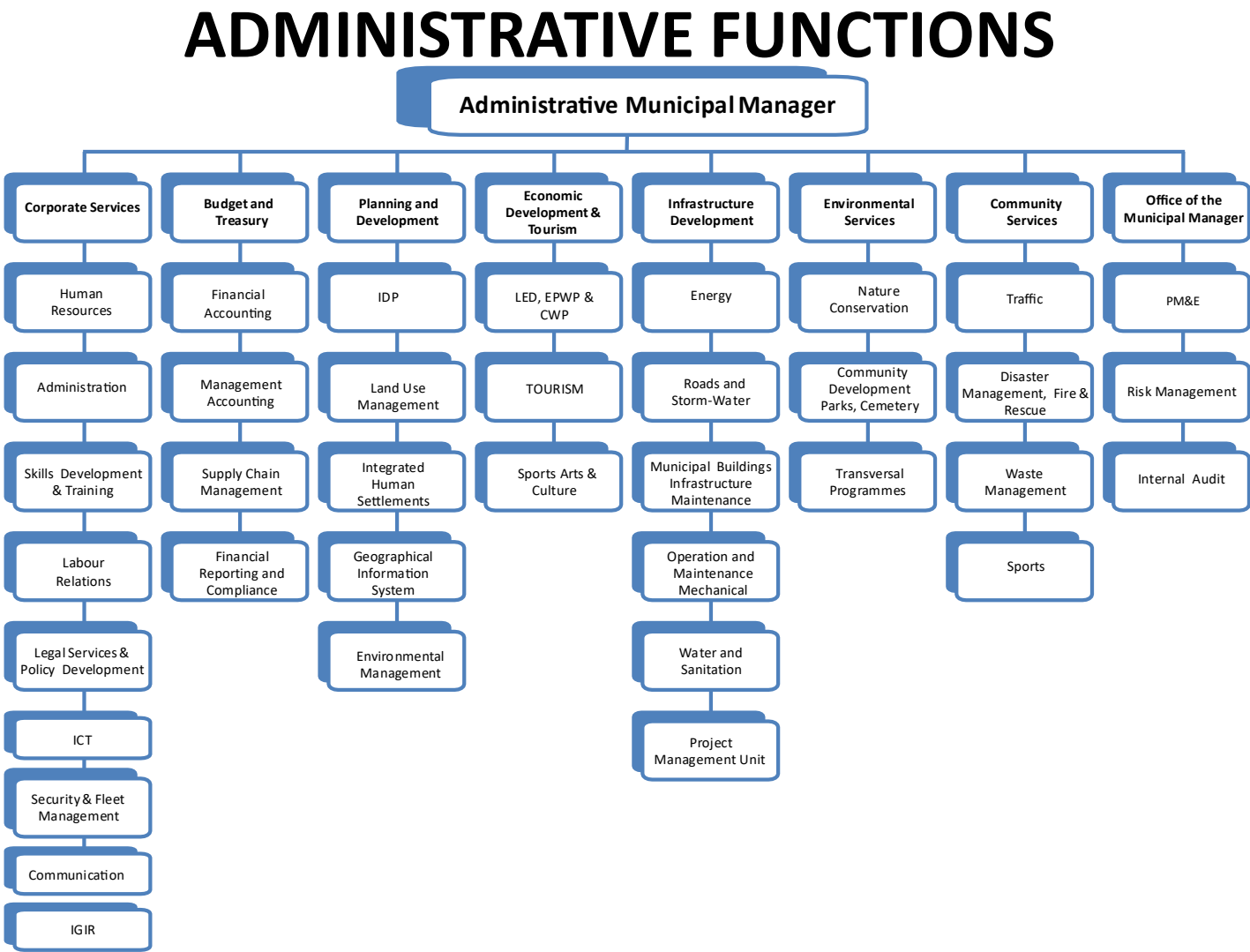
Municipal Council functions

The figure below depicts the organizational structure that was approved by the council for the 2024/25 financial year:



Administrative Functions

The figure below depicts the organizational structure that was approved by the council for the 2023/24 financial year:



The municipality maintains an up-to-date organogram that accurately reflects its staff complement and is reviewed annually. This proactive review process aims to address emerging developmental needs and accommodate growth within the municipality, ensuring that the organization remains adaptable and responsive to the evolving demands of the community.

Initially, the organogram included several funded posts; however, during the budget adjustment period, these were reduced to only four funded positions. The decision to decrease funded posts was influenced by a series of factors, including a moratorium placed by COGHSTA, and more critically, the municipality's unfunded budget for 2024/2025. Consequently, the municipality was unable to fill the funded posts at that time.

It is noteworthy that approximately 51% of the municipality's annual operational budget is allocated to staff-related costs, which presents a significant challenge to financial sustainability and service delivery.

The municipality's organizational structure comprises seven departments, as outlined in the organogram. All positions designated for Section 56 Managers have been filled except for the Director of Environmental Services, which remains vacant and unfunded. Currently, the Director of Community Services is overseeing the functions of both departments, ensuring continuity of service delivery despite staffing challenges.

2.CHAPTER 2: GOVERNANCE

2.1. COMPONENT A: GOVERNANCE STRUCTURES (POLITICAL AND ADMINISTRATIVE)

2.1.1. POLITICAL GOVERNANCE STRUCTURE

The organisational structure of the Nkomazi Local Municipality is fully operational, ensuring the proper implementation and observance of political governance norms. The municipality's organisational units have adhered to their mandated responsibilities as elected officials and service providers throughout the evaluation period. The council's commitment to upholding democratic principles and serving the community is demonstrated by its operational effectiveness.

LIST OF COUNCILLORS FROM 01 JULY 2024 TO 30 JUNE 2025.

NAME & FULL NAMES	WARD (SEAT TITLE)
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. Makhubela Bridget Sphiwe	WARD 17 COUNCILLOR
18. Cllr. Mkhathswa Boycott Lovemore	WARD 18 COUNCILLOR
19. Cllr. Mkhabela Mfundu 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 Sipho 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. Sibozza 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. Mkhathswa 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. Thabethe Sipiwe Bridget	ANC PR COUNCILLOR
49. Cllr. Sithole Sipiwe Happy (Resigned)	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. Kitshoff Lodewyk Johannes Christiaan	VFP PR COUNCILLOR

2.1.2. ADMINISTRATIVE GOVERNANCE STRUCTURE

SENIOR MANAGEMENT



Acting Municipal Manager
Mr. ON Nkosi



Mr. TS Thobela Chief Financial Officer	Mr. MM Manzini Director: Corporate Services	Mrs. NP Mkhathshwa Director: Community Services	Ms. NP Sibisi Director: Planning and Development	Mr. JK NGCANE Director: Infrastructure Development	Mr. JN Khoza Director: Economic Development and Tourism	Vacant Director: Environmental Services
• Supply Chain Management • Financial Reporting & Assets • Financial Accounting • Management Accounting	• Human Resources • Administration • Legal Services & Policy Development • ICT • Communications • Labour Relations • Skills Development and Training • Security & Fleet Management • IGIR	• Community Development • Traffic & Law Enforcement • Disaster Management, Fire & Rescue • Transversal & Social Services	• Land Use Management • GIS • IDP • Human Settlements • Environmental Management	• Roads and Storm-Water • Municipal Buildings Infrastructure Maintenance • Water & Sanitation • Electricity • Operations and Maintenance Mechanical • Project Management Unit	• Tourism • Art & Culture • LED • EPWP and CWP	• Waste Management • Nature Conservation • Parks and cemetery

2.1.3. ANNUAL AUDIT COMMITTEE REPORT

ANNUAL AUDIT COMMITTEE REPORT FOR THE PERIOD ENDING 30 JUNE 2025 (2024/2025 FINANCIAL YEAR) (N4/2/1)

The Chairperson of the Audit committee hereby submitting an Annual Audit Committee report for the period ending 30 June 2025. 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.

AUDIT COMMITTEE MEMBERS

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	9	9
Mrs PN Mokgope	Performance Audit Committee Chairperson	9	8
Mr M Secker	Member	9	8
Mrs Z Duba	Member	9	9
Mr MBR Nyathi	Member	9	9

Dates of Audit Committee Meetings held during the period ending 30 June 2025:

Date of the meetings	Type of the meetings
08 August 2024	Ordinary Audit Committee Meeting
13 August 2024	Special Audit Committee Meeting (Follow-up Meeting)
22 August 2024	Special Audit Committee Meeting (AGSA Audit Strategy Presentation)
27 August 2024	Special Audit Committee Meeting (Annual Financial Statements Review)
29 October 2024	Ordinary Audit Committee Meeting
28 November 2024	Special Audit Committee Meeting (Tabling of AGSA Audit Report)
12 December 2024	Special Audit Committee Meeting (AGSA Debriefing)
05 March 2025	Ordinary Audit Committee Meeting
20 May 2025	Ordinary Audit Committee Meeting

Performance Audit Committee, Members and Meetings

The Performance Audit Committee consists of the members listed hereunder:

Name of members	Portfolio	Number of meetings scheduled	Number of meetings Attended
Mrs PN Mokgope	Performance Audit Committee Chairperson	3	4
Mr J Mpjane	Member	3	4
Mr M Secker	Member	3	4
Mrs Z Duba	Member	3	4
Mr MBR Nyathi	Member	3	4

Date of Performance Audit Committee Meetings held:

Date of the meetings	Type of the meetings
27 August 2024	Special Meeting (Annual Performance Report Review)
29 October 2024	Ordinary Meeting
05 March 2025	Ordinary Meeting
20 May 2025	Ordinary Meeting

Audit Committee Responsibility

The committee confirms that it has complied with its legislative mandates or responsibilities arising from Section 166 of the Municipal Finance Management Act (No 56 of 2003), Municipal Performance Management Regulations and the approved Audit Committee Charter for 2024/2025 financial year.

In terms of section 166 of the MFMA, this 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.

In an attempt to be more cost effective and contribute positively to the cost containment measures implemented by the municipality, the audit committee has resolved to hold joint meetings for audit committee and performance audit committee.

Internal financial control and internal audits

The Audit Committee confirms that it has reviewed the internal controls in place and considered the internal audits which were conducted by the municipality's internal audit. The internal audit reports outlined audit findings which needed the attention of management, recommendations for improving control environment and commitments for addressing the audit findings by management were noted.

Risk Management

The audit committee has reviewed all reports from the Chairperson of Risk Management and Fraud Prevention Committee. The reports revealed the shortcomings, recommendations and corrective actions to be taken by management to address these shortcomings at both strategic and operational levels.

The committee noted the two (2) strategic risks in the report, namely: -

- Unfunded budget for 2024/2025.
- AGSA's culture Shift vision 2030 strategy (Municipality not doing basics)

The committee has noted the measures put in place to address these risks.

The operational risk register had four emerging risks which mainly came from the review of the 2023/24 management and audit report:

- Risk of fraud in the procurement of goods or services
- Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA
- The annual performance report was not adequately reviewed against the supporting schedules to ensure validity, accuracy and completeness of the information
- Completeness of revenue from exchange transactions

Unfunded Budget

The committee reports it has taken note of the unfunded budget for 2024/2025 which the municipal council approved as well as the measures which management had put in place to ensure that the financial situation is turned around. The committee had continued to monitor the implementation of these measures through the budget performance reports which management tabled in audit committees.

The adequacy, reliability and accuracy of financial reporting and information

The performance audit committee has been able to review the quarterly performance reports as well as the annual performance report, indicating how the municipality has performed in terms of the Key Performance Areas or planned targets as per the approved SDBIP and adjusted SDBIP.

Performance Management

The committee reports to council that municipality has established a Performance, Monitoring and Evaluation Section with staff responsible for ensuring that the functions of the sections are executed. The section has been able to prepare quarterly performance reports and tabled them to municipal council for noting in line with section 52 (d) of the MFMA. The committee also reports that the Performance Audit Committee was able to review the performance of the municipality on 08 of August 2024, 29 October 2024, 05 March 2025 and 20 May 2025, whereby recommendations for improvement were made to management for implementation.

Effective Governance

The municipality has governance structures which are operating effectively, namely: - Departmental Portfolio Committees, Mayoral Committee, Municipal Council, MPAC, Audit Committee, Risk Management and Fraud Prevention Committee, Performance Audit Committee, ICT Steering Committee, etc.

Compliance with MFMA

The committee has noted that the municipality has continued to incur irregular expenditure, authorised expenditure and fruitless and wasteful expenditure. The Municipal Public Accounts Committee (MPAC) has investigated the Unauthorized, Irregular, Fruitless and Wasteful Expenditure relating to prior years and the report was adopted by Council.

Annual Division of Revenue Act

The committee noted an improvement in terms of the performance of most of the conditional grants for 2024/2025, except for the following conditional grants:

- Municipal Infrastructure Grant: R13 911 019
- LG SETA Grant: R1 377 885

Management committed to apply for the roll-overs for these conditional grants.

Performance Evaluation

The committee reports that the performance evaluation for Senior Managers for 2023/2024 financial year was scheduled to be performed during the month of June 2025. At the time of this report, it was confirmed that the actual performance evaluation was conducted by the municipality.

Review of the Interim and Annual Financial Statements

The committee reports to council that at the time of this report, the interim financial statements were reported to have been reviewed by both Internal Audit Unit and Provincial Treasury. The committee could not review them due to the expiration of the contract (31 May 2025). The incoming audit committee had a responsibility to review the annual financial statements for the period ending 30 June 2025 prior to the submission to the Auditor General.

Auditor General's Report Audit Action Plan for 2023/2024 Audit

The committee reports to council that management has been able to table in the audit committee meetings the progress on the implementation of the audit action plan. On the date of this report, there were still eight (8) audit findings which were not resolved, and they related mainly on the environmental audit (Landfill Site Compliance, Wastewater Treatment Works Compliance) and Non-Compliance (Expenditure – inability to pay invoices within 30 days after receipt of invoices from suppliers). Based on the discussion with management, some of these findings were as a result of cashflow constraints and a funding plan was developed by management.

External Investigation (DPCI- Hawks and Section 106 Investigation)

The committee reports to council that at the date of this report, the external investigation relating to the procurement of PPEs by the Hawks / DPCI was still not finalised as no report was submitted to the municipality, however the section 106 investigation was concluded, and management was still in the process of implementing the recommendations.

Resignation of the Municipal Manager and the appointment of the Acting Municipal Manager

The committee reports to council that in an audit committee meeting held on the 20th of May 2025, it was formally informed about resignation of the Municipal Manager and the appointment of the Director for Corporate Services to be Acting Municipal Manager.

Assessment of the Budget and Treasury Department

The committee reports to council that the Budget and Treasury Department in terms of staffing is adequate, as the department has been able to execute its functions in line with the objectives of the department with the exception of the Supply Chain Manager which is vacant and funded and at the date of this report, there was an official acting on that position.

Audit Committee Resolution Register: 2024/2025

The committee has been able to track progress on the implementation of the audit committee resolutions taken at all the meetings held during the financial year. Refer to **Annexure A** for details.

APPRECIATION

The members would like to thank the municipal council for giving them to serve as the audit committee for the municipality for the three (3) years which was coming to an end on the 31st of May 2025.

RECOMMENDATION BY THE CHAIRPERSON OF THE AUDIT COMMITTEE TO COUNCIL

That Council note The Audit Committee Annual Report for the period ending 30 June 2025.

NO	RESOLUTIONS	STATUS: AC	STATUS: MANAGEMENT	IMPLEMENTING PERSON	RESOLUTION DATE	IMPLEMENTATION DATES
1	SCM – Deviation: Management should improve on its planning to ensure that deviations done are justifiable	Resolved 	From the review of the deviations for the third quarter, no deviations appeared to be unjustifiable.	Chief Financial Officer SCM Manager	10 February 2023	30 June 2024
2	SCM – Deviation: Management should ensure that the deviations are made in line with the provision of SCM regulations 3	Resolved 	From the review of the deviations for the third quarter, no deviations appeared to be unjustifiable.	Chief Financial Officer SCM Manager	10 February 2023	30 June 2024
3	Progress on the MI on VAT function: The Senior Audit Manager (AGSA) further stated that after the assessment of the MI, the AGSA is unlikely to conclude that the municipality has not taken appropriate steps to deal with the MI.	Resolved 	The MI on VAT function was resolved.	Municipal Manager Senior Audit Manager (AGSA)	22 November 2023	31 March 2024
4	Unauthorized, Irregular Fruitless and Wasteful Expenditure Report: Management should prepare a report detailing the opening balances, additions, write-offs or condonements and closing balances of the quarter and be an agenda item going forward.	Resolved 	A report detailing opening balances, additions, write-offs or condonement, and closing balance has been reported in the annual financial statements.	Chief Financial Officer	22 November 2023	31 August 2024
5	UIFW Expenditure Report The committee resolved that a UIFW Expenditure Report be a standing agenda item on the Audit Committee Agenda	Resolved 	A report detailing progress on the Unauthorized, Irregular, Fruitless, and Wasteful Expenditure was tabled to the audit committee on the 08 th of August 2024 and will be an agenda item going forward	Chief Financial Officer	22 November 2023	08 August 2024, Continuous monitoring

6	Max. Prof case The committee resolved that management should outline their proactive steps instead of waiting for the court date.	Not Resolved 	The matter is pending in the Legal Practice Council	Manager Legal Services	20 April 2022	Undetermined
7	Legal Fees Payments The committee resolved that the Manager Legal Services should bring a detailed quarterly report that shows what exactly the Municipality paid, against what the Municipality received from such spending?	Resolved 	The report on legal fees has been prepared in accordance with the resolution of the committee	Manager Legal Services	20 April 2022	08 May 2024
8	Double Salaries Payment Recovery The committee recommended that the outstanding balance should be collected by the end of June 2024	Not Resolved 	As at 28 February 2025; 34 employees are still owing a total amount of R170,736.03 . The municipality has so far recovered R12,485,244.44 which makes up approximately 98.7% of the total amount of R12,655,980.47 that was due.	Chief Financial Officer	29 October 2024	30 June 2025
9	ICT AND MISCOA REPORT Recommended that the report must have the name of the chairperson included and must be signed and dated, for future references	Resolved 	The recommendation has been implemented. Director Corporate Services is reflected on the report as the Chairperson of the ICT Steering Committee	Director Corporate Services	08 August 2024	08 August 2024
10	The committee proposed a new format for taking minutes which will allow the tracking of resolutions to be easy. The meeting resolved that the minutes be forwarded to the members to allow them to make inputs, including making error corrections prior to the seating of the next audit committee.	Resolved 	The Secretariat has adopted a recommended format of minute taking.	Chief Audit Executive	08 May 2024	08 May 2024 / 13 May 2024

11	The meeting resolved that the minutes be forwarded to the members to allow them to make inputs, including making error corrections prior to the seating of the next audit committee.	Resolved 	Minutes has been shared with the audit committee members as part of the audit pack for their inputs	Chief Audit Executive	08 May 2024	08 May 2024 / 13 May 2024
12	Members requested the Municipal Manager to meet with the affected Director and develop an action plan with a turnaround time around all OHS findings that might result in a loss of life	Not Resolved 	There is a plan in place to address the audit findings through the Operational and Maintenance Budget	Director Infrastructure Development	08 May 2024	2024/2025 Financial year
13	Status of Resolutions not resolved: Management to indicate what will be done to ensure that the resolution is addressed.	Resolved 	Activity of what will be done by management has been provided in each resolution taken by the audit committee	Municipal Manager	29 October 2024	29 October 2024
14	Quarterly Performance Review: Quarterly reports be reviewed by the Audit Committee at least by the 25 th after the end of the quarter to allow incorporation of their comments prior to the Council meeting.	Resolved 	The Quarterly performance report has been prepared and will be reviewed by the Audit Committee prior to the council meeting scheduled for the 30 th of October 2024	Municipal Manager	29 October 2024	29 October 2024
15	Resolved that management make the necessary correction on the annual performance report, be submitted to the Internal Audit for further review prior to the submission to the Auditor General	Resolved 	The Annual Performance Report was submitted to the Internal Audit for further review prior to the submission to the Auditor General.	Municipal Manager	27 August 2024	31 August 2024
16	The committee recommended that a confirmation of the implementation of inputs by members should be submitted to the committee before submitting to the AGSA and ensure that the Trial Balance is correctly mapped and the General Ledger, the General Ledge agrees to the Trial Balance, Trial Balance agrees to the Annual Financial Statements and this assist avoid the high level of AFS review findings	Resolved 	The Annual Financial Statements were submitted to the Internal Audit and the Au for further review prior to the submission to the Auditor General.	Municipal Manager	27 August 2024	31 August 2024

17	Adoption of the minutes for Performance Audit Committee - 29 April 2024: Resolved that the minutes of the previous performance audit committee meeting held on the 29th of April 2024 be tabled in the next audit committee for approval.	Resolved 	Minutes of the 29 th of April 2024 are attached as part of the meeting	Chief Audit Executive	05 March 2025	05 March 2025
18	Litigation Report The Audit Committee requested management to separate the reports into matters before court, matter in our hand and matters resolved.	Resolved 	Ligation report reflecting matters in court, in our hands, and matters attached	Manager Legal Services and Policy Development	05 March 2025	05 March 2025
19	Risk Management Committee: The Municipal Manager to intervene in the sitting of the Risk Management Committee Meetings	Resolved 	The Municipal Manager has facilitated that the meeting of the Risk Management Committee was being held: 25 th of February 2025	Municipal Manager	05 March 2025	26 th of February 2025
20	Combined Assurance Report The Audit Committee requested that the report for combined assurance should form part of the meetings pack so that the committee can learn about the status to date	No Resolved 	The Risk Management Committee has processed all reports from different assurance providers, and the Audit Committee held a meeting with the Auditor General, however, it is not yet structured in accordance with the Combined Assurance Framework	Chief Audit Executive	05 March 2025	30 June 2025
21	The audit committee resolved that the CAE create an action plan for both performance and the other financial Audits to enable the accounting officer to make follow-ups on recurring PMS findings.	Resolved 	Action plan for both performance and other financial audits has been created.	Chief Audit Executive	05 March 2025	Immediately

22	The litigation report does not show a correlation between the spending and the reporting and status to date.	Not Resolved 	Still not achieved.	Manager Legal	05 March 2025	20 May 2025
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2.2. HIGH-LEVEL AUDIT ACTION PLAN: 2024/25

HIGH-LEVEL ACTION PLAN FOR THE AUDITOR GENERAL'S FINDINGS FOR 2024/2025

No	Components	Audit Findings	Root Causes	Corrective Measures	Responsible Person	Implementation Date
1	Annual Financial Statements: Material impairments – Statutory receivables	As disclosed in note 13 to the financial statements, material losses of R204,3 million were incurred as a result of the impairment of traffic fines and property rates receivables.	Accumulation of prior-year traffic fines	The department of community services will perform more roadblock around Nkomazi to ensure that fine issued are collected in time. Old outstanding traffic fines to be submitted to Council for write-off	Chief Financial Officer	30 June 2025
2	Annual Financial Statements: Material impairments – consumer debtors	As disclosed in note 15 to the financial statements, material losses of R63,9 million were incurred as a result of the impairment of consumer debtors.	Change in the methodology of calculating impairment for Debtors	Data cleansing will be done to ensure that only collectable debts are raised and reported on the debtors' book. Old uncollectable debts will be submitted to Council for a write-off.	Chief Financial Officer	30 June 2025
3	Annual Financial Statements: Restatement of corresponding figures	As disclosed in note 50 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2024.	The prior period error was caused by formula error in casting depreciation of 2023 additions, incorrect write-off of impairment and incorrect capitalisation of WIP asset.	Management will strengthen the review of work done by other officials by reperforming the calculations and reconciliation of PPE to ensure that it is accurate.	Chief Financial Officer	30 June 2025

4	Annual Financial Statements: Close calls relating to going concern	We draw attention to note 53 of the financial statements, which deal with the possible effects of the deteriorating liquidity situation on the municipality's prospects, performance and cash flows. Management has also described how they plan to deal with these events and circumstances. Our opinion is not modified with respect to this matter.	The accumulation of trade payables from previous financial years and minimal cash backed reserves as a result of over commitment on operational expenditure.	Management to strictly implement the approved budget funding plan that seeks to be a remedial action to address the current negative cash flow position, furthermore, management will review revenue enhancement strategy and implement revenue collection strategies in order to improve financial health of the municipality.	Chief Financial Officer	30 June 2025
5	Expenditure management	Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.	The accumulation of trade payables from previous financial years and minimal cash backed reserves as a result of over commitment on operational expenditure	Management will strictly monitor the cashflow in order to ensure that creditors and payables are paid within 30 days as required by section 65(2) (e). Management to strictly implement the approved budget funding plan that seeks to be a remedial action to address the current negative cash flow position, furthermore, management will review revenue enhancement strategy and implement revenue collection strategies in order to improve financial health of the municipality.	Chief Financial Officer	30 June 2025

6	Expenditure management	Reasonable steps were not taken to prevent unauthorised expenditure amounting to R472,7 million, as disclosed in note 54 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.	The majority of the unauthorised expenditure was caused by overspending on the budgeted amounts	The major contributing factors on unauthorised are Legal fees, Security cost, overtime, standby and fleet. Management will strictly monitor the above-mentioned items to ensure that the costs involved are maintained within the approved budget.	Chief Financial Officer	30 June 2025
7	Expenditure management	Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R3,1 million, as disclosed in note 55 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.	The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties on overdue accounts.	Management will strictly monitor the cashflow in order to ensure that creditors and payables are paid within 30 days as required by section 65(2) (e)	Chief Financial Officer	30 June 2025
8	Expenditure management	Reasonable steps were not taken to prevent irregular expenditure amounting to R54,9 million as disclosed in note 56 to the annual financial statements, as required by section 62(1)(d) of the MFMA.	The majority of the irregular expenditure was caused by non-compliance with supply chain management regulations.	A compliance checklist will be developed and monitored to ensure that each appointment is fully compliant to the Supply Chain Rules and Regulations.	Chief Financial Officer	30 June 2025

2.2. COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.2.1. INTERGOVERNMENT RELATIONS

During the period under review the unit has seen a name change in the approved organizational structure from Inter-Governmental Relations (IGR) to Inter-Governmental and International Relations (IG and IR).

Inter-Governmental and International Relations unit, as a catalyst to the management of inter-governmental disputes across levels of government, continues to provide that much needed support. Organs of state rely heavily on it albeit at times at a small scale, to foster cooperation between and among those structures. A lot more still needs to be done across levels to resolve emerging governance issues at local, provincial, and national levels.

Inter-Governmental and International Relations unit continued collaborating with all 8 traditional authorities on many fronts relating to governance working together with the Office of the Speaker fostering harmony and collaboration. At the centre of the engagements was the issue of land invasion which is cross-cutting all Traditional Authorities. This affects development in a ripple-effect outcome.

The Unit continued conducting and supporting a number of Forums at various levels. Some of the forums include Mayors Forums (political), Municipal Managers Forum (Technical), Premiers Coordinating Forums, LED Forum, Integrated Development Program Representative Forums etc. These structures play a pivotal role in implementing decisions of structures like District Development Model (DDM) which remains key in proper planning.

Inter-Governmental and International Relations unit discharge responsibilities to enable other arms to discharge statutory responsibilities at various levels. Various governance structures continued to receive support engaging in trade outbound trips by the Premier which it is expected to drive various economic spin-offs.

2.3. COMPONENT C: ACCOUNTABILITY AND PARTICIPATION

2.3.1. PUBLIC MEETINGS

Communication, Participation and Forums

Nkomazi Local Municipality recognizes the importance of community involvement in governance through platforms such as ward committees, community meetings, and a comprehensive Public Participation Strategy. The municipality has established and maintains all 33 ward committees, verified quarterly to ensure full representation, and provides each member with a monthly stipend to support their participation.

Chairpersons, ward councillors, and community structures like sector forums, Imbizo, and local radio programs facilitate ongoing engagement, feedback collection, and the dissemination of municipal initiatives. Reports from ward committees are systematically collected monthly, helping the municipality respond to community needs and improve service delivery.

Aligned with the Municipal Systems Act, the municipality promotes inclusive governance by involving faith-based organizations, community police forums, traditional leaders, and sector departments in decision-making processes. These efforts foster a participatory environment where community voices influence strategic planning, budgeting, and service delivery, ultimately strengthening local democracy and community wellbeing.

2.3.2. WARD COMMITTEES

Legislative Framework for Participatory Governance in Nkomazi Municipality

Introduction

South African local governance is guided by legislation that stresses the importance of public participation and community involvement in decision making. Central to this is Section 152 of the 1996 Constitution, which establishes community engagement as a core principle, emphasizing that municipalities must ensure residents are actively involved in governance and service delivery.

The Municipal Structures Act

The Municipal Structures Act (Act No. 117 of 1998) outlines the organization and operation of municipal structures, including ward committees. Section 73(3) requires metropolitan and local councils to establish rules for electing ward committee members. These rules emphasize ensuring women are fairly represented, reflecting diverse community interests, and providing procedural guidelines on vacating office and meeting frequency. Overall, these provisions aim to promote inclusivity and broad community participation in local governance.

Ward Committees in Nkomazi Local Municipality

Nkomazi Local Municipality has 33 wards, each with a ward committee established in accordance with approved guidelines. These committees play a vital role in promoting public participation and include members from various local structures, such as traditional councils, ensuring a comprehensive approach to governance.

Training Initiatives for Ward Committee Secretaries

Recognizing the vital role of ward committees in promoting community engagement, Nkomazi Municipality has launched training programs for all ward committee secretaries. These sessions cover key areas such as their roles and responsibilities, effective meeting and minute-taking skills, report writing for transparency, and the principles of good governance, including ethics and accountability. Guided by the Constitution, the Municipal Structures Act, and the Municipal Systems Act, this initiative demonstrates the municipality's commitment to fostering participatory governance. Through these efforts, community voices are being amplified, supporting democratic principles and inclusive decision-making that directly impact residents' lives.

Comments on the Effectiveness of Public Meetings in Nkomazi Municipality

Public meetings are essential for promoting participatory, deliberative, and representative democracy in Nkomazi Local Municipality. They provide a vital platform for community engagement and dialogue, supporting democratic principles and strengthening local governance.

Enhancing Participatory and Deliberative Democracy

Ward committee and councillor led public meetings demonstrate a strong commitment to participatory and deliberative democracy. By engaging community members in discussions on service delivery and policy, these meetings encourage citizen input and increase civic participation. This collaborative approach promotes diverse perspectives and ensures residents influence municipal decision-making, fostering active and inclusive community engagement.

Building Trust in Governance

A key benefit of these public meetings is the enhanced trust and confidence in both representative and participatory democracy. Regular, transparent engagement by municipal officials builds accountability and strengthens community relations. Through consistent quarterly or monthly meetings under the "Back to Basics" approach, residents stay informed about municipal developments. This proactive communication has contributed to a noticeable decline in protests, reflecting residents' belief that their concerns are being addressed and their voices heard.

Connecting Authorities with the Community

Public meetings are essential for connecting municipal authorities with the community, allowing for direct communication and feedback. Traditional leaders also contribute significantly by mobilizing community participation and participating in events like “Ummemo” and “Izimbizo.” Their involvement helps integrate cultural values into governance, strengthening the relationship between the municipality and residents.

Fostering Active Citizenship and Civic Education

The municipality’s approach to fostering active citizenship is bolstered by regular public meetings that involve diverse stakeholders including youth, women, farmers, and persons with disabilities. These inclusive engagements promote civic education, empower communities, and strengthen social bonds through shared participation and dialogue.

Informing Service Delivery and Policy Decisions

Public meetings are vital for ensuring that municipal decisions are shaped by community input. The successful integration of public feedback into the IDP and annual budget demonstrates how these meetings help align services with residents’ needs. By fostering trust, encouraging active citizenship, and bringing authorities closer to the people, these engagements strengthen participatory democracy. Moving forward, Nkomazi Municipality should continue prioritizing and expanding these platforms to ensure inclusive community participation in governance.

2.4. COMPONENT D: CORPORATE GOVERNANCE

2.4.1. RISK MANAGEMENT

Risk Management Unit

Nkomazi local municipality recognises that risk management and internal controls are key elements of good corporate governance and legislation. Section 62(1)(c)(i) of the MFMA requires that, the Accounting Officer (Municipal Manager) to take all reasonable steps to ensure that the institution has and maintain effective, efficient and transparent systems of financial; risk management and internal controls.

The Risk Management framework and approach adopted by the municipality are from the following best practice risk management guidelines: ISO 31000 (2018), Committee of Sponsoring Organizations (COSO) Framework (2017), Public Sector Risk Management Framework, and the King IV Report on Corporate Governance (2016).

Institutional arrangement for risk management

Led by the Chief Risk Officer, the Risk Management unit is responsible for establishing, embedding, overseeing, guiding, facilitating and monitoring various systems of Governance, Risk and Compliance within the municipality. The strategic oversight for functioning of the unit is tasked to a Risk Management, Fraud Prevention and Ethics Management Committee (RMFPEMC) which is chaired by an external independent member. This Committee is a structure established to:

- Advise and assist the Accounting Officer in executing risk management responsibilities as required by the MFMA; and
- Assist Council through the Audit Committee in exercising its oversight responsibilities over, amongst others, systems of Governance; Risk and Compliance.

COMPOSITION

Number	Members	Seats	Internal	External
1	Mr. LC Mohalaba (Term ended 31 May 2025)	Chairperson		✓
2	Mr. XT Mabila (Resigned 16 May 2025)	Municipal Manager	✓	
3	Mr. ON Nkosi	Acting Municipal Manager	✓	
4	Mr. TS Thobela	CFO - Budget & Treasury Department	✓	
5	Mr. J Ngcane	Director: Infrastructure Development	✓	
6	Ms. NP Sibisi	Director: Planning & Development	✓	
7	Mr. MM Manzini	Director: Corporate Services	✓	
8	Mrs. NP Mkhathswa	Director: Community Services	✓	
9	Mr. NJ Khoza	Director: Local Economic Development and Tourism	✓	

The Risk Management, Fraud Prevention and Ethics Management Committee functions under an approved Charter and meets on quarterly basis.

NUMBER OF MEETINGS HELD DURING 2024/2025 FINANCIAL YEAR

Meeting	Date
Quarter 1	02 August 2024
Quarter 2	14 November 2024
Quarter 3	23 February 2025
Quarter 4	09 May 2025

Key strategic risks

Among the key responsibilities for risk management is the development, monitoring and reporting on the Strategic risk profile of the municipality. A combination of the external environment, the top-down (mainly considering the IDP and the SDBIP) and bottom-up approaches (considering departmental performance priorities) was applied to aggregate the identified strategic risks of the municipality. The key risk indicators for all the categories of strategic risks were defined in order to bring further depth and focus to the manner in which the mitigation of these risks is monitored.

During the year under review, the municipality experienced a significant deterioration in the levels of liquidity risk, which is tied closely to the degree to which the municipality generates revenue and the ability to fulfil the financial obligations as they become due. Even though the levels of revenue collection were at 100% at the end of the fourth quarter, it does not represent the overall revenue from all the villages within the jurisdiction of Nkomazi local municipality, since the municipality is only collecting revenue from four (4) villages out of 54. The liquidity position of the municipality is still highly uncertain given the cash and cash equivalent position and the fact that the municipality's budget remains unfunded. Factors such as land invasion, water leaks and illegal water and electrical connections continues to impact negatively on revenue generation.

The municipality performed the annual risk assessment review to ensure that the strategic and operational risks remain relevant and are aligned with the strategic priorities of the municipality. This included the annual review of the risk appetite and tolerance levels, against which the identified Key Risk Indicators were to be measured, tracked and reported.

The risk appetite and tolerance framework of the municipality was informed mainly by:

- Management's philosophy and values towards certain risks.
- Historical risk trends.
- External compliance and regulatory requirements.
- Performance aspirations and targets; and
- Resources at the disposal of the municipality to manage risk

2.4.2. ANTI-CORRUPTION AND FRAUD

Nkomazi local municipality strives to be a municipality where leadership is committed to high ethical standards, service delivery and good governance. The municipality commits to serve its communities and all stakeholders with respect, dignity and integrity, in a manner that is consistent with the values and principles it upholds i.e. integrity, performance excellence, community centeredness, transparency, Batho-pele and co-operative governance. Furthermore; the municipality commits to upholding the Constitution and the Local Government Integrity Framework in ensuring effective leadership of the highest ethical standard and cultivating an ethical culture within the municipality.

The municipality has taken a zero-tolerance approach to fraud and corruption and is committed to reducing its susceptibility to fraud, raising the level of fraud awareness amongst employees and the municipal stakeholders, and providing guidance on what conduct and behaviour is considered to be acceptable.

Following several allegations of maladministration at the municipality, the Mpumalanga Executive Committee (EXCO) resolved to invoke section 106(b) of the Municipal Systems Act and as such the MEC for the department of Cooperative Governance, Human Settlements and traditional affairs appointed an Independent Forensic investigation team which started subsequent to year end and are expected to complete the investigation within a period of three months.

During the year under review, the municipality conducted four fraud and ethics awareness workshops in different sections of the municipality, whereby employees were taken through a presentation on the issues of fraud and ethics. In addition; two workshops organized by the Chief Risk Officers (CROs) of Ehlanzeni District municipalities were held on the 6th of May 2025 whereby all municipal officials from five municipalities were invited to attend virtually and on the 7th of May 2025 the workshop was held for councilors of all the five municipalities of Ehlanzeni district. Amongst the stakeholders who presented on these two Anti-Fraud and corruption workshops were; the Special Investigating Unit (SIU), The Directorate for Priority Crimes Investigations unit (HAWKS), Office of the Premier and SALGA.

The municipality has also committed to implementing key mitigation strategies, promoting awareness and taking necessary action to improve consequence management. All stakeholders, including the public, are encouraged to raise concerns or red flags at the earliest possible stage about any form of suspected corruption and maladministration activity. All incidents should be reported to law enforcement agencies for further investigation. Anonymous calls are being made on the independent Anti-Fraud Hotline Number: 0800 701 701.

2.4.3. 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 2024/25 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.

2.4.4. WEBSITES

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
Current annual and adjustments budgets and all budget-related documents
All current budget-related policies
The previous annual report (2023/2024)
The draft annual report (2024/25) to be published
All current performance agreements required in terms of section 57 (1)(b) of the
Municipal Systems Act and resulting scorecards
All service delivery agreements (2024/2025)
All supply chain management contracts above a prescribed value (give value) for (2024/2025)
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 (2024/2025)
Contracts agreed in (2024/2025) to which subsection (1) of section 33 apply, subject to subsection (3) of that section
Public-private partnership agreements referred to in section 120 made in (2024/2025)
All quarterly reports tabled in the council in terms of section 52 (d) during (2024/2025)
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.

2.4.5. ALL MUNICIPAL OVERSIGHT COMMITTEES

COMMITTEE ALLOCATIONS

Committees such as Section 80, the Troika, and Section 79 have effectively carried out their oversight functions in accordance with council regulations and the applicable legal frameworks. These committees are instrumental in monitoring municipal operations and ensuring accountability within the administration. The recommendations generated by these committees are given significant importance within the municipality’s operational activities, and management consistently addresses and implements these directives, fostering a culture of accountability and responsiveness to community needs.

Beyond oversight, the council has demonstrated its capacity to fulfil its mandate by making strategic decisions on key projects and initiatives that promote local development and enhance the well-being of residents.

To support the effective execution of these decisions, the municipality utilizes an Action Plan as a crucial management tool. This plan not only facilitates the implementation of council resolutions but also serves as a mechanism to address and integrate the corrective measures proposed by the Auditor-General (AG). Through this approach, the municipality reaffirms its commitment to transparency, accountability, and ongoing governance improvement.

COMMITTEE ALLOCATIONS – 01 JULY 2024 TO 30 JUNE 2025

Portfolio Committee	Chairperson	Members
BUDGET AND TREASURY PORTFOLIO COMMITTEE MEMBERS	Cllr Mahlalela Solomon Septimus (MMC)	1. Cllr Mahlalela Solomon Septimus (MMC) 2. Cllr Nkala Sizwe 3. Cllr Ngomane Lindiwe Penelope 4. Cllr Ngomane Wanda 5. Cllr Sibiya Gracious Phumaphi 6. Cllr Mhlongo Lungelo Kim 7. Cllr Shongwe Ntokozo 8. Cllr Ngomane Given 9. Cllr Nkuna Sifiso Bilal
INFRASTRUCTURE PORTFOLIO COMMITTEE MEMBERS	Cllr Makamo Thandeka Nomcebo (MMC)	1. Cllr Makamo Thandeka Nomcebo (MMC) 2. Cllr Shabangu Richmond 3. Cllr Dikiza Glory Khetiwe 4. Cllr Mhlongo Vusi Wiseman 5. Cllr Siboza Justice Twelve 6. Cllr Dlamini Nhlonipho 7. Cllr Khoza Jacob 8. Cllr Fane Mafia 9. Cllr Mahlalela Paul 8. Cllr Lode Wyk Johannes Kithoff 9. Cllr SP Nkosi 10. Cllr PA Mahlalela
COMMUNITY SERVICES PORTFOLIO COMMITTEE MEMBERS	Cllr Luphoko Phindile Charlotte (MMC)	1. Cllr Luphoko Phindile Charlotte (MMC) 2. Cllr Mahlalela Manene Moses 3. Cllr Malaza Busisiwe Bernatette 4. Cllr Sibiya Irvin 5. Cllr Mathobela Nomsa Victoria 6. Cllr Nkosi Sizakele Phindile 7. Cllr Mabaso Solomon 8. Cllr Fane Mafia 9. Cllr Ngomane Sifiso 10. Cllr SB Thabethe 11. Cllr D Dlamini
PLANNING AND DEVELOPMENT PORTFOLIO COMMITTEE MEMBERS	Cllr Ndlovu Jabulane (MMC)	1. Cllr Ndlovu Jabulane (MMC) 2. Cllr Khoza Nombulelo Charity 3. Cllr Mashele Rebecca Nomvula 4. Cllr Mkhabela Mfundi Howard 5. Cllr Shongwe Lucky Nhlanhla 6. Cllr Shabane Nonhlanhla 7. Cllr Ngomane Given Bethuel 8. Cllr Makhubela Dumisane
CORPORATE SERVICES PORTFOLIO COMMITTEE MEMBERS	Cllr Sibiya Sipho Gift (MMC)	1. Cllr Sibiya Sipho Gift (MMC) 2. Cllr Shabangu Mpande Jobe 3. Cllr Shongwe Ntokozo Frank 4. Cllr Ngomane khethukuthula

		5. Cllr Dlamini Duduzile 6. Cllr NP Shabane 7. Cllr FK Magagula 8. Cllr MT Lubisi
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)	Cllr Nkosi Borbet Sipho (Chairperson)	1. Cllr Nkosi Borbet Sipho (Chairperson) 2. Cllr NR Nkomo 3. Cllr Shongwe Bandi Christopher 4. Cllr Lubisi Dumisane 5. Cllr Ngwenya Amos Majola 6. Cllr Khoza-Ngomane Khethukuthula Grantia 7. Cllr Mkhathshwa Boycott Lovemore 8. Cllr Mndawe Sankie Octavia
SOCIAL SERVICES PORTFOLIO COMMITTEE MEMBERS	Cllr Vuma LT - MMC	1. Cllr Vuma Lindiwe Thembi (MMC) 2. Cllr Mngomezulu Isriael Mafuthunzi 3. Cllr Ngcane Thandeka Vestar 4. Cllr Silinda Phumzile Cyntia 5. Cllr Mkhathshwa Sdudla Lizzie 6. Cllr Mthombo Thando 7. Cllr Mathobela Nomsa
LOCAL ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE MEMBERS	Cllr Mavuso Mchiniseki Johan (MMC)	1. Cllr Mavuso Mchiniseki Johan (MMC) 2. Cllr Mbata Nonhlanhla Jabhisa 3. Cllr Shabala Siyabonga 4. Cllr Sibuyi Sicelo 5. Cllr Khoza Jacob 6. Cllr Dlamini Nhlonipho 7. Cllr PP Magagula 8. Cllr Nkuna Sifiso Bilal

2.4.6. CORPORATE POLICY OFFICES AND OTHER SERVICES

The Nkomazi Local Municipality is dedicated to promoting equitable representation of all designated groups across its workforce, fostering diversity, equality, and respect to build a positive organizational culture.

Currently, African males are predominantly overrepresented, while women, racial minorities, and persons with disabilities are underrepresented or absent at various levels. To address these disparities, the municipality prioritized key HR initiatives for 2024/25, including approving the new organizational structure, reviewing HR policies, vetting new hires, and conducting job evaluations in collaboration with SALGA.

During this period, the council approved the structure and policies aimed at improving operational efficiency and inclusivity; vetting processes were undertaken to uphold recruitment standards. A comprehensive skills audit was also conducted, which will guide future staffing and training strategies to promote workforce diversity.

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

3.1. COMPONENT A: BASIC SERVICES

3.1.1. WATER PROVISION

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 consumer 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. South Africa comes from a history of separate development which has resulted in many rural areas not having access to basic water supply. A dedicated basic services development programme was initiated in 1994 to eradicate the historic backlogs. The target was for all people in South Africa to have access to a functioning basic water supply by 2014.

This target was however not met and a new target date of 2019 has been set, as per the 2014 Medium Term Strategic Framework. One of the objectives of local government as enjoined by the Constitution of the Republic is to provide services to communities in a sustainable manner. Water services (potable water supply systems) is one of the functional areas that municipalities must perform in exercising or fulfilling their constitutional mandate. This indicator is set as a yardstick for measuring the provision of water services in the municipality in terms of the development priorities, objectives and targets as set out in the Integrated Development Plan (IDP). This indicator also measures the performance of service providers or contractors in terms of project time, scope, quality and budget (value for money' and 'economic value' of each project delivered implemented).

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 aging infrastructure to improve performance
- To minimize water losses to improve water use efficiency (Water Conservation and Water Demand Management - WCWDM) – No drop

BACKLOGS ON WATER SERVICES PROVISION

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

Water Service Delivery Backlogs

	Services	Total No of HH	No of HH with access	%	No of HH without access	%
2022 Statistics						
Nkomazi LM	Water	134 143	106 520	79.4	27 623	20.5
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 for all wards however only total number of households were released.

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.

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, Schulzendal, 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,
	8.Ndumane River Scheme	4 ML/d	Operational	Komati River	Mananga, Khombaso, Mbangwane,
	9.Masibekela WTW	14 ML/d (7ML/d- Contractor attending to snag list)	Operational Partial operational	Komati River	Goba, Ericsville, Tsambokhulu
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.Langeloop WSS	12. Langeloop WTW	2 ML/d	Operational	Lomati River	Langeloop
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
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, Dludluma, Steenbok
	24. Block C Old WTW	1.5 ML/d	Operational		
15.Ntunda WSS	25. Ntunda Package Plant	1 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
17.Mjejane WSS	27 Mjejane Package Plant	2ML/d	Operational	Crocodile River	Mjejane

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.

Municipal Water Tankers⁶⁷

	2021/22FY	2023/24FY	2024/25FY	Remarks
Total Number of Municipal Owned Water Tankers	13 + 2 written off	15 + 2 written off	15	Water tankers are very old and break frequently. Frequent Repairs
Tractor	1	1	1	
No of New Water tankers procured	0	2	0	
Number of Water tankers operational as at 30 June 2025	8	10	10	
No of Water tankers not operational as at 30 June 2025	5	5	5	

Municipal Boreholes

Boreholes are used to supplement water supply where infrastructure is not available or is limited. During the financial year of 2024/25 Department of Cooperative Governance and traditional affairs drilled and equipped 9 boreholes and Ehlanzeni District Municipality handed over 3 boreholes. Below is the list of boreholes and status quo for boreholes under the municipality:

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	1 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	2 Operational	Borehole supplying community	-	Nkomazi LM
4		NLM BH Langeloop 05	Bhekisisa	Electrical	3 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	4 Operational	Borehole supplying community	-	Nkomazi LM
7	Boschfontein	NLM BH Boschfontein 01	Boschfontein	Diesel	5 Operational - Refurbished	Borehole supplying community	-	Nkomazi LM (Contractor)
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	6 Operational	Borehole supplying community	-	Nkomazi LM
10		NLM BH Gomora 02	Gomora near Ground	Generator	7 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	8 Operational	Borehole supplying community	-	EDM
14	Aniva	NLM BH Aniva	Aniva Mountain view	Solar	9 Operational	Borehole supplying community	-	EDM
15	Magogeni	NLM BH Magogeni 01	Magogeni (Soshangane)	Electrical	10 Operational but not used (Storage not installed)	Community Issues - tanks removed	-	EDM / Nkomaz LM
16		NLM BH Magogeni 02	Nkomlophondvo	Electrical	11 Operational	Borehole supplying community	-	Nkomazi LM
17		NLM BH Magogeni 03	Phaphazela	Electrical	Not Operational - New	Borehole under construction	-	Nkomazi LM (Contractor)
18		NLM BH Magogeni 04	Khandlela	Electrical	12 Operational	Borehole supplying community	-	Nkomazi LM
19		NLM BH Magogeni 05	New Village	Electrical	13 Operational	Borehole supplying community	-	Nkomazi LM
20		NLM BH Magogeni 06	Oom Piet near T-junction	Generator	14 Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
21	Driekoppies	NLM BH Driekoppies 01	Driekoppies (Nhlabaville)	Electrical	15 Operational	Borehole supplying community	-	Nkomazi LM
22		NLM BH Driekoppies 02	Driekoppies (Bongani Lulamile)	Electrical	Not Operational - old borehole (hole)	Borehole under refurbishment	-	Nkomazi LM (Contractor)
23		NLM BH Driekoppies 03	Driekoppies (Selby Khumalo)	Electrical	Not Operational - old borehole (hole)	Borehole under refurbishment	-	Nkomazi LM (Contractor)
24		NLM BH Driekoppies 04	Driekoppies (Bongani)	Generator	16 Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
25		NLM BH Driekoppies 04	New section zone 12	Solar	17 Operational	Supplying the community	-	EDM
26	Buffelspruit	NLM BH Buffelspruit 01	KaShabangu	Electrical	Not Operational	Pump faulty	Refurbish borehole	Nkomazi LM - Mechanical unit
27		NLM BH Buffelspruit 02	Buffelspruit 2 - Buhleni	Diesel	18 Operational	Borehole supplying community	-	Nkomazi LM

28	Schoemansdal	NLM BH Schoemansdal 01	Bhodweni 1	Generator	19 Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement
29		NLM BH Schoemansdal 02	Bhodweni 2	Electrical	Not Operational - New	Borehole under construction	-	Nkomazi LM (Contractor)
30	Kamhlushwa	NLM BH Kamhlushwa 01	Nkandla 01- next to Mkhweni	Electrical	Not Operational - New	Borehole under construction	-	Nkomazi LM (Contractor)
31		NLM BH Kamhlushwa 02	Nkandla 02 - next to Mobeni	Solar	20 Operational	Borehole pumps and stops	-	EDM
32	Kamhlushwa	NLM BH Phosaville	Phosaville Cogta Borehole-New	Generator	21 Operational	Pending electrical connection	Provide Generator	COGTA
33	Phiva	NLM BH Phiva	Phiva new stands	Electrical	(22) Operational	Borehole supplying community	-	EDM
34	Mdladla	NLM BH Mdladla 01	Mdladla Sigweje	Electrical	(23) Operational - New	Borehole under construction	-	Nkomazi LM (Contractor)
35		NLM BH Mdladla 02	Mdladla Towland station	Diesel	Not Operational - old borehole	Borehole requires to be reinstated	Refurbish borehole	Nkomazi LM - Mechanical unit
36		NLM BH Mdladla 03	Mdladla Cogta Borehole	Electrical	(24)Operational	Borehole supplying community	Connect Electricity	COGTA
37		NLM BH Mdladla 04	Mdladla Sgweja	Solar	25 Operational	Borehole supplying community	-	DONOR (Innovation Africa)
38	Jeppes Reef	NLM BH Jeppesreef	Zone 10	Electrical	Not Operational - old borehole (hole)	Borehole requires to be reinstated	Refurbish borehole	Nkomazi LM - Mechanical unit
39	Jeppes Reef	NLM BH Jeppesreef	Zone 12	Solar	26 Operational	Borehole supplying community	-	EDM
40	Mbuzini	NLM BH Mbuzini 01	Bhaca - kaFish	Electrical	Not operational - meter box stolen	Meter box stolen	Refurbish borehole	Nkomazi LM
41		NLM BH Mbuzini 02	Nkungwini (Mbhudula)	Electrical	Not Operational - Vandalised	Vandalised	Refurbish borehole	Nkomazi LM
42		NLM BH Mbuzini 03	Mbuzini Samora machel	Electrical	Not Operational - Vandalised	Vandalised	Refurbish borehole	Nkomazi LM

43	Goba	NLM BH Goba 01	Western outskirts	Electrical	Not Operational - Transformer stolen	Transformer stolen	Refurbish borehole	Nkomazi LM - Mechanical unit
44		NLM BH Goba 02	North western outskirts	Diesel	27 Operational	Borehole supplying community	-	Nkomazi LM
45	Dludluma	NLM BH Dludluma 01	Near Hall	Electrical	28 Operational	Borehole supplying community	-	Nkomazi LM
46		NLM BH Dludluma 02	Near primary school	Generator	29 Operational	Borehole supplying community	-	Nkomazi LM
47		NLM BH Dludluma 03	Emasimini	Electrical	Not Operational (transformer stolen)	Borehole supplying community	-	Nkomazi LM
48		NLM BH Dludluma 04	Next to tank	Generator	30 Operational - New (Very low yield)	Borehole pumped with generator	Re-drill borehole	Human Settlement
49		NLM BH Dludluma 05	Next to Jerry home	Generator	31 Operational - New	Borehole has very low yield	Equip other boreholes	Nkomazi LM (Contractor)
50		NLM BH Dludluma 06	Next to hall	Electrical	Not Operational - Drilled hole	Borehole requires to be equipped	Equip borehole	Nkomazi LM - Mechanical unit
51		NLM BH Dludluma 07	Western outskirts	Electrical	Not Operational - Drilled hole	Borehole requires to be equipped	Equip borehole	Nkomazi LM - Mechanical unit
52		NLM BH Dludluma 08	Dludluma Cogta Borehole	Electrical	32 Operational	Borehole supplying community	Connect Electricity	COGTA
53	Ngwenyeni	NLM BH Ngwenyeni 01	Southern outskirts	Electrical	Not Operational - Pump and cable stolen	Borehole Vandalised	Refurbish borehole	Nkomazi LM - Mechanical unit
54		NLM BH Ngwenyeni 02	Eastern outskirts	Electrical	33 Operational - New	Borehole under construction	-	Nkomazi LM (Contractor)
55		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
56		NLM BH Ngwenyeni 04	Next to school	Electrical	Not Operational - old borehole	Borehole requires to be reinstated	Refurbish borehole	Nkomazi LM - Mechanical unit
57		NLM BH Ngwenyeni 05	Ngwenyeni Cogta BH	Electrical	34 Operational	Borehole supplying community	Connect Electricity	COGTA
58	Steenbok	NLM BH Steenbok 01	Kakepisi	Diesel	35 Operational	Borehole supplying community	-	Nkomazi LM

59		NLM BH Steenbok 02	Dam	Electrical	36 Operational	Borehole supplying community	-	Nkomazi LM
60		NLM BH Steenbok 03	Gebhundlovu	Electrical	37 Operational	Borehole supplying community	-	Nkomazi LM
61		NLM BH Steenbok 04	Sibusisiwe	Electrical	38 Operational	Borehole supplying community	-	Nkomazi LM
62		NLM BH Steenbok 05	kaSambo - new	Electrical	Not operational - Drilled hole & no water	Borehole dry - drilled 5times	Equip other boreholes	Nkomazi LM (Contractor)
63		NLM BH Steenbok 06	Steenbok Cogta BH	Electrical	39 Operational	Borehole supplying water	Connect Electricity	COGTA
64		NLM BH Hoyi 01	Near primary school - matjembeni	Electrical	40 Operational	Borehole supplying community	-	Nkomazi LM
65	Hhoyi	NLM BH Hoyi 02	Sophungane Primary school - near hall	Electrical	42 Operational	Borehole under refurbishment	-	Nkomazi LM (Contractor)
66		NLM BH Hoyi 03	Tempe - Nkubuhle	Electrical	Not Operational (never operated)	Borehole under construction	-	Nkomazi LM (Contractor)
67	Khombaso	NLM BH Khombaso	Khombaso	Electrical	Not operational (borehole and motor to be replaced)	Motor damaged	Refurbish borehole	Nkomazi LM - Mechanical unit
68	Mbangwane	NLM BH Mbangwane	eMasimini	Diesel	Not operational - old borehole (hole)	Borehole under construction	-	Nkomazi LM (Contractor)
69		NLM BH Mananga 01	Mananga entrance steel tank	Electrical	Not operational - old borehole	Borehole require refurbishment	-	Nkomazi LM - Mechanical unit
70		NLM BH Mananga 02	Next to sport field	Electrical	Not operational	Borehole require refurbishment	-	Nkomazi LM - Mechanical unit
71	Mananga	NLM BH Mananga 03	Mananga clinic	Electrical	43 Operational	Borehole require refurbishment	-	Nkomazi LM - Mechanical unit
72		NLM BH Mananga 03	Next to mhlanga home	Electrical	Not operational	Borehole require refurbishment	-	Nkomazi LM
73		NLM BH Mananga 04	Western outskirts	Generator	Not Operational - New	Borehole pumped with generator	Connect Electricity	Human Settlement

74	Naas	NLM BH Naas Gretane 01	Gretane 01	Electrical	Not Operational – New (Borehole stolen)	Borehole and tank stolen	Replace Tank & borehole	Human Settlement
75		NLM BH Naas Gretane 02	Gretane 02	Electrical	Not Operational – New (Borehole stolen)	Connected to community power	-	Human Settlement
76		NLM BH Naas Gretane 03	Gretane 03	Electrical	Not Operational – New (Borehole stolen)	Connected to community power	-	Human Settlement
77		NLM BH Naas Msholoji	Msholoji	Electrical	Not operational - Drilled hole & no water	Borehole dry - drilled 5times	Equip other boreholes	Nkomazi LM (Contractor)
78	Block C	NLM BH Block C 01	Dindela	Electrical	Not Operational - under construction (Stolen)	Awaiting for Eskom to connect power	-	EDM
79		NLM BH Block C 02	Manyeleti	Electrical	Not Operational (Stolen)	Borehole collapsed - need redrilling	Refurbish Borehole	EDM / Nkomaz LM Mechanical
80	Masibekela	NLM BH Mthatha / New Village	Mthatha / New Village	Electrical	Not Operational (motor to be replaced)	Community didn't want borehole	-	Nkomazi LM
81	Mangweni	NLM BH Mangweni 01	Mangweni 01	Generator	() Operational	Borehole pumped with generator	Connect Electricity	Human Settlement
82		NLM BH Mangweni 02	Mangweni 02	Generator	() Operational	Borehole pumped with generator	Connect Electricity	Human Settlement
83		NLM BH Mangweni 03	Mangweni Joyce	Electrical	() Operational	Borehole under refurbishment	-	Nkomazi LM (Contractor)
84		NLM BH Mangweni 04	Mangweni hand pump near dam	Electrical (using petrol, not connected to eskom supply)	() Operational	Borehole under refurbishment	-	Nkomazi LM (Contractor)
85		NLM BH Mangweni 05	Mangweni Nhlabeni	Electrical	Not operational - Drilled hole & no water	Borehole dry - drilled 5times	Equip other boreholes	Nkomazi LM (Contractor)
86		NLM BH Mangweni 06	Mangweni Cogta BH	Electrical	() Operational	Borehole supplying community	Connect Electricity	COGTA
87	Mgobode	NLM BH Mgobode 01	Mgobode(1) - Shangaan	Generator	() Operational	Borehole pumped with generator	Connect Electricity	Human Settlement

88		NLM BH Mgobode 02	Mgobode(2) - Phakama	Generator	Not Operational (Borehole stolen)	Replace Borehole & Tank	Replace Borehole & Tank	Nkomazi LM (Contractor)
89		NLM BH Mgobode 03	Mgobode(3) - Moyeni	Diesel	() Operational	Connect Electricity/Roofing	-	Nkomazi LM
90		NLM BH Mgobode 04	Mgobode(4) - Mawewe	Electrical	() Operational	Fencing and Gate	-	Nkomazi LM
91		NLM BH Mgobode 05	Mgobode(5) – Pupupu/shangaan	Diesel	() Operational	Connect Electricity	-	Nkomazi LM
92		NLM BH Mgobode 06	Mgobode(6) - Shangaan	Generator	() Operational - New	Replace Borehole & Tank	Replace Borehole & Tank	Nkomazi LM (Contractor)
93		NLM BH Mgobode 07	Mgobode(7) - Mpumulweni	Generator	Not Operational Borehole stolen	Refurbish borehole	Refubish borehole	Human Settlement
94		NLM BH Mgobode 08	Mgobode(8) - Gema	Generator	Not Operational (Motor stolen)	Refurbish Borehole	-	Nkomazi LM (Contractor)
95		NLM BH Mgobode 09	Mgobode (9) Cogta Borehole	Electrical	() Operational	Connect Electricity	Connect Electricity	COGTA
96	Sibange	NLM BH Sibange 01	Sibange	Generator	() Operational - New	Connect Electricity	Connect Electricity	Human Settlement
97		NLM BH Sibange 02	Sibange Cogta BH	Electrical	() Operational	Connect Electricity	Connect Electricity	COGTA
98	Magudu	NLM BH Magudu	Magudu	Generator	() Operational - New	Connect Electricity	Connect Electricity	Human Settlement
99	Madadeni	NLM BH Madadeni	Madadeni Marula	Generator	() Operational – New (Stand pipe stolen)	Re-instate Taps	Re-instate Taps	Human Settlement / Mechanical
100	Mzinti	NLM BH Mzinti Ruth First 01	Mzinti Ruth first 01	Electrical	() Operational	-	-	Nkomazi LM
101		NLM BH Mzinti Ruth First 02	Mzinti Ruth first 02	Electrical (using Petrol)	() Operational - New	Connect Electricity	-	Nkomazi LM (Contractor)
102	Block B	NLM BH Block B 01	Block B Mndeni	Generator	() Operational (Not enough water)	Borehole pumped with generator	Connect Electricity	Human Settlement

103		NLM BH Block B 02	Block B Matjeni	Generator	() Operational	Community issues	Drill new borehole	Nkomazi LM (Contractor)
104		NLM BH Block B 03	Block B Cogta Borehole-New	Electrical	() Operational	Borehole supplying community	Connect Electricity	COGTA
105	Louville	NLM BH Louieville 01	Near package plant - Bhubhane	Electrical	(Operational	Borehole supplying community	-	Nkomazi LM
106		NLM BH Louieville 02	Louieville Mahlabatsini	Electrical	() Operational	Borehole supplying community	-	Nkomazi LM
107		NLM BH Louieville 03	Louieville KaZulu	Generator	() Operational	Borehole pumped with generator	Connect Electricity	Human Settlement
108		NLM BH Louieville 04	Louieville kaMoses	Generator	() Operational	Borehole pumped with generator	Connect Electricity	Human Settlement
109		NLM BH Louieville 05	Louieville kaBhobo	Electrical	() Operational	Borehole under construction	-	Nkomazi LM (Contractor)
110		NLM BH Louieville 06	Louieville kaNgogo	Electrical	() Operational	Borehole under construction	-	Nkomazi LM (Contractor)
111	Stentor	NLM BH Stentor 01	Stentor - to package plant	Electrical	() Operational	Borehole supplying community	-	Nkomazi LM (Contractor)
112		NLM BH Stentor 02	Stentor - ground	Electrical	Not operational – Disconnected	Restore power supply	Reconnect borehole	Nkomazi LM - Eskom
113	Mkwarukwaru	NLM BH Mkwarukwaru 01	Mkwarukwaru old	Electrical	() Operational	Borehole supplying community	-	Nkomazi LM
114		NLM BH Mkwarukwaru 02	Mkwarukwaru new	Electrical	() Operational	Borehole supplying community	-	Nkomazi LM
115	Hectorspruit (Mjejane)	NLM BH Mjejane 01	Mjejane kaLakhoza	Electrical	() Operational	Borehole supplying community	-	Nkomazi LM
116		NLM BH Mjejane 02	Mjejane kaLaMtshali	Electrical	() Operational	Borehole supplying community	-	Nkomazi LM
117		NLM BH Mjejane 03	Mjejane Nyangeni	Electrical	() Operational	Borehole supplying community	-	Nkomazi LM
118		NLM BH Mjejane 04	Mjejane KaJustice	Electrical	() Operational	Borehole supplying community	-	Nkomazi LM

119		NLM BH Mjejane 05	Mjejane dindela side	Generator	Not operational - New (Bad water quality)	Borehole pumped with generator	Install treatment system	Human Settlement
120	Komatipoort	NLM BH Komatipoort 01	Komatipoort 01 - municipal house	Electrical	Not Operational	Borehole require refurbishment	-	Nkomazi LM - Mechanical unit
121		NLM BH Komatipoort 02	Komatipoort 02	Electrical	Not Operational	Borehole require refurbishment	-	Nkomazi LM - Mechanical unit

SUMMARY	
TOTAL NUMBER OF BOREHOLES	121
NO OF BOREHOLES FUNCTIONAL	76
BOREHOLES NOT OPERATIONAL	45
BOREHOLES DONE BY HUMAN SETTLEMENT 2021-2024	21
BOREHOLES DONE BY EDM 2023-2024	3
BOREHOLES DONE BY COGTA 2024/25FY	9

Water service delivery levels

Water Service Delivery Levels 2024/25

Description	Households		
	2022/23	2023/24	2024/25
	Actual No	Actual No	Actual No
Water: (above min level)			
Piped water inside dwelling and Inside yard	75 847	82 047	104 965
Standpipe less than 200m	19 523	19 523	11 646
Minimum Service Level and Above Sub-total	95 370	101 570	116 611
Minimum Service Level and Above Percentage	91.7%	87.9%	78.2%
Water: (below min level)			
More than 200m from dwelling	2 225	2 225	2 225
No water supply	6 370	11 814	15 307
Below Minimum Service Level sub-total	8 595	14 039	17 532
Below Minimum Service Level Percentage	8.7%	12.1%	13.06 %
Total number of households*	103 965*	115 609~	134 143

The access to water services has declined with 9,7% on the 2024/25FY due to increase in number of households, new projects completed (4 in total) resulted to 10091 new households was reticulated 2023/24FY, 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 and the figures showed increase in number of households.

Water Service Delivery Performance 2024/25

Water Service Objectives								
Service Objective Service Indicator		2022/23		2023/24		2024/25		Following
	Service Targets	Target	Actual	Target	Actual	Target	Actual	Year 2025/26 Targets
Service Objective: Improve access to basic quality, sustainable and reliable water service								
Improve Access to Water Services	No of additional households provided with minimum water supply during the year.	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	2540 new households with access to piped water by 30 June 2024	11828 new households with access to piped water by 30 June 2025	2825 new households with access to piped water by 30 June 2025
Improve Quality of Water	Conduct water sampling and analysis for Blue Drop status.	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	16 Water Supply Systems and boreholes tested and monitored for blue drop status by 30 June 2024	16 Water Supply Systems and boreholes tested and monitored for blue drop status by 30 June 2025	16 Water Supply Systems and boreholes tested and monitored for blue drop status by 30 June 2025.	16 Water Supply Systems and boreholes tested and monitored for blue drop status by 30 June 2026
	Percentage Water Quality Compliance	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	86.4% Average Compliance of Drinking Water to SANS 241 by 30 June 2024	80% Average Compliance of Drinking Water to SANS 241 by 30 June 2025	87.9% Average Compliance of Drinking Water to SANS 241 by 30 June 2025	80% Average Compliance of Drinking Water to SANS 241 by 30 June 2026
Improve Access to Water Services	Percentage of Water Callouts Responded to Within 24hrs	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	55.9% Water callouts responded within 24hrs by 30 June 2024	90% Water Callouts Responded within 24hrs by 30 June 2025	96.5% Water Callouts Responded within 24hrs by 30 June 2025	90% Water Callouts Responded within 24hrs by 30 June 2026
	Plant and equipment for maintenance of water infrastructure	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	2xWater Tankers, Delivered by 30 June 2024.	1x Water tanker 18000L Delivered by 30 June 2025	Tanker no procured due to financial constraints	1x LDV Bakkie and 1x water tanker 18000L delivered by 30 June 2026
Reduce Water Losses (only in towns)	Percentage water distribution losses	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	2% Water distribution loss by 30 June 2024.	2% Water distribution loss by 30 June 2025	2.13% Water distribution loss by 30 June 2025.	2% Water distribution loss by 30 June 2026 (Only in towns)

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 7. 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

WATER SERVICE OPERATIONS & MAINTENANCE EMPLOYEES

Water Service Employees 2023/24

Job Task Level	Post Description	2022/23			2023/24			2024/25		
		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	4	0	4	4	0	4	4	0	4
TL16	Senior Superintendent Plants & Dosing Systems	1	0	1	1	0	1	1	0	1
TL16	Water Quality Officer	1	0	1	1	0	1	1	0	1
TL15	Snr Administrative Officer	1	0	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	4	1	5	4	1	1	4	1	1
TL14	Superintendent Water Tankers	2	0	2	2	0	2	2	0	2
TL14	Superintendent Water Plants	2	2	4	2	2	2	2	2	2
TL12	Foreman O & M	14	8	22	14	8	22	14	8	22
TL12	Foreman Water Tankers	1	1	2	1	1	2	1	1	2
TL11	Water Plant Supervisors	9	5	14	9	5	14	9	5	14
TL14	Laboratory Technician	1	0	1	1	0	1	1	0	1
TL11	Administrative Officer	1	3	4	1	3	4	1	3	4
TL9	Administrative Clerk	1	3	4	1	3	4	1	3	4
TL10	Plumbers Water / Team Leaders	0	20	20	0	0	0	0	0	0
TL8	Drivers (Water Tankers)	14	8	22	14	8	22	14	8	22
TL8	TLB Operators	5	3	8	5	5	8	5	5	8

TL8	Driver (Tractor)	0	2	2	0	2	2	0	2	2
TL8	Water Process Controllers Grand Parent	0	52	52	0	0	52	0	0	52
TL6	Water Process Controllers	96	36	132	98	24	122	98	24	122
TL6	Plumbers' Grand parents	10	34	44	10	0	10	10	0	10
TL3	Pump Operators Grand Parents	0	26	26	26	0	26	26	0	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	196	10	206	196	40	206	196	40	206
TL3	Pump Operators	77	10	87	77	10	87	77	10	87
Total		670	228	670	584	114	584	584	114	584

- The water section has a number of unfilled vacant posts, which are critical posts to assist in improving service delivery and water quality.
- 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 5years, 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 including taking over infrastructure that was implemented through RBIG that require personnel to operate and maintain.
- The critical posts related to service delivery must be advertised to ensure continuous water service delivery.

Mechanical Unit Employees 2024/25

Job Task Level	Employees: Mechanical Unit									
	Post Description`	2022/23		Total Required (Filled + Vacancies)	2023/24			2024/25		
		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	1	0	1	1	0	1
TL16	Senior Superintendent O&M Mechanical	1	1	2	1	1	2	1	1	2
TL13	Artisan (Fitter)	1	3	4	1	3	4	1	3	4
TL13	Boilermaker	0	2	2	0	2	2	0	2	2
TL6	Assistant Boilermaker	0	2	2	0	2	2	0	2	2
TL13	Instrumentation Technician	0	2	2	0	2	2	0	2	2
TL13	Job Planner	0	1	1	0	1	1	0	1	1
TL11	Admin Officer	0	1	1	0	1	1	0	1	1
TL6	Assistant Fitter Mechanical	0	20	20	0	20	20	0	20	20
TL3	General Worker	18	0	18	18	0	18	18	0	18
Total		21	32	53	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.

WATER SERVICES FINANCIAL PERFORMANCE

Financial Performance 2024/25– Water Services

Water Services Financial Performance R'000									
Details	2022/23	2023/24				2024/25			
	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)	713 217	722 508	722 508	722 508	0,00				
Expenditure									
Employees	129 413	136 362	136 362	136 362	0,00				
Repairs & Maintenance	15 806	18 606	18 606	18 606	0,00				
Other	62 487	34 498	34 498	34 498	0,00				
Total Operation Expenditure	207,706	189 466	189 466	189 466	0,00				

Capital expenditure on water services projects

Capital Projects for 2024/25FY

CAPITAL PROJECTS	TYPE	PROGRESS	BUDGET 2024/25 FY	EXPENDITURE 2024/25 FY
			Rands (ZAR)	Rands (ZAR)
Upgrade of Naas Water Scheme Phase 3A	Multi-year	Construction 63%	18, 970, 546	18, 970, 546
Upgrade of Naas Water Scheme Phase 3B		Construction 79%	41, 016, 666	30, 043, 417
Upgrade of Naas Water Scheme Phase 2A		Completed		
Construction of bulk line, water reticulation and elevated tanks at Masibekela village in Nkomazi	Multi-year	Construction 70%	32, 138, 447	38, 530, 444
Construction of bulk line, water reticulation and elevated tank at Steenbok	Multi-year	Completed	18, 643, 624	16, 272, 412
Extension of reticulation in Kamhlushwa Ext 2 (Nkandla)	Multi-year	Design and tender	6, 264, 001	6, 263, 083
Construction of water reticulation and elevated tank in Phiva/ Khumbulekhaya	Multi-year	Completed	24, 399, 059	24, 163, 539
2Provision of water reticulation in Mangweni phase 1	Multi-year	Completed	24, 221, 959	21, 848, 555
Extension of Water Reticulation in Louville phase 1	Multi-year	Completed	2, 977, 821	2, 977, 762
Upgrading of Package plant in Louville, Additional 1ML/d phase 2		Construction 98%		
Construction of Sibange Regional Water Scheme	Multi-year	Construction 99%	R3,092,642	3, 092, 642
Extension of water Reticulation in Schoemansdal	Multi-year	Completed	R30,000,000	30, 744,742
Upgrading of WTW from 12 to 24, upgrading of bulk line, construction of reservoir and raw water pump station (Upgrading of Nyathi Scheme)	Multi-year	Design and tender	R5,000,000	5, 000, 000
TOTAL			R206, 724, 766	R197, 907, 142

Table: Capital Expenditure 2024/2025(Own Revenue) – Water Services & Mechanical

CAPITAL PROJECTS	TYPE	PROGRESS	BUDGET 2024/25°	EXPENDITURE 2024/25°
MACHINERY, EQUIPMENTS AND VEHICLE FOR WATER SERVICES				
Procurement of water tankers	Annual	1 X 18000L Water tanker – Not procured due financial constrains	R2,200, 000	R0,00
TOTAL				

SERVICES OVERALL PERFORMANCE

Comment on water services performance overall

The municipality completed two water reticulation projects for the 2024/25 financial year, and most of the other projects where new multi-year project for the 2024/2025 FY which are in-progress. Other two water projects were delayed due to numerous community unrests and slow progress on site are planned to be completed by 1st quarter of the 2024/25 FY.

Overall Achievements

- The municipality has successfully implemented the MIG and WSIG grants and was able to reduce the backlogs on water supply by 567 HH which were connected with new reticulation at Gomora.
- The municipality through its own revenue successfully procured 2 new 18 000L water tankers and 1TLB to improve water service delivery
- The municipality received 3 new boreholes from EDM and 9 Boreholes from COGHSTA that will be energize this currently FY.
- 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 launched 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 previous year 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 affect 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)

3.1.2. WASTE WATER(SANITATION)

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.

Table: 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 67	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: Sanitation Service Delivery Levels

No	Wastewater System	Status	Estimate Population	Treatment Capacity m3/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	5 Businesses	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 is septic tank render service in a form of a honey sucker:

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

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

Service Objective;	Service Targets	2023/24		2024/25		Following Year 2025/26 Targets
		Target	Actual	Target	Actual	
Provide households with basic sanitation toilets	No of households with access to Sanitation services	680 new households with access to sanitation services by 30 June 2022	680 new households with access to sanitation services by 30 June 2022	1000 new households with access to sanitation services by 30 June 2023	1000 new households with access to sanitation services by 30 June 2024	550 Households with access to sanitation services by 30 June 2025
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 2024	5 WWTW Sampled and tested for Green Drop status by 30 June 2024	5 WWTW Sampled and tested for Green Drop status by 30 June 2025	5 WWTW Sampled and tested for Green Drop status by 30 June 2025	5 WWTW Sampled and tested for Green Drop status by 30 June 2026

Ensure Effluent compliance and IRIS update	Percentage of Wastewater (Effluent) Quality Compliance	80% Average Compliance of Wastewater samples to license conditions by 30 June 2023	66.8% Average Compliance of Wastewater samples to license conditions by 30 June 2024	70% Average Compliance of Wastewater samples to license conditions by 30 June 2025	72.6% Average Compliance of Wastewater samples to license conditions by 30 June 2025	70% Average Compliance of Wastewater Quality to Water Use License by 30 June 2026
Improve Access to sanitation services	Respond to Wastewater / Sanitation Callouts within 24hrs	70% of Sanitation Callouts responded to within 24hours by 30 June 2024	98,5% of Sanitation Callouts responded to within 24hours by 30 June 2024	90% of Sanitation callouts within 24hrs by 30 June 2025	92,5% of Sanitation Callouts responded to within 24hours by 30 June 2025	90% of Sanitation Callouts responded to within 24hours by 30 June 2025

Table: 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	Hectospruit	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: Sanitation Service Employees 2024/25

Employees: Water Services							
Job Task Level	Post Description	2023/24			2024/25		
		No. of Employees Currently	Posts Filled No.	Vacancies	No. of Employees Currently	Posts Filled No.	Vacancies
TL 6	Sewer Process Controllers	13	13	1	13	13	1
TL 3	Labourers/General Workers	7	7	0	7	7	0
Total		20	20	1	20	20	1

Table: Capital Expenditure 2024/25(Own Revenue) – Sanitation Services

Capital Projects	Type	Progress	2024/25(R)	
			Total Budget	Total Expenditure
SANITATION PROJECTS				
Construction of Sewer Outfall in Orlando Sewer	Multi-year	Completed	R2,390,285	R2,390,285
Refurbishment of Hectorspruit WWTW Oxidation ponds	Multi-year	Completed	R6,400,000	R6,184,655
TOTAL			R8,790,285	R8,574,940

ACHIEVEMENTS:

- The Municipality constructed all the 1000 sanitation toilets in old and new villages for the 2024/25 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

3.1.3. SOLID WASTE AND ENVIRONMENTAL MANAGEMENT

The Waste Management Unit is dedicated to ensuring the efficient and sustainable management of waste within the municipality. Our key functions include the following:

- Development, monitoring and implementation of a municipal Integrated Waste Management Plan.
- Collection, transportation, and disposal of waste.
- Preservation, minimisation, and recycling of water resources.
- Promotion of environmental awareness in communities and schools through campaigns, workshops, and competitions.
- Management of waste disposal sites.
- Monitoring and evaluating effective waste collection, transportation, and disposal, including the Waste Information System.

EMPLOYEES FOR WASTE MANAGEMENT

POSITION	NUMBER OF STAFF
Sectional Manager	1
Senior Superintendent	2
Superintendents	4
Environmental officers	1
Environmental Coordinators	2
Foreman waste collection	4
Landfill site and Transfer stations	4
Data Capturer	1
Refuse removers	166
Drivers	21
TLB Operator	1
Team Leaders	3
Total officials appointed to this Unit	210

ACHIEVEMENTS

Waste Management Unit Achievements – 2024/2025

- The Waste Management Unit has made significant strides in improving waste management operations, enhancing environmental awareness, and promoting sustainable practices across the Nkomazi Local Municipality. Efforts have been focused on improving operational efficiency, strengthening compliance, and building community partnerships to achieve a cleaner, healthier environment.

Steenbok Landfill Site – Enhanced Performance and Recovery

The Steenbok Landfill Site remains a key waste management facility for the municipality.

- Waste Recovery: Records for reclaimed waste were first introduced in the final quarter of 2023/2024, with 4.49 tons recovered. In the year under review, this figure increased dramatically to 1,415.89 tons,

representing a 31 534% increase, with records now kept consistently and up to date.

- **Compliance Improvements:** An external audit was conducted to assess compliance with licence conditions, revealing a marked improvement compared to previous financial years.
- **Recycling Expansion:** The number of buy-back centres procuring recyclable materials from the landfill grew from 1 in the previous year to 5 in 2024/2025, contributing significantly to increased recovery rates.

Environmental Awareness and Stakeholder Collaboration

Despite the environmental function remaining **unfunded**, the Unit achieved notable impact through strategic partnerships.

- **Nkomazi Environmental Management Forum:** Established to coordinate environmental efforts, the Forum includes key partners such as IUCMA, KOBWA, DARDLEA, EDM, SANBI, SANRAL, SAPS, TRANSNET, MTPA, DWS, SANPARKS, COGTA, SALGA, community organisations, faith-based groups, and the private sector.
- **Campaigns and Events:**
 - Conducted 17 waste and environmental awareness campaigns across schools and communities.
 - Coordinated World Environment Day celebrations in partnership with Forum members.
- **Workshops:**
 - Farmers' Climate Change Capacity-Building Workshop (June 2025) with SALGA, KOBWA, SAWS, and DWS.
 - Sand Mining Workshop (March 2025) in collaboration with IUCMA, DMRE, KOBWA, DFFE, DARDLEA, and DWS.

Waste and Environmental Projects

- **E-Waste Recycling Project:** Launched in February 2025 in partnership with DFFE, EDM, and EWASA to promote the safe disposal and recycling of electronic waste.
- **International Collaboration:** Participated in the GIZ-led Cities Adapt programme as a Transfer City, gaining access to global best practices in climate resilience through peer learning and expert support.

Recycling and Buy-Back Centre Development

- Supported the operation and registration of buy-back centres including Zanamuhla Trading, John & Sons, TNK Technology, Ecostrux Group, Untum (Pty) Ltd, and Inhlanyelo Seed Recycling.
- Assisted Untum (Pty) Ltd in obtaining a recycling waste licence.
- Facilitated recyclers' workshops in Kamhlushwa (December 2024) with DARDLEA, and in April 2025 with PETCO and Untum.

Marloth Park Transfer Station

- Fully operational with eight (8) waste pickers engaged in sorting recyclable materials for recovery and resale.

Capacity Building and Skills Development

- Staff members trained in Landfill Management and attended workshops on Just Transition, Climate Change, Disaster Risk Reduction, and Environmental Management (July 2025).
- Welcomed 25 learners from the LGSETA Environmental Management Programme, actively contributing to waste collection, awareness campaigns, and clean-up initiatives while gaining valuable work experience.

Clean-Up and Environmental Maintenance Campaigns

- Conducted 45 clean-up campaigns across various communities in collaboration with the Environmental Management Forum and the Executive Mayor's Touching Lives Programme.

Strengthening the Recycling Sector

- Established a comprehensive database of local recyclers to improve coordination, data management, and sector growth.

Fleet Needs Analysis – Solid Waste Management

Nkomazi operates one permitted landfill site – the Steenbok Landfill Site – for the disposal of waste from Rural East and Rural West service zones. For urban areas, waste from Malelane, Kaapmuiden, and Hectorspruit is managed through the RCL landfill under a rental agreement.

In addition, the Municipality has commissioned and obtained operational licences for two transfer stations:

- Hectorspruit Transfer Station – not yet operational.
- Marloth Park Transfer Station – operational.

Nkomazi Local Municipality delivers solid waste collection across three distinct service zones:

- Rural East
- Rural West
- Urban

Landfill Disposal Allocation:

- East and West dispose of at Steenbok Landfill
- Urban disposes at RCL Landfill in Malelane

Vehicle Considerations:

- Rural East & West: narrow rural access, economic activity areas and illegal dumping challenges – trucks with skip-loading and compacting ability, plus some TLBs and tipper trucks
- Urban: dense streets and high waste volumes – compactor trucks with large capacity, including some standard Skip loading trucks and trailers to allow multiple skip loading. Furthermore, a TLB and Tipper Trucks for areas prone to illegal dumping.

Waste Collection Areas & Landfill Use

Service Area	Key Areas	Preferred Vehicle Type
Nkomazi East	Tonga Block A (schools) and the Main Road Naas Mangweni (Clinic and schools) and the Main Road Sibange Steenbok (Ngwenyeni A) (schools and clinics) and the Main Road Mbuzini and the Main Road (Clinic and schools) Goba (Clinic and schools) and the Main Road Hhoyi (Clinic and schools) and the Main Road Masibekela Mananga Khombaso (Nsizwane) Thambokhulu Block B Block C	Compactor trucks with skip-loading arms; Small cage trucks, Tipper Trucks and TLB
Nkomazi West	Mzinti Phiva (Clinic, schools) and the Main Road Mdladla (Clinic and schools) and the Main Road Kamhlushwa Langloop (Emtfuntini) Aniva Boschfontein (Clinic) and the Main road Ntunda (Clinic, Schools) and the Main road Magogeni (Clinic, Schools) and the Main road Mgobodzi (Clinic, Schools) and the Main road Richershock-Clinic & Farms Middleplass Schuzendal (Hlengesha) Magudu (Schools and Clinic) and the Main road Skhwahlane Business (Schools, Clinic) and the Main road Madadeni (Clinic, Schools) and the Main road Driekoppies Jeppesreef (Embhojeni) Schoemansdal (KaMatsamo) Buffelspruit (Mhlambanyatsi)	Compactor trucks with skip-loading arms; Small cage trucks, Tipper Trucks and TLB

Nkomazi Urban	Kaapmudein Malelane Hectospruit Marloth park Komatipoort Riverside	Compactor trucks with skip-loading arms; Skip Loader Trucks with trailer, Tipper Trucks, TLB and small cage trucks for Marloth Park.
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Fleet Gap Statement

Even if every unit in the current register were brand new and fully operational, the total fleet size and mix would still be insufficient due to:

- Three large service zones with different vehicle requirements.
- Compactor trucks can assist with collecting more waste, taking into consideration the Long distances to landfills, which reduces trip frequency.
- Population growth outpacing fleet acquisition.
- Many rural areas require both skip-lifting and compaction capability.

Total Fleet Required for Adequate Service Coverage

Vehicle Type	Required Units	Current Units	Auction/Retire	Replacement Trucks Needed	Purpose
Compactor Trucks with Skip-Loading Capability (East and West)	4	1	1	4	Rural East/West can compact loose waste and lift 1.75 to 2.75 cm ³ skips
Small Waste Cage Trucks (East, West and Marloth Park)	8	3	3	8	Rural East/West for narrow access areas unsuitable for compactors
Urban Compactor Trucks with Skip loading capability	9	5	4	3	Urban high-volume routes.
Medium Tippers (8–10T)	3	3	1	1	Illegal dumping sites and the collection of garden waste, building Rubble
TLB	3	2	0	1	Illegal Dumping, clearing, and transfer station maintenance
Bakkies	5	2	0	3	Supervision & rapid-response
Small Flatbed Truck	1	0	0	1	Auxiliary skip bin support

RECOMMENDATIONS

- Retire & auction all Trucks from 2003 to 2014 model-year trucks and all non-operational units.
- Procure replacement vehicles per the "Replacement Trucks Needed" column, prioritising hybrid compactor/skip-loader units for East & West, and high-capacity compactors for Urban.
- Optimise routes to maximise load per trip and reduce fuel costs.
- Implement preventive maintenance with monthly inspections and driver defect reporting.
- Adopt a 10 – 11-year replacement cycle in line with industry norms.

CONCLUSION

The current waste fleet is aged, partially inoperable, and undersized for Nkomazi's service demands. Even in complete working order, it would not meet the required coverage. A targeted programme of auctioning outdated units and procuring fit-for-purpose replacements, especially multi-functional compactor/skip-loader hybrids for rural areas, will allow Nkomazi to meet both present and future waste management needs.

3.1.4. ROADS AND STORM WATER

Roads and storm water service overview

Nkomazi Local Municipality has a proclaimed road network of approximately 3,262.65 km, comprised as follows: 2,447.85 km of earth roads, 626.55 km of gravel roads, 181.2 km of flexible (tarred) roads and 7.2 km of block paved roads.

To improve service delivery and road accessibility, the municipality increased its quarterly target for gravel road maintenance from 80 km to 120 km, bringing the annual target to 480 km. This shift reflects an aggressive strategy to address backlogs and improve mobility across rural and semi-urban communities.

A significant portion of the municipality's surfaced roads is currently experiencing structural and surface failures. These failures are attributed to a combination of factors, including: Increased traffic loads exceeding the original design capacity, Roads having surpassed their intended design life span, Inadequate drainage due to persistent rainfall and stormwater accumulation etc, as a result, certain sections require comprehensive rehabilitation, ranging from light patching to heavy structural rehabilitation. For the financial year 2024/25 the municipality has successfully rehabilitated 3.25 km of roads (in Schoemansdal, Tonga Hospital and Keipersol street, Impala Street)

Bridge and Culvert (Tunnel) Reconstruction

The municipality has made commendable progress in restoring storm-damaged infrastructure, particularly through the reconstruction of critical bridges and culverts in vulnerable communities. The following structures have been completed or are under reconstruction:

CAPITAL PROJECTS	TYPE	PROGRESS	BUDGET	EXPENDITURE
Roads and stormwater				
Resurfacing of Malelane streets	Multi-year	Complete	R 7087 614.93	R 6 154 788.89
1. Langelooop(Esigayweni) 2. Langelooop (Bhekisisa) 3. Jeppes Reef (eMathuneni) 4. Buffelspruit 5. Mgobodzi- Magudu 6. Langelooop (Sibokeng) 7. Hlalanikahle 8. Jeppes Reef Cossovo 9. Mangweni 10. Block B 11. Zone 11 Bridge 12. Papa Joe 13. Phiva A 14. Mbangwane (Eric's Ville)	Multi-year	Complete	R51 926 000,00	R51 926 177,39

Support to Maintenance Programme

To enhance internal capacity for routine maintenance, the municipality has successfully procured a TLB (Tractor Loader Backhoe). This machine supports various road maintenance and stormwater activities, especially in areas difficult to access with heavy equipment.

Service Delivery Targets and Performance

Service Objective	Output	Target (2024/25)	Actual Achieved (as of June 2025)	Next Financial Year Target (2025/26)
Improve the municipal road network	Km of municipal road network maintained	480 km of Municipal Road network maintained by 30 June 2025	587,953 Km of municipal road network maintained by 30 June 2025	590 km

General Comments on Roads and Stormwater Services

- A large portion of municipal roads has exceeded their design lifespan and now require extensive rehabilitation to remain serviceable.
- Numerous access roads in disaster-prone areas were severely damaged during the February 2023, December 2024, and January 2025 floods, necessitating urgent re-graveling and stormwater interventions.
- The eastern region of the municipality (Naas, Mangweni, Block A and B etc,) lies on flat terrain, making it highly susceptible to flooding of both homes and roads. These areas require custom-designed stormwater infrastructure to manage surface runoff and prevent property damage.

Challenges

The Roads and Stormwater division continues to face several operational and strategic challenges:

- Inadequate funding to address both maintenance and capital project needs
- Unreliable yellow fleet, which limits in-house capacity for timely interventions
- Shortage of quality engineering material, particularly in Tonga, Mbuzini, Schoemansdal etc, and rural villages
- Limited technical personnel and supervision capacity
- Frequent severe weather events causing setbacks in maintenance scheduling

3.1.5. PROGRESS REPORT ON BASIC SERVICES PER WARD

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
Nkomazi Local Municipality	Ward 1	Kamaqhekeza, Block C	3638	14552	4045	16,182	Population growth
	Ward 2	Block A, Block B, Joe Slovo	5134	20536	5709	22,836	Mushrooming of stands
	Ward 3	Kamaqhekeza, Block C, Block A	4492	17968	4995	19,980	Inadequate Bulk
	Ward 4	Kamaqhekeza	2221	8884	2470	9,879	Water Supply Inadequate Water Reticulation Increased Water
	Ward 5	Block A, Block B, Block C	2734	10936	3040	12,161	Demand Ageing Infrastructure Illegal Connections
	Ward 6	Komatipoort, Orlando, Dludluma, 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, Langeloo	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	Langeloo	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, Mkwrukwaru, Mhlatikop, Stentor,	5061	20244	5628	22,511

	Louville, Kaapmuiden, Lomshiyo					
Ward 31	Schulzendal, 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	WATER	Completed
Ward 2	5134	4670	4937	Mushrooming of Stands	Construction of Block C water reticulation 22.8km (Ward 1)	
Ward 3	4492	3323	4218	Inadequate Bulk Water Supply	Kamaqhekeza Replacement of AC Pipes (Ward 1, 3 & 4)	
Ward 4	2221	1768	2035	Inadequate Water Reticulation	Joe Slovo (Part of Block B) 2ML Ground Reservoir (Ward 2)	
Ward 5	2734	2101	2463	Increased Demand	Construction of bulk water supply in Tonga Block C Phakama: bulkline and 2.0ML reservoir & Water Reticulation (Ward 3)	
Ward 6	4872	4649	4649	Ageing Infrastructure	Block B Nkanini Water reticulation 15km (Ward 5)	
Ward 7	10 838	10 682	10682	Illegal Connections	Construction of 2ML reinforce concrete reservoir in Mdladla (Ward 7)	
Ward 8	3092	3012	3012		Old Tonga Bulk water supply (0.2ML steel reservoir) & water reticulation (Ward 9)	
Ward 9	3523	3218	3485		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)	
Ward 10	3107	2855	2914	Inadequate Sanitation Infrastructure	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 Langelooop water reticulation (Esigayweni) (Ward 25) Nhlabaville 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) 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 Schulzendal Water Reticulation (W31) Refurbishment & Drilling of Boreholes: Gomora (W18), Stentor (W30) , Langelooop (W25) , Magogeni, Phiva, Ngwenyeni, Goba, Mdladla, Dludluma 4 Additional Municipal Water Tankers procured Schulzendal 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			

SANITATION

Ward No	Total No of HH	HH with access to water	HH with access to sanitation	Challenges	Interventions since 2016 to date	Recommendations
Ward 17	1660	1154	1421	Inadequate Sanitation Infrastructure	SANITATION	Completed
Ward 18	2055	1523	1823		Construction of 320 Sanitation Toilets in Mangweni (Ward 9)	
Ward 19	1910	1858	1658		Construction of 320 Sanitation Toilets in Mangweni (Ward 9) and Steenbok (8) Villages	
Ward 20	4163	3747	4014		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)	
Ward 21	3 789	2 807	3574		Construction of 1224 Sanitation Toilets in Khombaso (W12), Mandulo (12), Mbangwane (12) Aniva (24), Magogeni (18),	
Ward 22	3051	2973	2900		Skoonplaas (18), Block A (2,5,10), Schoemansdal (28),	
Ward 23	1617	1364	1464		Boschfontein (23) ,Block C (1), Steenbok (8) & Driekoppies (26)	Construction in progress
Ward 24	2683	2414	2614		Construction of 640 Sanitation toilets in Dludluma (Ward 6), KaMaqhekeza (1), Ngwenyeni (6), Tsambokhulu (12), Sibange (16) Mzinti (19), Hhoyi, (11)Ndindindi (13), Bongane Phiva (10)and Mdladla (20)	
Ward 25	3107	2311	2878		Construction of 720 Sanitation toilets in Ntunda (Ward 19) Stentor (30),Louville, (30), Mgobodzi (15),Magogeni (18), (Mbuzini (13) and	
Ward 26	2434	1388	2155		Masibekela (14)	
Ward 27	2820	2782	2682		Construction of 600 sanitation toilets in old and new villages	
Ward 28	2589	2477	2444		Construction of 680 toilets in old and new villages	
Ward 29	3079	2744	2549			
Ward 30	5061	4302	4869			
Ward 31	1634	1383	1440			
Ward 32	1866	1606	1603			

3.1.6. HUMAN SETTLEMENTS (HOUSING)

The Integrated Human Settlements unit provides a strategic framework for addressing the housing backlog and coordinating service delivery programs toward the ideal of sustainable human settlements. This includes unlocking economic opportunities, improving access to essential services and public facilities, and securing land tenure rights.

Human Settlements Objectives

No	Objective
1	To reduce housing backlog in its various forms in line with the national and provincial norms, standards and targets.
2	To provide for various housing typologies and densities in appropriate locations in response to different housing needs in Nkomazi.
3	To contribute towards spatial transformation and an efficient settlement and spatial pattern.
4	To facilitate the rapid and cost-effective release of land for the development of sustainable human settlements in accordance with national policy directives.
5	To improve access to essential services and public facilities, as well as the security of land tenure and location in relation to economic opportunities such as employment, markets, etc.
6	To build capacity and strengthen institutional arrangement for an effective implementation of the human settlement development.
7	To inform the allocation of funds and other resources for human settlement purposes.

Policy framework

The municipality gears its human settlement programmes within the framework of the constitution of the Republic of South Africa and in accordance with the relevant human settlement policy across the spheres of government. These include the national human settlement policy, provincial human settlement program and delivery strategies and the municipality's integrated development plan. The municipality has reviewed and adopted its Human Settlements Sector Plan, which guides the Municipality with different proposals and housing instruments to reduce the housing backlog, contribute towards spatial transformation and inform the allocation of funds and housing units to areas necessitating exigent interventions.

The Municipality's Human Settlements Sector Plan is guided by, at an international level, the United Nations (UN) Sustainable Development Goals (SDGs) and the New Urban Agenda (Habitat III). Nationally, the guiding legislation includes inter alia the Constitution of the Republic of South Africa (Act 108 of 1996), the Housing Act (Act 107 of 1997), and the Spatial Planning and Land Use Management Act (Act 16 of 2013). Provincially, the Mpumalanga Vision 2030, Provincial Spatial Development Framework (2018), Draft Mpumalanga Human Settlements Master Plan (2019-2024), and Draft Informal Settlements Upgrading and Management Strategy (2021) remain the governing policy directives.

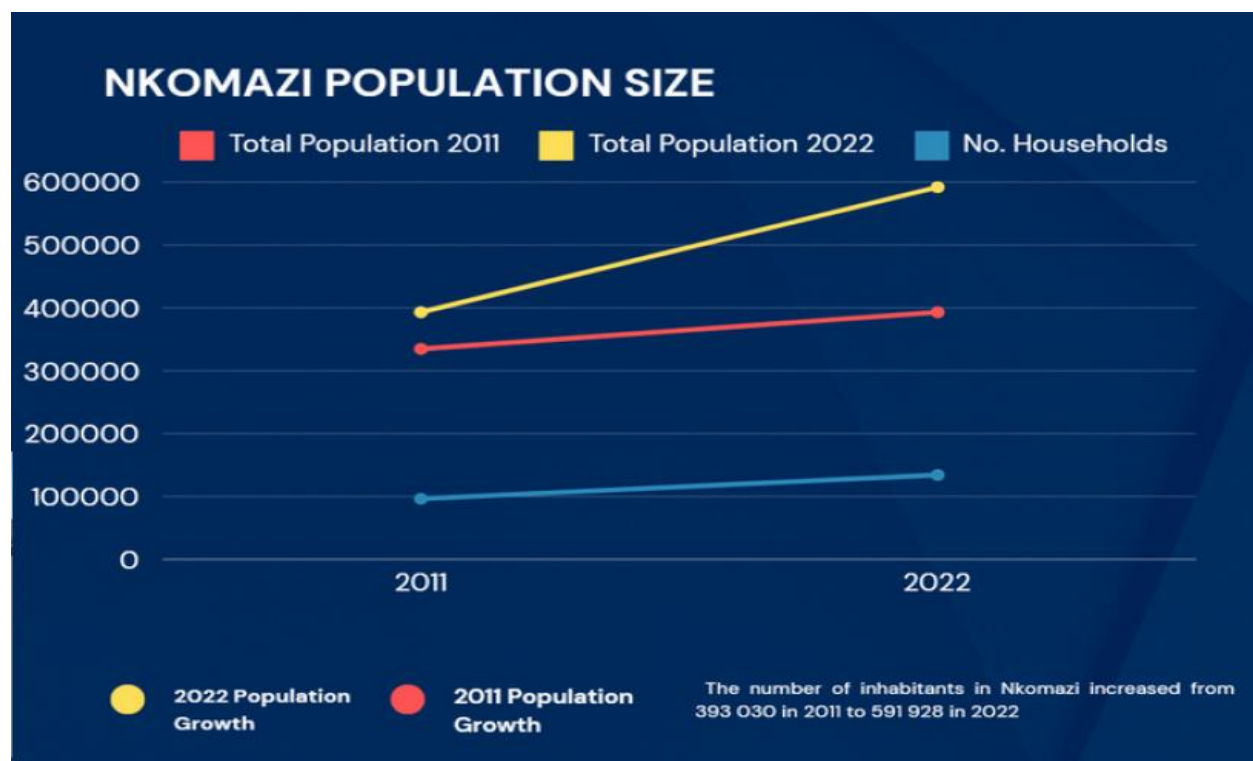
At a local level, the legislative and policy framework includes the Ehlanzeni District Rural Development Plan (2017), the Nkomazi Long-term Strategy, Nkomazi Spatial Development Framework, SPLUMA By-laws, Nkomazi Land Use Scheme, and the Nkomazi Integrated Development Plan. Furthermore, the National government prescribes policy directives such as the National Development Plan (2012), the National Housing Codes (2009), Breaking New Grounds (2004), the Integrated Urban Development Framework (2016), and the Medium-Term Strategic Framework (2019-2024) to be considered by municipalities when developing Housing Sector Plans.

Preliminary Information

Nkomazi is a rural municipality with agriculture, conservation and sprawling rural settlements as the dominant land uses. Several rural settlements situated in the southern part of the municipal area are spread unsystematically in space among the eight traditional authorities, and across ward boundaries, with the majority located along the main transport routes. Agriculture and conservation dominate the northern part of the municipality. The area has seven established urban areas, that is Malelane, Hectorspruit, KaMaqhekeza, Tonga, Kaapmuiden, Komatipoort, and KaMhlushwa. Urban settlements in the south have developed and expanded beyond their defined outer boundaries and face a threat of degenerating into unmanageable peri-urban slums.

Housing need and supply

Housing need is one of the stubborn challenges facing the entire Country, and the municipality in particular. It arises from migration, changing population structure and an increase in the number of smaller and nuclear families. It affects, in the main, low-income earners, and with the dominance of this segment of the population in the municipal area of jurisdiction, the enormity and depth of the housing crisis is profound. Although the target keeps shifting, the government has made substantial progress towards the realisation of the right to adequate housing for all. A large number of households have received housing, while several projects to address the existing backlog are also in the pipeline.



The number of inhabitants in Nkomazi increased from 393 030 in 2011 to 591 928 in 2022, consequently, there is a need to manage population growth, guide the expansion of the existing human settlements and facilitate the development of sustainable human settlements and this ought to occur within the context of the municipal HSSP as the integral part of the municipal IDP. The number of households increased from 92.3% in 2011 to 96.4% in 2022, which withal adds to the human settlements backlog currently faced by the municipality. The human settlements backlog of the municipality is currently sitting at 20,733. The backlog is a result of population increase and the historical legacy of deprivation and marginalisation.

National Housing Needs Register [Consumer Education and Marketing]

The Integrated Human Settlements unit embarked on a consultative rationality process across all wards to assist community members to register their needs for adequate shelter and provide information on their current living conditions. The collected data was evaluated by the designated municipal officials and transferred to the known central database, the National Housing Needs Register (NHNR). The activity took place in the 2024/25 municipal financial year. A total of 17,918 Housing needs and subsidy applications were recorded and transferred to the central database to enable Provincial and National Departments to consider the needs and plan accordingly.

Consumer Education & Marketing Programme results

The overarching objective of the activity was to acquaint community members with the procedures for enrolling on the National Housing Needs Register [NHNR] and to foster understanding of the diverse housing products reachable to all qualifying South African Citizens.

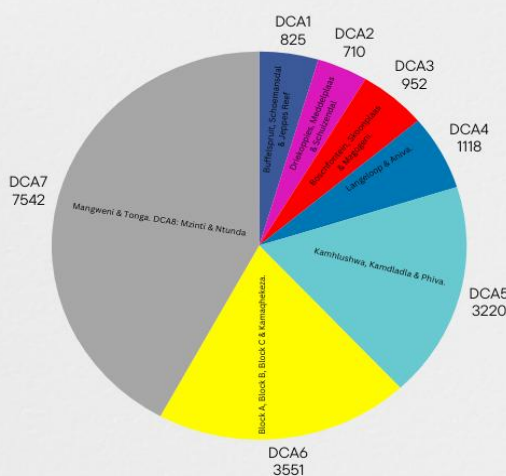
Development Catchment Areas [DCAs]

Development Catchment Areas are geographically designated localities set aside for Specific Development. A number of settlements are integrated to form a development catchment area.

Target Development Catchment Areas

DCA1: Buffelspruit, Schoemansdal & Jeppes Reef. DCA2: Driekoppies, Meddelplaas & Schulzendaal]. DCA3: Boschfontein, Skoonplaas & Magogeni. DCA4: Langelooop & Aniva. DCA5: Kamhlushwa, Kamdladla & Phiva. DCA6: Block A, Block B, Block C & Kamaqhekeza. DCA7: Mangweni & Tonga. DCA8: Mzintzi & Ntunda

CONSUMER EDUCATION & MARKETING_NKLM
NOVEMBER 2024



Plans and projects

Nkomazi has been selected as a priority for human settlement and housing development. This endeavour intends to advance human settlements' spatial transformation and consolidation by ascertaining that housing delivery is utilised for restructuring and revitalising 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.

In responding to the housing needs, and in an effort to bring about Spatial Transformation. The municipality, as well as provincial and national human settlement departments, initiated Breaking New Ground projects, purposed to bring about different housing typologies and human settlement products that cater for the various needs of people. The projects and programmes are as follows:

SDBIP programmes and projects

16 Consumer education and marketing conducted by 30 June 25 resulting in a total of 17 918 Housing needs and subsidy applications captured on NHNR. The municipality also conducted a forum per quarter resulting to 4 forums for the year and an establishment of the Housing Forum. Service providers were appointed to conduct the Housing Development Model and Human settlements Disaster response tool

Challenges

Nkomazi Local Municipality has faced several environmental catastrophes, including strong winds, heavy rains, and fires, which have caused extensive damage to infrastructure such as roads, bridges, schools, community halls, and houses. This destruction has resulted in residents being displaced and left in destitution, leading to significant distress in the affected communities.

Many households within the municipality have not received adequate emergency housing assistance due to financial constraints. In collaboration with the Department of COGHSTA, Mpumalanga, a considerable number of affected households have received disaster relief support, including house ratification and temporary residential units (TRUs).

Challenges in human settlements within Nkomazi include an insufficient capacity to manage rapid urbanisation, which has led to the rise of informal settlements in areas governed by tribal authorities. Additionally, there is inadequate and ageing infrastructure, limited revenue sources, and a lack of capacity in spatial planning, land management, and enforcement of by-laws.

Accreditation Process

The municipality is actively pursuing accreditation from COGHSTA and has sought a mandate from the Department to administer national housing programmes within its jurisdiction. Previously and currently, Nkomazi Municipality has coordinated functions related to housing and Human Settlement service delivery matters, which pose challenges in ensuring adequate human settlements and ultimately meeting housing needs for Nkomazi Municipality Inhabitants.

The Housing Act provides that any municipality may apply in writing to the MEC, following the criteria determined by the minister, to administer one or more national housing programmes. The decision on which national housing programmes to accredit the municipality for will be linked to the municipality's Human Settlement Sector Plan (HSSP).

The municipality needs to obtain accreditation to administer the national housing programme relevant to the priority needs of municipal human settlements, as outlined in the IDP. Accreditation will empower the municipality to perform subsidy budget planning, submit identified housing projects and programmes to the MEC for consideration, manage beneficiaries, regulate housing subsidies, manage subsidies, and manage documents.

In February 2025, the Municipal Capacity Support Assessment and Audit Panel (MCSAAP) resumed the process of conducting its inaugural audit to understand a comprehensive profile of ICMs, needs assessment and capacity gap analysis, and further identifying areas for improvement in the PDHS and municipality in preparation for better implementation of the accreditation programme.

3.2. COMPONENT B: PLANNING AND DEVELOPMENT

3.2.1. SPATIAL PLANNING

Spatial and Land Use Planning

The Planning and Development Department includes inter alia, the Section: Spatial and Land Use Planning, which includes (Building Control, Land Surveying, Geographic Information Systems and Land Use Planning), it is responsible for sustainable pro-active planning and compliance monitoring of the natural and built environment and to facilitate physical, social and economic development and growth. Planning is a critical cornerstone for any developing space. 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 rigorous interventions relating to the acquisition of prime land nearer to the Towns, and providing human settlements opportunities. Because of the disparities that exist, it is pivotal to acknowledge that not everyone can be moved closer to town. However, strategic planning should be undertaken in the former homelands areas to ensure that the spaces become liveable and amenities are brought closer to their homes.

The Spatial Planning and Land Use Management Act 16 of 2013, highlights the two (2) critical documents that should be developed by a Municipality in order to undertake planning holistically. One of those documents is the Spatial Development Framework. The Municipality has reviewed and adopted its Spatial Development Framework for 2023/2024, which is SPLUMA compliant, coupled with the Land Use Management Scheme,

Nkomazi is identified as one of the Comprehensive Rural Development Programme (CRDP) pilot areas for rural restructuring, investment, development stimulation, and the reduction of spatial inequalities and poverty. The building of an economy within rural areas of Mpumalanga, such as Nkomazi requires direct intervention from government with regard to:

- Providing more jobs through agricultural development
- Providing basic services
- Developing people to contribute to their own welfare
- Developing industries such as Agri processing, tourism, fisheries, and small enterprises
- Enhancing accessibility. These interventions will not only boost the creation of employment opportunities but will reduce the rate of rural urban migration by increasing opportunities for investment in rural areas.

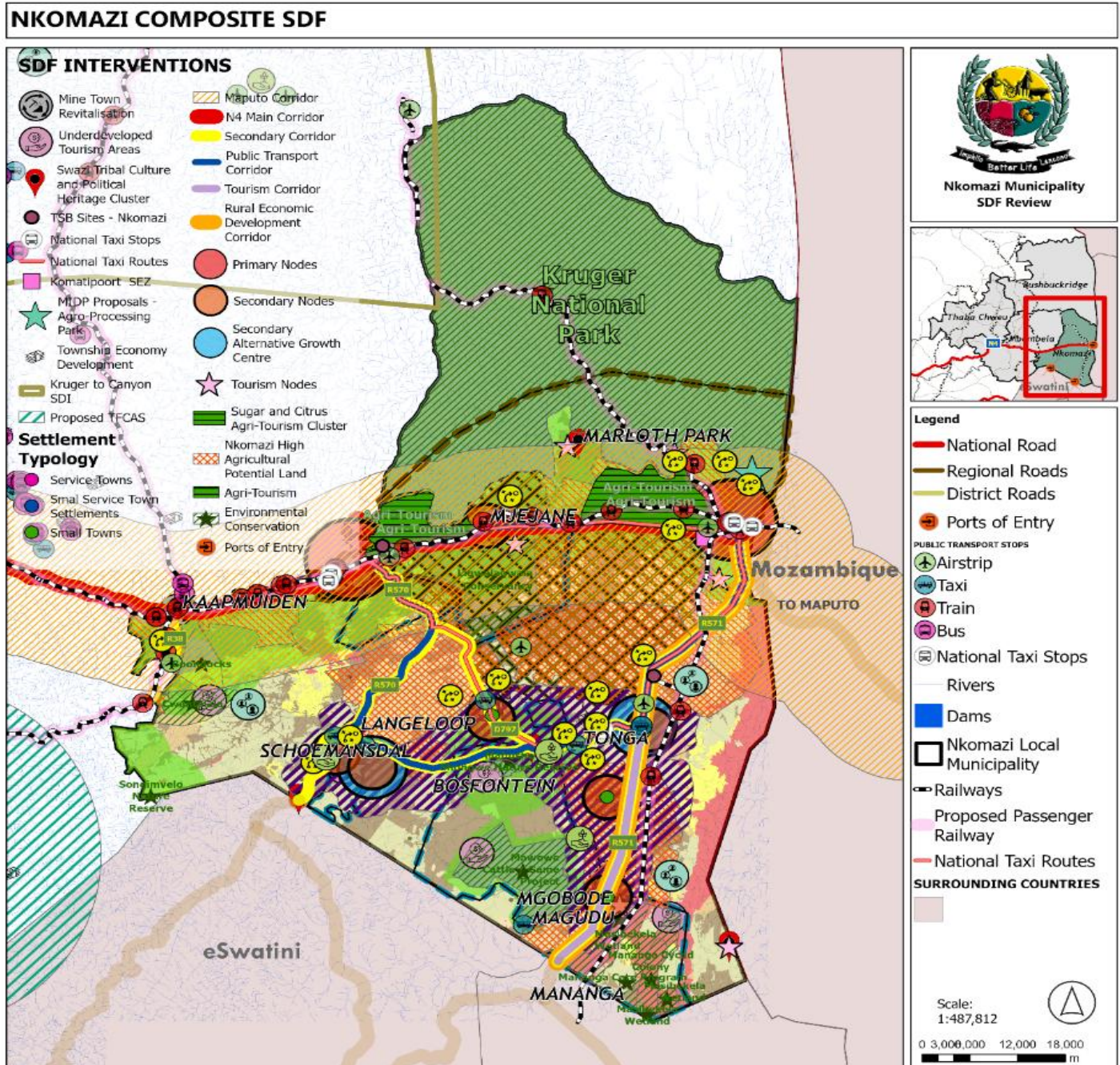
The upgrading of informal Settlements that have mushroomed within the Urban edge of the Town such as Impala and Mjejane, Mkhwaru-kwaru, Stentor and Orlando, unlocking the economic activities within the settlements in the South of the Municipality, that have been identified as key areas of growth within the Spatial Development Framework 2016, Kamhlushwa/Tonga and Kamaqhekeza, 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 is 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.

3.2.2. 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.

Map: SDF



List is all the Land Use Applications that were received, considered and approved by the AO & MPT, during the financial year of 2024/2025:

Land-Use Application	Rezoning	Sub-Division	Special Consent	Removal and Restriction	Consolidation	Second Dwelling	Outdoor Advert	Township Establishment
Total Number of Application	15	16	18	7	11	8	6	1
Total Amount Received for Applications	R 129 171,75	R 129 977,76	R 39 269,16	R 7 339,71	R 9 692,21	R 16 032,32	R27 834,31	R 21 181,92

All costs are vat inclusive

ANALYSIS OF DEVELOPMENT

- Significant growth in development has taken place within the township of Marloth Park, Malelane and Komatipoort with an increase on the rezoning application received to allow for Tourism development. The applications have also increased for Second Dwellings to allow for secluded extensions in Residential 1.
- Marloth Park Holiday Township, continues to have submissions of Rezoning applications related to Tourism Accommodation and there's relatively an increase on second dwelling house applications.
- Komatipoort Township is moving towards Rezoning of "Residential 1" zoned properties to "Commercial" and "Industrial 1" zoning for land uses related to storage facilities, warehouses, workshops and high-density rental accommodation (flats).
- Malelane has received a variety of applications ranging from rezonings, consolidations, subdivisions and special consents. The spatial patterns of the town are still developing as per the Spatial Development Framework of the municipality, also there is a slight growth of guesthouses on low density residential stands.

3.2.3. BUILDING CONTROL

The Building Control Component 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 Officers, 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. There is still a greater need of engagements and a clear agreement on the administration of land related matters that is required with Traditional Authorities. The ideal environment is when there is full visibility of the building control officers and law enforcement officers in the TA's and inspections conducted periodically to avoid structures on road reserves.

This Unit plays a pivotal role in revenue generation, and in the financial year of **2024/2025** a total number of 341 plans were received with a total of **R 2 724 934,79 .00** was collected in the following areas, Malelane [Leopard creek, Hectorspruit, Mhlati Kop], Mjejane Game Reserve, Marloth Park, Komatipoort and a small number in the villages.

The expected service contributions prior construction is R64 367.09 X 8= R514 936.72

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.

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 formalization 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.

3.2.4. GEOGRAPHIC INFORMATION SYSTEM AND LAND SURVEYING

The GIS Unit consists of a GIS Specialist that is responsible for inter alia the following key functions:

- To create, maintain and manage the Nkomazi Municipal GIS Database.
- To create and manage all Municipal GIS systems.
- To prepare maps for the Municipality, councillors, community members, etc.
- To liaise verbally and in writing with external and internal stakeholder on GIS related issues (Spatial decision support).
- Provide GIS technical support such as GIS software configurations, data modelling and boundaries delamination processes.
- Assist in resolving encroachment disputes.
- Assist Municipal departments/sections on detailed spatial data capturing and decision making (supporting Human settlement, Land-Use, fixed municipal assets management, geo-referencing IDP community-based planning, Waste management and social-welfare, etc.)
- Performing spatial data quality assessments, ensuring completeness and accuracy of spatial data.
- Participate in the District's GIS steering committee and other organizational related meetings.
- Provide the District with updated datasets for the updating of the District's Geo-Database.

Beside the day-to-day GIS work, three (3) projects were successfully achieved:

- Geo-referencing IDP community-based planning:
The Nkomazi IDP is reviewed annually to respond to the changing priorities existing in communities. The GIS unit was extensively involved in the process of the review of the 2024/2025 priorities of the communities and the training of IDP officials to use the GIS capture tool to capture the community priorities. Furthermore, the unit was involved in Geo-referencing and mapping of the IDP projects for the financial year.
- Nkomazi Land information viewer:
The Municipality GIS unit created a user-friendly Land Information Viewer that allows the Municipality's departments/sections and its citizens to access spatial data and information about properties that are within the jurisdiction of Nkomazi Local Municipality. This viewer contains publicly available spatial data curated by the Municipality. It is an online mapping viewer tool that consists of linked information from the publicly available Valuation Roll of the Municipality, SG Diagrams, and georeferenced ownership and land use about individual properties to specific locations on a map. The viewer offers several functionalities, enabling anyone to retrieve information quickly and efficiently through performing searches within the cadastre Geodatabase of the Municipality.
- Nkomazi Wards configuration for 2026 Local Government Elections:
The GIS unit was technically involved in assisting the public/citizens, Office of the Speaker and the Municipality at large to configure and prepare wards for 2026 Local Government Elections. This project successfully achieved producing the first draft sets of electoral wards that was submitted to the Municipal Demarcation Board for further public consultations and processing.

THE GROWTH, DEMAND AND ANALYSIS OF WHICH SECTOR REQUIRES THE GIS SERVICES MOSTLY.

The communities of Nkomazi, the Municipality's departments/sections and sector departments require the GIS unit services mostly. Hence, ideally a Municipal GIS section/unit is responsible for administrating the vast volumes of data associated with GIS related data, developing/acquiring the necessary user-friendly GIS software and GIS system apps required by the respective Municipal Departments and units. Hence, every department can use GIS to further its organizational mission/vision, whether that involves increasing community engagement, basic service delivery, revenue enhancement, improving resource management, curb inefficient financial expenditure or enhancing community safety and emergency responses.

GIS is a long-term investment that matures over time. However, the maturity of a GIS depends on the efforts and dedication of the organization to invest positively in the GIS's institutional arrangement and budgeting. The turnaround for results may be shorter with positive investment, and longer than initially expected with poor investment leading to exponential growth or redundancy.

GIS can be implemented effectively in the Municipality only if the GIS unit is staffed accordingly and funded, with a view that GIS should help the entire Municipal departments and sections towards effective service delivery to the communities. Hence, the Municipal GIS Unit intends to support the growing/demand and analysis of Municipal need of GIS and its spatial data. Also to achieve the following objectives:

- Establish municipal wide geospatial platform that addresses the needs of sector departments within the Municipality. Co-ordinate geographic information management and create an organizational multiuser centralised Geodatabases.
- Create, collect, maintain, and distribute high quality, up-to-date, and complete geospatial data. To improve data quality, keep an up-to-date municipal data and integrated data as a strategic resource.
- To enable advanced access to geographic data and support data sharing.
- Promote the view of geographic information as a critical information asset.
- Leverage the Integrated Municipal GIS for purposes of Revenue Enhancement.
- Ensure that the Municipality's GIS systems and data are available for day-to-day purposes.
- Cultivate the advanced analytical use of GIS, producing sophisticated spatial analysis maps.
- Create institutional GIS capacity. Provide co-ordination to share GIS resources, including personnel, hardware, software, data and training with various departments.
- To promote partnerships and collaboration to enhance, develop and use of GIS.

THE CHALLENGES

The main challenge of the GIS Unit is the issue of lacking resources. The GIS unit is in dire need of Human resource, Budget, Gadgets/equipment and the parallel consumables to render the office functional at least at a fundamental/ultimate level.

LACK OF GIS EQUIPMENTS AND CONSUMABLES

- A high-end Laptop
- Additional/increased GIS server size/space
- A Land Surveying GPS device
- A functional plotter/A0 printer with reliable consumables (papers and Ink cartridges)

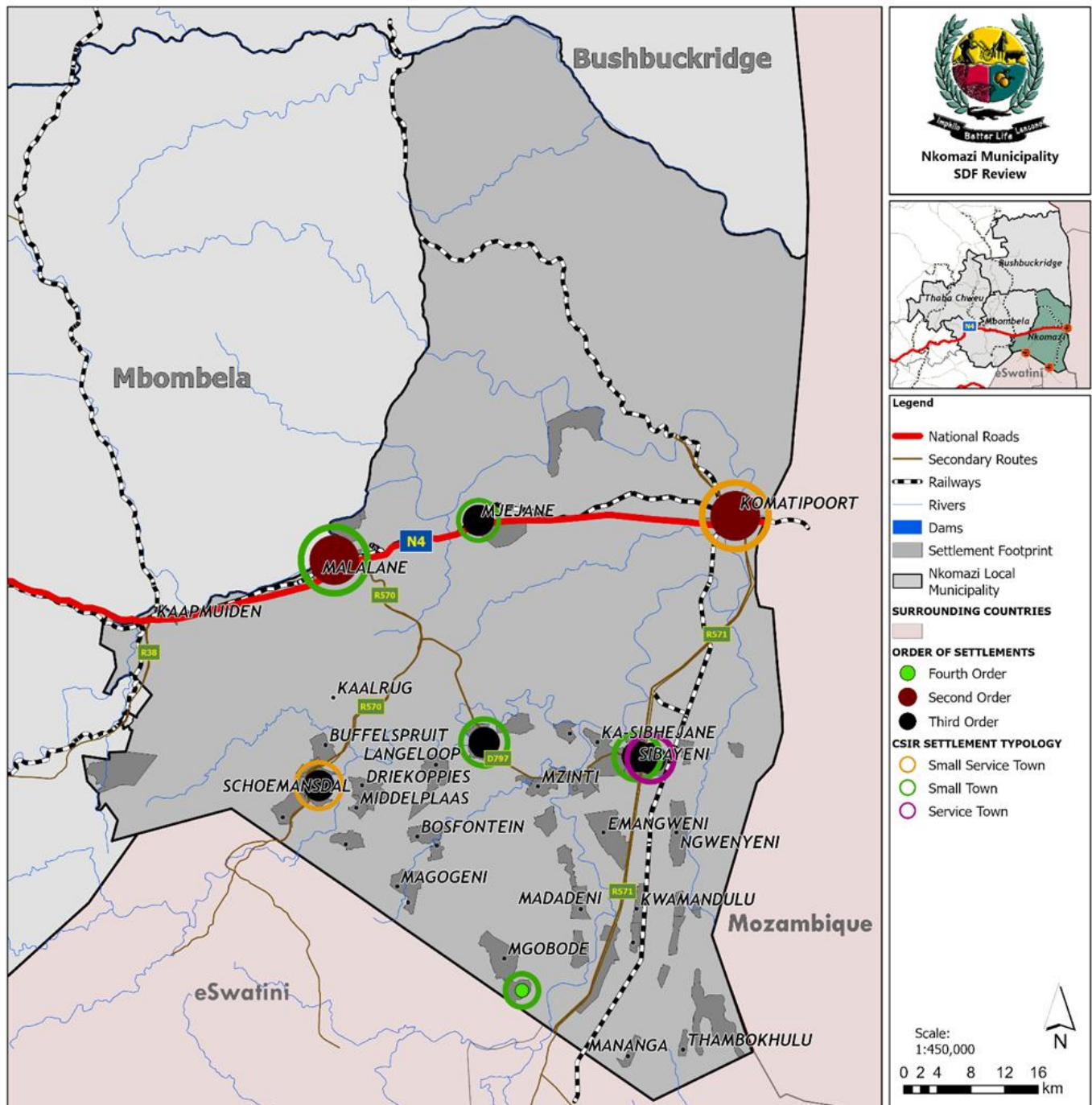
LACK OF GIS ADVOCACY

To some Municipal departments/sections there seem to be minimal knowledge about the GIS unit and impactful value of GIS. Additionally, there is a lack of advocacy to the general public which includes the Nkomazi schools that teach Geography subject, even though some schools they normally request maps from the Municipal GIS unit for other educational purposes. However, the Geography pupils seek assistance to practically see the use of GIS in their communities.

PROJECTS UNDERTAKEN IN 2024/2025

- The Formalisation of Driekoppies Ext 1 with 500 stands. The Land use Application was completed and tabled to the MPT for approval. The basic town planning studies were conducted and approved by the relevant Departments and submitted with the application which was approved. There is an intention to formalize all the other extensions within driekoppies, however due to financial constraints only the one phase with 500 stands could be completed.

NKOMAZI SETTLEMENT HIERARCHY



Disaster Management	25	0	0	Municipality
Customer Care	55	0	0	Municipality
Health and Safety	100	0	0	Municipality
Generic Management	40	0	0	Municipality

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

RECOMMENDATION

- Training budget to be allocated as the approved workplace skills plan and 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

CONCLUSION:

In conclusion, the Nkomazi Local Municipality has successfully positioned Skills Development, Training, and Development as a strategic business function rather than a mere ad-hoc activity. This deliberate shift underscores our recognition that a skilled and competent workforce is integral to achieving our long-term organizational goals and enhancing service delivery to our communities.

Our approach is not just about fulfilling statutory obligations; it is about planning, coordinating, and regulating workforce growth in a manner that aligns with our strategic objectives. By utilizing both the Workplace Skills Plan (WSP) and the Annual Training Report (ATR), we have established a comprehensive skills framework that drives our development initiatives. This strategic alignment enables us to identify critical skills gaps, assess training needs, and implement targeted interventions that foster real growth and development within our workforce.

Furthermore, we extend our gratitude to the Local Government Sector Education and Training Authority (LGSETA) for their invaluable support and funding of our major education, training, and development programmes. This partnership has been instrumental in facilitating our training initiatives and ensuring that our employees receive high-quality learning experiences.

Through these concerted efforts, the Nkomazi Local Municipality is committed to building a capable, resilient, and future-ready workforce that can meet the challenges of an ever-evolving public sector landscape. Our focus on strategic skills development not only enhances individual employee potential but also contributes significantly to the overall effectiveness and sustainability of our municipality.

3.3. COMPONENT C: ECONOMIC DEVELOPMENT AND TOURISM

3.3.1. LOCAL ECONOMIC DEVELOPMENT (LED) STRATEGY

The LED Strategy for the Nkomazi Local Municipality was finalized and approved by council in the 4th quarter of 2023/24 financial year and was successfully launched.

The strategy seeks to achieve the following objectives;

- Improve integrated economic planning and coordinate
- access to funding for LED initiatives.
- Improve the performance of the municipality in all aspects of economic development.
- Have the LED forum supports the municipality to identify and take advantage
- of its local competitive advantage to enhance economic and social development
- within its jurisdiction.
- Ensure the participation of the previously disadvantaged communities and individuals in
- opportunities offered by LED interventions.
- Ensure that social and economic development is prioritized within the LED plans.
- 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.
- 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.

There is no doubt that South Africa is still reeling from the effects of the Corona virus that had an unprecedented effect on the economy of Nkomazi which it is still recovering, from like many other parts of the country. The municipality is hopeful that with the Local Economic Development Strategy process, the economy will be on a path to full recovery faster than most of the economies of other municipalities in the province. Although the country's economic landscape will be different, the municipality is upbeat about Nkomazi's economic growth, recovery and renewal for the benefit of local people and businesses. The recovery and renewal are already underway but there is a need to speed up the process. According to the National Treasury Research on SMMEs (2008).

LED–Forum

Local municipalities are supposed to create an enabling environment to ensure that there is effective Economic Development, investment attraction and retention. One of the key economic developments enablers includes effective stakeholder mobilization, engagement and management through the vibrant and functional LED Forums as enshrined in both the White paper on Local Government (1998) and the Section 152 (1) of the constitution highlighting the role of municipalities in promoting Local Economic Development to improve the social and economic conditions of its citizens.

The Economic Development and Tourism Department has successfully developed and launched the LED Forum. The forum was launched on the 28th of September 2023 and it consists of 35 Members from various business structures, and Sector Departments. LED Forum is a platform where local government, the private sector, NGOs work together to improve the local economy.

The department went on to host its first forum workshop for the purpose of equipping stakeholders and the community at large on the forum's functionality; which is to promote a social and economic development of our communities and encourage sustainable economic growth that is inclusive. The workshop took place in October 2023. The department has successfully held three quarterly meetings and one training after the launch for the year 2024/2025.

- 08 August 2024
- 27 November 2024
- 25 March 2025 training for the members
- 24 June 2025 virtual meeting

3.3.2. COOPERATIVES AND MICRO, SMALL, MEDIUM ENTERPRISES (MSME'S)

Proposal for Supporting Cooperatives and Micro, Small, Medium Enterprises (MSME's) in Nkomazi Local Municipality

Introduction

Nkomazi Local Municipality, driven by its commitment to fostering local economic development and reducing youth unemployment, has launched the Support of Entrepreneurship Initiative. This initiative aims to empower 100 unemployed graduates across various villages by establishing five registered cooperative groups, each consisting of 20 motivated individuals who have completed foundational administrative training facilitated by SEDFA.

Background and Rationale

Youth unemployment remains a significant challenge in our community, hindering socio-economic progress and individual wellbeing. By leveraging the entrepreneurial potential of our youth, we seek to create sustainable income-generating activities that will stimulate local economies and foster resilience.

Vision Statement

"To be a leading community-driven network of sustainable cooperatives that empower youth, foster economic growth, and contribute to the socio-economic"

OBJECTIVES

To equip 100 unemployed graduates with the necessary tools, machinery, and materials to start and sustain various income-generating ventures. Provide targeted training and ongoing financial services to ensure the success and growth of these cooperative groups. Promote entrepreneurial skills development to foster a culture of self-reliance and economic participation within the community.

PROPOSED ACTIVITIES**Formation and Registration of Cooperative Groups:**

Support in the formal registration process to ensure legal recognition and access to benefits.

Provision of Equipment and Materials:

Supply relevant tools, machinery, and raw materials tailored to the specific income-generating activities of each cooperative (e.g., milling, agriculture, crafts, etc).

Training and Capacity Building:

Conduct specialized training sessions on entrepreneurship, financial management, marketing, and technical skills pertinent to their businesses.

Access to Financial Services:

Facilitate connections with micro-finance and credit institutions to provide manageable financial support.

Mentorship and Business Development Support:

Establish mentoring programs and periodic monitoring to ensure sustainable growth.

Expected Outcomes

Successful establishment of five cooperative enterprises operational within 3-6 months.

Increased household income for participating graduates.

Creation of local employment opportunities.

Enhanced community resilience through diversified economic activities.

Budget Estimate

A detailed budget includes costs for equipment, materials, training facilitation, registration fees, and ongoing support services. Note: Insert detailed budget as required.

No:	Cooperatives	Spheres of operation	Proposed Business	Current Status
1.	Nkomazi fruit and Vegetable packers	Schoemansdal	Dried fruit, Fruits & Vegetables juice production and mix vegetable packers	CIPC registered
2.	The heart of Nkomazi	KaMaqhekeza	Sanitary towels and Diapers	CIPC registered
3.	Nkomazi Bread Winners	Mzinti	Bakery & Confectionery	CIPC registered
4.	Asihlobe Nkomazi Primary Cooperative	Magudu	Detergent manufacturing	CIPC registered
5.	Siyahlobisa Nkomazi cleaning solution	KaMhlushwa	Shoe, Bags, Belts & Wallets Manufacturing	CIPC registered

CONCLUSION

Supporting these cooperative groups will not only empower unemployed youth but also contribute significantly to local economic development. We seek partnership and funding assistance to realize this vision and build a sustainable entrepreneurial ecosystem within Nkomazi.

3.3.3. NKOMAZI ECONOMIC GROWTH INDABA

BACKGROUND

The Nkomazi Local Municipality hosted Economic Growth Indaba to engage with stakeholders to drive sustainable economic development within our region. The Nkomazi Economic Indaba was held at Block C community hall on the 24 of October 2024. The Indaba aims to bring key stakeholders, industry leaders, policy makers, academics to explore innovative and collaboration approaches for fostering sustainable economic growth in Nkomazi. The Indaba also sought to discuss and tackling issues like high unemployment, inequality and attract foreign investment which are the day-to-day challenges which people are battling with. In light of the above, the municipality makes it a high priority to align its initiatives and actively participate in intergovernmental as mandated by the Municipal Systems Act 32 of 2000, to realize the set objective and outcome. The Nkomazi Economic Growth Indaba was hosted under theme called “where ideas meet opportunities thrive.

The objectives included amongst others:

Promoting investment opportunities:

By bringing together potential investors and industry leaders, the indaba can showcase South Africa's economic potential and attract foreign capital.

Addressing economic challenges:

South Africa faces significant economic hurdles including high unemployment, income inequality, and a struggling economy, making it crucial to convene discussions on solutions.

Policy development and reform:

The indaba can serve as a platform to discuss and advocate for necessary policy changes to stimulate economic growth, attracting investment and facilitating business operations.

Collaboration and partnerships:

The event allows for collaboration between different sectors, including government, private sector, and civil society, to develop coordinated strategies for economic growth.

Building international reputation:

Hosting a high-profile economic indaba can enhance South Africa's image as a business-friendly destination on the global stage.

Knowledge sharing and capacity building:

The indaba facilitates the exchange of knowledge and expertise on best practices in economic development, enabling South Africa to learn from other countries' experiences.

Sustainable development

Presentations include amongst others:

Apex Presentation	The presentation outlined a brief overview of the hospitality industry and the benefits thereof. The presentation identified Nkomazi as a suitable space to build a hotel considering the geographical location of the municipality and flow of international tourist's in and out the municipality. The municipality borders two countries with three Border Post, and has two gates which bring access to the Kruger National Park (Malelane Gate and Crocodile Bridge). It was highlighted that the project will yield (22) job opportunities that the Nkomazi SMMEs will benefit from. The skills development is one identified challenge that the municipality if facing, hence was one of the quick wins which can reduce the unemployment rate.
SANATMETAL Presentation	The company manufactures and distributes traumatology, orthopedic, spinal, and dental implants, and prostheses, develops its cutting-edge solutions in collaboration with national and international clinics and medical professors with a strong focus on patient safety and compliance with MDR requirements. Initially, the company's operations were limited to Gauteng, but it has since expanded to multiple regions within the country. Its future aspirations include extending its presence to neighbouring countries such as Botswana, Namibia, Swaziland, Mozambique, and other parts of sub-Saharan Africa. it aims to set up a manufacturing facility in South Africa with technology transfer. The company wants to expand its territory by having a branch in Nkomazi, which eighty (80) to hundred (100) jobs opportunities are expected

Tourism presentation (Bagaktla)	the presentation touched on the tourist's attractions which have the potential to grow tourism in the municipality Mjejane Game Reserve, Marloth Park, Masibekela Recreational Park, Driekoppies Dam
National Youth Development Agency	The mandate of the NYDA is to lobbying and advocating for integration and mainstreaming of youth development in all spheres of government, the private sector and civil society; initiating, implementing, facilitating, and coordinating youth development programmes; and monitoring and evaluating youth development intervention across the board and mobilizing youth for active participation in civil society engagements.
Special Economic Zone	investment opportunities include manufacturing of phosphate for fertilizers, the production of ammonia and urea and the beneficiation of fluorspar to be used in downstream Agro- chemicals and fluorine production There opportunities in investing in food processing and retail packaging the projected direct and indirect jobs opportunities in South Africa as the results of Nkomazi SEZ, are expected to be 1 394 in the first year, 985 over the course of three years of construction and 707 per year from the fourth year onwards.
SEDFA	The agency is dedicated to supporting the growth and development of Micro Small and Medium Enterprises (MSMEs) across South Africa.

Business licenses

Business licences are issued in terms of the Mpumalanga Business Act no.2 of 1996, the Nkomazi Trading bylaw, states that they are valid for a period of 12 months from date of issue.

It was noted that consumption of food from local shops within Nkomazi poses danger to the health of our people. Cases were reported that members of the community got sick after consumption of their products. To elucidate this challenge, the department took the following steps:

- Issuing of notices to remind MSME's to register and renew their business licences.
- Businesses trading without business licenses were fined.
- A total of 613 business licenses were issued by the fourth quarter.

Informal trading permits

According to Stats SA (2022), the informal sector is estimated to contribute to almost a third of the total employment nationally, demonstrating its significance in reducing poverty and unemployment. Therefore, the department embarked on a journey to formalize informal businesses by first collecting a database of informal traders within our communities. Vendors were registered and granted permits for trading. By June 2024, the department has successfully issued more than 125 trading permits for the positive development of the micro business sector within our communities.

Hawker's stalls

Street vending provides a way for vendors to navigate economic challenges and create opportunities for income generation within our communities. Street vendors, operating in within Nkomazi Local Municipality, often face challenges related to equipment costs. Street vendors face various challenges in their daily operations. These challenges include lack of financial assistance from the government, lack of management and marketing skills. Furthermore, street vendors often experience harassment, eviction, and confiscation of merchandise by civic authorities. Therefore, the department took an ongoing initiative to formalize and support them by not only eradicating their shacks, but installing hawker' stalls.

The department has successfully installed hawkers' market stalls that will accommodate a total of 51 hawkers in the following areas:

- Magudu 12
- Komatipoort 10
- Kamhlushwa 25
- Malelane 4



3.3.4. COMMUNITY WORKS PROGRAM (CWP)

The Community Works Program (CWP) is an innovative offering from government to provide a job safety net for unemployed people of working age. The municipality understands and appreciates 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 2 480 participants in 2024/2025 (Female 2 143, Males 337, youth 411, Persons with Disability 57). The targeted number of participants for Nkomazi, as designated by the Department of Corporate Governance and Traditional Affairs, is 2200 participants.

Nkomazi Municipality has, since the inception of CWP, consistently retained more than the 2200 targeted participants. Our role as a department is to ensure that the program is implemented As per mandate.

- Ensure the full functionality of local reference committee sittings.
- Monitoring Programmes implementation and functioning.
- Administration support
- Ensure provision of trading tools



3.3.5. Extended Public Works Program (EPWP)

The Expanded Public Works Programme (EPWP) is a key government initiative that supports national policy priorities, including the promotion of decent work and sustainable livelihoods, education, health, rural development, food security, land reform, and the fight against crime and corruption.

For the 2024/2025 financial year, the Nkomazi Local Municipality recruited a total of 216 participants into the EPWP, distributed across three sectors: Environment and Culture, Infrastructure, and the Social Sector. Projects implemented under this programme included the Removal of Alien Plants, Administrative Support Services, Waste Management, Library Assistance, Cleaning of Municipal Facilities, Beautification of Strategic Areas, and Water Treatment Plant operations.

As part of Phase V of the EPWP, training is a mandatory component aimed at enhancing productivity during project implementation and facilitating opportunities for placement beyond the programme. In this regard, 60 participants received skills training in Welding, Landscaping, Bricklaying, and Safety and Supervisory practices. the programme has played a pivotal role in helping the municipality meet its service delivery objectives, while simultaneously empowering participants with valuable skills and work experience.



3.3.6. TOURISM DEVELOPMENT

Tourism and Marketing Strategy

Nkomazi Local Municipality developed Tourism Development Strategy and Marketing Strategy to achieve the following set objectives:

- To promote the Nkomazi as a premier South African tourism destination
- To increase the market share, increase visitor numbers, length of stay, spending, increase the geographical spread to the previously disadvantaged areas and reduce seasonality;
- To raise awareness with our target market of what Nkomazi Local Municipality has to offer visitors and generate interest in visiting Nkomazi.
- To raise awareness, development and reinforce the Nkomazi Local Municipality brand amongst its target market.
- To attract tourism development and investment in Nkomazi with a geographic spread that will benefit the disadvantaged areas.
- To mobilize investors into green and brown-field tourism investment projects
- To mobilize the participation of previously disadvantaged individuals into the mainstream tourism
- Establish LED forum and Tourism Forum within the community to mobilize efforts and resources of local stakeholders around the Nkomazi region.

Stakeholders

Tourism Forum

Nkomazi Local Municipality launched a Tourism forum on the 15th of August 2023 at Shonga Events, Tonga. The purpose of the forum was to provide a platform for the stakeholders to discuss issues which includes amongst others: tourism planning, tourism development, marketing, the impact of legislation, policies, by laws and other issues of mutual interest. The Tourism forum meets quarterly or on ad hoc basis. Since the establishment of the forum its functionality was commendable, however lately the forum experienced hardships due to lack of commitment from other forum members and financial constraints

Tourism Marketing and promotion collateral

The unit published and distributed the tourism information booklet and Z-card (The best of Nkomazi) among other promotional materials. The booklet and Z-card is meant to promote Nkomazi as the tourist destination of choice. It is also meant to create awareness on the government information that would assist tourists 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. A total of four tourism awareness programmes were achieved in the last financial year.

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. Database is updated whenever there's new information is available.

Tourism Learnership program

Nkomazi Local Municipality partnering with Mpumalanga Tourism and Parks Agency facilitated two (2) learnership programs on Tourism Safety Monitors (50 participants), Food and beverage skills Programme (55 participants). The municipality also conducted a Tour Guiding training to twenty participants (20) participants and Tourism information Office (30 participants). The overall objectives were to enrich travel experience by providing local knowledge, historical context and logistical support while also promoting responsible tourism. This training responds to the feasibility study which the municipality conducted. The feasibility study was based on the Mbuzini Border Post development and Mananga Tourism Route Development.

Schools Tourism Awareness

The school tourism awareness program it is an annual event which was initiated by Nkomazi local Municipality through Economic Development Department (Tourism section), and partnered with the Department of Education and other stakeholders. It is one of the programs that aims to celebrate tourism month, raise awareness and commemorate World Tourism Day which is celebrated annual around the world on 27th of September. The event was held on the 20th of September 2024 at Komatipoort Caravan Park; hence the venue was used as the field study. This experiential learning brought together theory and practical experience and progressively involvement of students and other tourism stakeholder. The awareness program consisted of two sessions: firstly, Education one of the most important parts of building sound long-term economic growth.

The school's tourism awareness program main objectives are to:

- Introduce, motivate, and expose learners to the tourism industry and its entity,
- Motivate learners to improve their results,
- Provide career guidance in Tourism related subject,
- Provide experiential learning to the learners by visiting tourist attractions.
- To help change the perception of the learners and motivating them to take interest in their surroundings.
- There are Thirty-Four Schools (34) participated in the program, and the list covered all the schools in Nkomazi Circuits

The 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. Prices are awarded to the best performed schools.

Tourism Indaba

The Annual International Tourism Indaba is held in May at the Nkosi Albert Luthuli Convention Centre. It showcases the widest variety of Southern Africa's best tourism products & attracts international visitors and media from across the world. Africa Travel Indaba is annual event which takes place at Durban International Convention Centre in May. It is one of the largest tourism marketing events on the African calendar, and one of the top three 'must visit' events of its kind on the global calendar. It showcases the widest variety of Southern Africa's best tourism products and attracts international buyers and media from across the world.

All four local municipalities within EDM (Ehlanzeni District Municipality) exhibit under MTPA (Mpumalanga Village) stand during this event, which means that MTPA uses Indaba as a platform to showcase tourism products located within its province. Tourism Indaba was one of the platforms that the unit used for marketing and promoting Nkomazi tourism products. Furthermore, two SMMEs were supported during the 2024 Tourism Indaba. Nkomazi municipality also distributed branded promotional material during the event.

Tourism Month

Mananga Hiking Activity

Nkomazi Local Municipality conducted a tourism month build up event (Mananga Mountain Hiking) in response to the Provincial Tourism Month celebration. The build-up event is also resonated from the Tourism Feasibility study which is based on Mananga development node & Mbuzini Border post development which the municipality developed. The study entails numerous activities which include amongst others: Mananga Mountain hiking, Cycad trees, Masibekela wetland, Masibekela Recreational Centre, Salty soil (Khombaso) and Birding which the municipality is aiming to explore and secure to develop a robust tourist's destination.

The hiking activity attracted more than 200 participants from within and outside the municipality, and the purpose was to create Tourism awareness within and surrounding communities

Nkomazi Capacity Building (MSMEs support)

Nkomazi Local Municipality partnering with Department of Tourism National have conducted Nkomazi Tourism capacity building. The overall objectives of the workshops were to empower the local government officials at tourism and LED divisions, councillors, community representatives, LTO's and MSME's within the Ehlanzeni District Municipality vicinities. It was also to outline stakeholder engagement through information sharing initiatives, and outline issues on tourism related matters emphasizing the importance of tourism in creating employment and alleviating poverty.

The capacity building program focused mainly on the accommodation and conference grading. The Tourism Grading Council vision is to implement a global bench marked system of quality assurance for accommodation and MESE (Meeting Exhibitions and Special Events) experiences, which can be relied upon by visitors when making their choice of establishment. It is also important that accommodation establishment be graded in Nkomazi. The capacity building was implemented under the following objectives

- To create a conducive environment for all people.
- To ensure tourism accommodation remain diverse in offering and pricing.
- To provide the tourism industry with the opportunity for a heightened focus on the importance of tourism to the local economy.
- To promote and market smaller business establishments through joint marketing initiatives and organized marketing platforms.
- Service excellence from Guest House, B&B, Lodge.
- To create quality improvement in product and services offered.

It is under this program that the municipality continued to implement the Guest house support program, six (6) accommodation establishments had undergone the grading council processes through the Tourism Grading Council of South African

Accommodation establishment support

Nkomazi Local Municipality commissioned for a research and analysis report:

Tourism pre-assessment of accommodation establishment to determine and, support the number of establishments that are ungraded. Amongst other things the pre-assessment processes meant to achieve was to identify need required and skills gap; The pre assessment process represents the consensus of the Nkomazi Local Municipality, and other stakeholders such as the Local Tourism Organisation, National Department of Tourism, Business chambers, traditional authorities and the Mpumalanga Provincial Government and its agencies such MTPA regarding the resolutions took in the Nkomazi Tourism Capacity building in 2016/17 financial year.

This chapter has been compiled with an intention to bring the in-depth pre-assessment to the accommodation establishment in Nkomazi municipality. The TGCSA grading criteria has been visited to customize with the local criteria used. The pre-assessment criteria used to include amongst others: The Legal Information of the entity/ establishment which consists of (Type of establishment, area where the business operates, years of operation, grading, UIF registration, the business rights, number of rooms/beds).

The pre-assessment criteria also included amongst others: the building criteria, safety and security of the establishment, bedroom safety and security, the furniture, the bathrooms, kitchen, shared/public areas, general service and service and housekeeping.

The initial intention of the study focused on six (6) accommodation establishment from the rural areas on Nkomazi Local Municipality. The accommodation establishment included amongst others (TLS Guesthouse, Viyellah Boutique, Halfway Guesthouse, the Breeze Guesthouse, Cinisile Boutique) The establishments received invitation and request from the municipality to execute this SMMEs support program (pre-assessment of accommodation establishment). All accommodation establishment from rural areas accepted the request.

The importance/ Benefits of Tourism Star Grading include amongst others:

- Profiled in all Tourism Grading Council of South Africa (TGCSA) Marketing campaigns that include above-the-line (traditional) advertising like TV, Radio, Print and Outdoor as well as below the line advertising such as Promotions, Online and Public Relations.
- Use the TGCSA logo or well-deserved star/s in all marketing material like print ads, business cards, websites, brochures, letterheads.
- Advertise in the official TGCSA accommodation guide that's distributed by South African Tourism.
- Official are allowed to use TGCSA Graded establishments whilst travelling, graded establishment get business.
- The Graded Establishment is awarded unique Login details to access unit Website.
- Get access to TGCSA Customer Feedback Management System (CFM), which gives feedback on how to maintain and possibly improve your Star Grading.
- Get access to TGCSA Customer Feedback Management System (CFM), which gives feedback on how to maintain and possibly improve your Star Grading.

Other Benefits of TGCSA (Star Grading)

- have direct access to millions of global travellers through our strategic online partnerships with booming travel sites like TripAdvisor,
- benefit from huge savings on Search Engine Optimization, as all our Graded Establishments automatically receive top results on Google Search,
- connect with potential travellers through our close business association with South African Tourism and the huge investments they make,
- be able to tap into the rewards of the multi-billion-rand Government
- all Government officials are legally obliged to use TGCSA Graded Establishments – so if it doesn't have stars, it's not 'Government-friendly',
- benefit immensely from exclusive rights that enable you to display us
- globally recognized Star Graded Plaque that gives your establishment the
- immediate premium quality recognition it deserves
- and be given a huge competitive advantage over all ungraded establishments from the word 'go'.

Recommendations

These recommendations emanate from the results of the pre-assessment and they are meant to assist the incubation process. The recommendations stipulate that, out of five (5) accommodation establishments which were identified for the incubation process, four Managed to comply with the minimum requirement of the pre-assessment and are then recommended for the Tourism Grading Council of SA final stage.

The municipality should continue monitor the incubation process, and should identify new accommodation establishment to be part of the incubation process.

The municipality will continue partner with relevant stakeholders (EDM, DEDT, NT) for proper implementation of the program

The municipality should provide SMMEs support workshops based on the star grading process. More budget should be allocated for this initiative.

Nkomazi Border to Border Marathon

The Border-to-Border Marathon was hosted on the 1st of February 2025, 05H00, it was hosted from Lebombo Border Post to Mananga Border Post (N4 and R571 road). The event attracted 358 Athletes as per the table above. Different stakeholders were involved in the planning and execution phases of the event. The stakeholders included amongst others, departments from the municipality, Gijima Athletic Club, Department of Health, Athletics Mpumalanga, Athletics South Africa, SAPS, Traffic, EMS, Toyota

The strategic Objectives

- **Strengthening Community Ties:**

To bring people together, fostering a sense of local pride and camaraderie.

- **Promoting Healthy Lifestyle:**

To encourage participation in physical activity, improving the overall well-being of residents

- **Increasing Local Pride:**
To position Nkomazi Local Municipality as a vibrant and active destination, boosting Local pride
- **Attracting Tourism:**
To attract visitors, boosting tourism and local businesses (hotels, restaurants, shops).
- **Generating Revenue:**
Event sponsorship, participant fees, and related sales (t-shirts, etc.) can generate revenue for organizers and local businesses.
- **Boosting local economy:**
The influx of visitors spending their money on local businesses helps to boost the economy of the host city
- **Marathon**
Helping runners qualify for more prestigious marathons

Number of participants

Table 1: Participants

Distance	Number of Participants
63KM	63
21,1km	107
10km	141
4,9km	47
Total	358

This table shows that there are 358 road runners who participated in the Border-to-Border marathon in different race kilometers as per the Athletics Mpumalanga report.

Tourism Awareness programme

- The United Nations World Tourism Organization (UNWTO) has designated September Tourism Month to honour tourism around the world. Hosting of the National Tourism Day rotates
- The nine (9) Provinces of South Africa, while the hosting of this even in Mpumalanga is rotated to the three district municipalities. This year’s (2024) host Province for the Tourism Day will be
- confirmed officially by the Minister of Tourism in May 2024. Mpumalanga will conduct a number of provincial activities across the province in various towns to commemorate Tourism Month under
- The theme: Sustainable Journeys, Timeless Memories” as declared by the United Nations World Tourism Organisation.

The Department of Economic Development and Tourism partnering with The Nkomazi Local Municipality had hosted the Tourism Month celebration in the Month of September 2024. The event was hosted in Nkomazi Local Municipality at Masibekela Recreational Park. The Park offers huge opportunities to establish community multi- activity adventure hub that will target the local communities and tourist. The adventure will allow communities to do a huge variety of adventure activities like kayaking, obstacle course, leadership skills, river skills, quads, paintballing, environmental training centre, abseiling and fishing, camping and backpacker accommodation and camping, walking trails and

refreshment areas managed and operated by the Nkomazi local municipality. The local municipality is developing a feasibility study for this project and there is a huge opportunity to link this project with existing projects such as Samora Machel Monument, and will form part the Nkomazi Tourism Route which will be added to the provincial 360-degree Tourism Route that is being facilitated by DEDT.

Aims and Objectives of the Tourism Month Programme

The objectives of the programme are to:

- a) To encourage South Africans to travel domestically to sustain jobs and support the recovery of tourism in line with the Tourism Sector Recovery Plan.
- b) To assist the province in creating platforms to promote and expose the provincial hidden gems or tourism products both to the domestic and international markets in all media platforms.
- c) To spread awareness about the importance of tourism and its impact on our society.

3.3.7. SPORTS ARTS AND CULTURE

STRUCTURE OF THE TOURNAMENT

Registration criteria of teams and players/Athletes

All the teams were required to register with Nkomazi Local Municipality. A registration form was made available at Nkomazi Local Municipality and a dedicated official responsible for registration forms was identified. Forms were available during working hours from 07:30 to 16:00. **Registration opened on 23rd May 2024 and closed on 28th June 2024 at 16h00.**

Announcements of the registration process and procedures were communicated through the media and through different federations. Participating teams submitted lists of players to participate in the tournament; no additional players were to be added after the closing of registration. An indemnity form for participation of teams and players were filled in and signed by parents or guardians. (ul14 & 15)

REGISTERED CODES:

AGE	CODE	NUMBER OF TEAMS
Seniors	Male soccer	59
Seniors	Ladies' soccer	8
Under 14	Soccer boys	52
U/19	Soccer boys	40
u/19	Soccer girls	29
Under 14	Soccer girls	24
Under 14	Deaf soccer	2
Seniors	Netball	13
Under 13	Netball	39
Under 14	Deaf netball	2
Under 17	Netball	17
Under 14 boys	Volleyball	7
Under 14 girls	Volleyball	4
Under 19 boys	Volleyball	4
Under 19 girls	Volleyball	8
Under 19 boys	Rugby	8
u/19 & 14	Chess	8
Seniors	Basketball	10

ACHIEVEMENTS:

- The 2024 vents seem like its gaining from the seeds it has planted some years ago.
- The LOC co-opted the local former PSL Players i.e **Lucas Thwalala** former Orlando Pirates and Bafana Bafana defender, **Velile Zitha** former Golden Arrows Defender, **Innocent Mkhabela** former Super sport and Kaizer Chiefs Middle fielder and **Aron"Malombo" Ngwenya** former Dangerous Darkies and Welkom Eagles winger to select players on the u/19 soccer category while tournament is running. We managed to host kaizer chiefs under 19 to play against our selected team with the hope that at list one or two players will be selected.
- Fortunately, the game took place on the 07th December 2024 Kamhlushwa Stadium and eight of our players has been selected, four by Kaizer Chiefs and four by TS Galaxy.
- The players are: **Isaac Ngwenya – centre back, Lindani Ndlovu – Midlefieder, Sandile Thabethe – left back and Lifa Mamba – Right winger (selected by Kaizer Chiefs)**. And **Rilley Sitiba, Comfort Khoza, Sakhile Zitha and Tebokgo Vuma (selected by TS Galaxy)** Players selected by kaizer chiefs will be training with the U/19 and DDC team for a week at Naturena from 23rd February to 28th February 2025 for assessment.
- Still await TS Galaxy response on when they will invite the boys for assessment/

CHALLENGES AND RECOMMENDATION

- Limited budget for the tournament while it comprises for many different sporting codes, an increase to the budget will make a difference in many Nkomazi sports activism
- No budget to support selected athletes or teams to participate further e.g to participate in the play-offs or Provincial, National, and even international. A vote for that should be created to transport, accommodate, and cater such programmes.

INDIGENOUS GAMES DEVELOPMENT

Objective

To provide indigenous games and mobilise mass participation in indigenous games

Level of indigenous games operation:

The indigenous games are operational in all spheres of government. The Indigenous games Structures have been established National, Provincial, Local and in the district level.

Establishment of Indigenous games structure in wards

The composition was as follows:

Quarter	Place
1 st quarter	Driekoppies IG committee and Boschfotein
2 nd quarter	Mgobodzi and KaMdladla
3 rd quarter	Schoemansdal

Indigenous activation program

Date	Place
12 April 2025	Matsamo Mall
26 April 2025	Buffelspruit Sports ground
03 May 2025	Jeepes Reef

Indigenous Game festival

The indigenous game festival was hosted at Schmansdal Community Mall on the 17th of May 2025

INTRODUCTION OF ARTS AND CULTURE

Arts and Culture is a centre 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)

Mayoral heritage celebrations

September marks the annual Heritage Month in South Africa and it is used to celebrate and promote the diverse cultural heritage of our nation. It is a month dedicated to recognize our heritage, both tangible and intangible.

This year marked 28 years since Heritage Day was established in 1996 and was commemorated under theme *“Celebrating our cultural diversity in a democratic South Africa”* This year’s celebrations aim to put at the forefront the diversity that sets our nation as a unique nation around the world.

Nkomazi Local municipality celebrated Mayoral Heritage Day on the 27th of September 2024 at Mlambo Traditional Authority under Inkhosi Mlambo II where all the 8 Tribal Authorities converged. The main purpose of the event was to showcase the rich, vibrant and diverse culture which Nkomazi has. The geographical location of the municipality (which adjacent to Mozambique and Eswatini borders) makes it unique and promotes the celebration of different genres.

The Municipal Departments has also joined to the call of the presidential theme and show cased in their different attires and performance’s

OBJECTIVES

- To celebrate art through performing art and exhibition
- To create a platform to showcase cultural diversity
- To develop an audience for performing art and cultural activities
- To develop and refine artists existing talents
- To promote nation building and social cohesion
- To show case talents and open opportunities through culture and cultural tolerance

PROJECT APPROACH / TARGET MARKET

- More than 2000 people attended the event which included walk-ins, hence the attendance was extremely unexpected.
- The Mayoral Heritage event targeted eight (8) Tribal Authorities (Traditional Leaders) (Mawewe, Hhoyi, Lugedlane, Siboshwa, Lomshiyo, Mhlaba, Mlambo and Matsamo)
- Each Tribal authority had different cultural groups which included amongst other: Lutsango, iMbali, uMkosho, Libutfo.
- The target group also included amongst others the community members, councillors, municipal officials, SMMEs, Learners and officials from other sector departments.
- The second session focused on the formal items which covered speeches and awarding of token of appreciation to the Executive Mayor’s Guests.



3.4. COMPONENT D: COMMUNITY & ENVIRONMENTAL SERVICES

ROLE OF COMMUNITY SERVICES DEPARTMENT

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

3.4.1. MUNICIPAL FACILITIES

MUNICIPAL FACILITIES CONSISTS OF THE FOLLOWING COMPONENTS

- Libraries
- Parks and Cemeteries
- Sports
- Community Facilities (Stadia and Community Halls)

STAFF

POSITION	NUMBER OF STAFF
Manager Community Development	1
Admin Clerk	1
Senior Librarian	1
Librarians (Municipal)	5
Librarians (DCSR)	5
Cyber Cadet (DCSR)	2
Library Assistant (DCSR)	1
Cleaners (Municipal)	6
Cleaners (DCSR)	3
General Workers (Library assistants)	5

PARKS AND CEMETRIES STAFF

POSITION	NUMBER OF STAFF
Senior Superintendent Parks and Cemeteries	1
Tractor Drivers	1
TLB Operator	2
General Workers and cleaners	52

COMMUNITY DEVELOPMENT STAFF

POSITION	NUMBER OF STAFF
Senior Municipal Recreational Facility officer	1
Data Capturer	1
General Workers	35

ACHIEVEMENTS

- Driekoppies Hall in progress

Challenges

- No budget allocated for recreational facilities maintenance
- Insufficient personnel
- No transport
- KaMaqhekeza, Kobwa, Steenbok and Jeppesreef community hall damaged by storm still not renovated

Recommendations

- Allocate maintenance budget specifically for community halls
- Installation of bore halls
- Procurement of standby generators

CHALLENGES

- No budget allocated for recreational facilities maintenance

3.4.2. PARKS AND CEMETRIES**ACHIEVEMENTS**

- Fencing of 4 Cemeteries (Jeppesreef, Block C, Mjejane, Komatipoort)
- Procurement of TLB

Challenges

- Shortage of personnel
- Shortage of vehicles (2 x Bakkies)
- Shortage of tractor
- Upgrading of Kamhlushwa Stadium

3.4.3. LIBRARIES

ACHIEVEMENTS

National Book Week:

- National Book Week celebrated 17 September 2024 at Schoemansdal Hall. Five (5) local schools (Bongokuhle, Lugebhuta, Matsamo, Schoemansdal, Zithulele) and Matsamo Youth Centre attended the event.

Library week celebration:

- Library Week celebrated during the month of March 2025 at Matsamo Library through orientation and storytelling, Visited Ingwenyama Primary School on 19 March 2025 for library awareness and Library setup, Visited Sitfokotile Educare for reading and storytelling on 25 March 2025 and Lovunywa Secondary school on 26 March 2025 for Library awareness campaigns.

World Book Day:

- World Book Day celebrated through career expo Mgobodi Community Hall on the 09th of May 2025 with the local schools.
- Emtfuntini Public Library Celebrated World Book Day on 23 May 2025 through book exhibition in an event hosted by different stakeholders at Langloop hall with the aim of marketing library services and promote reading books.

Membership:

- New members in all libraries – 78
- Total Number of memberships in all the libraries – 2467
- MINILIB (Library for the Blind) membership - 75

Circulation of Library Material:

- 19561 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 in some libraries) which makes it difficult for the users to study.
- Shortage of personnel resulting to closing of other libraries on Saturdays
- Maintenance of libraries still not a priority
- No telephones in 5 libraries (Malelane, Emtfuntini, Matsamo, Mbuzini and Somuhle)
- No ablution facility at KaMaqhekeza library resulting to toilets not working
- No transport for Library section to assist during awareness campaigns and library marketing
- Insufficient budget for library programs
- Very old furniture in some of the libraries
- Very high increase in library tariffs resulting to decrease in library membership and circulation of library material
- No internet connectivity from the Municipality Internet in Libraries

Recommendations

- Renovation and maintenance of library infrastructure
- Budget for library staff for all the libraries to open on Saturdays
- Budget allocation for library section transport for marketing purposes
- Budget allocation for Library programs, material and furniture
- Installation of telephone lines in 5 libraries
- Reconsider library tariffs (Membership fee and photocopies)
- Installation of Municipality internet in library computers as a backup

3.4.4. NATURE CONSERVATION ANNUAL REPORT 2023/2024 FINANCIAL YEAR

RESPONSIBILITIES / MANDATE

- 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

ACHIEVEMENTS

- Stakeholders' meetings were attended whereby game management was discussed.
- Invader plants were controlled in most identified areas including parklands in Marlothpark.
- 535 mortalities (dead animals) were realized during the financial year caused by speeding cars, age, fight and some were poisoned by poachers.
- 38 snares were removed inside the park during patrol.
- 101 houses were sprayed for malaria control during the season.
- 749 vehicles were recorded entered Lionspruit Nature Reserve during this period and this generated an income for the institution of R63 041.00
- No buffalo collar was installed.
- No lion collar was installed.
- No rhinos' collars were installed.
- Dehorning not done to rhinos.
- Game count was done successfully.
- Bees were reported from areas.
- 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.
- 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.

3.4.5. 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 courts and calling of court roll (Louws 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	17
Law Enforcement Officers	21
Driver	0
Admin Clerk	3
Data Capturers	4
Road Markers	7

ACHIEVEMENTS

- Road Safety Awareness and Campaign were conducted at N4 Komatipoort, N4 Malelane, and Komatipoort Lebombo Border post
- Managed to paint road markings at Malelane, Komatipoort, Hectospruit, and Bochfontein.
- Managed to replace traffic signs at Malelane and Komatipoort
- All reported accidents were attended.
- Roadblocks were conducted with Tonga area (SAPS) at Mahhushe turn off Mzinti, Malelane area N4 Malelane Garages
- Managed to escort (Executive Mayor)
- We manage to demolish shacks next Rossouw scrap yard and also behind Doc construction officers
- Illegal recycling next to Doc Construction
- we manage to demolish shacks, buffalo centre, Doc Construction Officers and Rossouw scrap yard

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 office space
- Shortage of Senior transport Officer

RECOMMENDATION

Law Enforcement Officers current strength 21, two deceased, one medical unfit, one resigned and one on retired. We request that council to fill the vacant post as they are budgeted for.

3.4.6. FIRE & RESCUE (DISASTER MANAGEMENT)

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 local Municipality regardless of the nature of the incidence.

Rescue team responsibilities / mandate

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

Disaster team responsibilities / mandate

- 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.

SUB-SECTION AT PRESENT STAFF

Position	No of Staff
Manager: Fire & Rescue	1
Senior Superintendent	1
Supervisor	4
Disaster Coordinator	4
Radio Operator	4
Fire Fighter	12
General Worker/Cleaner	1
Data Capturer	2

DISASTER TEAM SUB-SECTION

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

ACHIEVEMENTS

During the financial year, the Sub-Section successfully delivered the following measurable outputs:

- 237 food parcels distributed to disaster-affected and vulnerable families.
- 743 blankets provided for needy family's post-disaster.
- 642 sponges were distributed for relief purposes.
- 189 tarpaulins were issued for emergency shelter.
- 59 gel stoves issued to affected households.
- Erected 09 collapsible houses for temporary accommodation.
- Attended 47 local events, ensuring safety and emergency readiness.
- Responded to 116 house fires.
- It responded to 1,826 road traffic accidents, resulting in 99 fatalities and 952 injuries.
- Successfully rescued 5 drownings
- 34 community awareness sessions were conducted, including fire evacuation drills, basic firefighting training, and safe use of fire extinguishers.
- Attended 100% call-out on disaster incidents
- Manage to issue **63** building fires certificates

CHALLENGES

Despite notable achievements, the Sub-Section faced several operational challenges:

- Shortage of operational vehicles, impacting response time.
- Insufficient personnel and material resources for large-scale emergencies.
- Limited sub-stations within the Municipality, resulting in delayed service delivery to certain areas.
- Budget constraints limiting equipment procurement and training programs.

RECOMMENDATIONS

To enhance service delivery and operational efficiency, the following recommendations are proposed:

- Acquisition of additional fully equipped emergency response vehicles.
- Appointment of additional trained personnel to strengthen operational capacity.
- Procurement of essential working equipment, including laptops, cameras, and communication devices.
- Establishment of additional sub-stations in strategic locations to reduce response times.
- Increased budget allocation to address operational and capital resource gaps.

CONCLUSION

The 2024/2025 financial year demonstrated the Sub-Section's resilience, dedication, and ability to respond effectively to diverse incidents despite resource constraints. The commitment of the Fire & Rescue (Disaster Management) personnel remains unwavering, with the team continuing to protect lives, property, and the environment while fostering a culture of preparedness and safety across the Municipality.

Through strategic investment in resources, training, and infrastructure, the Sub-Section can further improve its capacity to respond to emergencies promptly and efficiently, ensuring the safety and well-being of all residents of the Nkomazi Local Municipality.

3.4.7. SOCIAL SERVICES AND 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 Capture)	1

ACHIEVEMENTS

Programmes for people with disabilities

- An event for people with disabilities was held on the 1st November 2024, at Boschfontein, 100 people with Disability has received blankets
- People with albinisms received 100 vanity packs including aqueous cream, lipsano, and sunscreen at Jeppes Reef, Schoemansdal, Driekoppies, Kamhlushwa, Mdladla, Steenbork Boschfontein, Block A, B, and Naas on the 05-10 February 2025
- Quarterly meetings for people with disabilities were held on quarterly basis
- Two wheelchairs were distributed to people with disabilities by the Executive Mayor

Programmes for elderly persons

- Participated in the provincial forums for elderly person
- Celebrated the Mandela day on the 22th July at Magogeni elderly centre, the centre was renovated, painted, gardening services were done, donated f40 chairs, 5 tables, and curtains for the centre were provided
- On the 30th September 2025, and awareness campaign for Alzheimer was held at Schoemansdal for elderly persons

Women Programmes

- The round table with the Executive Mayor was held on the 30th August 2023 at Shonga Events, -
- women were empowered with trade of tools, 1 baking stove, 1 frying machine for chips, 1 hood hairdryer, 2 jojo tanks, and 1 nail machine
- GBVF awareness campaign for 500 people was held at Mgobodi Community Hall on the 10th September 2025.
- A workshop for the Rapid Response Teams was held on the 26th November 2024, at Mzinti
- Women councils were held on quarterly basis at local level and district level
- Multi-party women caucus meetings were held on quarterly basis

Children Programmes

- Junior Councils meetings were held on quarterly basis
- Workshop for Junior council was held on the 23rd September at Mzinti Community Hall
- Back to school campaign was held on the 21st January at Camalaza school

Youth Programmes

- A youth programme was held at the youth advisory centres in November at Naas,
- Hectorspruit and Mbangwane
- Youth meetings were held on quarterly basis with the youth forum
- A roadshow on youth development fund was held on the 13th March 2025 at Kamhlushwa, Sibange, Boschfontein and Block B
- Youth participants were sent in the youth parliament held at Sabie 21st March 2025
- Youth programme was held on the 1st November at Kamhlushwa and Block B
- SAYC meetings were held on quarterly basis

CHALLENGES

- The Transversal programmes were under budgeted and it was hard for its implementation
- Shortage of office space

RECOMMENDATIONS

- That the office space be available for the employees,
- That budget for the transversal programmes be availed for effective implementation

EMPLOYEES FOR SOCIAL SERVICES HIV/AIDS

POSITION	NUMBER OF STAFF
Manager Social and Transversal	1
Senior Social Worker	1
Senior HIV/TB Officer	1
Senior Transversal Officer	1
HIV/TB Officer	1
Transversal Officer	1
Transversal Coordinator	1
Lay Councillors/ Outreached field workers	4
Admin Clerk	1
Data Capture	2
Drivers	1
General Worker	1

PROGRAMMES

- World AIDS Day Commemoration event and Red Ribbon campaign
- World TB Day celebration event
- Positive Living Convention and Candle Lighting Memorial event
- Development of Multisectoral Local Implementation Plan (MLIP) and Reviewal on annual bases.
- LAC Full sittings held on quarterly bases
- Technical Working Group (TWG) Meeting held on quarterly bases
- Civil Society Forum (CSF) Meeting held on quarterly bases
- Local Drug Action Committee (LDAC) Meeting held on quarterly bases
- Induction/Establishment of 33 Ward AIDS Councils sittings held on quarterly bases.
- 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 Departments and various stakeholders
- Defaulter tracing.

SOCIAL SERVICES HIV/AIDS OVERVIEW

The National strategic Plan (NSP) on HIV, STI's and TB 2023-2028 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 Multi-sectoral Local Implementation Plan (MLIP), which is aligned to the National Strategic Plan (NSP) but more linked to the Provincial Implementation Plan (PIP) on HIV, TB and STIs 2023-2028, and it is reviewed annually to track the progress. Like the MDIP the MLIP is organised into four strategic goals and 28 sub strategic goals that guide the local HIV, STIs and TB response that are namely,

Goal 1: To break down barriers to achieving HIV, TB and STIs solutions

Social and structural enablers improve the effectiveness and efficiencies of HIV, TB and STIs programmes by removing barriers to service availability, access, and uptake in communities.

The objectives of Goal 1 are as follows

Objective 1.1 Strengthen community-led HIV, TB and STIs responses

Objective 1.2 Contribute to poverty reduction through creation of sustainable economic opportunities

Objective 1.3 Reduce stigma and discrimination to advance access to rights and services

Objective 1.4 Address gender inequalities that increase vulnerabilities through gender-transformative approaches

Objective 1.5 Enhance non-discriminatory legislative frameworks through law and policy review and reform

Objective 1.6 Protect and promote human rights and advance access to justice

Objective 1.7 Integrate and standardise delivery and access to routine mental health services

Goal 2: To maximise equitable and equal access to HIV, TB and STIs services and solutions

NSP 2023-2028 adopts a people- and communities-centred approach to HIV, TB and STIs prevention, treatment, and care programmes. The participatory and inclusive priority actions consider the people and communities as equal partners in the fight against TB, HIV and STIs.

The objectives of Goal 2 are as follows

Objective 2.1 Increase knowledge, attitudes and behaviours that promote HIV prevention

Objective 2.2 Reduce new HIV infections by optimising the implementation of high impact HIV prevention interventions

Objective 2.3 Eliminate mother-to-child transmission (MTCT) of HIV

Objective 2.4 Ensure that 95% of PLHIV, especially key and other priority populations, know their status and 95% of them are on treatment and 95% of those on treatment are retained in care and achieve long-term viral suppression

Objective 2.5 Improving the quality of life beyond HIV suppression by reducing HIV-related death and comorbidities, coinfections, and complications

Objective 2.6 Strengthen TB prevention interventions for key and other priority populations and implement airborne infection prevention and control in health facilities and high-risk indoor places where people congregate

Objective 2.7 Strengthen TB diagnosis and support for people with TB, accelerate the scale-up of innovative processes, diagnostic tools and regimens for the diagnosis, treatment, and care for PWTB

Objective 2.8 Increase detection and treatment of four curable STIs through systems strengthening, service integration and diagnostic testing; achieve elimination targets for MTCT of syphilis; and scale-up Human Papillomavirus (HPV) vaccination and cervical cancer screening

Objective 2.9 Reduce viral hepatitis morbidity through scale-up of prevention, diagnostic testing, and treatment

Goal 3: To build resilient systems for HIV, TB and STIs that are integrated into systems for health, social protection, and pandemic response.

Robust and resilient systems for HIV, TB and STIs that are integrated into systems for health, social and pandemic response are essential for an effective response and optimal health outcomes. The effects of COVID-19 pandemic and ongoing challenges of low-resource availability, and difficulty with access to services continue to affect many services. NSP 2023-2028 will therefore strengthen local organisations and institutions by identifying policies,

Institutions and technologies that enable locally driven design of resilient systems.

The objectives of Goal 3 are as follows

Objective 3.1 Engage adequate human resources to ensure equitable access to HIV, TB and STIs services

Objective 3.2 Use timely and relevant strategic information for data-driven decision-making

Objective 3.3 Expand the research agenda for HIV, TB and STIs to strengthen the national response

Objective 3.4 Harness technology and innovation to fight the epidemics with the latest available tools

Objective 3.5 Leverage the infrastructure of HIV, TB and STIs for broader pandemic and various emergencies' preparedness and response

Objective 3.6 Build a stronger public health supply chain management

Objective 3.7 Strengthen access to comprehensive HIV, TB and STIs laboratory testing including molecular diagnostics, serology, and culture

Objective 3.8 Support the acceleration of the approval of new health products

Goal 4: To fully resource and sustain an efficient NSP led by revitalised, inclusive, and accountable institutions.

Financial and political support with resolute commitment to eradicate HIV, TB and STIs by political heads of departments and their teams are critical in translating the aspirations and goals of this NSP into concrete action and results. Despite increasing resource needs for this ambitious *NSP, fiscal space for increased spending on health over the period will remain constrained. South Africa and its partners will need to invest smarter and in harmony, based on economic evidence; and just as importantly spend efficiently to ensure that the NSP's targeted outcomes are achieved.*

The objectives of Goal 4 are as follows

Objective 4.1 Sufficient domestic and external funds are mobilised and allocated to facilitate the efficient implementation of HIV, TB and STIs programmes

Objective 4.2 Sustainability and transition plans and actions are routinely developed and implemented to ensure that NSP interventions remain on-track to achieve short-, medium- and long-term goals.

Objective 4.3 Reset and reposition SANAC, all AID Councils and Civil Society organisations for an optimal, efficient, and impactful 2023-28 NSP execution experience

Objective 4.4 Optimisation of synergies through forging mutually rewarding partnerships and alliances across the entire response value chain.

This strategy can be achieved 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.

EMPLOYEES FOR SOCIAL SERVICES HIV/AIDS

POSITION	NUMBER OF STAFF
Manager Social and Transversal	1
Senior Social Worker	1
Senior HIV/TB Officer	1
HIV/TB Officer	1
Lay Councillors/ Outreached field workers	4
Driver	1
General Worker	3

PROGRAMMES

- World AIDS Day Commemoration event and Red Ribbon campaign.
- World TB Day Commemoration event.
- Positive Living Convention and Candle Lighting Memorial event.
- Development of Multi-sectoral Local Implementation Plan (MLIP) and Reviewal.
- Local AIDS Council (LAC) Full sittings.
- Technical Working Group (TWG) Meetings.
- Civil Society Forum (CSF) Meetings.
- Local Drug Action Committee (LDAC) Meeting.
- Induction/Establishment of 33 Ward AIDS Council.
- Ward AIDS Council sittings.
- Coordination of Sub-district Outreached Response Team (SORT)
- 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 Capacity Enhancement Dialogues on GBV and Substance Abuse.
- Establishment of Civil Society Forum Sectors
- Coordination of Report from Departments and various stakeholders for LAC Report
- Defaulter tracing.
- Migration Health Forum
- Indigent and Paupers Burial provision
- Learner assistance with school needs
- Support Indigent families with social support
- Assessment for latest registration of birth
- Counselling services for communities and Nkomazi Municipal employees
- Provincial Deputy Chairperson for Mpumalanga Anti-substance Abuse Forum
- Provincial Chairperson for Mpumalanga Quality Assurance Programs

ACHIEVEMENTS

Goal 1: To break down barriers to achieving HIV, TB and STIs solutions.

ACHIEVEMENTS

- 4 Integrated Community Registration Outreach Program (ICROP) event coordinated against set annual target of 4 to improve registration of social grants and address the social needs and poverty.
- Number of beneficiaries receiving social grants surpassed expectations, with 176 009 individuals benefiting from social grants due to the successful implementation of an online social grant application system in order to address poverty.
- 772 beneficiaries accessing psychosocial support services achieved against set annual target of 165
- 2 505 beneficiaries receiving social behavioural change programmes achieved against set annual target of 1 362.
- 10 393 people accessing food through community nutrition and development programmes achieved against set annual target of 2 498.
- 7 229 children reached through community based prevention and early interventions programmes achieved against set annual target of 4 886.
- Nkomazi municipality has two funded Victim Empowerment Program service sites against set target of 2, ensuring access to essential services for victims of crime and violence.
- 131 GBVF victims supported with shelter services achieved against set annual target of 36.
- 8 247 people reached through substance abuse prevention programmes achieved against set annual target of 4 000 and this was due to demand creation especially learners at schools.

Goal 2: To maximise equitable and equal access to HIV, TB and STIs services and solutions.

ACHIEVEMENTS

- World AIDS Day and Red Ribbon campaign commemorated on the 05th of December 2024 at Schoemansdal and target group was LGBTIQ with the Theme “Equal Right, Equal Care”.
- World TB Day celebrated successfully on 3rd of April 2024 at Mzinti Community hall with a theme “YES! WE CAN END TB”.
- 189 Community awareness campaigns on HIV, STI's, TB, Social issues, Dialogue and School health programs coordinated and supported successfully in all 33 wards for 2024/2025 financial year
- 155 109 Total HIV test clients achieved against set annual target of 132 648 clients tested, the achievement was attributed due to collaboration with various stakeholders and the continuation of planned implementation strategies.
- 4 874 HIV test positive clients 15 years and older (excluding antenatal clients) was achieved from the target of 6 384 clients, (Negative indicator). The achievement was through the implementation of Pre-exposure prophylaxis (PrEP) and collaboration with WITS RHI and Right to care stakeholders to enhance testing efforts.
- 80 068 Total remaining clients on Antiretroviral Therapy (ART) achieved against the set target of 69 072, thus achieving 2nd 95% on treatment adherence due to implementation of the latest Phuthuma version.
- 0.4% of Infant 1st PCR test positive around 10 weeks rate (VTP rate at 10 weeks)) achieved against set annual target of 1% (Negative indicator).
- 79.2% of ANC early bookings before 20 weeks rate against set annual target of 77% and this was achieved through health talks, Dialogues and community awareness campaigns.
- 6 492 030 Male condoms distributed in all hot spots, malls, Taxi Ranks, Tavern, Borders and in all government departments against annual target of 4 399 994.
- 100% of women accessing ANC services who were tested for syphilis achieved the 1st 95% on (STI) Sexual transmitted infection.

GAPS AND CHALLENGES

- 138 000 Female condoms distributed in all hot spots, malls, Taxi Ranks, Taverns, Borders and in all government, departments not achieved against annual target of 170 488 due to low demand creation
- 2091 Medical Male Circumcision performed less against the set the target of 4145; this was due to seasonal period and low demand creation.

RECOMMENDATION

- Department of Health, Condom Logistic officers (CLO's) to continue create more demand and marketing female condoms to users.
- Department of Health and Right To Care (RTC) to increase demand creation and add more Voluntary Male Medical Circumcision site (VMMC) sites.

Goal 3: To build resilient systems for HIV, TB and STI's that are integrated into systems for health, social protection, and pandemic response.

ACHIEVEMENTS

- 12 Monthly reports submitted to the community services for consolidation
- 4 Quarterly report with portfolio of evidence submitted to the Community services for consolidation
- 12 Local AIDS Council reports reported to DAC and LAC achieved against set annual target of 12 (AIDS Coordinators report, Excel report and Power Point Summery Report) 3 reports per quarter.
- 20 Health information forums conducted with key stakeholders achieved against set annual target of 20, and those are Civil Society Forum (CSF), Technical Working Group (TWG), Sub-district Outreached Response Team (SORT), Local Drug Action Committee (LDAC) and Local AIDS Council (LAC).
- 1 Annual HIV, STIs and TB report produced against set target of 1 for 2024/2025 financial year

GAPS AND CHALLENGES.

- Some stakeholders did not submit their report for consolidation in the last two quarters and those are Childline Mpumalanga, Mothers to Mothers (M2M), Wits RHI, Aquity Innovation and Right to Care (RTC) those are organizations that were funded by USAID (PEPFAR and Global Funding), this was attributed by the immediate termination of funding by the US government.

RECOMMENDATIONS.

- There is a need for South African Government to come out with immediate strategies and intervention to mitigate challenges and Impact that will be caused by this sudden withdrawal of the PEPFAR funding for HIV programmes by US government.

Goal 4: To fully resource and sustain an efficient NSP led by revitalised, inclusive, and accountable institutions.

ACHIEVEMENTS

- 4 Local AIDS Council (LAC) full sittings held successfully against set annual target of 4 and were all sittings championed by Honourable Executive Mayor, co-chaired by the Civil Society chairperson in 2024/2025 financial year.
- 4 Technical working group meetings (TWG) held successfully against set annual target of 4 for proper preparation of LAC reports for 2024/2025 financial year.
- 4 Civil Society meetings held successfully against set annual target of 4 in preparation of CSF report for 2024/2025 financial year.
- 4 Local Drug Action Committee meetings held against set annual target of 4 for 2024/2025 financial year.
- 33 Ward Councillors, 33 PR councillors and 33 CDWs were inducted 09th of November 2024 at KaMdladla Community Hall to chair and championed the issues of health and social that are affecting our community.
- 01 Induction workshop for Faith Based Organisation on HIV and TB coordinated successfully to address issues of defaulters.

GAPS AND CHALLENGES

- 18 Ward AIDS Council sittings held and chaired by Hon. Ward Councillors against set target of 33.
- 1.2 million ring-fenced budgets for HIV coordination not achieved against set target of R2.5 million, with a shortfall of R1, 3 million.
- 14 Civil society sectors established against set target of 18. The 14 sectors are: Faith Based organisation, Traditional health Practitioners, Traditional Leaders, People Living with HIV (PLHIV), Lesbians, Gays, Bisexual, Transgender and intersex and Queers (LGBTIQ+), Sex Workers, NGO Forum, HBC sector, Youth sector, Women sector, Men sector, Disability sector, Sports, Higher education and the 4 remaining sectors are

Organised Labour, Health professionals, Law and Human Rights and Research organizations in the field of health sector.

RECOMMENDATIONS

- LAC Secretariat to continue engaging and working with the Office of the Speaker and Chief Whip for assistance in order to address and improve the functionality of Ward AIDS Councils.
- There is a need for Leadership and Political Principals to advocate for budget increase during budget as per the MPAC resolution, in order to proper coordinate effectively HIV and TB programmes within the municipality and also to establish the 4 remaining Civil society Sectors and Ward AIDS Council sittings in the next 2025-2026 financial year.

SOCIAL WORKER'S ANNUAL REPORT 2024-2025 FINANCIAL YEAR

BACKGROUND

The Municipality Social Worker conducted a number of activities related to services delivery during the financial year 2024-25. 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 late registration of birth and schooling needs. With reference to the above-mentioned subject, the Social Worker's annual report for 2024-2025 is as follows:

PSYCHOSOCIAL AND COUNSELLING SERVICES

The Municipality social worker provided

- **30** psychosocial and counselling 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.
- **15** 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.

- **35** 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/assistance with indigents and paupers' burial services from Ward Councillors for people who had no means to be buried.

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

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

LOCAL DRUG ACTION COMMITTEE

- **04** Local Drug Action Committee meetings attended by the social workers during the reporting financial year.
- **04** Mpumalanga Provincial Anti-Substance Abuse meeting attended by the social worker. Social Worker is appointed as a Deputy Chairperson for the Mpumalanga Provincial Substance Abuse Forum by the MEC for Social Development.
- **03** The social worker is appointed as the Chairperson for Mpumalanga Quality Assurance Team and attended 3-site verification site visit.

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

- Insufficient resources such as social relief of distress (Food parcel) for indigent families and OVC 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.

3.5. COMPONENT E: ENVIRONMENTAL PROTECTION

3.5.1. 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

3.5.2. TOPOGRAPHY

SLOPE

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.

3.5.3. 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 dolerite

3.5.4. AGRICULTURE POTENTIAL

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.

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.

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)

3.5.5. 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.

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 Mgobodzi, 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

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.

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 Eswatini 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 Eswatini cutting across Municipality. 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.

3.5.6. 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

CITIESADAPT TRANSFER CITY

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in collaboration with the National Department of Forestry, Fisheries and the Environment (DFFE), and the Department of Cooperative Governance (DCoG) has approved supporting of Nkomazi with the implementation of the CitiesAdapt Programme.

The programme has three main outputs:

- 1. Capacity building for city-level stakeholders regarding integrated and climate-resilient urban planning and development;
- 2. Implementation of a Demonstration Project centring on the roles of public spaces and Nature-based Solutions for fostering urban resilience on neighbourhood level;
- 3. Knowledge exchange fostered in peer-to-peer learning processes and advocacy on national and international levels, as well as upscaling the project's successful approaches and solutions to potentially interested and similarly characterized cities ("transfer cities")

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

3.6. COMPONENT F: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.6.1. INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES

During the 2024/2025 financial year, the Nkomazi Local Municipality's ICT department has continued to make significant progress in strengthening and modernising its technology infrastructure to support efficient service delivery and internal operations.

The successful implementation of Microsoft Office 365 has been a key milestone. The municipality is now fully operating on the O365 platform, ensuring municipal email services enjoy 99.9% availability and benefiting from enhanced collaboration tools, secure cloud storage, and improved remote working capabilities.

Another great milestone achieved this year is the full implementation of the Document Management System (DMS). All departments are now actively using the system for secure document storage, retrieval, and workflow management. The ICT unit continues to monitor and provide support to all user departments, ensuring smooth day-to-day operations, timely issue resolution, and optimal system performance.

In addition, the municipality is exploring the implementation of a Municipal Service Delivery System, which will enable community members to report service delivery issues directly to the municipality through a user-friendly digital platform. This initiative is expected to streamline response times, improve accountability, and foster stronger engagement between the municipality and residents.

ICT governance and compliance remain a priority, with continued enhancements to the governance framework and budgeting processes. A robust disaster recovery plan is in place, with nightly backups securely stored off-site and regular disaster recovery testing conducted to ensure operational continuity.

The municipality has maintained and optimised its ICT infrastructure, including servers, network systems, antivirus protection, and firewall security. Service Level Agreements with providers continue to ensure system reliability, with performance metrics consistently above 95% availability.

Key ICT risks are being addressed through updated policies, strengthened cybersecurity measures, and ongoing user awareness campaigns. Looking forward, the municipality remains committed to:

- Enhancing the Document Management System to support evolving departmental needs.
- Introducing an **E-Payment Portal** to enhance payment convenience and improve revenue collection processes.
- Leveraging technology-driven solutions to improve service delivery, transparency, and community satisfaction.

With these achievements and forward-looking initiatives, the Nkomazi Local Municipality is well-positioned to harness technology as a strategic enabler for improved governance, operational efficiency, and service delivery to its community.

3.6.2. LEGAL SERVICES

LITIGATION MATTERS, INCLUDING DISPUTES AND SUSPENSIONS:

As a juristic person the municipality is capable of being sued and it can also sue in its own name. During the financial year 2023/2024, a number of employees were suspended, charged for misconduct. They were summoned into a disciplinary hearing, found guilty and various sanctions meted out, for example, some received written warnings and others final written warnings coupled with prohibition in driving municipal vehicles. The municipality has a number of cases pending in various courts including Magistrates Court (Tonga and Komatipoort), the Mpumalanga/Mbombela high court, Johannesburg labour court, and the Supreme Court of Appeal (SCA).

During August 2023 a panel of attorneys was appointed to handle municipal cases. By the end of the financial year the procurement of the panel of attorneys was being concluded. Attorneys are obliged to submit progress reports on the cases they handle, just like they are obliged to submit reports to the Auditor General of South Africa (AGSA) on legal confirmations and contingencies on matters they handle.

The Mbombela High Court ruled against the Municipality in the Leopard Creek Share Block. The Municipality appealed to the Supreme Court of Appeal (SCA) against the high court judgment. The law needs to have certainty on this matter once and for all. There was also a case lodged against the Municipality by Komatipoort Despondent Residents Association which was about sewer spillage into the streets of Komatipoort and spilling over to the Crocodile River. The

Mbombela High Court found against the Municipality and ordered compliance with various legislation on environmental safeguard and providing safe drinking water to the communities.

GENERAL LEGAL ADVICE / LEGAL OPINIONS:

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. 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. 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.

LOCAL LABOUR FORUM

There is an established Local Labour Forum in line with SALGBC Main Collective Agreement comprising of the South African Local Government Association (SALGA), SAMWU and IMATU. The Composition of the LLF is determined by the number of combined employees and Nkomazi Local Municipality has 1466 unionized employees. Therefore, the determined representation is 12-aside per Employer and Labour.

Employer has;

- (2) Two councillors
- (6) Six Directors
- (4) Four Managers

Labour has;

- (10) Ten from SAMWU
- (2) Two from IMATU.

Support staff

- Secretariat

The schedule of meetings was adopted by council. The meetings are held on a monthly basis. The Chairpersonship is rotating on a yearly basis between labour and employer.

SALGBC COLLECTIVE AGREEMENTS:

Municipalities in partnership with the recognized trade unions negotiate terms and conditions of employment through the representative body of SALGBC. There is the Main Collective Agreement which regulate conditions of service.

There are other collective agreements negotiated and reached at the various 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.

4.CHAPTER 4: SERVICE DELIVERY PERFORMANCE (PERFOMANCE REPORT PART II)

4.1. COMPONENT A: PERFORMANCE REPORT PART II

4.1.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employee totals, turnover and vacancies in municipalities 2024/2025

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	Vacanc y Rate %	No of Male	No of Fema le	Employment of Disable people in Municipal ity	People employed under age of 35 year
Nkomazi Local Municipality	Yes	23/05/2024	2537	1428	1109	43.7%	789	639	6	248

Vacancy rate per organizational structure

DEPARTMENT	POSTS	FILLED
Office of the Executive Mayor	6	6
Office of the Speaker	14	8
Whip of Council	5	3
Councillor Support	7	6
Office of the Municipal Manager	23	14
Department Corporate Services	183	120
Department Financial Services	119	90
Community and Social Services Department	354	97
Environmental Services	699	402
Department Technical Services/Infrastructure	999	644
Department Planning and Development	46	24
Economic Development and Tourism	82	14
TOTAL	2537	1428

As of 30 June 2025, Nkomazi Local Municipality's total workforce, including contract workers, stands at 1,428 employees, reflecting a vacancy rate of 43.7%. Notably, the vacancy rate for Section 56/57 managers is currently at 25%. The municipality has also experienced a low turnover rate, maintaining a stable workforce with minimal staff departures.

4.2. COMPONENT B: MANAGING THE MUNICIPAL WORKFROCE

4.2.1. OCCUPATIONAL HEALTH AND SAFETY

INTRODUCTION

Under the Occupational Health and Safety Act (OHSA), the municipality and employees share a collective responsibility to maintain a safe and healthy work environment. The municipality is tasked with taking all necessary precautions, including providing training, resources, and equipment, and identifying hazards to promote safety. Employees are equally responsible for following safety protocols, reporting hazards, and participating in safety training.

To fulfil these obligations, the municipality has introduced key initiatives such as the Periodical Medical Evaluations scheme, which ensures employees are assigned to roles suited to their health status and helps detect health issues early. Additionally, the Employee Wellness Program offers support for employees and their families facing personal challenges, promoting overall well-being. These efforts demonstrate the municipality's commitment to ensuring occupational health and fostering a safety-focused culture that benefits all employees and enhances workplace productivity.

ACHIEVEMENTS

In the 2024/2025 period, the municipality achieved significant milestones in promoting employee safety and well-being, in line with the Occupational Health and Safety Act (SA), which emphasizes shared responsibility. Notably, 600 medical evaluations were conducted to assess employees' health and ensure proper role placement, reducing exposure to workplace health risks. The municipality also hosted wellness sessions attended by 432 employees, focusing on mental health, stress management, and healthy lifestyles, fostering a culture of health awareness. Additionally, the annual Wellness Day held on 18 October 2024 featured workshops, health screenings, and activities to promote holistic well-being. These initiatives reflect the municipality's strong commitment to occupational health and safety, supporting employees in maintaining a healthy and safe work environment.

OVERVIEW OF INJURIES ON DUTY (OCCUPATIONAL HEALTH)

INJURIES ON DUTY FOR 2024/25

During the financial year 2024/25 the municipality unfortunately incurred 29 injuries on duty, which is a 34% increase from the previous year, remedial actions to address the course were taken and employees were referred to relevant institutions for assistance. 29 of these cases were reported to the Department of Employment and Labour.

No	Injures employee	Department	Date of injury	Cause of injury	Remedial actions	Department of Labour reporting
1	11	Infrastructure Development	Occurred in the Financial year 24/25	Injuries on duty and motor vehicle accident	Employee's injuries attended by the Municipality	All cases were reported to Department of Labour reporting
2	3	Community Services	Occurred in the Financial year 24/25	Injuries on duty	Employee's injuries attended by the Municipality	All cases were reported to Department of Labour reporting
3	5	Corporate Services	Occurred in the Financial year 24/25	Injuries on duty (chemical exposure)	Employee's injuries attended by the Municipality	All cases were reported to Department of Labour reporting
4	2	Office of the Speaker	Occurred in the Financial year 24/25	Motor vehicle accident	Employee's injuries attended by the Municipality	All cases were reported to Department of Labour reporting
5	1	EPWP	Occurred in the Financial year 24/25	Motor vehicle accident	Employee's injuries attended by the Municipality	All cases were reported to Department of Labour reporting

Medical Surveillance

A total number of 600 medical surveillances were conducted in the financial year. Concerning medical conditions were addressed privately with the affected employees and most conditions arise from lifestyle choices. 80% of the attendees were female with most males reluctant to participate. 1% had concerning occupational aggravated conditions that are under monitoring

CHALLENGES

Only 600 medical surveillances instead of 800 were conducted due to budget constraints. Aging infrastructure continues to be a major challenge for the municipality because it results in unsafe work environments that can result in injuries. Seasonal provision of PPE result in non-compliance of the Occupational Health and Safety Act, Act 85 of 1993. The municipality need to improve the procurement and distribution of PPE. PPE should always be readily available on demand throughout the financial year.

4.3. COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.3.1. SKILL DEVELOPMENT AND TRAINING

In line with the Skills Development Act (Act 97 of 1998) with aims to develop the skills of the workforce, promote self-employment, and increase investment in the education and training, the municipality has established a fully dedicated section responsible for training and skills development section capacitate its workforce programme and the unemployed youth. A total number of thirty (30) learners were registered at various Universities in South Africa on the Once- Off Registration in January 2025, A total number of fifteen (15) employees were offered bursaries through a resolution passed by Council and furthering their studies in both undergraduate and postgraduate studies. A significant rise in the Workplace Skills Plan (WSP) implementation has been observed in the past year with an overall number of eighty (80) employees studies funded under the WSP. The budget allocated for the implementation of skills development interventions has been increased substantially and is in line with the Skills Development Levies Act,1999 (SDLA). 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 Local Municipality acknowledges the value of development of its employees and is cooperating fully with the Local Government Sector Education and Training Authority (LGSETA) and ensures that the unit participate in all relevant grants and training opportunities offered. The Skills Development and Training unit also make use of the discretionary grants from the LGSETA to cover the cost of learnership, apprenticeship, Recognition of Prior Learning (RPL) and also partners with various training providers who have SETA accreditation to offer training for municipal employees/unemployed learners. Councillors attend various portfolio-based education and training programmes arranged and organised by the South African Local Government Association (SALGA) and the Department of Cooperative Government, Human Settlements and Traditional Affairs (COGHSTA)

The LGSETA internship program appointed through discretionary grant application has successfully provided valuable work experience to seventeen (17) young South Africans while contributing to municipal operations. They are placed at Water & Sanitation, Electrical Services, Communications, Libraries, Budget and Treasury, Sports and Recreation, Information and Technology, Skills Development office

The program demonstrated mutual benefits for both interns and the municipality, The diversity of departmental placements ensured comprehensive exposure to local government operations, preparing interns for various career paths within the public sector. The program's success supports continued participation in future LGSETA initiatives.

A total number of thirty (30) tertiary institution learners are undergoing Experiential learning or practical learning and placed at the various ssections within the municipality including: Water & Sanitation, Electrical Services, Communications, Libraries, etc eighteen (20) learners Internships were appointed through the Discretionary Grant from the LGSETA and placed in various sections in the municipality and this include Supply Chain Management, HRD, Assets Management and Libraries to assist Grade 12 learners with Tertiary Institutions Applications, NSFAS Applications, etc some conducting Office Administration. Fifteen (15) Career Guidance and Career Expo conducted for Matriculants in various schools in partnership with Government Departments, NPO, TVET Colleges, Universities and Private Companies (RCL Food) were conducted. In compliance with Chapter 5 of the Municipal Staff Regulation, a service provide was appointed to conduct Skills Audit for all municipal officials to advance skills needs and identify the skills gaps within the municipality., however four hundred and twenty employees (420) did not turn up for the skills audit until the contract of the service provider terminated.

THE FOLLOWING IS A SUMMARY OF ALL TRAININGS DONE DURING THE FINANCIAL YEAR UNDER REVIEW

ONCE-OFF - REGISTRATION FEE FIRST YEAR STUDENTS

No	Gender	Number of Learners
1	Male	04
2	Female	26
TOTAL		30

UNEMPLOYED LEARNERS IN PROGRESS LGSETA FUNDED

No	Field of Study	Number of Learners
1	Tourist guiding	20
2	Local Economic Development	20
3	Skills Programme: Bricklaying	50
4	Skills Programme: Plumbing Hand	50
	TOTAL	150

EMPLOYED LEARNERS IN PROGRESS LGSETA FUNDED

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
TOTAL	179			LGSETA FUNDED

2024/2025 Training in programmes by Funded by LGSETA to commerce in 01 September 2025

Course Description	Employed	Councilors	Unemployed	Funding granted by
Electrical Engineering			20	LGSETA
Municipal Finance Management			40	LGSETA
Tourism Officer			20	LGSETA
Local Government			40	LGSETA
Ward Committee	100			LGSETA
Water and waste water process control	20			LGSETA
Environmental practice	40			LGSETA
TOTAL	160		120	

2024/2025 training achieved with certificates programmes by LGSETA

Course Description	Employed	Councilors	Unemployed	Funding granted by
IDP	20	0	0	LGSETA
National Certificate: Municipal Finance Management	20	0	20	LGSETA
National Certificate: Environmental practice	20	0	0	LGSETA
Water Process Control		0	30	LGSETA
Further Education and Training Certificate: Water Purification Processes	0	0	10	LGSETA
National Certificate Water Reticulation Services	0	0	10	LGSETA
General Education and Training Certificate: Water Services	0	0	10	LGSETA
Recognition of Prior Learning (RPL) Further Education and Training certificate Plumbing	20	0	0	LGSETA
National Certificate: Water and Wastewater Process Control	0	0	10	LGSETA
National Certificate: Water and Wastewater Treatment Process Operations	0	0	10	LGSETA
Certificate: Municipal Financial Management	20	0	0	LGSETA
National Certificate: Municipal Integrated Development Planning	20	0		LGSETA

National Certificate: Water and Wastewater Treatment Process Operations	0	0	20	LGSETA
National Certificate Water and Wastewater Process Control	0	0	25	LGSETA
National Certificate: Local Economic Development		0		LGSETA
National Certificate: Water and Wastewater Reticulation Services	0	0	20	LGSETA
National Certificate: Automotive Repair and Maintenance (Welding)	0	0	20 EPWP	LGSETA
Further Education and Training Certificate: Manufacturing and Assembly Operations Supervision	0	0	15 EPWP	LGSETA
Skills program: Landscaping	0	0	20	LGSETA
Skills Program L Bricklaying	0	0	20	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
- Continuous withdrawal of learners impeding planned targets achievements

RECOMMENDATION

- Training budget to be allocated as the approved workplace skills plan and 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

CONCLUSION

Nkomazi Local Municipality has placed the function of Skills Development, Training and Development as a strategic business role rather than as an ad-hoc activity of the Training and Skills Development section. is also geared to planning, coordinating and regulating their workforce growth. Both the Workplace Skills Plan (WSP) and Annual Training Report (ATR) are used to create a comprehensive skills plan that is aligned with our organization's strategic objectives in order to create an environment of real growth and development. The municipality also appreciates the co-operation by LGSETA for funding its major education, training and development programmers.

5. CHAPTER 5: FINANCIAL PERFORMANCE

5.1. COMPONENT A: FINANCIAL PERFORMANCE

5.1.1. FINANCIAL PERFORMANCE

Budget and financial performance for the year 2025

The purpose of this report is to provide progress on the financial performance of the municipality against the budget for the period ended 30 June 2025, in compliance with section 52(d) of the Municipal Finance Management Act (MFMA).

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 23 May 2024, 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 2024/25 under resolution number NLM: SCM: A038/2024 was R1.7 Billion comprising of the Operational budget of R1.3 Billion and capital budget of R444 Million.

The approved budget has been implemented from 01 July 2024 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).

A Government Gazette No.51233 was issued on 12 September 2024 for stopping and re-allocation of MIG to municipalities in terms of sec18 and 19 of the DORA act. An error was identified in the water and sanitation component of the MIG formula resulting in incorrect allocations for 128 municipalities. To address this oversight the formula has been recalculated and updated. This recalculation has resulted to a downward adjustment of R1 663 000 on the Municipal Infrastructure Grant (MIG) allocation.

Section 23(3) of the Municipal Budget and Reporting Regulation stipulates that if national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustment budget referred to section 28(2)(b) of the MFMA in the municipal council to appropriate these additional revenues.

In compliance with this regulation an adjustment budget was passed on 30 October 2024 with resolution number NLM: SCM: A087/2024 to account for the funds.

Spending of funds that were unspent at the end of the past financial year where the underspending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council were also authorized with the same resolution. These roll-overs required projects re-prioritization.

Furthermore, on the same date under resolution number NLM: SCM: A088/2024 residential and business water tariffs for the financial year 2024/2025 were reviewed from seven tier structure block structure to five tier block structure to be implemented from 1 July 2024 after it was concluded that the increases in consumption, driven by factors such as economic recovery and heightened production needs, has placed additional financial pressure on businesses. This was done in compliance with section 74(2)(d) of the Municipal Systems Act, which states that tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges.

The approved resolution adjusted the 2024/25 Revenue Budget to R1,659,775,159, Operational Expenditure budget to R1,322,482,022 and Capital expenditure budget to R442,336,722 respectively. The total adjusted expenditure budget was therefore approved at R1,764,818,744.

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 2025, resolution NLM: SCM: A002/2025.

The assessment conducted reflected that an adjustments budget will need to be done to address challenges of budget funding, under-collection on revenue and 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 05 February 2025, it was further recommended that the budget will have to be adjusted to enhance credibility and performance of the municipality.

In terms of section 28 of the MFMA, Council must consider the main adjustments budget by latest 28 February 2025 and adjustments budget for additional allocations within 60 days of approval by the National or Provincial Adjustments budgets if additional allocations were made.

The adjustment budget was tabled to council on council on 26 February 2025 under resolution number NLM: SCM: A008/2025 adjusting the 2024/25 Revenue Budget to R1,657,408,417 Operational Expenditure budget to R1,314,743,372 and Capital expenditure budget to R389,108,278 respectively. The total adjusted expenditure budget was therefore approved at R1,703,851,650

Table C1: Quarterly Budget Statement Summary

The table below detailing Revenue by source and Expenditure by type provides an overview of the budget and financial performance for the 2024/2025 Fourth Quarter period ended 30 June 2025, reflecting performance summary for each segment of the budget. The Municipality is currently implementing the mSCOA budget on version 6.8 after successful verification by National Treasury in line with the Municipal Finance budget regulations.

MP324 Nkomazi - Table C4 Budget Statement - Financial Performance (revenue and expenditure)

Description ZAR thousands	Budget Year 2024/25									
	Original Budget	Adjusted Budget	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Year TD actual	Year TD budget	YTD variance	YTD variance
Total Revenue (excluding capital transfers and contributions)	1,337,124	1,334,192	456,017	388,441	319,255	122,658	1,286,372	1,334,192	(47,820)	-4%
Total Expenditure	1,322,482	1,314,803	330,480	406,189	381,793	324,688	1,443,149	1,314,803	128,346	10%
Surplus										
Surplus/(Deficit)	14,624	19,389	125,537	(17,748)	(62,537)	(202,029)	(156,777)	19,389	(176,166)	0
Transfers and subsidies - capital (monetary allocations)	324,314	323,216	95,154	75,878	119,451	6,816	297,299	323,216	(25,917)	0
Surplus/(Deficit) after capital transfers & contributions	338,956	342,605	220,691	58,130	56,914	(195,313)	140,522	342,605		
Surplus/ (Deficit) for the year	338,956	342,605	220,691	58,130	56,914	(195,313)	140,522	342,605		

The year-to-date budgeted operating revenue budgeted for the Fourth Quarter period ending 30 June 2025 is R1.29 billion. The actual revenue is at R1.3 billion that is 4% less than budgeted. The deviations of the revenue are discussed in detail later in the report.

The year-to-date budgeted operating expenditure for the Fourth Quarter ending 30 June 2025 is R1.3 billion. The actual expenditure is R1.4 billion which is R128.3 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 surplus of R19.4 million resulting to an over-expenditure of R176.2 million when compared to the actual deficit of R156.8 million for the Fourth Quarter. The above further represents the budgeted surplus after the capital grants as R342.6 million and the actual surplus as R140.5 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.

Operating Revenue

Exchange Revenue

The actual revenue for the period excluding capital grants income has underperformed by R47.8 million or 4 percent when comparing the actual amount of R1.29 billion with the R1.3 billion budgeted for this period. This is due to a combination of revenue sources under-performed which will be discussed below.

The Municipality continues to enforce its credit control and debt collection policies as way of enhancing the collection of revenue from customers. In addition, debt collectors were contracted to assist the municipality in collecting the long-outstanding debt.

Variances from the projected amount will be explained in detail. The analysis of actual revenue against the budget for the period is further below:

MP 364 Nkomazi - Table C4 Monthly Budget Statement - Financial Performance (Revenue and expenditure) Q4 Fourth Quarter

2023/24													Budget Year 2024/25												
Description	Ref	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																									
Exchange Revenue																									
Service charges - Electricity		145,340	174,814	179,821	39,892	44,130	52,358	44,957	181,137	176,821	1,316	1%	179,821												
Service charges - Water		32,823	51,931	42,894	12,298	5,500	9,584	9,416	36,798	42,894	(6,096)	-14%	42,894												
Service charges - Waste Water Management		6,451	7,181	7,181	1,844	1,718	1,705	2,550	7,818	7,181	436	6%	7,181												
Service charges - Waste management		11,510	14,308	14,308	3,164	3,286	3,269	3,793	13,511	14,308	(797)	-6%	14,308												
Sale of Goods and Rendering of Services		4,280	4,856	4,856	835	1,506	1,485	7,416	11,282	4,856	6,426	142%	4,856												
Agency services		-	-	-	-	-	0	-	0	-	0	#DIV/0	-												
Interest		-	-	-	-	-	-	-	-	-	-	-	-												
Interest earned from Receivables		4,117	3,952	3,952	985	952	981	938	3,837	3,952	(115)	-3%	3,952												
Interest from Current and Non-Current Assets		15,426	27,714	27,714	1,328	533	569	1,869	3,529	27,714	(24,184)	-87%	27,714												
Dividends		-	-	-	-	-	-	-	-	-	-	-	-												
Rent on Land	5	-	-	-	-	-	-	-	-	-	-	-	-												
Rental from Fixed Assets		5,130	6,215	6,215	3,327	440	319	485	4,630	6,215	(1,585)	-26%	6,215												
Licence and permits		2,174	2,717	2,717	333	711	280	180	1,565	2,717	(1,210)	-48%	2,717												
Operational Revenue		5,742	1,825	1,825	151	138	318	11,785	12,432	1,825	10,607	665%	1,825												
Non-Exchange Revenue																									
Property rates		119,482	145,118	145,118	31,500	30,811	31,728	30,885	125,304	145,118	(19,814)	-14%	145,118												
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-	-												
Fines, penalties and forfeits		2,464	4,256	4,256	338	301	303	324	1,265	4,256	(2,991)	-70%	4,256												
Licence and permits		-	-	-	-	-	-	-	-	-	-	-	-												
Transfers and subsidies - Operational		888,986	878,983	880,081	356,224	295,964	213,741	5,479	871,409	880,081	(8,672)	-1%	880,081												
Interest		12,167	13,854	13,854	2,217	2,107	2,147	1,233	7,704	13,854	(6,150)	-44%	13,854												
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-	-												
Operational Revenue		-	-	-	345	345	345	449	1,486	-	1,486	#DIV/0	-												
Gains on disposal of Assets		-	-	-	1,255	-	-	-	1,255	-	1,255	#DIV/0	-												
Other Gains		-	-	-	-	-	-	1,880	1,880	-	1,880	#DIV/0	-												
Discontinued Operations																									
Total Revenue (including capital transfers and contributions)																									
		1,234,858	1,337,124	1,334,192	456,017	388,441	319,259	122,656	1,288,372	1,334,192	(47,820)	-4%	1,334,192												

- Sale of Goods and Rendering of Services realised an amount of R11.3 million compared to the year-to-date budgeted amount of R4.7 million. That is R6.6 million or 142% favourable. This variance is due to legal fees recovered; it must be noted that this amount is contingent in nature.
- Interest earned from Current and Non-Current Assets year-to-date revenue amounted to R3.5 million against the year-to-date budget of R27.7 million reflecting an under-performance of R24.2 million or 87%. This is due to the lack of surplus funds available for investing during the month.
- Rental from Fixed Assets registered a year-to-date actual of R4.6 million against the year-to-date budget of R6.2 million which resulted in an under-performance by R1.6 million or 26%. The variance is due to rental income generated from RCL foods for renting a municipal farm JU 182 /R. The rental amount is based on profits realized by RCL foods. A portion of the farm was surrendered back to the municipality during this financial year for the implementation of the SEZ project.

- d) Operational Revenue year-to-date actual amounted to R12.4 million against the year-to-date budget of R1.6 million resulting to an over-performance of R10.8 million or 665%. The variance is due to land ERF 950 Komatipoort Ext 7 being sold to SANRAL.

Non-Exchange Revenue

- e) Property rates registered R125.3 million, when compared against the year-to-date budget of R145.1 million reflecting significant negative variance of R19.8 million or 14%. Ongoing implementation of supplementary valuation roll on properties adjustment category has resulted to this variance.
- f) Fine, penalties and forfeits year-to-date revenue amounted to R1.3 million against the year-to-date budget amounting to R4.3 million. An amount of R3 million or 70% is recorded as an under-performance since the actual revenue realized is less than projected. This is due to year-end revenue reconciliation not yet finalized.
- g) Interest realised on non-exchange revenue amounts to R7.7 million against the year-to-date budgeted amount of R13.7 million reflection under-performance of R6 million or 44%. The adjustment on property values has an impact on the interest billing.

Operating Expenditure Performance analysis

The operational expenditure performance for the Fourth Quarter period ending 30 June 2025 is reflected on the table below. The year-to-date actual expenditure amounted to R1.4 billion, measured against the year-to-date budget amounting to R1.3 billion reflecting a significant variance of R128.3 million or 10% over-expenditure.

MP 304 Nkomzi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) Q4 Fourth Quarter

Description	Ref	Budget Year 2024/25											
		2023/24	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		722,519	680,245	672,568	172,388	207,324	175,977	187,572	721,269	672,568	48,694	7%	672,568
Remuneration of councillors		31,119	28,125	29,079	6,787	7,880	10,411	7,244	32,243	28,070	3,164	11%	29,079
Bulk purchases - electricity		127,601	104,514	104,514	34,003	21,074	47,072	32,488	134,637	104,514	30,123	29%	104,514
Inventory consumed		58,994	61,770	76,874	7,550	26,115	11,528	19,319	64,903	76,874	(11,971)	-16%	76,874
Debt impairment (9,495)		-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation		102,483	72,722	89,265	18,184	30,253	24,190	16,010	88,637	89,265	(628)	-1%	89,265
Interest		2857	162	162	229	1,249	2,781	2,881	7,140	162	7,038	6928%	162
Contracted services		238,099	152,312	132,637	32,300	43,921	46,938	32,908	156,064	132,637	23,427	18%	132,637
Transfers and subsidies		34,434	21,152	23,098	1,414	9,980	1,787	1,859	14,861	23,098	(8,236)	-36%	23,098
Irrecoverable debts written off		27,138	3,781	3,781	(176)	-	-	-	(176)	3,781	(3,956)	-105%	3,781
Operational costs		266,248	197,759	182,890	57,802	58,464	62,738	44,564	223,568	197,890	25,678	13%	197,890
Losses on Disposal of Assets		5,313	-	-	-	-	-	-	-	-	-	-	-
Other Losses		2,503	-	-	-	-	-	12	12	-	12	40%	-
Total Expenditure		1,607,771	1,322,482	1,314,863	336,486	406,189	381,792	324,888	1,443,149	1,314,863	128,286	10%	1,314,863

The detailed analysis of the actual operational expenditure performance for the Fourth Quarter period ending 30 June 2025 is further outlined below:

- a. The operational expenditure performance for the Fourth Quarter period ending 30 June 2025 is reflected on the table below. The year-to-date actual expenditure amounted to R1.4 billion, measured against the year-to-date budget amounting to R1.3 billion reflecting a significant variance of R128.3 million or 10% over-expenditure.
- b. Remuneration of Councillors year-to-date actual expenditure amounted to R32.2 million against the year-to-date budget amounting to R29.1 million reflecting an over-expenditure of R3.1 million. This variance was due to the implementation of the upper limits for the current and last financial years of 2024/25 and 2023/24.
- c. Bulk purchases - Electricity year-to-date actual expenditure amounted to R134.6 million against the year-to-date budget of R104.5 million reflecting an over-expenditure of R30.1 million which is 29% variance.
- d. Inventory Consumed year-to-date actual expenditure amounted to R64.9 million against the year-to-date budget amount of R76.8 million reflecting an under-expenditure of R11.9 million or 15%. It must be noted that these are

demand-based items hence the demand was less significant this period, however expenditure on Inventory consumed needs to be 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 that funds will be fully spent at year-end.

- e. No Debt impairments was registered for June, this line item is projected for on a straight-line basis but will only be provided for, as part of year-end procedures.
- f. Depreciation and asset amortization are seamlessly integrated monthly on the financial system from the built-in asset management module. These items are projected for on a straight-line method and are currently transacting monthly. The year-to-date actual is at R88.7 million and providing an under-expenditure of R628 thousand when compared to the year-to-date budget of R89.3 million.
- g. Interest year-to-date actual expenditure amounted to R7.1 million against the year-to-date budget of R102 thousand reflecting an over-spending of R7 million. 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.
- h. Contracted services year-to-date actual expenditure amounted to R156.1 million against the year-to-date budget of R132.7 million reflecting an over-spending of R23.3 million. This is due to an over-spending of R35.1 million on legal costs.

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

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

Description		Budget Year 2024/25										Actual Debt Written Off against Debtors	Impairment - Bad Debt Loss to Council Policy
MT Code	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days + 1 Yr	Over 1 Yr	Total	Total over 90 days			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1 20 0	3 372	1 677	6 16	515	326	4 15	2 386	6 338	17 247	12 186	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1 30 0	6 718	1 728	5 67	1 365	224	2 47	9 67	15 178	21 514	12 891	-	-
Receivables from Non-exchange Transactions - Property Rates	1 40 0	8 203	4 233	1 822	1 755	1 609	1 370	6 271	33 894	56 677	41 838	-	-
Receivables from Exchange Transactions - Waste Water Management	1 50 0	1 667	1 46	86	63	47	45	170	1 312	3 719	1 636	-	-
Receivables from Exchange Transactions - Waste Management	1 60 0	1 104	2 55	1 58	119	95	91	373	2 236	4 614	2 816	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1 70 0	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Asset Debtors Accounts	1 81 0	836	6 15	7 91	756	719	7 32	4 167	26 477	26 328	26 862	-	-
Receivable unauthorised, irregular, fruitless and wasteful expenditure	1 90 0	-	-	-	-	-	-	-	-	-	-	-	-
Other	1 99 0	271	3 52	1 69	72	54	26	1 45	4 457	5 637	4 756	-	-
Total By Income Source	2 669	22 685	8 536	4 373	4 645	3 165	2 827	94 486	81 158	94 826	1 86 241	-	-
R R 20 4 - state only												-	-
Debtors Age Analysis By Customer Group													
Original Date	2 20 0	2 696	2 741	1 635	1 319	886	6 15	3 779	14 863	26 181	21 713	-	-
Commercial	2 30 0	9 960	3 55	1 954	1 878	1 314	1 380	6 711	37 882	63 122	46 186	-	-
Household	2 40 0	10 015	2 732	1 434	1 616	854	831	3 916	26 291	58 014	36 342	-	-
Other	2 50 0	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2 669	22 685	8 536	4 373	4 645	3 165	2 827	94 486	81 158	94 826	1 86 241	-	-

The above table indicates total outstanding debts by income source and customers group with a total outstanding debt of R141.8 million. The debt of R141.8 million consists of R22.7 million that is 16% which is collectable within 30 days, R37.9 million ageing between 31 and 366 days and R81.2 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. Currently, four debt collectors were appointed to assist the municipality in collecting the long-outstanding debt.

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.

MP324 Nkomazi - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q4 Fourth Quarter

Description		NT Code	Budget Year 2024/25									Prior year totals for current (same period)
			0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands:												
Creditors Age Analysis By Customer Type												
Bulk Electricity	01 00		-	20,369	21,069	16,847	13,370	15,041	14,795	20,017	121,408	
Bulk Water	02 00		-	-	-	235	272	882	213	801	2,403	
PAYE deductions	03 00		7,866	-	-	-	-	-	-	-	7,866	
VAT (output less input)	04 00		-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	05 00		7,066	-	-	-	-	-	-	-	7,066	
Loan repayments	06 00		-	-	-	-	-	-	-	-	-	
Trade Creditors	07 00		52,350	10,796	7,577	12,588	9,302	1,972	3,657	19,975	118,217	
Auditor General	08 00		-	-	-	406	-	-	-	2,000	2,406	
Other	09 00		-	-	-	-	-	-	-	-	-	
Medical Aid deductions			2,802	-	-	-	-	-	-	-	2,802	
Total By Customer Type	10 00		70,078	31,066	28,646	30,078	22,644	17,864	18,866	42,793	262,167	

The overall Creditors for the quarter ended 30 June 2025 amounted to R262.2 million which is made up of:

- Trade creditors amounting to R118.2 million which represents an increase when compared to the previous quarter balance of R38 million. Included in the amount of over 31 - 91 days are multiple invoices that amount to R65.8 million which the municipality is awaiting finalization of the payment processes.
- The PAYE (Pay As You Earn) and Pension funds aggregate to R14.9 million and these are statutory payments which must be made within 7 days of the following month; hence the total appears as still payable at the end of the quarter.

In compliance with the legislation, MFMA S(65)(e) in terms of creditors management all the invoices received are paid within 30 days of receipt unless there is a valid reason for not paying on time. Table SC4 outlines the creditors' age analysis.

5.1.2. 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.

Asset and liability management components of financial statements

Total non-current assets have increased from **R3.47 billion** in 2024 to **R3.66 billion** in 2025 due to asset additions. Current assets decreased from **R158.9 million** in 2024 to **R152 million** in 2025 due to mainly decrease in cash and cash equivalents.

Total non-current liabilities have slightly decreased from **R78.88 million** in 2024 to **R78.87 million** in 2025 due to decrease in finance lease liability. Current liabilities increased from **R552 million** in 2024 to **R661 million** in 2025 which is due to increase in payables from exchange transaction.

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

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.

Capital Spending on five largest assets acquired in 2024/25

Capital Spending on five largest assets acquired in 2024/25	
Asset 1	
Name	Additional upgrades of Naas water scheme phase 3
Asset Type	Bulk pipeline, concrete reservoirs, pumps stations & water reticulation
Key Staff Involved	Project management unit, infrastructure water & asset section
Staff Responsibilities	Management of project until completion
Asset Value (Excl. VAT)	ACCOUNTING FOR THE ASSET VALUES OF PROJECT IN LINE WITH GRAP
	Expenditure in 2024/25
Future Purpose of Assets	R 38,928,217.29
Describe Key Issues	Water access for community of Nkomazi
Policies in Place to Manage Asset	Delayed – community changed the scope, re-designed pipeline. Farm needs compensation for pipeline servitude.

DESIGNED

Capital Spending on five largest assets acquired in 2024/25

Capital Spending on five largest assets acquired in 2024/25	
Asset 2	
Name	Construction of bulk line, water reticulation and elevated tank in Masibekela
Asset Type	Bulk pipeline, concrete reservoirs, pumps stations & water reticulation
Key Staff Involved	Project management unit, infrastructure water & asset section
Staff Responsibilities	Management of project until completion
Asset Value (Excl. VAT)	ACCOUNTING FOR THE ASSET VALUES OF PROJECT IN LINE WITH GRAP
	Expenditure in 2024/25
Future Purpose of Assets	R 33,177,123.37
Describe Key Issues	Water access for community of Nkomazi
Policies in Place to Manage Asset	None

Capital Spending on five largest assets acquired in 2024/25

Capital Spending on five largest assets acquired in 2024/25	
Asset 3	
Name	Extension of Schoemansdal water reticulation
Asset Type	Water reticulation
Key Staff Involved	Project management unit, infrastructure water & asset section
Staff Responsibilities	Management of project until completion
Asset Value (Excl. VAT)	ACCOUNTING FOR THE ASSET VALUES OF PROJECT IN LINE WITH GRAP
	Expenditure in 2024/25
Future Purpose of Assets	R 20,936,172.24
Describe Key Issues	Water access for community of Nkomazi
Policies in Place to Manage Asset	None

Capital Spending on five largest assets acquired in 2024/25

Capital Spending on five largest assets acquired in 2024/25	
Asset 4	
Name	Construction of reticulation and elevated tank in Phiva and Khumbulekhaya
Asset Type	Bulk pipeline, concrete reservoirs, pumps stations & water reticulation
Key Staff Involved	Project management unit, infrastructure water & asset section
Staff Responsibilities	Management of project until completion
Asset Value (Excl. VAT)	ACCOUNTING FOR THE ASSET VALUES OF PROJECT IN LINE WITH GRAP
	Expenditure in 2024/25
Future Purpose of Assets	R 18,181,997.74
Describe Key Issues	Water access for community of Nkomazi
Policies in Place to Manage Asset	None

Capital Spending on five largest assets acquired in 2024/25	
Asset 5	
Name	Provision of water reticulation at Mangweni
Asset Type	Bulk pipeline, concrete reservoirs, pumps stations & water reticulation
Key Staff Involved	Project management unit, infrastructure water & asset section
Staff Responsibilities	Management of project until completion
Asset Value (Excl. VAT)	ACCOUNTING FOR THE ASSET VALUES OF PROJECT IN LINE WITH GRAP
	Expenditure in 2024/25
Future Purpose of Assets	R 17,374,688.92
Describe Key Issues	Water access for community of Nkomazi
Policies in Place to Manage Asset	None

5.2. COMPONENT B: CASH FLOW MANAGEMENT AND INVESTMENTS

5.2.1. CASH FLOW MANAGEMENT

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.

Comment on cash flow outcomes

R281 million was utilized on investment activities mainly for the acquisition of property, plant and equipment as well as other intangible assets. It must be noted that the municipality had no long-term borrowings or overdraft facility with any financial institution as at the 30th of June 2025, reflecting an improvement when compared to the prior financial year where the institution closed a financial with a short-term credit facility amounting to R12,2 million.

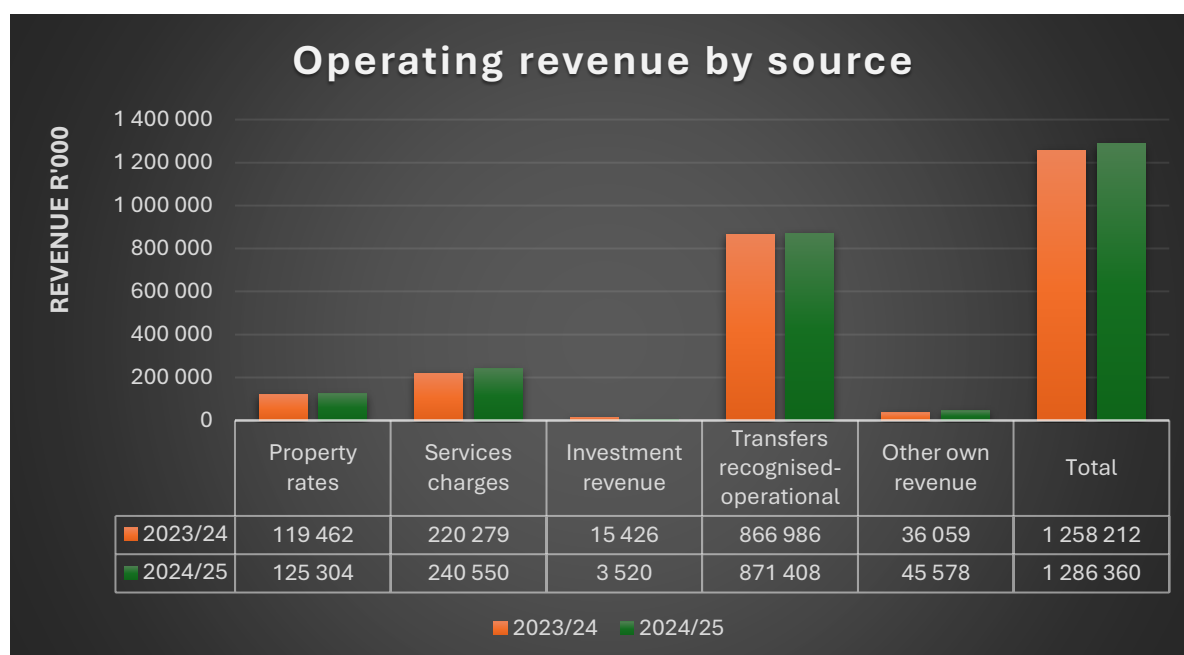
The net cash and cash equivalents at the end amounts to (293 million). The net cash position of the municipality has been adversely affected for the past two financial years; however, the great improvement is an indicator amongst other things that the municipality has been a going concern for over the 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.

5.2.2. FINANCIAL GRAPHS AND RATIOS

Total Operating Revenue by Source

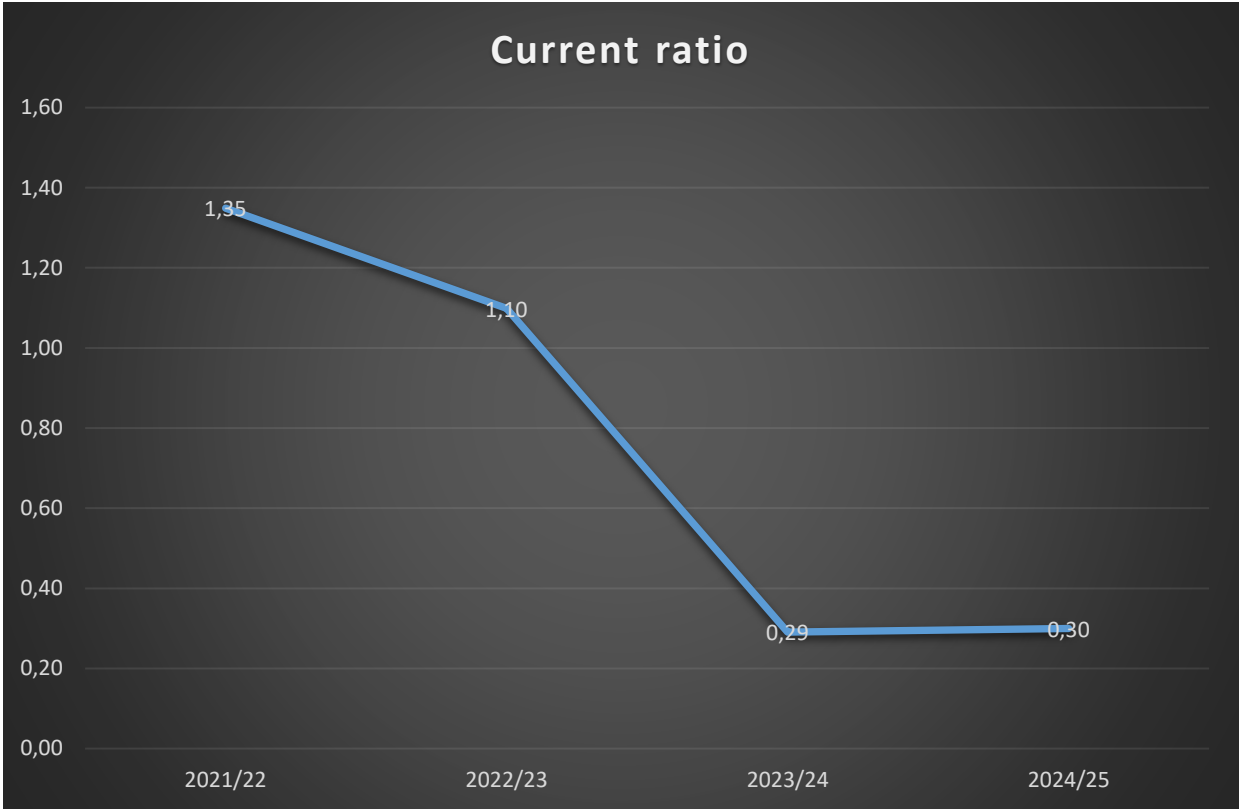
Year concluded: 30 June 2025

Revenue type	2023/24	2024/25
Property rates	119 462	125 304
Services charges	220 279	240 550
Investment revenue	15 426	3 520
Transfers recognised-operational	866 986	871 408
Other own revenue	36 059	45 578
Total	1 258 212	1 286 360



Source: Nkomazi Draft AFS 2024_V1

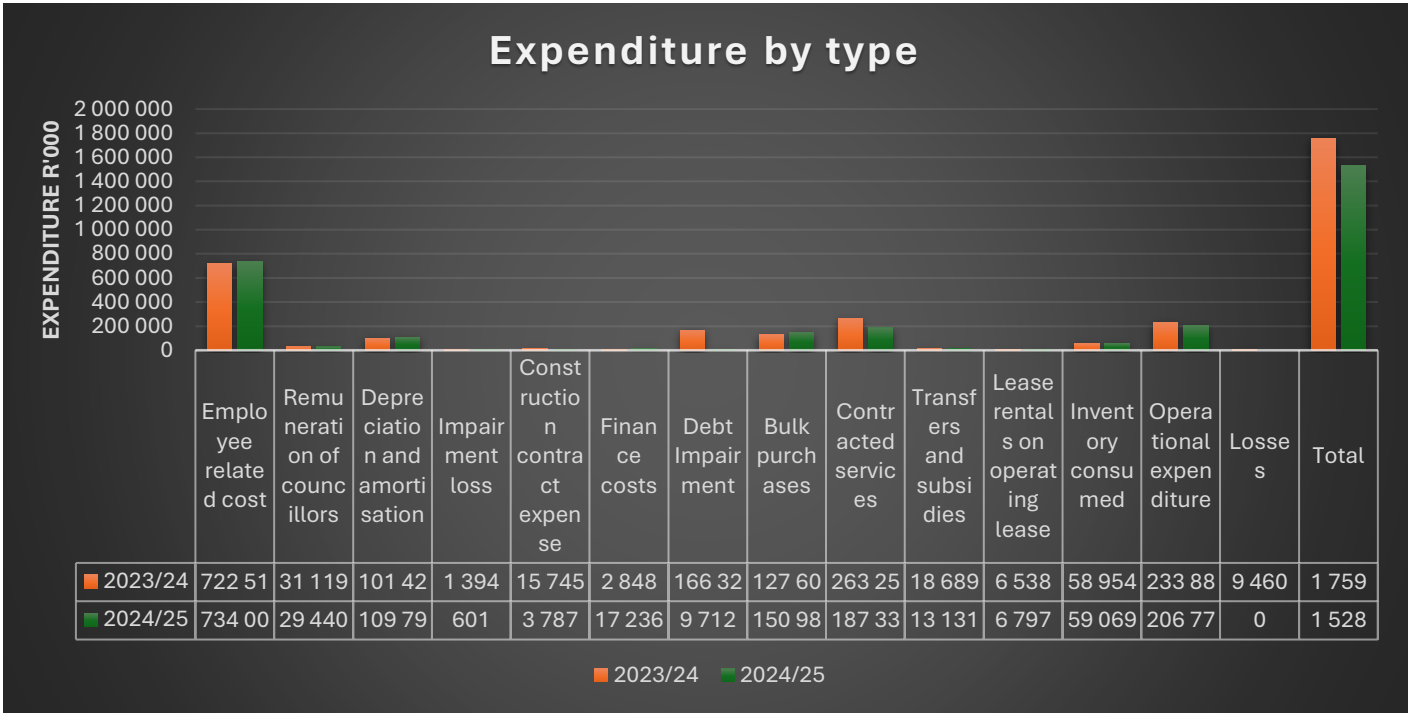
Liquidity ratios (Current Ratio) Year concluded: 30 June 2025



Source: Nkomazi Draft AFS 2024_V1

Expenditure By Type

Year concluded: 30 June 2025

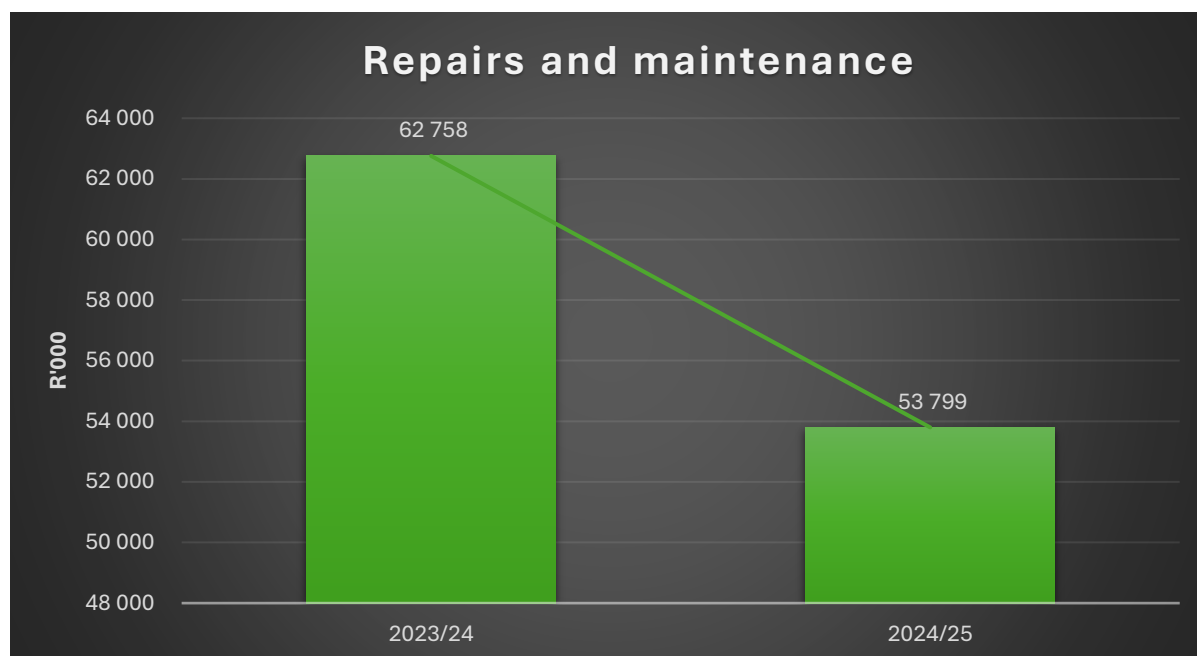


Source: Nkomazi Draft AFS 2024_V1

Repairs and Maintenance

Year concluded: 30 June 2025

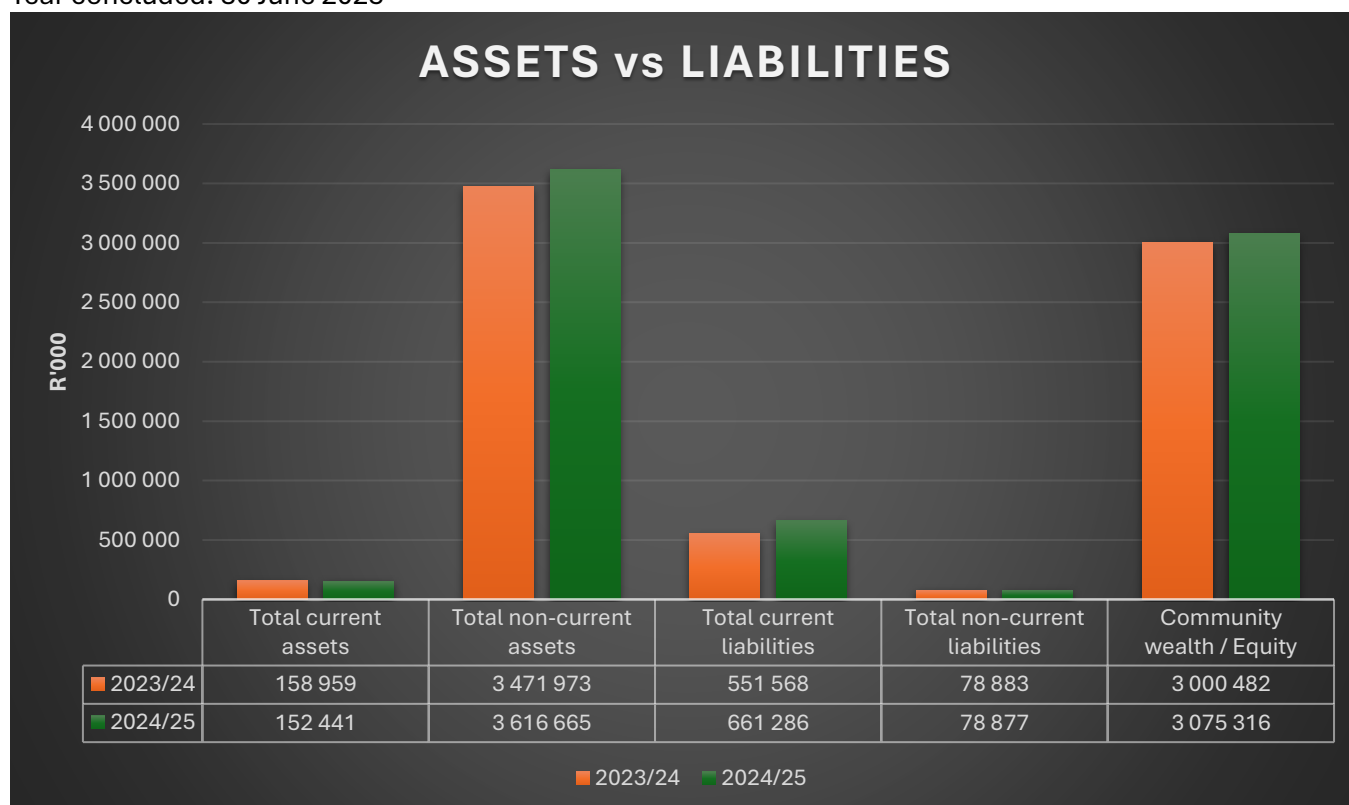
Year	Amount
2023/24	R 62 758
2024/25	R 53 799



Source: Nkomazi Draft AFS 2024_V1

Assets vs Liabilities

Year concluded: 30 June 2025



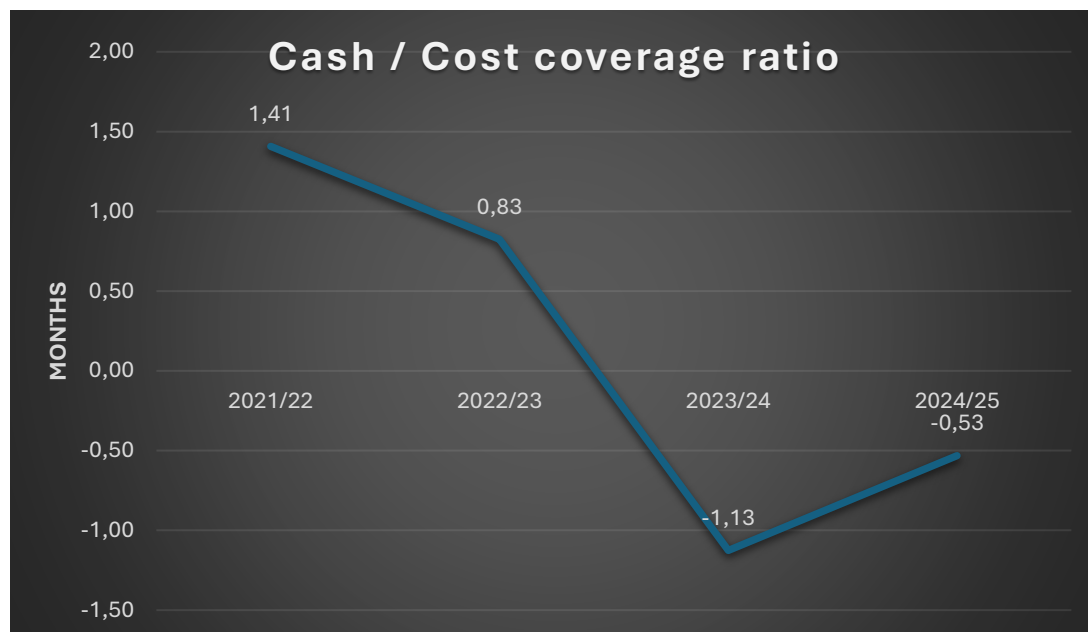
Source: Nkomazi Draft AFS 2024_V1

Asset and liability management components of financial statements

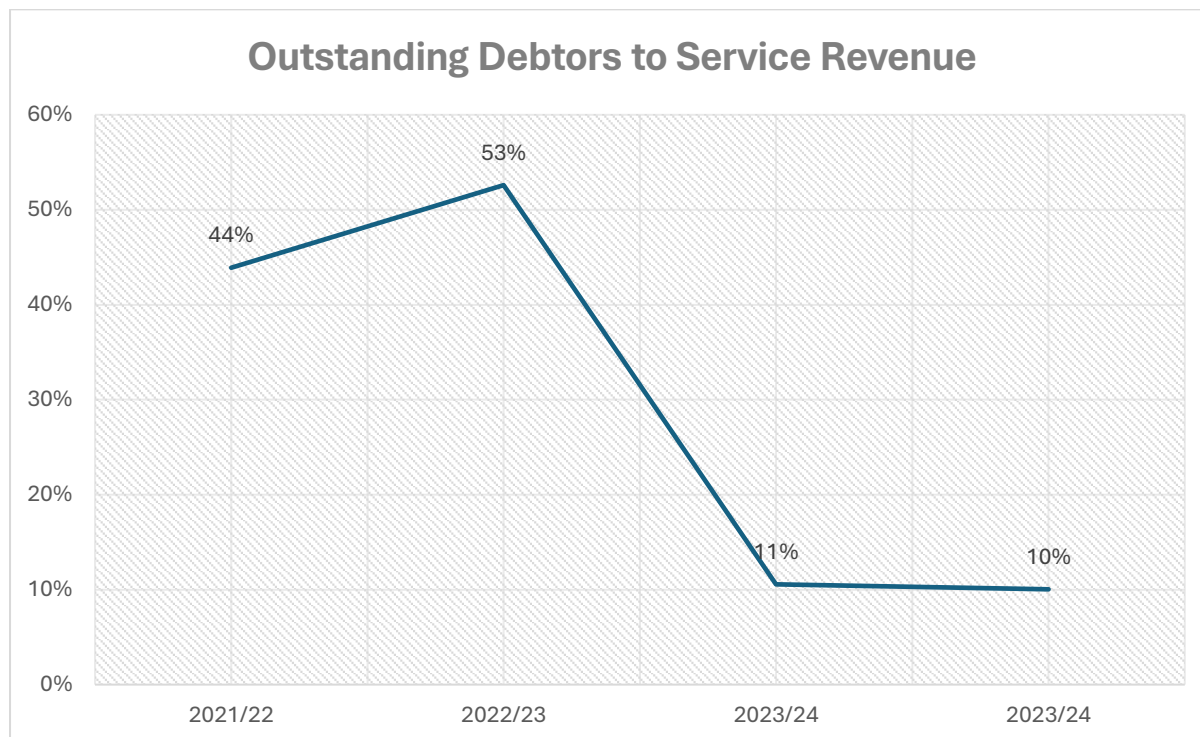
Total non-current assets have increased from R3.47 billion in 2024 to R3.66 billion in 2025 due to asset additions. Current assets decreased from R158.9 million in 2024 to R152 million in 2025 due to mainly decrease in cash and cash equivalents.

Total non-current liabilities have slightly decreased from R78.88 million in 2024 to R78.87 million in 2025 due to decrease in finance lease liability. Current liabilities increased from R552 million in 2024 to R661 million in 2025 which is due to increase in payables from exchange transaction. The municipality was unable to pay all creditors within 30 days period as required by section 65(e) of MFMA.

Cash Coverage Ratio (Year concluded: 30 June 2025)



Outstanding Debtors to Revenue



GRANT PERFORMANCE

Government grants and subsidies	2025	2024
Equitable Share	837 870 000	788 535 000
Financial Management Grant	1 800 000	1 770 000
Municipal Infrastructure Grant	246 496 981	269 609 468
Intergrated National Electrification Grant	3 787 000	14 400 000
Water Services Infrastructure Grant	30 000 000	30 000 000
Extended Public Works Programme (EPWP)	2 436 000	3 510 000
LG SETA Grant	2 187 565	3 720 979
Municipal Disaster Recovery Grant	51 926 000	66 501 000
Municipal Disaster Relief Grant	-	16 230 000
Regional Bulk Infrastructure Grant	5 000 000	
	1 181 503 546	1 194 276 447
Financial Management Grant		-
Balance unspent at beginning of the year	-	-
Current year receipts	1 800 000	1 770 000
Conditions met - transferred to revenue	(1 800 000)	(1 770 000)
Prior year error - conditions met	-	-
Conditions still to be met - transferred to liabilities	-	-
Municipal Infrastructure Grant		-
Balance unspent at beginning of the year (as per adj AFS)	-	16 675 468
Current year receipts	260 408 000	252 934 000
Conditions met - transferred to revenue	(246 496 981)	(269 609 468)
Transfer out - Roll over not approved	-	-
Conditions still to be met - transferred to liabilities	13 911 019	-
Integrated National Electrification Grant		-
Balance unspent at beginning of the year(as per adj AFS)	-	-
Current year receipts	3 787 000	14 400 000
Conditions met - transferred to revenue	(3 787 000)	(14 400 000)
Transfer out - Roll over not approved	-	-
Conditions still to be met - transferred to liabilities	-	-
Water Service Infrastructure Grant		-
Balance unspent at beginning of the year (As per AFS)	-	-
Current year receipts	30 000 000	30 000 000
Conditions met - transferred to revenue	(30 000 000)	(30 000 000)
Transfer out - Roll over not approved	-	-
Conditions still to be met - transferred to liabilities	0	-

Extended Public Works Programme

	-	-
Balance unspent at beginning of the year (As per AFS)	-	-
Current year receipts	2 436 000	3 510 000
Conditions met - transferred to revenue	(2 436 000)	(3 510 000)
Conditions still to be met - transferred to liabilities	-	-

LG SETA Grant

	-	-
Balance unspent at beginning of the year (As per AFS)	779 635	921 678
Current year receipts	2 785 815	3 578 936
Conditions met - transferred to revenue	(2 187 565)	(3 720 979)
Conditions still to be met - transferred to liabilities	1 377 885	779 635

Regional Bulk Infrastructure Grant

	-	-
Balance unspent at beginning of the year (As per AFS)	-	-
Current year receipts	5 000 000	-
Conditions met - transferred to revenue	(5 000 000)	-
Conditions still to be met - transferred to liabilities	0	-

Municipal Disaster Relief Grant

	-	-
Balance unspent at beginning of the year (As per AFS)	-	16 230 000
Current year receipts	-	-
Conditions met - transferred to revenue	-	(16 230 000)
Conditions still to be met - transferred to liabilities	-	-

Municipal Disaster Recovery Grant

	-	-
Balance unspent at beginning of the year (As per AFS)	-	-
Current year receipts	51 926 000	-
Conditions met - transferred to revenue	(51 926 000)	-
Conditions still to be met - transferred to liabilities	-	-

	2024	2023
--	-------------	-------------

Unspent conditional grants and receipts

Financial Management Grant	-	-
Municipal Infrastructure Grant	13 911 019	-
Integrated National Electrification Grant	-	-
Water Services Infrastructure Grant	0	-
Extended Public Works Programme (EPWP)	-	-
LG SETA Grant	1 377 885	779 635
Regional Bulk Infrastructure Grant	0	-
Municipal Disaster Response Grant	-	-
Municipal Disaster Recovery Grant	-	-
	15 288 904	779 635

Allocation-in-kind Grants	2025	2024
Regional Bulk Infrastructure Grant	4 000 000	5 000 000
Integrated National Electrification Grant	19 938 000	21 801 000
Neighbourhood Development Partnership Grant (technical assistance)	1 500 000	100 000
	25 438 000	26 901 000

5.3. COMPONENT D: ANNUAL PERFORMANCE REPORT (APR)

5.3.1. ANNUAL PERFORMANCE REPORT

Executive Summary

This report highlights the performance results achieved by Nkomazi Local Municipality during the financial year of 2024/25. The results are based on the planned priorities and targets as outlined in the Integrated Development Plan (IDP) 2024/25. 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 2024/25.

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 2024/25 showcases some of the key service delivery results of the municipality achieved during the period under review.

Performance results 2024/25 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 2023/24 (Baseline). The baseline is the planned targets in the prior financial year ((2023/24) Performance summary results for 2023/24 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 2023/24. Prior year under- achieved targets are also reported in the Performance report for 2024/25 with a status.

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);
- d) Monitor performance, and
- e) Measure and review performance at least once per year;
- f) Take steps to improve performance with regard to those development priorities and objectives where performance targets are not met.
- g) Establish a process of regular reporting to
- h) The Council, other political structures, political office bearers and staff of the municipality, and
- i) 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.

Vision and Mission

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

Vision: “A leading Local Municipality that empowers its communities through excellent service delivery”

Mission: “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”

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 2024/25.

Municipal Priorities

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

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 51233 issued on the 12th of September 2024. Council resolution number S-GCM: A087/2024. Hence the adjusted SDBIP had to be revised to accommodate the implementation thereof.

Performance Highlights and Summary for the Year 2023/24

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:

During the past financial years as indicated in table 4.1 the municipality has managed to improve access to basic services and has provided to new communities in order to reduce the Backlog which is estimated 21 666 households in in the whole region of Nkomazi. The municipality has provided new households with access to electricity in order to reduce the Backlog 3,839 for electricity. The sanitation has been a long outstanding issue in Nkomazi region with a backlog of 6,461 hence in the three-year strategy the municipality has provided new households with access to sanitation services.

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 (%)
2024/25	71	54	76,06%	7	9,86%	10	14,08%	0	0%
2023/24	68	49	72%	12	18%	7	10%	0	0%
2022/23	41	27	66%	9	22%	5	12%	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%

The above table shows that the municipality has increased in terms of performance for actual target achieved to 72,97,82%, 11,26% were partially achieved and 8,45% not achieved.

HIGH-LEVEL SUMMARY OF QUARTERLY PERFORMANCE REPORT: 30 JUNE 2025

(Operational and organizational)

Key Performance Area	Number of targets	Targets achieved	% Targets achieved	No of target not achieved	% Target not achieved	No of target partially achieved	% of target partially achieved
Spatial development and built Environment	2	2	100%	0	0%	0	0%
Basic service delivery and Infrastructure development	24	17	70,83%	5	20,83%	2	8,33%
Local Economic Development and Tourism	6	5	83%	1	17%	0	0
Municipal Transformation and Institutional development	10	8	80%	1	10%	1	10%
Good governance and public participation	23	18	78,26%	1	4,35%	4	17,39%
Financial viability and Management	6	4	67%	2	33%	0	0
Total	71	54	76,06%	10	14,08%	7	9,86%

Key Performance Indicator (Performance Measure)

No	Key Performance Indicator (Performance Measure)	Performance target 2024/25		Action taken to address prior year non-achievements
		Planned	Actual	Results as 30 June 2025
1	Number of new households with access to electricity services	947 New households with access to electricity services by 30 June 2025	0 New households with access to electricity services by 30 June 2025	Smart meters delivered and contractor currently busy with snag list the projects will be completed in the first quarter of the 2025-26 financial.
2	Number of new households with access to piped water	11 818 new households with access to piped water by 30 June 2025	9 834 new households with access to piped water by 30 June 2025	The empty stands will be connected as an when they are occupied.
3	Refurbishment Of WTW, WWTW & Reservoirs	100% construction completed by 30 June 2025	0% construction completed by 30 June 2025	Project will be implemented through 10% MIG project and WSIG during 2025/26
4	Percentage of wastewater samples compliant to water use license	80% Compliance of Wastewater samples to licence conditions by 30 June 2025	74% Compliance of Wastewater samples to licence conditions by 30 June 2025	The municipality will ensure that procurement of chemicals is done timely to avoid running out of chlorine.
5	Number of Kilometres (km) of municipal road network constructed	3,7km of municipal road network constructed by 30 June 2025	0 km of municipal road network constructed by 30 June 2025	Sub-contracting disputes, community unrest and borrow pit issues have been resolved. Service provider is currently monitored closely as per their submitted revised turnaround plan.
6	Percentage of municipal buildings and facilities maintained as per requests by 30 June 2025	100% of municipal buildings and facilities maintained as per requests by 30 June 2025	50% of municipal buildings and facilities maintained as per requests by 30 June 2025	The outstanding project has been planned and budgeted for the 2025/26 financial
7	Number hawker stalls installed	1 hawker stalls installed by 30 June 2025	0 hawker stalls installed by 30 June 2025	None
8	Number of employees (at management level) with signed performance agreements	PMDS cascaded to employees at Task Level 15,16 and 17 by 30 June 2025	PMDS not cascaded to employees at Task Level 15,16 and 17 by 30 June 2025	Identification and workshopping of certain officials to assist in HR section, manager IGR has been identified.
9	Number of employee medical evaluations conducted by 30 June 2024	800 employee medical evaluations conducted by 30 June 2025	600 employee medical evaluations conducted by 30 June 2025	Medical evaluations will resume in the new financial year

10	% of Audit Committee and Performance Audit Committee recommendations implemented	100% of Audit Committee and Performance Audit Committee implemented by 30 June 2025	79% of Audit Committee and Performance Audit Committee implemented by 30 June 2025	Resolutions Register will be monitored quarterly
11	Number of audit projects conducted	20 audit projects conducted by 30 June 2025	18 audit projects conducted by 30 June 2025	These audits have been incorporated into the 2025/2026 internal audit plan
12	Number of stakeholder forum meeting held to respond to issues raised on the ward committee monthly report	2 stakeholder forums held to respond to issues raised on the ward committee monthly report by 30 June 2025	1 stakeholder forums held to respond to issues raised on the ward committee monthly report	The stakeholder forum has been planned to be conducted in the 2025-26 financial year
13	Number of Speaker's awareness programme held	4 Speaker's awareness programme held by 30 June 2025	0 Speaker's awareness programme held by 30 June 2025	Speakers' awareness programmes have been planned for the next financial year
14	Number of Chief Whip's programmes held	4 Chief Whip's programmes held by 30 June 2025	2 Chief Whip's programmes held by 30 June 2025	Chief Whips programmes have been planned for the next financial year
15	Net current assets position (Financial Viability)	Current ratio of 1.5:1 by 30 June 2025	Current ratio of 0.23:1 achieved as at 30 June 2025	Implementation of the Budget funding plan as approved by the council
16	Number of days to settle creditors	Creditors be paid within 30 days of receipt of an invoice	Creditors were not always paid within 30 days of receipt of an invoice	Full implementation of the budget funding plan and cost containment recommendations

Results and action plans for Targets not achieved

Performance Results 2024/25 as per Municipal Key Performance Areas

Legends

Achieved	Not Achieved	Partially Achieved
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KPA 1 SPATIAL DEVELOPMENT AND BUILT ENVIROMNENT

Spatial Development and Built Environment

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24-baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/parti al achieved	Explana tion of Varianc e	Correctiv e Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Spatial Development and Built-In Environment	Provide spatial justice	Number of settlement plans undertaken.	1 strategic/Spatial Plan completed by the end of 30 June 2024	1 strategic/Spatial Plan completed by the end of 30 June 2024	1 Settlement plan completed by 30 June 2025	1 Settlement plan completed by 30 June 2025	Achieved	None	None

Human Settlements

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Correctiv e Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Human settlements	To contribute towards spatial transformation and an efficient settlement and spatial pattern	Number of Consumer education and marketing conducted by 30 June 2025	New indicator	New indicator	16 Consumer education and marketing conducted by 30 June 2025	16 Consumer education and marketing conducted by 30 June 2025	Achieved	None	None

KPA 2 Basic Service Delivery and Infrastructure Development

A Solid waste management

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Solid Waste Management	Improved access to refuse removal services	Number of refuse removal assets purchased by a specific date	25 Refuse removal assets purchased by 30 June 2024	70 Refuse removal assets purchased by 30 June 2024	26 Refuse removal assets purchased by 30 June 2025	30 Refuse removal assets purchased by 30 June 2025	Achieved	The municipality opted to procure smaller skip bins (1.75 CBM) instead of the larger skip bins (6 CBM) due to financial constraints hence the overachievement.	None
	Improved access to refuse removal services	Frequency of refuse removal/waste collection conducted in the rural villages of Nkomazi Municipality by specific dates	Weekly waste collection/ waste removal conducted in the 32 rural villages of Nkomazi Local municipality by 30 June 2024	Weekly waste collection/ waste removal conducted in the 32 rural villages of Nkomazi Local municipality by 30 June 2024	Weekly waste collection/ waste removal conducted in the 30 rural villages of Nkomazi Local municipality by 30 June 2025	Weekly waste collection/ waste removal conducted in the 30 rural villages of Nkomazi Local municipality by 30 June 2025	Achieved	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 2024	Weekly waste collection/ waste removal conducted in the 5 urban areas of Nkomazi Local municipality by 30 June 2024	Weekly waste collection/ waste removal conducted in the 5 urban areas of Nkomazi Local municipality by 30 June 2025	Weekly waste collection/ waste removal conducted in the 5 urban areas of Nkomazi Local municipality by 30 June 2025	Achieved	None	None

Disaster management

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Disaster Management	Disaster Management Awareness Campaigns	Number of Disaster Awareness and Campaign event conducted	12 Disaster Awareness and Campaign events conducted by 30 June 2024	21 Disaster Awareness and Campaign events conducted by 30 June 2024	12 Disaster Awareness and Campaign events conducted by 30 June 2025	19 Disaster Awareness and Campaign events conducted by 30 June 2025	Achieved	This was due to Disasters that were experienced by the Municipality which demanded more awareness campaigns in the affected areas	None
	Area is prone to disaster due to geographical area	Percentage of Call-out on disaster incidents attended	100% Call-out on disaster incidents by 30 June 2024	100% Call-out on disaster incidents by 30 June 2024	100% Call-out on disaster incidents by 30 June 2025	100% Call-out on disaster incidents by 30 June 2025	Achieved	None	None

Traffic management and law enforcement

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Programme / Project: Traffic law enforcement programme	Enhancement of traffic law enforcement	Number of engagements coordination with Transport operating structures held	3 engagements coordination with operating structures held by 30 June 2024	3 engagements coordination with operating structures held by 30 June 2024	12 engagements coordination with operating structures held by 30 June 2025	12 engagements coordination with operating structures held by 30 June 2025	Achieved	None	None
	Enhancement of traffic law enforcement	Number of Road Safety Awareness Campaigns conducted	12 Road Safety Awareness Campaigns conducted by 30 June 2024	12 Road Safety Awareness Campaigns conducted by 30 June 2024	12 Road Safety Awareness Campaigns conducted by 30 June 2025	12 Road Safety Awareness Campaigns conducted by 30 June 2025	Achieved	None	None

Electricity

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Electricity	Improved access to electricity services	Number of new households with access to electricity services	1320 New households with access to electricity services by 30 June 2024	104 new households with access to electricity services as at 30 June 2024	947 New households with access to electricity services by 30 June 2025	0 New households with access to electricity services by 30 June 2025	Not Achieved	Delays in the delivery of smart meters, waiting for Eskom to energise	Smart meters delivered and contractor currently busy with snag list the projects will be completed in the first quarter of the 2025-26 financial.
	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 electrified by 30 June 2024	100% of new customer applications on new electricity connections received, installed and energized by 30 June 2024	100% of new customer applications on new electricity connections received, installed and energized by 30 June 2024	100% of new customer applications on new electricity connections received, installed and energized 30 June 2025	Achieved	None	None

Water

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Water	Improve access to water services	Number of new households with access to piped water	2540 new households with access to piped water by 30 June 2024	567 new households with access to piped water by 30 June 2024	11 818 new households with access to piped water by 30 June 2025	9 834 new households with access to piped water by 30 June 2025	Partially achieved	The variance is caused by empty stands which were not connected.	The empty stands will be connected as an when they are occupied.
	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 2024	86,4% Average Compliance of Drinking Water to SANS 241 by 30 June 2024	80% Average Compliance of Drinking Water to SANS 241 by 30 June 2025	87,48% Average Compliance of Drinking Water to SANS 241 by 30 June 2025	Achieved	None	None
	Improve access to water services	Percentage of Water Callouts Responded to Within 24hrs	80% Water Callouts Responded within 24hrs by 30 June 2024	55,9% Water Callouts Responded within 24hrs by 30 June 2024	90% Water Callouts Responded within 24hrs by 30 June 2025	96,5% Water Callouts Responded within 24hrs by 30 June 2025	Achieved	None	None
	Improve access to water services	Refurbishment Of WTW, WWTW & Reservoirs	100% construction completed by 30 June 2024	100% construction completed by 30 June 2024	100% construction completed by 30 June 2025	0% construction completed by 30 June 2025	Not Achieved	Budget was allocated to prioritise emergency work that would require the contractor.	Project will be implemented through 10% MIG project and WSIG during 2025/26
	Improve access to water services	Number of new pumps, motors and control panels installed for water distribution	6 New pumps, motors and control panels installed for water distribution by 30 June 2024	3 New pumps, motors and control panels installed for water distribution by 30 June 2024	7 New pumps, motors and control panels installed for water distribution by 30 June 2025	7 New pumps, motors and control panels installed for water distribution by 30 June 2025	Achieved	None	None
	Improve access to water services	Provision of Water through water tankers	New indicator	New indicator	Weekly distribution of water through water tankers in 15 villages by 30 June 2025	Weekly distribution of water through water tankers in 15 villages by 30 June 2025	Achieved	None	None

Sanitation

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			-Planned	Actual	Planned	Actual			
Sanitation	Improve access to water services	Installation of convertible sanitation toilets to existing households	Installation of convertible sanitation toilets to 1000 households by 30 June 2024	Installation of convertible sanitation toilets to 1000 households by 30 June 2024	Installation of convertible sanitation toilets to 550 households by 30 June 2025	Installation of convertible sanitation toilets to 550 households by 30 June 2025	Achieved	None	None
	Improve access to water services	Percentage of wastewater samples compliant to water use license	70% Compliance of Wastewater samples to licence conditions by 30 June 2024	66,8% Compliance of Wastewater samples to licence conditions by 30 June 2024	80% Compliance of Wastewater samples to licence conditions by 30 June 2025	74% Compliance of Wastewater samples to licence conditions by 30 June 2025	Not achieved	The underperformance is as a result of a decline performance in Microbiological determinant from 99.9% for both Mhlathiplaas & Mhlathikop WWTW in the third quarter due to delayed chemical (Chlorine) delivery because of the manufacture delayed logistics.	The municipality will ensure that procurement of chemicals is done timely to avoid running out of chlorine.
	Improve access to water services	Percentage of callouts responded to within 24 hours	90% Wastewater / Sanitation callouts responded to within 24 hours by 30 June 2024						

Water Conservation and Water Demand Management

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Water Conservation and Water Demand Management	Reduce Water losses	% Water distribution loss	2% water distribution loss by 30 June 2024	2% water distribution losses as at 30 June 2024	2% water distribution loss by 30 June 2025	2% water distribution loss by 30 June 2025	Achieved	Water Conservation and Water Demand Management	Reduce Water losses

Roads and Storm Water

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Roads and Storm Water	Improve the municipal road network	Number of Kilometres (km) of municipal road network constructed	6,13 km of municipal road network constructed by 30 June 2024	6,13 km of municipal road network constructed by 30 June 2024	3,7km of municipal road network constructed by 30 June 2025	0 km of municipal road network constructed by 30 June 2025	Not achieved	Contractor is behind schedule due sub-contracting disputes experienced during commencement of the project, community unrest due to local labour recruitment, delays by the tribal authority to give permission for a borrow pit, poor allocation of resources on site and non-payment of the service provider the previous months	Sub-contracting disputes, community unrest and borrow pit issues have been resolved. Service provider is currently monitored closely as per their submitted revised turnaround plan.
	Improve the municipal road network	Number of Kilometres (km) of municipal road network	320 km of municipal road network	536,3 km of municipal road network	480 km of municipal road network	587.95 km of municipal road network	Achieved	More community requests for road maintenance received	None

		network maintained	maintained by 30 June 2024	maintained by 30 June 2024	maintained by 30 June 2025	maintained by 30 June 2025		due to funerals and other events	
	Improve the municipal road network	KMs of tar roads resealed	33 Wards damaged gravel roads rehabilitated / re-gravelled by 30 June 2024	3,62 KMs of tar roads resealed by 30 June 2024	2,35 KMs of roads resealed by 30 June 2025	2,35 KMs of roads resealed by 30 June 2025	Achieved	None	None

Buildings and facilities maintenance

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Municipal buildings	Improve municipal buildings and facilities	Percentage of municipal buildings and facilities maintained as per requests by 30 June 2025	New indicator	New indicator	100% of municipal buildings and facilities maintained as per requests by 30 June 2025	50% of municipal buildings facilities maintained by 30 June 2025	Partially achieved	Insufficient budget to order material for maintenance	The outstanding project has been planned and budgeted for the 2025/26 financial

Community Social Facilities and Infrastructure

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	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 by 30 June 2024	1 Community social facility completed as at 30 June 2024	0 Community social facility completed by 30 June 2025	0 Community social facility completed by 30 June 2025	Not achieved	The construction of the Driekoppies Community Hall is a multi-year project which is currently ongoing, the project was initially planned to be completed at year end, however adjustments were made during the year hence the non-achievement, the project is 75% complete as at 30 June 2025.	The project is planned to continue into the 2025/26 financial year; it has been budgeted and planned as per the SDBIP for 2025-26 financial year.

Local Economic Development

Local Economic Development and Tourism Strategies

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Local Economic Development and Tourism Strategies	Business License Inspection	Number of Business licenses inspected	80 Business licenses inspected by 30 June 2024	421 Business licenses inspected by 30 June 2024	200 Business licenses inspected by 30 June 2025	700 Business licenses inspected by 30 June 2025	Achieved	With the assistance of the law enforcement, the Municipality managed to inspect more than what was planned.	None
Business License Inspection	Support for Rural Cooperatives	Number of informal trade permits issued	80 Informal trade permits issued by 30 June 2024	258 Informal trade permits issued by 30 June 2025	200 Informal trade permits issued by 30 June 2025	450 Informal trade permits issued by 30 June 2025	Achieved	With the assistance of the law enforcement, the Municipality managed to inspect more informal trade permits than what was planned.	None
Issuing of informal Trade permits	Support for Rural Cooperatives	Number of rural co-operatives supported	20 co-operatives supported by 30 June 2024	20 co-operatives supported by 30 June 2024	20 co-operatives supported by 30 June 2025	20 co-operatives supported by 30 June 2025	Achieved	None	None
Local Economic Development	Support for Guest Houses, Hotels & Lodges	Number of accommodation establishment assisted	4 accommodation establishment assisted List of establishments by 30 June 2024	11 accommodation establishment assisted List of establishments by 30 June 2024	4 accommodation establishment assisted List of establishments by 30 June 2025	4 accommodation establishment assisted List of establishments by 30 June 2025	Achieved	None	None
Local Economic Development	Improved economy	Number hawker stalls installed	1 hawker stalls installed by 30 June 2024	1 hawker stalls installed by 30 June 2024	1 hawker stalls installed by 30 June 2025	0 hawker stalls installed by 30 June 2025	Not achieved	Budget re-prioritisation	none

Tourism Management

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Tourism	Promote tourism in the municipality	Number of initiatives promoting tourism	4 Initiatives promoting tourism by 30 June 2024	6 Initiatives promoting tourism by 30 June 2024	2 Initiatives promoting tourism by 30 June 2025	2 Initiatives promoting tourism by 30 June 2025	Achieved	None	None

Municipal Transformation and Institutional Development**Programmes for Special Groups**

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	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	160 events for special groups conducted by 30 June 2024	118 events for special groups conducted by 30 June 2024	117 events for special groups conducted by 30 June 2025	117 events for special groups conducted by 30 June 2025	Achieved	None	None

Community Events

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24-baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Community Events	Facilitate community events	Number of community events	15 community events as at 30 June 2024	18 community events as at 30 June 2024	10 community events as at 30 June 2025	10 community events as at 30 June 2025	Achieved	None	None

Human Resource Development

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Human Capital Development	Implement the Workplace Skills Plan (WSP)	Number of training programmes implemented	24 training programmes implemented by 30 June 2024	24 training programmes implemented by 30 June 2024	15 training programmes implemented by 30 June 2025	15 training programmes implemented by 30 June 2025	Achieved	None	None

Performance Management

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Performance Management	Improved organisational performance	Number of employees below section 56/57 with signed performance agreements	PMDS implemented to senior officials by 30 June 2024	IPMS not cascaded to employees at Task Level 17 by 30 June 2024	PMDS cascaded to employees at Task Level 15,16 and 17 by 30 June 2025	PMDS not cascaded to employees at Task Level 15,16 and 17 by 30 June 2025	Not achieved	The PMDS section is not capacitated with human resources	Identification and workshopping of certain officials to assist in HR section, manager IGR has been identified.
		Number of employees (at Directorship level) with signed performance agreements	New indicator	6 Directors signed performance agreements and assessed by 30 June 2024 New indicator	6 section 56 & 1 Section 57 managers signed performance agreements and assessed by 30 June 2025	6 section 56 & 1 Section 57 managers signed performance agreements and assessed by 30 June 2025	Achieved	None	None

Employee Well-Being

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Employee Well Being	Provide wellness assistance to employees)	Percentage of employees provided with wellness assistance as per the needs by 30 June 2024	4 health risk assessment reports on OHS issued by 30 June 2024	4 Wellness Campaigns by 30 June 2024	100% employees provided with wellness assistance as per the needs by 30 June 2025	100% employees provided with wellness assistance as per the needs by 30 June 2025	Achieved	None	None
		Number of employee medical evaluations conducted by 30 June 2024	4 of OHS committee meetings held by 30 June 2024	4 of OHS committee meetings held by 30 June 2024	800 employee medical evaluations conducted by 30 June 2025	600 employee medical evaluations conducted by 30 June 2025	Partially achieved	The employee medical evaluations could not be conducted due to Budget constraints	Medical evaluations will resume in the new financial year
		Number of Wellness Day celebration conducted by 30 June 2025	4 Employee Assistance Programme conducted by 30 June 2023	1 Wellness Day celebration conducted by 30 June 2024	1 Wellness Day celebration conducted by 30 June 2025	1 Wellness Day celebration conducted by 30 June 2025	Achieved	None	None

Information Technology

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24-baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	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 2024	100% of ICT problems responded to within 4 hours as at 30 June 2024	100% of ICT problems responded to within 4 hours as at 30 June 2025	100% of ICT problems responded to within 4 hours as at 30 June 2025	Achieved	None	None
		Cyber security vulnerability awareness conducted	New indicator	New indicator	8 Cyber security vulnerability awareness conducted by 30 June 2025	8 Cyber security vulnerability awareness conducted by 30 June 2025	Achieved	None	None

Good Governance and Public Participation

Programme / Project: Risk Mitigation Programme

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24-baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Facilitation of the Strategic Risk Register	Facilitation of the Strategic Risk Register	Number of risk assessment reports developed for the 2025/2026 financial year approved	1 Strategic Risk Register for the 2023/2024 financial year approved by 30 June 2024	1 Risk assessment report for the 2023/2024 financial year approved by 30 June 2024	1 Risk assessment report for the 2025/2026 financial year approved by 30 June 2025	1 Risk assessment report for the 2025/2026 financial year approved by 30 June 2025	Achieved	None	None
Review of the Fraud and Corruption Prevention and Detection Policy	Review of the Fraud and Corruption Prevention and Detection Policy	Number of Fraud and Corruption Prevention and Detection policy updated and approved	1 Fraud and Corruption Prevention and Detection policy updated and approved by 30 June 2024	1 Fraud and Corruption Prevention and Detection policy updated and approved by 30 June 2024	1 Fraud and Corruption Prevention and Detection policy updated and approved by 30 June 2025	1 Fraud and Corruption Prevention and Detection policy updated and approved by 30 June 2025	Achieved	None	None

Risk management committee	Implementation of the RMC workplan	Percentage of risk management committee workplan implemented	80% of the total risk management committee workplans implemented by 30 June 2024	100% of the total risk management committee workplans implemented by 30 June 2024	80% of the total risk management committee workplans implemented by 30 June 2025	80% of the total risk management committee workplans implemented by 30 June 2025	Achieved	None	None
RMC meetings held	Implementation of the RMC workplan	Number of RMC meetings held in a financial year		4 RMC meetings held by 30 June 2024	4 RMC meetings held by 30 June 2025	4 RMC meetings held by 30 June 2025	Achieved	None	None
Review of the Fraud and Corruption prevention activities	Prevention of Fraud and Corruption in the workplace	Number of activities implemented on fraud prevention plan	3 activities implemented on fraud prevention plan by 30 June 2024	11 activities implemented on fraud prevention plan by 30 June 2024	3 activities implemented on fraud prevention plan by 30 June 2025	4 activities implemented on fraud prevention plan by 30 June 2025	Achieved	None	None
	Promote a culture of ethical, clean political leadership and good administration	Percentage declaration of financial interest by section 56/57 senior managers and councillors	100% declaration of financial interest by MSA section 56/57 Senior managers and Councillors	100% declaration of financial interest by MSA section 56/57 Senior managers and Councillors by 30 June 2024	100% declaration of financial interest by MSA section 56/57 Senior managers and Councillors by 30 June 2025	100% declaration of financial interest by MSA section 56/57 Senior managers and Councillors by 30 June 2025	Achieved	None	None

Programme / Project: Internal Audit Programme

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
To improve audit opinion and implement effective governance	Functional Audit Committee	Number of quarterly Audit Committee meetings held	4 quarterly Audit Committee meetings held by 30 June 2024	7 quarterly Audit Committee meetings held by 30 June 2024	4 quarterly Audit Committee meetings held by 30 June 2025	5 quarterly Audit Committee meetings held by 30 June 2025	Achieved	None	None
To improve audit opinion and implement effective governance	Functional Performance Audit Committee	Number of Performance Audit Committee meeting held	2 Performance Audit Committee meeting held by 30 June 2024	2 Performance Audit Committee meeting held by 30 June 2024	2 Performance Audit Committee meeting held by 30 June 2025	4 Performance Audit Committee meeting held by 30 June 2025	Achieved	None	None

To improve audit opinion and implement effective governance	Functional Audit Committee	Number of joint Audit Committee and Performance Audit Committee reports tabled to Council	4 Joint Audit Committee and Performance Audit Committee reports tabled to Council by 30 June 2024	1 joint Audit Committee and Performance Audit Committee reports tabled to Council by 30 June 2024	4 Joint Audit Committee and Performance Audit Committee reports tabled to Council by 30 June 2025	4 Joint Audit Committee and Performance Audit Committee reports tabled to Council by 30 June 2025	Achieved	None	None
To improve audit opinion and implement effective governance	Functional Audit Committee	% of Audit Committee and Performance Audit Committee recommendations implemented	100% of Audit Committee and Performance Audit Committee recommendations implemented by 30 June 2024	35% of Audit Committee and Performance Audit Committee recommendations implemented by 30 June 2024	100% of Audit Committee and Performance Audit Committee implemented by 30 June 2025	79% of Audit Committee and Performance Audit Committee implemented by 30 June 2025	Partially achieved	The unresolved recommendations were still in the process of being resolved by management	Resolutions Register will be monitored quarterly
To improve audit opinion and implement effective governance	Functional Internal Audit Unit	Number of audit projects conducted	22 audit projects conducted by 30 June 2024	21 of audit projects conducted by 30 June 2024	20 audit projects conducted by 30 June 2025	18 audit projects conducted by 30 June 2025	Partially achieved	1 audit was not conducted due to late finalization of reports and 1 audit was conducted as follow-up	These audits have been incorporated into the 2025/2026 internal audit plan

Public Participation and Inter-Governmental Relations

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Public Participation and Inter-Governmental Relations	Promote a culture of participatory democracy and governance	Number of Mayoral Outreach event held	4 Mayoral Outreach event held by 31 December 2024	4 Mayoral Outreach event held by 31 December 2024	3 Mayoral Outreach event held by 31 December 2025	3 Mayoral Outreach event held by 31 December 2025	Achieved	None	None

Moral Regeneration Movement	Promote social cohesion	Number of Moral Regeneration awareness campaign conducted	4 Moral Regeneration awareness campaign conducted by 30 June 2024	4 Moral Regeneration awareness campaign conducted by 30 June 2025	4 Moral Regeneration awareness campaign conducted by 30 June 2025	7 Moral Regeneration awareness campaign conducted by 30 June 2025	Achieved	None	None
Moral Regeneration Movement	Improve service delivery	Number of touching lives programmes implemented	24 touching life's Friday programmes implemented by 30 June 2024	24 touching lives programmes implemented by 30 June 2024	15 touching lives programmes implemented by 30 June 2025	34 touching lives programmes implemented by 30 June 2025	Achieved	More programmes were conducted due to the disasters that demanded more work to be done	None
Public Participation and Inter-Governmental Relations	Promote a culture of participatory democracy and governance	Number of stakeholder forum meeting held to respond to issues raised on the ward committee monthly report	4 stakeholder forums held to respond to issues raised on the ward committee monthly report by 30 June 2024	4 stakeholder forums held to respond to issues raised on the ward committee monthly report by 30 June 2024	2 stakeholder forums held to respond to issues raised on the ward committee monthly report by 30 June 2025	1 stakeholder forums held to respond to issues raised on the ward committee monthly report	Partially achieved	The stakeholder forum could not be conducted due to budget constraints	The stakeholder forum has been planned to be conducted in the 2025-26 financial year
Public Participation and Inter-Governmental Relations	Speaker's awareness programme	Number of Speaker's awareness programme held	4 Speaker's awareness programme held by 30 June 2024	4 Speaker's awareness programme held by 30 June 2024	4 Speaker's awareness programme held by 30 June 2025	0 Speaker's awareness programme held by 30 June 2025	Not achieved	Speakers' awareness programme could not be conducted due to budget constraints	Speakers' awareness programmes have been planned for the next financial year
Public Participation and Inter-Governmental Relations	4 Chief Whip's programmes	Number of Chief Whip's programmes held	New indicator	New indicator	4 Chief Whip's programmes held by 30 June 2025	2 Chief Whip's programmes held by 30 June 2025	Partially achieved	Chief Whips programme could not be conducted due to budget constraints	Chief Whips programmes have been planned for the next financial year

Public Participation	IDP development & review	Number of IDP process plans submitted to Council	1 IDP process plan submitted to Council by 31 August 2023	1 IDP process plan submitted to Council by 31 August 2023	1 IDP process plan submitted to Council by 31 August 2024	1 IDP process plan submitted to Council by 31 August 2024	Achieved	None	None
Public Participation and Inter-Governmental Relations	IDP development & review	Number of zonal consultations conducted on reviewal of Community priorities	3 zonal consultations conducted on reviewal of Community priorities by 30 June 2024	3 zonal consultations conducted on reviewal of Community priorities by 30 June 2024	3 zonal consultations conducted on reviewal of Community priorities by 30 June 2025	3 zonal consultations conducted on reviewal of Community priorities by 30 June 2025	Achieved	None	None
Public Participation and Inter-Governmental Relations	IDP development & review	Number of Final IDP's submitted to Council	1 final IDP submitted to Council of 30 June 2024	1 final IDP submitted to Council of 30 June 2024	1 final IDP submitted to Council of 30 June 2025	1 final IDP submitted to Council of 30 June 2025	Achieved	None	None
Public Participation and Inter-Governmental Relations	Monitoring of 33 ward committees	Number of monthly monitoring reports for 33 wards	12 monthly monitoring reports for 33 wards by 30 June 2024	12 monthly monitoring reports for 33 wards by 30 June 2024	12 monthly monitoring reports for 33 wards by 30 June 2025	12 monthly monitoring reports for 33 wards by 30 June 2025	Achieved	None	None
Public Participation and Inter-Governmental Relations	IDP development & review	Number of strategic review sessions conducted	1 strategic review sessions conducted by 31 March 2024	1 strategic review sessions conducted by 31 March 2024	1 strategic review sessions conducted by 31 March 2025	1 strategic review sessions conducted by 31 March 2025	Achieved	None	None
Public Participation and Inter-Governmental Relations	Promote a culture of participatory democracy and governance	Number of Mayoral Outreach event held	4 Mayoral Outreach event held by 31 December 2024	4 Mayoral Outreach event held by 31 December 2024	3 Mayoral Outreach event held by 31 December 2025	3 Mayoral Outreach event held by 31 December 2025	Achieved	None	None

Expanded Public Works Programme

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2022/23-baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Expanded Public Works Programme (EPWP)	Facilitate job creation (beneficiaries) through the EPWP	Number of beneficiaries through EPWP	232 jobs opportunities created through EPWP by 30 June 2023	216 job opportunities created through EPWP by 30 June 2024	216 job opportunities created through EPWP by 30 June 2025	216 job opportunities created through EPWP by 30 June 2025	Achieved	None	None

Municipal Financial Viability and Management**Cash Flow Management**

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24-baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Cash flow management	Ensure efficient and effective cash flow management	Net current assets position (Financial Viability)	Current ratio of 1.5:1 by 30 June 2024	Current ratio of 1.5:1 by 30 June 2024	Current ratio of 0.38:1 by 30 June 2025	Current ratio of 0.23:1 achieved as at 30 June 2025	Not achieved	Increase in trade payables due to delays in settlement of creditors.	Implementation of the Budget funding plan as approved by the council

Asset Management

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Asset Management	To manage, control and maintain all assets of the municipality	Number of physical fixed assets verifications conducted	2 physical verifications of fixed asset conducted by 30 June 2024	2 physical verifications of fixed asset conducted by 30 June 2024	1 physical verifications of fixed asset conducted by 30 June 2025	1 physical verifications of fixed asset conducted by 30 June 2025	Achieved	None	None

Expenditure Management

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24- baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Expenditure Management	Ensure effective systems of expenditure controls	Number of days to settle creditors	Creditors be paid within 30 days of receipt of an invoice	Creditors paid within 30 days of receipt of an invoice	Creditors be paid within 30 days of receipt of an invoice	Creditors were not always paid within 30 days of receipt of an invoice	Not achieved	Delays due to financial constraint	Full implementation of the budget funding plan and cost containment recommendations

Revenue and Debtors Management

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24-baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
Revenue and Debtors Management	Increase municipal revenue	Percentage (%) of revenue collection rate	80% collection rate of billed areas by 30 June 2024	92% collection rate of billed areas by 30 June 2024	80% collection rate of billed areas by 30 June 2025	100% collection rate achieved as at 30 June 2025	Achieved	Strict application of the credit control policy and intervention by COGHTA in collecting from Provincial departments	None
		Number of debtors' days	160 days by 30 June 2024	161 days by 30 June 2024	160 days by 30 June 2025	Debtors` days was 38 as at 30 June 2025	Achieved	None	None

Valuation roll

Priority Issue (Programme)	Objective	Key Performance Indicator (Performance Measure)	Performance target 2023/24-baseline and target		Performance target 2024/25		Output Result/ Trend Achieved/not achieved/partial achieved	Explanation of Variance	Corrective Measure/ Action Plan
			Planned	Actual	Planned	Actual			
General Valuation Roll	Ensure general valuation roll is updated	Number of compiled supplementary Valuation Roll	One (1) Supplementary valuation roll compiled by 30 June 2024	One (1) Supplementary valuation roll compiled by 30 June 2024	1 Supplementary valuation roll compiled by 30 June 2025	supplementary valuation roll (SV4) was compiled and integrated into the main valuation roll- The consolidated amount market values in now at: R21,9 billion	Achieved	None	None

5.4. COMPONENT E: ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024/25

5.4.1. ANNUAL FINANCIAL STATEMENTS



Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

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
Councillor's	Mahlalela SS (MMC - Budget and Treasury)
	Sibiya SG (MMC - Corporate Services)
	Ndlovu J (MMC - Planning and Development)
	Mavuso MJ (MMC - Economic Development and Tourism)
	Luphoko PC (MMC - Community Services)
	Vuma LT (MMC - Environmental Services)
	Makamo TN (MMC - Infrastructure Development)
	Biya MP
	Dikiza GK
	Dlamini DM
	Dlamini NG
	Fane SM
	Hlophe NC
	Khoza J
	Khoza NC
	Kitshoff LJK
	Lubisi MT
	Lubisi SD
	Mabaso MS
	Magagula FK
	Mahlalela MM
	Mahlalela PA
	Makhubela D
	Malaza BB
	Mashele RN
	Mathobela NV
	Mbatha NJ
	Mhlongo LK
	Mhlongo VW
	Mkhabela MH
	Mkhatshwa BL
	Mkhatshwa SL
	Mndawe SO
	Mngomezulu IM
	Mthombo TM
	Ngcane TV
	Ngobeni SV
	Ngomane GB
	Ngomane KG
	Ngomane LP
	Ngomane SW
	Ngomane W
	Ngwenya AM

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

	Nkomo NR
	Nkala S
	Nkosi SP
	Nkuna SB
	Shabane NP
	Shabangu MJ
	Shabangu R
	Shongwe BC
	Shongwe LN
	Shongwe NF
	Shungube ZI
	Sibiya GP
	Sibiya IK
	Siboza JT
	Sibuye SE
	Silinda PC
	Thabethe SB
	Tshabalala SB
Accounting Officers	Mabila XT
	Nkosi ON
Chief Finance Officer (CFO)	Thobela TS
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 2025

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Cash Flow Statement	9
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Acronyms:

ASB	Accounting Standards Board
COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
IFS	Interim Financial Statements
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
MMC	Member of mayoral committee
SOFP	Statement of Financial Position
SOFPR	Statement of Financial Performance
PPE	Property, Plant and Equipment

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Officers' Responsibilities and Approval

The accounting officer is 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 officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

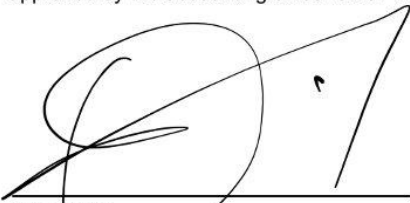
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

The accounting officer have reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial difficulties experienced by the municipality, they are satisfied that the municipality will implement financial interventions and revenue collection strategies to have 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.

The accounting officer certify that the salaries, allowances and benefits of Councillor's 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 accounting officer also certify that the salaries of municipal staff is within the annual increase limits of the SALGA Bargaining Council determinations.

The annual financial statements set out on pages 5 to 90, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:



Nkosi ON
Accounting officer

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Officers' Report

The accounting officer submit their report for the year ended 30 June 2025.

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 Malalane, Komatipoort, Marloth Park and Hectorspruit region. The municipality provide 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.

Net surplus of the municipality was 74,834,200 (2024: deficit 154,674,081).

2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of 3,075,315,708 and that the municipality's total assets exceed its liabilities by 3,075,315,708.

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.

3. Subsequent events

The accounting officer 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.

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 annual 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
Nkosi ON	South African	Appointed Monday, 02 June 2025
Mabila XT	South African	Resigned Friday, 16 May 2025

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 June 2025

Statement of Financial Position as at 30 June 2025

	Note(s)	2025	2024
Assets			
Current Assets			
Inventories	11	42,127,428	42,744,046
Operating lease asset	7	70,100	-
Receivables from exchange transactions	12	3,744,655	6,819,300
Statutory receivables	13	80,392,911	80,357,722
Receivables from non-exchange transactions	14	1,759,655	2,064,038
Consumer debtors	15	24,346,222	26,974,178
		152,440,971	158,959,284
Non-Current Assets			
Investment property	3	8,211,261	10,516,032
Property, plant and equipment	4	3,616,665,192	3,427,849,929
Intangible assets	5	1,077,155	1,272,042
Heritage assets	6	1,621,944	1,621,944
Receivables from exchange transactions	12	35,462,031	30,713,211
		3,663,037,583	3,471,973,158
Total Assets		3,815,478,554	3,630,932,442
Liabilities			
Current Liabilities			
Operating lease liability	7	-	70,838
Payables from exchange transactions	8	502,816,360	334,165,217
Employee benefit obligation	9	6,990,875	6,060,173
Finance lease obligation	17	2,396,389	1,177,658
Unspent conditional grants and receipts	18	15,288,904	779,635
Provisions	19	74,639,980	71,155,673
Other short-term liability	16	59,153,552	138,159,072
		661,286,060	551,568,266
Non-Current Liabilities			
Finance lease obligation	17	-	1,573,787
Operating lease liability	7	205,851	-
Employee benefit obligation	9	46,160,445	48,971,579
Provisions	19	32,510,490	28,337,302
		78,876,786	78,882,668
Total Liabilities		740,162,846	630,450,934
Net Assets		3,075,315,708	3,000,481,508
Accumulated surplus		3,075,315,708	3,000,481,508
Total Net Assets		3,075,315,708	3,000,481,508

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

	Note(s)	2025	2024
Revenue			
Revenue from exchange transactions			
Service charges	22	237,224,365	220,278,819
Construction contracts	20	3,787,000	14,400,000
Rental of facilities and equipment	23	4,872,472	5,134,500
Interest received (trading)		3,836,770	4,117,492
Licences and permits	26	1,504,695	2,174,346
Recoveries	28	6,187,189	-
Operational revenue	28	8,977,238	10,002,135
Interest received - investment	29	7,296,440	15,426,455
Gain on disposal of assets		8,667,188	-
Actuarial gains	9	5,655,388	-
Total revenue from exchange transactions		288,008,745	271,533,747
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	30	125,303,979	119,461,777
Interest, Dividends and Rent on Land	20	7,703,865	12,167,295
Transfer revenue			
Government grants & subsidies	32	1,177,716,545	1,179,876,447
Public contributions and donations	33	1,408,804	19,575,525
Fines, Penalties and Forfeits	24	3,358,835	2,463,579
Total revenue from non-exchange transactions		1,315,492,028	1,333,544,623
Total revenue	20	1,603,500,773	1,605,078,370
Expenditure			
Employee related costs	34	(734,005,767)	(722,518,878)
Remuneration of councillors	35	(29,440,433)	(31,119,467)
Depreciation and amortisation	36	(109,795,250)	(101,429,249)
Impairments loss	37	(601,025)	(1,393,914)
Construction contract expense	25	(3,787,000)	(15,744,803)
Finance costs	38	(17,236,224)	(2,848,240)
Lease rentals on operating lease	27	(6,797,440)	(6,538,049)
Debt Impairment	40	(9,711,988)	(166,320,156)
Bulk purchases	42	(150,987,850)	(127,600,781)
Contracted Services	43	(187,331,609)	(263,253,545)
Transfers and Subsidies	31	(13,130,507)	(18,689,149)
Loss on disposal of assets		-	(6,957,375)
Actuarial losses	9	-	(2,475,859)
Inventories losses/write-downs		(11,806)	(27,183)
Inventory consumed	21	(59,068,899)	(58,954,278)
Operational expenditure	41	(206,760,775)	(233,881,525)
Total expenditure		(1,528,666,573)	(1,759,752,451)
Surplus (deficit) for the year		74,834,200	(154,674,081)

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2023	3,154,711,967	3,154,711,967
Changes in net assets		
Surplus /(Deficit) for the year	(154,674,081)	(154,674,081)
Total changes	(154,674,081)	(154,674,081)
Opening balance as previously reported	3,000,037,886	3,000,037,886
Adjustments		
Correction of errors 50	443,622	443,622
Balance at 01 July 2024 as restated*	3,000,481,508	3,000,481,508
Changes in net assets		
Surplus /(Deficit) for the year	74,834,200	74,834,200
Total changes	74,834,200	74,834,200
Balance at 30 June 2025	3,075,315,708	3,075,315,708
Note(s)		

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

	Note(s)	2025	2024
Cash flows from operating activities			
Receipts			
Property rates and other receipts		390,261,707	333,164,284
Grants and subsidies		1,192,225,814	1,146,828,936
Interest income		7,296,440	15,426,455
Construction contracts receipts		3,787,000	14,400,000
		<u>1,593,570,961</u>	<u>1,509,819,675</u>
Payments			
Employee costs		(740,622,967)	(715,769,593)
Suppliers		(469,715,305)	(684,423,898)
Finance costs		(17,236,224)	(2,848,240)
		<u>(1,227,574,496)</u>	<u>(1,403,041,731)</u>
Net cash flows from operating activities	44	<u>365,996,465</u>	<u>106,777,944</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(298,330,466)	(363,923,779)
Proceeds from sale of property, plant and equipment	4	11,881,521	-
Purchase of other intangible assets	5	(186,944)	(453,295)
Net cash flows from investing activities		<u>(286,635,889)</u>	<u>(364,377,074)</u>
Cash flows from financing activities			
Finance lease receipts /(repayments)		(355,056)	2,427,158
Net increase/(decrease) in cash and cash equivalents		<u>79,005,520</u>	<u>(255,171,972)</u>
Cash and cash equivalents at the beginning of the year		(138,159,072)	117,012,900
Cash and cash equivalents at the end of the year	16	<u>(59,153,552)</u>	<u>(138,159,072)</u>

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	248,234,010	(4,029,742)	244,204,268	237,224,365	(6,979,903)	
Construction contracts	3,787,000	-	3,787,000	3,787,000	-	
Rental of facilities and equipment	6,214,770	-	6,214,770	4,872,472	(1,342,298)	59
Interest received (trading)	3,951,876	-	3,951,876	3,836,770	(115,106)	
Licences and permits	2,717,188	-	2,717,188	1,504,695	(1,212,493)	59
Recoveries	-	-	-	6,187,189	6,187,189	59
Operational revenue	6,280,700	-	6,280,700	8,977,238	2,696,538	59
Interest received - investment	27,713,534	-	27,713,534	7,296,440	(20,417,094)	59
Total revenue from exchange transactions	298,899,078	(4,029,742)	294,869,336	273,686,169	(21,183,167)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	145,118,304	-	145,118,304	125,303,979	(19,814,325)	59
Interest - Property rates	13,654,009	-	13,654,009	7,703,865	(5,950,144)	59
Transfer revenue						
Government grants & subsidies	1,199,510,608	-	1,199,510,608	1,177,716,545	(21,794,063)	59
Public contributions and donations	-	-	-	1,408,804	1,408,804	59
Fines, Penalties and Forfeits	4,256,160	-	4,256,160	3,358,835	(897,325)	59
Total revenue from non-exchange transactions	1,362,539,081	-	1,362,539,081	1,315,492,028	(47,047,053)	
Total revenue	1,661,438,159	(4,029,742)	1,657,408,417	1,589,178,197	(68,230,220)	
Expenditure						
Employee related costs	(680,244,733)	7,678,994	(672,565,739)	(734,005,767)	(61,440,028)	59
Remuneration of councillors	(28,125,313)	(953,765)	(29,079,078)	(29,440,433)	(361,355)	
Depreciation and amortisation	(72,722,373)	(16,542,234)	(89,264,607)	(109,795,250)	(20,530,643)	59
Impairment loss	-	-	-	(601,025)	(601,025)	59
Construction contract expense	(3,787,000)	(2,706,828)	(6,493,828)	(3,787,000)	2,706,828	
Finance costs	(101,594)	-	(101,594)	(17,236,224)	(17,134,630)	59
Lease rentals on operating lease	(6,983,115)	-	(6,983,115)	(6,797,440)	185,675	
Debt Impairment	(3,780,914)	-	(3,780,914)	(9,711,988)	(5,931,074)	59
Bulk purchases	(104,514,460)	-	(104,514,460)	(150,987,850)	(46,473,390)	59
Contracted Services	(152,311,823)	19,695,299	(132,616,524)	(187,331,609)	(54,715,085)	59
Transfers and Subsidies	(17,364,649)	761,992	(16,602,657)	(13,130,507)	3,472,150	59
Inventory consumed	(61,770,388)	(15,103,612)	(76,874,000)	(59,068,899)	17,805,101	
Operational expenditure	(190,775,660)	14,848,804	(175,926,856)	(206,760,775)	(30,833,919)	59
Total expenditure	(1,322,482,022)	7,678,650	(1,314,803,372)	(1,528,654,767)	(213,851,395)	
Operating surplus	338,956,137	3,648,908	342,605,045	60,523,430	(282,081,615)	
Gain on disposal of assets	-	-	-	8,667,188	8,667,188	59
Actuarial gains	-	-	-	5,655,388	5,655,388	59

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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
Inventories losses/write-downs	-	-	-	(11,806)	(11,806)	59
	-	-	-	14,310,770	14,310,770	
Surplus for the year	338,956,137	3,648,908	342,605,045	74,834,200	(267,770,845)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	338,956,137	3,648,908	342,605,045	74,834,200	(267,770,845)	

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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
Statement of Financial Position						
Assets						
Current Assets						
Inventories	58,017,423	(15,013,612)	43,003,811	42,127,428	(876,383)	
Operating lease asset	-	-	-	70,100	70,100	59
Receivables from exchange transactions	6,405,128	(182,216)	6,222,912	3,744,655	(2,478,257)	59
Statutory receivables	256,369,014	(158,288,477)	98,080,537	80,392,911	(17,687,626)	59
Receivables from non-exchange transactions	6,139,393	(6,139,393)	-	1,759,655	1,759,655	59
Consumer debtors	70,842,662	(45,357,597)	25,485,065	24,346,222	(1,138,843)	
Cash and cash equivalents	123,565,728	(221,141,903)	(97,576,175)	(59,153,552)	38,422,623	59
/(Other short term liability)						
	521,339,348	(446,123,198)	75,216,150	93,287,419	18,071,269	
Non-Current Assets						
Investment property	11,842,426	(903,184)	10,939,242	8,211,261	(2,727,981)	59
Property, plant and equipment	2,649,971,909	(54,701,444)	2,595,270,465	3,616,665,192	1,021,394,727	
Intangible assets	1,501,910	(250,000)	1,251,910	1,077,155	(174,755)	59
Heritage assets	1,621,944	-	1,621,944	1,621,944	-	
Receivables from exchange transactions	26,459,341	5,666,678	32,126,019	35,462,031	3,336,012	59
	2,691,397,530	(50,187,950)	2,641,209,580	3,663,037,583	1,021,828,003	
Total Assets	3,212,736,878	(496,311,148)	2,716,425,730	3,756,325,002	1,039,899,272	
Liabilities						
Current Liabilities						
Finance lease obligation	981,620	-	981,620	2,396,389	1,414,769	59
Payables from exchange transactions	192,233,855	21,615,884	213,849,739	502,816,361	288,966,622	59
Employee benefit obligation	-	-	-	6,990,875	6,990,875	59
Unspent conditional grants and receipts	-	1,098,008	1,098,008	15,288,904	14,190,896	59
Provisions	69,631,231	10,284,616	79,915,847	74,639,980	(5,275,867)	59
	262,846,706	32,998,508	295,845,214	602,132,509	306,287,295	
Non-Current Liabilities						
Finance lease obligation	10,316,141	(8,739,931)	1,576,210	-	(1,576,210)	59
Operating lease liability	69,971	-	69,971	205,851	135,880	59
Employee benefit obligation	44,589,484	21,431,565	66,021,049	46,160,445	(19,860,604)	59
Provisions	26,399,221	-	26,399,221	32,510,490	6,111,269	59
	81,374,817	12,691,634	94,066,451	78,876,786	(15,189,665)	
Total Liabilities	344,221,523	45,690,142	389,911,665	681,009,295	291,097,630	
Net Assets	2,868,515,355	(542,001,290)	2,326,514,065	3,075,315,707	748,801,642	

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2,868,515,355	(542,001,290)	2,326,514,065	3,075,315,708	748,801,643	

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates and other receipts	393,421,561	-	393,421,561	390,261,707	(3,159,854)	
Grants	1,199,510,608	-	1,199,510,608	1,192,225,814	(7,284,794)	
Interest income	12,791,212	-	12,791,212	7,296,440	(5,494,772)	59
Construction contract receipts	3,787,000	-	3,787,000	3,787,000	-	
	1,609,510,381		- 1,609,510,381	1,593,570,961	(15,939,420)	
Payments						
Suppliers and employees	(1,066,475,804)	-	(1,066,475,804)	(1,210,338,264)	(143,862,460)	59
Finance costs	(101,594)	-	(101,594)	(17,236,224)	(17,134,630)	59
	(1,066,577,398)		- (1,066,577,398)	(1,227,574,488)	(160,997,090)	
Net cash flows from operating activities	542,932,983		- 542,932,983	365,996,473	(176,936,510)	
Cash flows from investing activities						
Purchase of capital assets	(443,999,722)	-	(443,999,722)	(298,517,410)	145,482,312	59
Proceeds from sale of property, plant and equipment	-	-	-	11,881,521	11,881,521	59
Net cash flows from investing activities	(443,999,722)		- (443,999,722)	(286,635,889)	157,363,833	
Cash flows from financing activities						
Finance lease receipts /(repayments)	(690,267)	-	(690,267)	(355,056)	335,211	59
Increase / (decrease) is consumer deposits	(1,753,471)	-	(1,753,471)	-	1,753,471	59
Borrowing long term /refinancing	1,056,141	-	1,056,141	-	(1,056,141)	59
Net cash flows from financing activities	(1,387,597)		- (1,387,597)	(355,056)	1,032,541	
Net increase/(decrease) in cash and cash equivalents	97,545,664	-	97,545,664	79,005,528	(18,540,136)	
Cash and cash equivalents at the beginning of the year	185,341,718	-	185,341,718	(138,159,072)	(323,500,790)	59
Cash and cash equivalents at the end of the year	282,887,382		- 282,887,382	(59,153,544)	(342,040,926)	

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Appropriation Statement

	Original	Budget	Final	Shifting of	Virement	Final budget	Actual	Unauthorised	Variance	Actual	Actual
	budget	adjustments	adjustments	funds (i.t.o.	(i.t.o. council		outcome	expenditure		outcome	outcome
		(i.t.o. s28 and budget s31 of the MFMA)		s31 of the MFMA)	approved policy)					as % of final budget	as % of original budget
2025											
Financial Performance											
Property rates	145,118,304	-	145,118,304	-		145,118,304	125,303,979		(19,814,325)	86 %	86 %
Service charges	248,234,010	(4,029,742)	244,204,268	-		244,204,268	237,224,365		(6,979,903)	97 %	96 %
Investment revenue	27,713,534	-	27,713,534	-		27,713,534	7,296,440		(20,417,094)	26 %	26 %
Transfers recognised - operational	875,196,448	1,098,008	876,294,456	-		876,294,456	872,769,567		(3,524,889)	100 %	100 %
Other revenue	40,861,703	-	40,861,703	-		40,861,703	50,763,640		9,901,937	124 %	124 %
Total revenue (excluding capital transfers and contributions)	1,337,123,999	(2,931,734)	1,334,192,265	-		1,334,192,265	1,293,357,991		(40,834,274)	97 %	97 %
Employee costs	(680,244,733)	7,678,994	(672,565,739)	-	-	(672,565,739)	(734,005,767)	-	(61,440,028)	109 %	108 %
Remuneration of councillors	(28,125,313)	(953,765)	(29,079,078)	-	-	(29,079,078)	(29,440,433)	-	(361,355)	101 %	105 %
Depreciation and asset impairment	(72,722,373)	(16,542,234)	(89,264,607)			(89,264,607)	(110,396,275)	-	(21,131,668)	124 %	152 %
Finance charges	(101,594)	-	(101,594)	-	-	(101,594)	(17,236,224)	-	(17,134,630)	16,966 %	16,966 %
Inventory consumed and bulk purchases	(166,284,848)	(15,103,612)	(181,388,460)	-	-	(181,388,460)	(210,056,749)	-	(28,668,289)	116 %	126 %
Transfers and grants	(21,151,649)	(1,944,836)	(23,096,485)	-	-	(23,096,485)	(13,130,507)	-	9,965,978	57 %	62 %
Other expenditure	(353,851,512)	34,544,103	(319,307,409)	-	-	(319,307,409)	(414,400,618)	-	(95,093,209)	130 %	117 %
Total expenditure	(1,322,482,022)	7,678,650	(1,314,803,372)	-	-	(1,314,803,372)	(1,528,666,573)	-	(213,863,201)	116 %	116 %
Surplus/(Deficit)	14,641,977	4,746,916	19,388,893	-		19,388,893	(235,308,582)		(254,697,475)	(1,214)%	(1,607)%

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Appropriation Statement

	Original	Budget	Final	Shifting of	Virement	Final budget	Actual	Unauthorised	Variance	Actual	Actual
	budget	adjustments	adjustments	funds (i.t.o.	(i.t.o. council		outcome	expenditure		outcome	outcome
		(i.t.o. s28 and budget s31 of the MFMA)		s31 of the MFMA)	approved policy)					as % of final budget	as % of original budget
Transfers and subsidies - capital	324,314,160	(1,098,008)	323,216,152	-		323,216,152	308,733,978		(14,482,174)	96 %	95 %
Public contributions and donations	-	-	-	-		-	1,408,804		1,408,804	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	338,956,137	3,648,908	342,605,045	-		342,605,045	74,834,200		(267,770,845)	22 %	22 %
Surplus/(Deficit) for the year	338,956,137	3,648,908	342,605,045	-		342,605,045	74,834,200		(267,770,845)	22 %	22 %
Capital expenditure and funds sources											
Total capital expenditure	443,999,722	(54,951,444)	389,048,278	-		389,048,278	299,926,214		(89,122,064)	77 %	68 %
Sources of capital funds											
Transfers recognised - capital	324,314,162	(2,761,005)	321,553,157	-		321,553,157	271,060,388		(50,492,769)	84 %	84 %
Internally generated funds	119,685,560	(52,190,439)	67,495,121	-		67,495,121	28,865,826		(38,629,295)	43 %	24 %
Total sources of capital funds	443,999,722	(54,951,444)	389,048,278	-		389,048,278	299,926,214		(89,122,064)	77 %	68 %

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

	Note(s)	2025	2024
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1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

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.

These accounting policies are consistent with the previous period.

1.2 Going concern assumption

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

1.3 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:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated 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 annual 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 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 assumption 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, economic factors such as exchange rates inflation interest.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 19 - Provisions.

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 9.

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 require 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.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured 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, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

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

1.4 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

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.4 Investment property (continued)

- administrative purposes, or
- sale in the ordinary course of operations.

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

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

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

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

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.

1.5 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.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

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
- 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
- Solid waste	Straight-line	5 - 55 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

1.6 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.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.6 Intangible assets (continued)

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

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

The useful lives of intangible assets have been assessed 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 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).

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

Transfers

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

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

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).

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.8 Financial instruments

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

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

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 favorable 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 unfavorable 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.

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1.8 Financial instruments (continued)

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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1.8 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 amortised cost

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

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Operating lease obligation	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.

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:

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1.8 Financial instruments (continued)

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.

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.

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Significant Accounting Policies

1.9 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

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 is recognised in surplus or deficit.

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

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

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Significant Accounting Policies

1.9 Statutory receivables (continued)

- 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.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

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

Operating leases - 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.

1.11 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.

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1.11 Inventories (continued)

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.

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.

1.12 Construction contracts and receivables

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

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

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

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

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

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

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

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

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

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

1.13 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.

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Significant Accounting Policies

1.13 Impairment of cash-generating assets (continued)

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.

Reversal of impairment loss

The municipality assesses 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.

1.14 Impairment of non-cash-generating assets

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.

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Significant Accounting Policies

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

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.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

[Specify judgements made]

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

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

1.15 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

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1.15 Employee benefits (continued)**Short-term employee benefits****Recognition and measurement****All short-term employee benefits**

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- (a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.
- (b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

- (a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and
- (b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

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1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Statement of financial position

The entity recognises the net defined benefit liability (asset) in the statement of financial position. When the entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

- (a) the surplus in the defined benefit plan; and
- (b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

Recognition and measurement: Present value of defined benefit obligations and current service cost

Actuarial valuation method

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.

Attributing benefit to periods of service

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity attributes 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, the entity attributes benefit on a straight-line basis from:

- (a) 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
- (b) 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 assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the end of the reporting period, for the period over which the obligations are to be settled.

Actuarial assumptions: Mortality

The entity determines its mortality assumptions by reference to its best estimate of the mortality of plan members both during and after employment.

Actuarial assumptions: Discount rate

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects 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.

Actuarial assumptions: Salaries, benefits and medical costs

The entity measures its defined benefit obligations on a basis that reflects:

- (a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;

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1.15 Employee benefits (continued)

- (b) any estimated future salary increases that affect the benefits payable;
- (c) the effect of any limit on the employer's share of the cost of the future benefits;
- (d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and
- (e) 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:
 - (i) those changes were enacted before the end of the reporting period; or
 - (ii) historical data, 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 takes account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Components of defined benefit cost

The entity recognises the components of defined benefit cost in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset, as follows:

- (a) service cost;
- (b) net interest on the net defined benefit liability (asset); and
- (c) remeasurements of the net defined benefit liability (asset).

Current service cost

The entity determines current service cost using actuarial assumptions determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, it determines current service cost for the remainder of the reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

Net interest on the net defined benefit liability (asset)

The entity determines net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate specified.

To determine net interest, the entity uses the net defined benefit liability (asset) and the discount rate determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, the entity determines net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement using:

- (a) the net defined benefit liability (asset) determined in accordance with the section on Past service cost gains and losses on settlement (part b); and
- (b) the discount rate used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

In applying this, the entity also takes into account any changes in the net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

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1.15 Employee benefits (continued)

Other long-term employee benefits

Recognition and measurement

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.

1.16 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.

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1.16 Provisions and contingencies (continued)

Provisions are not recognised for future operating surplus.

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 47.

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- a change in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.13 and 1.14.
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;

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.

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

1.17 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.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.18 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.

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.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

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, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

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.

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.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

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.

Services in-kind

Where services 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 services in-kind received during the reporting period.

1.20 Investment income

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

1.21 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.21 Accounting by principals and agents (continued)

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

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.22 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.23 Comparative figures

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

1.24 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.

1.25 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.

1.26 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.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.26 Irregular expenditure (continued)

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc. (as applicable).

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.

1.27 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.

1.28 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 accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/07/01 to 2027/06/30.

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.

1.29 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.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.29 Related parties (continued)

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

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

1.30 Events after reporting date

Events after reporting date are those events, both favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.31 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 a 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.

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

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

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 is disclosed in the notes to the annual financial statements.

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.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.31 Living and non-living resources (continued)

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.

1.32 Value Added Tax

The municipality accounts for Value Added Tax on payment basis.

1.33 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.

Nkomazi Local Municipality
Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	01 April 2025	Unable to reliably estimate the impact

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	13,315,728	(5,104,467)	8,211,261	15,544,854	(5,028,822)	10,516,032

Reconciliation of investment property - 2025

	Opening balance	Disposals	Depreciation	Total
Investment property	10,516,032	(2,229,126)	(75,645)	8,211,261

Reconciliation of investment property - 2024

	Opening balance	Depreciation	Total
Investment property	10,619,830	(103,798)	10,516,032

Pledged as security

No investment property assets were pledged as security.

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.

Other disclosure

There were no operating costs incurred related to the investment property.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	193,690,276	(12,402,319)	181,287,957	194,090,276	(12,402,319)	181,687,957
Buildings	378,323,343	(120,082,216)	258,241,127	367,191,946	(109,830,948)	257,360,998
Plant and machinery	50,015,172	(26,279,776)	23,735,396	49,027,135	(21,896,098)	27,131,037
Furniture and fixtures	21,230,352	(12,416,349)	8,814,003	21,029,873	(10,329,065)	10,700,808
Motor vehicles	98,754,461	(49,726,925)	49,027,536	97,039,678	(42,710,197)	54,329,481
IT equipment	22,064,096	(13,269,508)	8,794,588	19,483,429	(9,856,214)	9,627,215
Infrastructure - Electricity	157,422,129	(50,964,006)	106,458,123	151,579,811	(46,984,090)	104,595,721
Infrastructure - Roads	1,042,189,757	(210,896,624)	831,293,133	939,892,287	(186,891,801)	753,000,486
Infrastructure - Storm water	60,820,378	(12,303,618)	48,516,760	60,820,378	(11,132,449)	49,687,929
Infrastructure - Sewerage	46,139,366	(5,450,200)	40,689,166	46,139,366	(4,801,804)	41,337,562
Infrastructure - Solid waste	33,398,745	(24,021,825)	9,376,920	32,846,734	(23,685,494)	9,161,240
Infrastructure - Water	2,612,802,653	(562,372,170)	2,050,430,483	2,439,266,303	(510,036,808)	1,929,229,495
Total	4,716,850,728	(1,100,185,536)	3,616,665,192	4,418,407,216	(990,557,287)	3,427,849,929

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)**Reconciliation of property, plant and equipment - 2025**

	Opening balance	Additions	Donations / Additions non-cash	Disposals	Depreciation	Impairment loss	Total
Land	181,687,957	-	-	(400,000)	-	-	181,287,957
Buildings	257,360,998	11,131,397	-	-	(9,661,767)	(589,501)	258,241,127
Plant and machinery	27,131,037	988,038	-	-	(4,375,951)	(7,728)	23,735,396
Furniture and fixtures	10,700,808	200,479	-	-	(2,086,056)	(1,228)	8,814,003
Motor vehicles	54,329,481	2,570,984	-	(571,496)	(7,301,433)	-	49,027,536
IT equipment	9,627,215	2,620,224	-	(11,599)	(3,438,684)	(2,568)	8,794,588
Infrastructure - Electricity	104,595,721	5,842,317	-	-	(3,979,915)	-	106,458,123
Infrastructure - Roads	753,000,486	102,297,470	-	-	(24,004,823)	-	831,293,133
Infrastructure - Storm water	49,687,929	-	-	-	(1,171,169)	-	48,516,760
Infrastructure - Sewerage	41,337,562	-	-	-	(648,396)	-	40,689,166
Infrastructure - Solid waste	9,161,240	552,011	-	-	(336,331)	-	9,376,920
Infrastructure - Water	1,929,229,495	172,127,546	1,408,804	-	(52,335,362)	-	2,050,430,483
	3,427,849,929	298,330,466	1,408,804	(983,095)	(109,339,887)	(601,025)	3,616,665,192

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)**Reconciliation of property, plant and equipment - 2024**

	Opening balance	Additions	Donations / Additions non-cash	Disposals	Adjustments	Depreciation	Impairment loss	Total
Land	181,687,957	-	-	-	-	-	-	181,687,957
Buildings	253,498,886	14,492,614	-	(1,393,632)	198,961	(8,460,694)	(975,137)	257,360,998
Plant and machinery	24,742,430	8,422,109	-	(1,039,580)	(441,035)	(4,428,031)	(124,856)	27,131,037
Furniture and fixtures	5,087,711	8,388,539	-	(55,085)	(97,305)	(2,605,371)	(17,681)	10,700,808
Motor vehicles	47,908,299	9,655,514	1,429,206	(1,639,145)	2,996,010	(6,020,403)	-	54,329,481
IT equipment	9,594,864	3,143,222	-	(248,169)	672	(2,842,356)	(21,018)	9,627,215
Infrastructure - Electricity	92,245,861	16,217,992	-	(371,401)	(1)	(3,496,730)	-	104,595,721
Infrastructure - Roads	680,507,130	90,042,405	5,438,631	(1,727,646)	1,719,411	(22,878,524)	(100,921)	753,000,486
Infrastructure - Storm water	50,953,399	-	-	(81,429)	-	(1,184,041)	-	49,687,929
Infrastructure - Sewerage	34,087,033	7,599,406	-	(48)	2	(295,339)	(53,492)	41,337,562
Infrastructure - Solid waste	9,124,286	349,900	-	-	(1)	(312,945)	-	9,161,240
Infrastructure - Water	1,759,044,226	205,612,078	12,707,688	(357,872)	765,951	(48,441,767)	(100,809)	1,929,229,495
	3,148,482,082	363,923,779	19,575,525	(6,914,007)	5,142,665	(100,966,201)	(1,393,914)	3,427,849,929

Pledged as security

No property, plant and equipment were pledged as security.

Impairment of assets

Buildings	589,501	975,137
Plant and machinery	7,728	124,857
Furniture and fixtures	1,228	17,681
IT equipment	2,568	21,019
Infrastructure - Roads	-	100,921
Infrastructure - Sewerage	-	53,492
Infrastructure - Water	-	100,809
	601,025	1,393,916

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

	Opening balance	WIP additions	WIP Transfers	Total
Buildings	19,631,258	11,131,397	(78,500)	30,684,155
Infrastructure - Roads	63,095,696	102,297,470	-	165,393,166
Infrastructure - Electricity	-	5,842,317	(5,842,317)	-
Infrastructure - Solid waste	-	552,011	(552,011)	-
Infrastructure - Sewerage	10,490,977	-	-	10,490,977
Infrastructure - Water	538,739,830	173,536,350	(242,169,644)	470,106,536
	631,957,761	293,359,545	(248,642,472)	676,674,834

Reconciliation of Work-in-Progress 2024

	Opening balance	WIP additions	WIP Transfers	Total
Buildings	39,153,155	14,492,614	(34,014,511)	19,631,258
Infrastructure - Roads	40,651,774	90,042,405	(67,598,483)	63,095,696
Infrastructure - Electricity	-	16,217,992	(16,217,992)	-
Infrastructure - Solid waste	-	349,900	(349,900)	-
Infrastructure - Sewerage	20,132,083	7,599,406	(17,240,512)	10,490,977
Infrastructure - Water	570,164,971	205,612,078	(237,037,219)	538,739,830
	670,101,983	334,314,395	(372,458,617)	631,957,761

Some of the work in progress construction projects are taking significantly longer period than expected due to delays by contractors or sub-contractors with mechanical works, additional scope of work, heavy rains, hard rock, underground water and electrical connections by Eskom. The carrying value of the construction projects that are taking significantly longer period than expected is R270,856,994.

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	35,216,761	42,550,762
Inventory - materials & supplies	17,484,885	19,761,545
General expenses	1,097,412	445,673
	53,799,058	62,757,980

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

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
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5. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	3,420,560	(2,343,405)	1,077,155	3,241,443	(1,969,401)	1,272,042

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	1,272,042	186,944	(2,114)	(379,717)	1,077,155

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	1,221,367	453,295	(43,369)	(359,251)	1,272,042

Pledged as security

No intangible assets were pledged as security.

6. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	1,621,944	-	1,621,944	1,621,944	-	1,621,944

Reconciliation of heritage assets 2025

	Opening balance	Total
Historical monuments	1,621,944	1,621,944

Reconciliation of heritage assets 2024

	Opening balance	Total
Historical monuments	1,621,944	1,621,944

Pledged as security

No heritage assets were pledged as security.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
7. Operating lease liability (asset)		
Current assets	(70,100)	-
Non-current liabilities	205,851	-
Current liabilities	-	70,838
	135,751	70,838

8. Payables from exchange transactions

Trade payables	288,574,970	121,257,714
Debtors with credit balances	17,582,611	14,305,632
Salary suspense accounts - Third parties	83,566,460	68,997,751
Prepayments-prepaid electricity	2,044,456	923,971
Other creditors	2,268,122	-
Staff bonus accrual	19,731,769	18,638,651
Surety	1,556,836	39,013,607
Retentions	79,411,811	63,305,076
Deposits	8,079,325	7,722,815
	502,816,360	334,165,217

9. 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	14,620,010	13,155,952
Contributions by employer	(521,008)	(608,615)
Net expense recognised in the statement of changes in net assets	(3,791,436)	2,072,673
	10,307,566	14,620,010

Net expense recognised in the statement of financial performance are as follows:

Service cost	198,190	175,162
- Current service cost	198,190	175,162
Interest cost	1,729,003	1,649,998
Actuarial (gains) / losses	(5,718,629)	247,513
	(3,791,436)	2,072,673

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
9. Employee benefit obligations (continued)		
Key assumptions used		
Assumptions used at the reporting date:		
Discount rate	10.75 %	12.21 %
Consumer price inflation	4.61 %	6.28 %
Health care cost inflation	6.11 %	7.78 %
Net discount rate	4.38 %	4.11 %
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.		
Changes in the present value of the long service awards obligation are as follows:		
Opening balance	40,411,742	35,026,452
Service cost	3,793,902	3,352,986
Interest cost	3,983,372	3,657,938
Actuarial (gains) / losses	63,241	2,228,346
Expected benefits payments	(5,408,503)	(3,853,980)
	42,843,754	40,411,742
Key assumptions used		
Assumptions used at the reporting date:		
Discount rate	9.18 %	10.53 %
Consumer price inflation	3.55 %	4.94 %
Salary increase rate	4.55 %	5.94 %
Net discount rate	4.42 %	4.33 %
Normal retirement age	65	65
Actuarial (gains) / losses		
Defined benefit plan	(5,718,629)	247,513
Long service awards	63,241	2,228,346
	(5,655,388)	2,475,859
Current liability of employee benefit obligation		
Defined benefit plan	537,125	908,395
Long service awards	6,453,750	5,151,778
	6,990,875	6,060,173
Non-current liability of employee benefit obligation		

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
9. Employee benefit obligations (continued)		
Defined benefit plan	9,770,441	13,711,615
Long service awards	36,390,004	35,259,964
	46,160,445	48,971,579

10. 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.

11. Inventories

Land held for distribution	35,694,585	35,694,585
Consumable stores	6,193,862	6,862,812
Water for distribution	238,981	186,649
	42,127,428	42,744,046

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.

The total inventory of 42,127,428 (2024: 42,744,046) was carried at fair value less cost to sell.

The amount of write-down of inventories recognised as expense is 11,806 (2024: 27,183).

The amount of inventories consumed and recognised as an expense is 59,068,899 (2024: 58,954,278).

Inventory pledged as security

No inventories were pledged as security

Water for distribution

Opening balance	186,649	167,924
Movement	52,332	18,725
Closing balance	238,981	186,649

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
12. Receivables from exchange transactions		
Deposits	35,462,031	30,713,211
Sundry debtors	3,491,782	3,491,782
Pre-paid electricity accrued	-	3,053,752
Interest receivable	252,873	273,766
	39,206,686	37,532,511
Non-current assets	35,462,031	30,713,211
Current assets	3,744,655	6,819,300
	39,206,686	37,532,511
13. Statutory receivables		
Traffic fines	120,007,082	117,913,575
Allowance for impairment - Traffic fines	(113,093,635)	(111,619,975)
VAT receivable	64,580,731	65,155,929
Property rates	105,911,722	101,562,100
Allowance for impairment - Property rates	(97,012,989)	(92,653,907)
	80,392,911	80,357,722
Statutory receivables pledged as security		
No statutory receivables were pledged as security		
Statutory receivables impaired		
As of 30 June 2025, Statutory receivables of 225,918,804 (2024: 219,475,675) were impaired and provided for.		
The amount of allowance for impairment was 210,106,624 as of 30 June 2025 (2024: 204,273,882).		
The ageing of amounts past due and impaired is as follows:		
Over 1 month	225,918,804	219,475,675
Reconciliation of provision for impairment of statutory receivables		
Opening balance	(204,273,882)	(123,472,745)
Contributions to allowance	(5,832,742)	(80,801,137)
	(210,106,624)	(204,273,882)
Net rates		
Current	779,399	630,059
30 days	432,559	595,646
60 days	249,643	306,821
90 + days	7,437,131	7,375,667
	8,898,732	8,908,193
Net traffic fines		
Over 1 month	6,913,447	6,293,600
VAT receivable		

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.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
14. Receivables from non-exchange transactions		
Overpayments	1,759,655	2,064,038
The municipality has made overpayment on employees' salaries and long service awards.		
Current assets	1,759,655	2,064,038
15. Consumer debtors		
Gross balances		
Electricity	25,527,052	37,915,968
Water	21,612,751	28,588,208
Waste water	4,343,255	5,749,405
Refuse	5,297,952	4,736,605
Other	10,328,396	13,837,914
	67,109,406	90,828,100
Less: Allowance for impairment		
Electricity	(16,929,020)	(28,035,367)
Water	(13,823,404)	(20,977,531)
Waste water	(2,030,554)	(4,911,221)
Refuse	(3,072,228)	(2,954,520)
Other	(6,907,978)	(6,975,283)
	(42,763,184)	(63,853,922)
Net balance		
Electricity	8,598,032	9,880,601
Water	7,789,347	7,610,677
Waste water	2,312,701	838,184
Refuse	2,225,724	1,782,085
Other	3,420,418	6,862,631
	24,346,222	26,974,178
Electricity		
Current	2,173,356	2,098,246
30 days	605,985	348,958
60 days	241,838	139,253
90 + days	5,576,853	7,294,144
	8,598,032	9,880,601
Water		
Current	1,157,616	762,306
30 days	410,091	236,190
60 days	256,755	184,649
90 + days	5,964,885	6,427,532
	7,789,347	7,610,677
Waste water		
Current	949,065	71,935
30 days	80,975	24,350
60 days	52,700	16,962
90 + days	1,229,961	724,937
	2,312,701	838,184

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
15. Consumer debtors (continued)		
Refuse		
Current	428,107	259,154
30 days	111,129	95,480
60 days	75,484	66,538
90 + days	1,611,004	1,360,913
	2,225,724	1,782,085
Other		
Current	293,784	2,474,163
30 days	113,665	95,798
60 days	76,531	70,623
90 + days	2,936,438	4,222,047
	3,420,418	6,862,631
Reconciliation of allowance for impairment		
Balance at beginning of the year	(63,853,922)	(5,472,840)
Contributions to allowance	-	(58,381,082)
Reversal of allowance	21,090,738	-
	(42,763,184)	(63,853,922)

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:

Consumer debtors impaired

As of 30 June 2025, consumer debtors of 67,109,406 (2024: 90,828,100) were impaired and provided for.

The amount of the provision was 42,763,184 as of s (2024: 63,853,922).

The ageing of these loans is as follows:

Over 1 month	67,109,406	90,828,100
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16. Cash and cash equivalents /(Other short term liability)

Other short term liability consist of:

Cash on hand	-	2,000
Cash book balance	(64,154,552)	(143,161,072)
Short-term deposits	5,001,000	5,000,000
	(59,153,552)	(138,159,072)

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 bank statement balance held by the municipality is available for use by the municipality.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
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16. Cash and cash equivalents /(Other short term liability) (continued)

Credit quality of cash at bank and short-term deposits, excluding cash on hand

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
Standard bank account no 318510316	1,000	-
	5,001,000	5,000,000

The municipality had the following bank accounts

Account number / description	2025			2024		
	30 June 2025 Bank statement balance	30 June 2025 Cash book balance	30 June 2025 Difference	30 June 2024 Bank statement balance	30 June 2024 Cash book balance	30 June 2024 Difference
STANDARD BANK - Current account - 032610335	2,341,929	(64,080,670)	(66,422,599)	(13,253,206)	(143,951,661)	(130,698,455)
ABSA BANK, Current account - 1650 000 087	448,621	(73,882)	(522,503)	1,042,729	790,589	(252,140)
Total	2,790,550	(64,154,552)	(66,945,102)	(12,210,477)	(143,161,072)	(130,950,595)

Differences explanation

Standard bank – Current account

The difference is mainly attributable to outstanding payments of R63 445 439 (Uncashed ACBs) processed on last day of the month of June and the unallocated deposits of R3 138 000 which needs to be traced to relevant account holders.

ABSA bank – Current account

The variance is substantially due to unallocated deposits as at 30 June 2025.

17. Finance lease obligation

Minimum lease payments due

- within one year	2,926,264	1,835,044
- in second to fifth year inclusive	-	1,835,044
	2,926,264	3,670,088
less: future finance charges	(529,876)	(918,642)
Present value of minimum lease payments	2,396,388	2,751,446

Non-current liabilities	-	1,573,787
Current liabilities	2,396,389	1,177,658
	2,396,389	2,751,445

The lease term is 3 years and 2 years; the effective borrowing rates are 29.35% and 55.68%. 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 was no default on principal and interest repayments. None of the terms and conditions were re-negotiated.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
18. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant	13,911,019	-
LG SETA Grant	1,377,885	779,635
	15,288,904	779,635
Movement during the year		
Balance at the beginning of the year	779,635	33,827,146
Additions during the year	358,142,815	372,693,936
Income recognition during the year	(343,633,546)	(405,741,447)
	15,288,904	779,635

19. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Increase / (reduction) in provisions	Interest charge	Total
Landfill Site	28,970,037	1,265,764	3,005,281	33,241,082
Performance Bonus	691,314	100,647	-	791,961
Accumulated Leave	69,831,624	3,285,803	-	73,117,427
	99,492,975	4,652,214	3,005,281	107,150,470

Reconciliation of provisions - 2024

	Opening Balance	Increase / (reduction) in provisions	Interest charge	Total
Landfill Site	25,025,805	1,191,147	2,753,085	28,970,037
Performance Bonus	624,669	66,645	-	691,314
Accumulated Leave	62,704,723	7,126,901	-	69,831,624
	88,355,197	8,384,693	2,753,085	99,492,975

Non-current liabilities	32,510,490	28,337,302
Current liabilities	74,639,980	71,155,673
	107,150,470	99,492,975

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.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
19. Provisions (continued)		
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.		
20. Revenue		
Service charges	237,224,365	220,278,819
Construction contracts	3,787,000	14,400,000
Rental of facilities and equipment	4,872,472	5,134,500
Interest received (trading)	3,836,770	4,117,492
Licences and permits	1,504,695	2,174,346
Recoveries	6,187,189	-
Operational revenue	8,977,238	10,002,135
Interest received (external)	7,296,440	15,426,455
Property rates	125,303,979	119,461,777
Interest, Dividends and Rent on Land	7,703,865	12,167,295
Government grants & subsidies	1,177,716,545	1,179,876,447
Public contributions and donations	1,408,804	19,575,525
Fines, Penalties and Forfeits	3,358,835	2,463,579
	1,589,178,197	1,605,078,370
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	237,224,365	220,278,819
Construction contracts	3,787,000	14,400,000
Rental of facilities and equipment	4,872,472	5,134,500
Interest received (trading)	3,836,770	4,117,492
Licences and permits	1,504,695	2,174,346
Recoveries	6,187,189	-
Operational revenue	8,977,238	10,002,135
Interest received (external)	7,296,440	15,426,455
	273,686,169	271,533,747
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	125,303,979	119,461,777
Interest - Property rates	7,703,865	12,167,295
Transfer revenue		
Government grants & subsidies	1,177,716,545	1,179,876,447
Public contributions and donations	1,408,804	19,575,525
Fines, Penalties and Forfeits	3,358,835	2,463,579
	1,315,492,028	1,333,544,623
21. Inventory consumed		
Water	3,993,796	669,443
Consumables	55,075,103	58,284,835
	59,068,899	58,954,278

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
22. Service charges		
Sale of electricity	178,571,785	159,497,612
Sale of water	37,481,747	41,216,578
Solid waste	13,511,197	11,510,246
Waste water	7,659,636	8,054,383
	237,224,365	220,278,819
23. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	4,872,472	5,134,500
24. Fines, Penalties and Forfeits		
Illegal Connections Fines	503,535	281,560
Law Enforcement Fines	2,855,300	2,182,000
Overdue Books Fines	-	19
	3,358,835	2,463,579
25. Construction contract expense		
Electrification of rural households	3,787,000	15,744,803
26. Licences and permits		
Trading	1,504,695	2,174,346
27. Lease rentals on operating lease		
Premises		
Contractual amounts	5,500,516	5,021,605
Plant and equipment		
Contractual amounts	1,296,924	1,516,444
	6,797,440	6,538,049
28. Recoveries and operational revenue		
Legal fees recovered	6,187,189	-
Other revenue	8,977,238	10,002,135
	15,164,427	10,002,135
29. Investment revenue		
Interest revenue		
Bank	4,535,616	12,304,508
Investment	2,760,824	3,121,947
	7,296,440	15,426,455

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
30. Property rates		
Rates received		
Residential	54,331,376	55,516,745
Business	39,212,682	35,162,356
Government	14,627,694	13,170,808
Agriculture	14,965,609	13,635,685
Other	2,166,618	1,976,183
	125,303,979	119,461,777
Valuations		
Residential	9,682,646,025	8,299,969,000
Business	2,329,278,000	2,327,038,000
Government	907,645,000	1,191,757,100
Agriculture	7,602,384,000	7,389,987,000
Other	1,398,921,610	2,565,085,510
	21,920,874,635	21,773,836,610
Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2022. Annual valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.		
31. Transfer and subsidies		
Other subsidies		
Other transfers	13,130,507	18,689,149

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
32. Government grants & subsidies		
Operating grants		
Equitable share	837,870,000	788,535,000
Municipal Infrastructure Grant	246,496,980	269,609,468
Financial Management Grant	1,800,000	1,770,000
LG SETA Grant	2,187,565	3,720,979
Water Service Infrastructure Grant	30,000,000	30,000,000
Expanded Public Works Programme	2,436,000	3,510,000
Municipal Disaster Recovery Grant	51,926,000	66,501,000
Regional Bulk Infrastructure Grant	5,000,000	-
Municipal Disaster Relief Grant	-	16,230,000
	1,177,716,545	1,179,876,447
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		
Balance unspent at beginning of year	-	16,675,468
Current-year receipts	260,408,000	252,934,000
Conditions met - transferred to revenue	(246,496,981)	(269,609,468)
	13,911,019	-
Expanded Public Works Programme		
Current-year receipts	2,436,000	3,510,000
Conditions met - transferred to revenue	(2,436,000)	(3,510,000)
	-	-
Financial Management Grant		
Current-year receipts	1,800,000	1,770,000
Conditions met - transferred to revenue	(1,800,000)	(1,770,000)
	-	-
LG SETA Grant		
Balance unspent at beginning of year	779,635	921,678
Current-year receipts	2,785,815	3,578,936
Conditions met - transferred to revenue	(2,187,565)	(3,720,979)
	1,377,885	779,635

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
32. Government grants & subsidies (continued)		
Water Service Infrastructure Grant		
Current-year receipts	30,000,000	30,000,000
Conditions met - transferred to revenue	(30,000,000)	(30,000,000)
	-	-
Regional Bulk Infrastructure Grant		
Current-year receipts	5,000,000	-
Conditions met - transferred to revenue	(5,000,000)	-
	-	-
Municipal Disaster Relief Grant		
Balance unspent at beginning of year	-	16,230,000
Conditions met - transferred to revenue	-	(16,230,000)
	-	-
Municipal Disaster Recovery Grant		
Current-year receipts	51,926,000	66,501,000
Conditions met - transferred to revenue	(51,926,000)	(66,501,000)
	-	-
Allocation-in-kind grants		
Regional Bulk Infrastructure Grant	4,000,000	5,000,000
Integrated National Electrification Grant	19,938,000	21,801,000
Neighbourhood Development Partnership Grant (technical assistance)	1,500,000	100,000
	25,438,000	26,901,000

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

The 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.

Neighbourhood Development Partnership Grant (technical assistance)

The purpose of the grant is to plan, catalyse, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in South Africa's targeted locations, under-served neighbourhoods, generally townships and rural towns.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024				
32. Government grants & subsidies (continued)						
Government grants and subsidies per vote						
2025	Executive & Council	Budget & Treasury Office	Corporate Services	Infrastructure Development	Economic Development & Tourism	Total
Municipal Infrastructure Grant	-	-	-	260,408,000	-	260,408,000
Financial Management Grant	-	1,800,000	-	-	-	1,800,000
LG SETA Grant	-	-	2,785,815	-	-	2,785,815
Intergrated National Electrification Grant	-	-	-	3,787,000	-	3,787,000
Water Services Infrastructure Grant	-	-	-	30,000,000	-	30,000,000
Municipal Disaster Recovery Grant	-	-	-	51,926,000	-	51,926,000
Expanded Public Works Programme	-	-	-	-	2,436,000	2,436,000
Regional Bulk Infrastructure Grant	-	-	-	5,000,000	-	5,000,000
Subtotal	-	1,800,000	2,785,815	351,121,000	2,436,000	358,142,815
	-	1,800,000	2,785,815	351,121,000	2,436,000	358,142,815
2024	Executive & Council	Budget & Treasury Office	Corporate Services	Infrastructure Development	Economic Development & Tourism	Total
Municipal Infrastructure Grant	-	-	-	252,934,000	-	252,934,000
Financial Management Grant	-	1,770,000	-	-	-	1,770,000
LG SETA Grant	-	-	3,578,936	-	-	3,578,936
Intergrated National Electrification Grant	-	-	-	14,400,000	-	14,400,000
Water Services Infrastructure Grant	-	-	-	30,000,000	-	30,000,000
Municipal Disaster Recovery Grant	-	-	-	66,501,000	-	66,501,000
Expanded Public Works Programme	-	-	-	-	3,510,000	3,510,000
Subtotal	-	1,770,000	3,578,936	363,835,000	3,510,000	372,693,936
	-	1,770,000	3,578,936	363,835,000	3,510,000	372,693,936

33. Public contributions and donations

Public contributions and donations	1,408,804	19,575,525
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The municipality has received donation of moveable asset and infrastructure assets to the value disclosed above.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
34. Employee related costs		
Basic	428,354,614	408,808,052
Bonus	35,257,081	33,030,790
Medical aid	32,993,406	30,112,562
UIF	2,990,498	3,038,972
Other payroll levies	203,635	215,654
Pension fund contributions	80,951,410	75,779,597
Travel allowances	41,051,341	36,961,642
Overtime payments	58,710,073	84,606,093
Long-service awards	7,615,897	6,301,344
Housing benefits and other allowances	8,917,056	6,472,466
Standby allowance	29,236,091	29,691,737
	726,281,102	715,018,909
Remuneration of Municipal Manager		
Annual Remuneration	915,241	1,101,003
Travel Allowance	273,595	265,740
Contributions to UIF, Medical aid and Pension Fund	58,698	153,008
	1,247,534	1,519,751
Remuneration of Chief Finance Officer		
Annual Remuneration	851,660	952,211
Travel Allowance	218,966	258,966
Contributions to UIF and Pension Fund	2,267	81,179
	1,072,893	1,292,356
Remuneration of Director Economic Development and Tourism		
Annual Remuneration	765,439	781,043
Travel Allowance	144,000	169,600
Contributions to UIF, Medical aid and Pension Fund	170,030	100,787
	1,079,469	1,051,430
Remuneration of Director Infrastructure Development		
Annual Remuneration	815,279	725,378
Travel Allowance	218,400	163,800
Contributions to UIF and Medical aid	39,566	34,682
	1,073,245	923,860

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
34. Employee related costs (continued)		
Remuneration of director planning and development		
Annual Remuneration	824,987	803,822
Travel Allowance	218,966	258,966
Contributions to UIF, Medical aid and Pension Fund	28,806	89,912
	1,072,759	1,152,700
Remuneration of Director Community Services		
Annual Remuneration	756,214	865,468
Travel Allowance	120,000	179,884
Contributions to UIF, Medical aid and Pension Fund	200,987	139,360
	1,077,201	1,184,712
Remuneration of Director Corporate Services		
Annual Remuneration	787,863	275,285
Travel Allowance	144,000	53,784
Contributions to UIF, Medical aid and Pension Fund	169,701	46,091
	1,101,564	375,160

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
35. Remuneration of councillors		
Executive Mayor	1,079,959	1,044,048
Chief Whip	820,331	800,274
Mayoral Committee Members	5,690,253	5,571,277
Speaker	873,789	842,068
Other Councillors' remuneration	11,207,779	12,047,989
Other Councillors' to medical aid and pension fund	2,138,721	2,356,163
Other Councillors' travel and other allowances	7,629,601	8,457,648
	29,440,433	31,119,467
Executive Mayor		
Remuneration	645,604	618,628
Travel and other allowances	296,112	294,626
Contributions to medical aid and pension fund	138,243	130,794
	1,079,959	1,044,048
Speaker		
Remuneration	504,373	485,110
Travel and other allowances	252,358	246,192
Contributions to medical aid and pension fund	117,058	110,766
	873,789	842,068
Chief Whip		
Remuneration	452,725	439,751
Travel and other allowances	239,614	234,476
Contributions to medical aid and pension fund	127,992	126,047
	820,331	800,274
Members of Mayoral Committee		
Remuneration	3,526,268	3,386,208
Travel and other allowances	1,593,642	1,639,138
Contributions to medical aid and pension fund	570,343	545,931
	5,690,253	5,571,277
36. Depreciation and amortisation		
Property, plant and equipment	109,339,889	100,966,201
Investment property	75,646	103,798
Intangible assets	379,715	359,250
	109,795,250	101,429,249

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
37. Impairment loss		
Impairments		
Property, plant and equipment	601,025	1,393,914
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 4 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.		
38. Finance costs		
Finance leases	1,271,273	979,871
Interest paid	15,964,951	1,868,369
	17,236,224	2,848,240
39. Auditors' remuneration		
Fees	7,142,144	6,600,442
40. Debt impairment		
Contributions /(reversal) of allowance	(15,257,995)	139,182,220
Bad debts written off	24,969,983	27,137,936
	9,711,988	166,320,156

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
41. Operational expenditure		
Advertising	1,164,992	1,586,458
Auditors' remuneration	7,142,144	6,600,442
Bank charges	1,416,323	426,064
Commission paid	854,605	2,288,422
Entertainment	6,205	40,405
Insurance	3,598,870	5,892,273
IT expenses	8,222,150	13,170,901
Levies	13,142,934	13,134,529
Postage and courier	159,702	207,475
Printing and stationery	47,750	424,118
Uniform and protective clothing	3,139,035	9,184,917
Subscriptions and membership fees	-	22,253
Telephone and fax	7,989,817	6,569,727
Travel - local	9,096,865	14,193,417
Utilities	108,445,387	95,296,345
Learnership and internship	2,731,565	4,906,698
Travel and Subsistence - travel claims	30,214,734	44,024,978
Ward committees	3,928,000	3,905,000
Other expenses	5,459,697	12,007,103
	206,760,775	233,881,525
42. Bulk purchases		
Electricity - Eskom	150,987,850	127,600,781
43. Contracted services		
Outsourced Services		
Alien Vegetation Control	115,840	80,204
Animal Care	1,907,531	95,000
Burial Services	237,065	292,850
Business and Advisory	64,380	5,630,450
Catering Services	2,431,868	3,397,336
Hygiene Services	390,341	274,608
Mini Dumping Sites	11,310,926	12,782,134
Refuse Removal	-	190,700
Security Services	58,142,168	62,093,615
Sewerage Services	82,200	140,527
Consultants and Professional Services		
Business and Advisory	19,917,807	25,555,561
Infrastructure and Planning	712,867	559,226
Laboratory Services	141,352	-
Legal Cost	40,785,952	50,419,573

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
43. Contracted services (continued)		
Contractors		
Artists and Performers	17,500	181,850
Electrical	-	101,940
Employee Wellness	930,209	1,258,666
Graphic Designers	-	150,600
Interior Decorator	110,083	392,750
Maintenance of Buildings and Facilities	11,289,252	3,137,072
Maintenance of Transport and Other assets	12,997,671	25,172,030
Maintenance of Roads	-	42,368,394
Tracing Agents and Debt Collectors	-	1,142,273
Traffic and Street Lights	255,289	373,468
Transportation - Fuel & Oil	25,340,108	27,106,522
Stage and Sound Crew	151,200	356,196
	187,331,609	263,253,545
44. Cash generated from operations		
Surplus (deficit)	74,834,200	(154,674,081)
Adjustments for:		
Depreciation and amortisation	109,795,250	101,429,249
(Gain) / Loss on sale of assets and liabilities	(8,667,188)	6,957,375
Impairment deficit	601,025	1,393,914
Debt impairment	9,711,988	166,320,156
Movements in operating lease assets and accruals	64,913	(140,314)
Movements in retirement benefit assets and liabilities	(1,880,432)	6,849,348
Movements in provisions	7,657,495	11,137,778
Inventory losses or write-downs	(11,806)	(27,183)
Public contributions and donations (Assets non-cash)	(1,408,804)	(19,575,525)
Changes in working capital:		
Inventories	628,424	(382,438)
Receivables from exchange transactions	(1,674,175)	(1,167,006)
Consumer debtors	(7,084,032)	(139,818,348)
Statutory receivables	(35,189)	107,253,354
Receivables from non-exchange transactions	304,383	2,606,658
Payables from exchange transactions	168,651,144	51,662,518
Unspent conditional grants and receipts	14,509,269	(33,047,511)
	365,996,465	106,777,944

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
45. Financial instruments disclosure		
Categories of financial instruments		
2025		
Financial assets		
	At amortised cost	Total
Trade and other receivables from exchange transactions	39,206,686	39,206,686
Consumer debtors	24,346,222	24,346,222
Operating lease asset	70,100	70,100
	63,623,008	63,623,008
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	377,622,942	377,622,942
Other short term liability	59,153,552	59,153,552
Operating lease liability	205,851	205,851
Finance lease liability	2,396,389	2,396,389
	439,378,734	439,378,734
2024		
Financial assets		
	At amortised cost	Total
Trade and other receivables from exchange transactions	37,532,511	37,532,511
Consumer debtors	26,974,178	26,974,178
	64,506,689	64,506,689
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	231,299,212	231,299,212
Other short term liability	138,159,072	138,159,072
Operating lease liability	70,838	70,838
Finance lease liability	2,751,445	2,751,445
	372,280,567	372,280,567

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
46. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	16,077,751	7,518,074
• Infrastructure	141,760,348	276,823,944
	157,838,099	284,342,018
Total capital commitments		
Already contracted for but not provided for	157,838,099	284,342,018
Authorised operational expenditure		
Already contracted for but not provided for		
• Expenditure	71,046,527	149,186,436
Total operational commitments		
Already contracted for but not provided for	71,046,527	149,186,436
Total commitments		
Total commitments		
Authorised capital expenditure	157,838,099	284,342,018
Authorised operational expenditure	71,046,527	149,186,436
	228,884,626	433,528,454
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	4,209,369	1,204,706
- in second to fifth year inclusive	4,498,234	-
	8,707,603	1,204,706

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% & 5% 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.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
47. Contingencies		
Contingent liabilities		
Cases		
2025		
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.		
Lowveld & Escarpment Fire - Claim for potential amount of R112,140.49 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.		
G Seal Trading (Pty) Ltd - Claim for goods that were delivered to the municipality for an amount of R628,160.29. 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 of the property in the municipal valuation roll. The potential financial loss by the municipality can only be determined upon the ruling by the court, since it is impractical to determine a reliable estimate based on the demands of the plaintiff.		
Ms. Sibongile Mabuza - Sued the municipality R2,000,000 after her grandson passed away by drowning in a sewage facility which is under the care 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.		
Amos Dalton Mafuyeka - had obtained default judgment of R83,995.27 against the municipality for a claim of damages resulting from a motor vehicle collision. The potential amount claimed by the applicant is uncertain. The municipality was successfully assisted to obtain a rescission of this judgment. The timing of when the matter will be concluded is uncertain.		
Richard Mathebula - Sued the municipality R62,447.40 for allegedly erecting speed humps next to the plaintiff house. The plaintiff complains that the water coming from the tar road which the speed hump is erected has damaged his house. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.		
2024		
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.		
Lowveld & Escarpment Fire - Claim for potential amount of R112,140.49 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.		
G Seal Trading (Pty) Ltd - Claim for goods that were delivered to the municipality for an amount of R628,160.29. 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 of the property in the municipal valuation roll. The potential financial loss by the municipality can only be determined upon the ruling by the court, since it is impractical to determine a reliable estimate based on the demands of the plaintiff.		
Leopard creek share block Ltd - has issued an application against the municipality wherein it challenges the zoning category under which the municipality is zoning the entity, hence it wants an order directing the municipality to zone the entity under a special category that should be specifically created for the it. The potential financial exposure is uncertain as it was not determined when the claim was instituted.		
Ms. Sibongile Mabuza - sued the Municipality R2,000,000 after her grandson passed away by drowning in a sewage facility which is under the care of Nkomazi local Municipality. The matter has been referred to the municipality's legal representative and the timing of when the matter will be concluded is uncertain.		

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
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47. Change in estimate (continued)

Amos Dalton Mafuyeka - Had obtained default judgment of R83,995.27 against the municipality for a claim of damages resulting from a motor vehicle collision. The potential amount claimed by the applicant is uncertain. The municipality was successfully assisted to obtain a rescission of this judgment. The timing of when the matter will be concluded is uncertain.

Richard Mathebula - Sued the Municipality R62,447.40 for allegedly erecting speed humps next to the plaintiff house. The plaintiff complains that the water coming from the tar road which the speed hump is erected has damaged his house. 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

Cases

2025

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.

Nkosi Attorneys - Sued for R5,264,932.91 attachment refund which was received by Nkosi attorneys on behalf of the municipality but was never transferred to the municipality's account. The timing of when the matter will be concluded is uncertain.

Marlon Stuart - 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. The timing of when the matter will be concluded is uncertain.

Bheki Sibiya: The Municipality terminated a contract of occupation with Mr. Bheki Sibiya (Caravan Park) after failing to pay all rentals and services (water and electricity) which was due to the municipality. Total amount recoverable is estimated to be R450,000, however the timing of when the matter will be concluded is uncertain.

2024

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.

Nkosi Attorneys - Sued for R5,264,932.91 attachment refund which was received by Nkosi attorneys on behalf of Nkomazi local municipality but was never transferred to the municipality's account. The timing of when the matter will be concluded is uncertain.

Marlon Stuart - 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. The timing of when the matter will be concluded is uncertain.

Bheki Sibiya: The Municipality terminated a contract of occupation with Mr. Bheki Sibiya (Caravan Park) after failing to pay all rentals and services (water and electricity) which was due to the municipality. Total amount recoverable is estimated to be R450,000, however the timing of when the matter will be concluded is uncertain.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
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48. Related parties

Relationships

Significant influence

Members of key management

Nkomazi Special Economic Zone

Refer to the tables below

Related party transactions

Remuneration of key management

Management class: Councillors

2025

	Basic salary	Travel and other allowances	Contributions to medical aid and pension fund	Total
Name				
Executive Mayor	645,604	296,112	138,243	1,079,959
Speaker	504,373	252,358	117,058	873,789
Chief Whip	452,725	239,614	127,992	820,331
Members of Mayoral Committee	3,526,268	1,593,642	570,343	5,690,253
Other Councillors	11,207,779	7,629,601	2,138,721	20,976,101
	16,336,749	10,011,327	3,092,357	29,440,433

2024

	Basic salary	Travel and other allowances	Contributions to medical aid and pension fund	Total
Name				
Executive Mayor	618,628	294,626	130,794	1,044,048
Speaker	485,110	246,192	110,766	842,068
Chief Whip	439,751	234,476	126,047	800,274
Members of Mayoral committee	3,386,208	1,639,138	545,931	5,571,277
Other Councillors	12,047,989	8,457,648	2,356,163	22,861,800
	16,977,686	10,872,080	3,269,701	31,119,467

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
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48. Related parties (continued)

Management class: Executive management

2025

Name	Basic salary	Travel and other allowances	Contributions to UIF, medical aid and pension fund	Total
Municipal Manager	915,241	273,595	58,698	1,247,534
Chief Financial Officer	851,660	218,966	2,267	1,072,893
Director Infrastructure Development	815,279	218,400	39,566	1,073,245
Director Planning and Development	824,987	218,966	28,806	1,072,759
Director Community Services	756,214	120,000	200,987	1,077,201
Director Corporate Services	787,863	144,000	169,701	1,101,564
Director Economic Development and Tourism	765,439	144,000	170,030	1,079,469
	5,716,683	1,337,927	670,055	7,724,665

2024

Name	Basic salary	Bonuses	Travel and other allowances	Acting allowance	Contributions to UIF, medical aid and pension fund	Total
Municipal Manager	1,101,003	-	265,740	-	153,008	1,519,751
Chief Financial Officer	952,211	-	258,966	-	81,179	1,292,356
Director Infrastructure Development	725,378	-	163,800	-	34,682	923,860
Director Planning and Development	803,822	-	258,966	-	89,912	1,152,700
Director Community Services	865,468	-	179,884	-	139,360	1,184,712
Director Corporate Services	275,285	-	53,784	-	46,091	375,160
Director Economic Development and Tourism	781,043	-	169,600	-	100,787	1,051,430
Acting Directors Corporate Services	736,318	79,316	223,371	95,353	186,796	1,321,154
	6,240,528	79,316	1,574,111	95,353	831,815	8,821,123

Significant influence

The municipality is a related party to Nkomazi Special Economic Zone Entity through significant influence to participate in the financial and operating policy decisions of the entity by representation of the appointed non-executive board of director Mr. Jerry Khoza who is in the employment of the municipality as Director Economic Development and Tourism.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
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49. Change in estimate

Property, plant and equipment

The estimated useful life of assets for 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 due to that their useful lives were coming to an end and there is still expectation to use the assets in future. The effect of this revision has decreased the depreciation charges for the current by R1,876,007 (2024: R1,342,313) The net effect of the change in estimate will increase the Net surplus and Statement of changes in net assets. 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 R1,821,678 (2024: R1,280,605)

The impact on Investment Property due to the extension of their useful lives is R27,868 (2024: R18,221)

The impact on Intangible assets due to the extension of their useful lives is R26,461 (2024: R43,486)

Statement of Financial Position

Decrease in accumulated depreciation	1,876,007	1,342,313
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Statement of Financial Performance

Decrease in depreciation	1,876,007	1,342,313
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50. Prior period errors

Correction of prepayment of pre-paid electricity that was not excluded from the trade and other payables from exchange transactions which is disclosed as financial instruments. Management also realised that finance lease liability which form part of financial instruments disclosure note was omitted and deposits which also form part of financial instrument note was incorrectly deducted from trade and other payables from exchange transactions due to oversight.

During the current financial year the municipality realised prior year accruals relating to electricity purchases, hygiene services and capital assets that were not accounted for due to oversight.

Correction of prior year cost and accumulated depreciation of property, plant and equipment assets that were capitalised at incorrect values due to a calculation error.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

Accumulated surplus	-	(443,622)
PPE - Infrastructure water	-	1,483,383
PPE - Motor vehicles	-	3,718,526
PPE - Infrastructure roads	-	3,059,941
Statutory receivables - VAT	-	1,171,463
Trade and other payables from exchange transactions	-	(8,989,691)

Notes

Financial Instruments and Risk management

Trade and other payables from exchange transactions	-	15,788,537
Finance lease liability	-	2,751,445
	-	<u>18,539,982</u>

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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	2025	2024
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51. 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 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	377,622,943	-	-	-
Other short term liability	59,153,552	-	-	-
Operating lease liability	-	205,851	-	-
Finance lease obligation	2,396,389	-	-	-
At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	231,299,212	-	-	-
Other short term liability	138,159,072	-	-	-
Operating lease liability	70,838	-	-	-
Finance lease obligation	1,177,658	1,573,787	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Credit Risk related to consumer debtors is managed in accordance with the Councils 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	2025	2024
Receivables from exchange transactions	39,206,686	37,532,511
Consumer debtors - exchange transactions	24,346,222	26,974,178
Operating lease asset	70,100	-

Nkomazi Local Municipality
Annual Financial Statements for the year ended 30 June 2025

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	2025	2024
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52. 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.

Financial Sustainability and Liquidity Management

The municipality has been unable to meet most of its current obligations by paying service providers within 30 days on receipt of invoice or statement in compliance with Section 65 of the Municipal Finance Management Act No 56 of 2003. The persistent cash flow constraints emanate from the accumulation of trade payables from the previous financial year and minimal cash backed reserves which resulted in a net current liability position at year end.

Liquidity management objectives have not been entirely met as the cash coverage ratio was less than a month which is below the norm of one to three months and the current ratio was fragile as the current liabilities exceeded the current assets in the current year and the current ratio is 0.23 (2024: 0.29). The municipality is however in a positive net asset position, as the total assets exceed its liabilities by R3 billion.

The municipality realised a surplus of R74,834,200 in the current year as compared to a loss of R154,674,081 in the previous financial year. The municipality is also in a negative cashbook bank balance of R59,153,552 in the current year as compared to a negative cashbook bank balance of R138,159,072 in the previous financial year.

The municipality’s budget for 2025 and 2 outer years of the Medium-Term and Expenditure Framework (MTREF) was assessed by National Treasury to be unfunded and as part of the responsive measures to the unfunded budget, the municipality developed a budget funding plan which was tabled and approved by Council in a meeting that was held 05 July 2024. The budget funding plan seeks to be a remedial action for the municipality to implement and address the current negative cash flow position of the municipality to achieve a funded budget position. The municipality has adjusted down the 2025 budget during adjustment budget to seek to achieve a funded budget plan. Furthermore, the municipality will continuously review and implement the adopted revenue enhancement strategy which outlines the various optimisation measures to enhance the liquidity and financial health position.

The municipality continues to aggressively implement the financial interventions and revenue collection strategies in order to improve financial sustainability and liquidity management objectives. The municipality will continuously review the budget funding plan and implement various strategies to ensure that spending is within the budget limits. In responding to the cash flow constraints faced by the municipality, the municipality put more focus on revenue optimisation, especially revenue from trading services to ensure accurate billing, implementation of cost containment measures and the reduction of expenditure or cost minimisation to achieve value for money.

53. Unauthorised expenditure

Opening balance as previously reported	472,688,494	275,010,752
Add: Unauthorised expenditure - current	236,519,560	472,688,494
Less: Amount authorised - current	(422,268,920)	(275,010,752)
Closing balance	286,939,134	472,688,494

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 authorised for write-off in the current year relating to prior year identified cases have been disclosed above.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

	2025	2024
53. Unauthorised expenditure (continued)		
Unauthorised expenditure: Budget overspending – per municipal department:		
Executive and Council	1,182,490	191,631
Budget and Treasury Office	6,446,375	169,448,831
Corporate Services	72,446,154	121,948,830
Community and Social services	4,612,808	43,586,797
Infrastructure Development	128,971,035	137,512,405
Environmental services	22,860,698	-
	236,519,560	472,688,494

Recoverability of unauthorised expenditure

There is no unauthorised expenditure recovered or transferred to receivables for recovery.

54. Fruitless and wasteful expenditure

Opening balance as previously reported	4,113,219	1,241,989
Add: Fruitless and wasteful expenditure identified - current	16,248,021	3,131,176
Less: Amount written off - prior period	(1,092,958)	-
Less: Amount written off - current year	(3,131,176)	(230,647)
Less: Amount transferred to receivable	-	(29,299)
Closing balance	16,137,106	4,113,219

Fruitless and wasteful expenditure is as a result of penalties and interest charged by suppliers and SARS due to late payments.

Investigations are still in process regarding to some of 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.

Amount recovered

The amount of fruitless and wasteful expenditure that has been transferred to receivables relating to prior year is being recovered on a monthly basis.

Amount written-off

The fruitless and wasteful expenditure authorised for write-off in the current year relating to prior year identified cases have been disclosed above.

The fruitless and wasteful expenditure authorised for write-off in prior years relating to 2018 and 2019 financial years identified cases have been disclosed above.

55. Irregular expenditure

Opening balance as previously reported	54,895,252	246,464,483
Add: Irregular expenditure - current	24,022,929	54,895,252
Less: Amount written off - current	(54,895,252)	(246,464,483)
Closing balance	24,022,929	54,895,252

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	2025	2024
55. Irregular expenditure (continued)		
Incidents/cases identified/reported in the current year include those listed below:		
Competitive bidding processes not followed and no deviation approved	-	60,000
Tax non-compliance	-	2,619,381
Non-compliance with SCM advertisement	4,838,176	10,955,178
Non-compliance with evaluation functionality for tender while meeting all the requirements	-	556,155
Pre-qualifying criteria not correctly applied	19,184,753	40,704,538
	24,022,929	54,895,252

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.

Amount recovered

There is no irregular expenditure recovered or transferred to receivables for recovery.

Amount written-off

The irregular expenditure authorised to be written off in the current year relating to prior year identified cases have been disclosed above.

Nkomazi Local Municipality

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Notes to the Annual Financial Statements

	2025	2024
56. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Opening balance	67,329	31,083
Current year subscription / fee	409,509	395,316
Amount paid - current year	(442,996)	(359,070)
	33,842	67,329
Audit fees		
Opening balance	-	4,043
Current year subscription / fee	8,237,489	7,589,434
Amount paid - current year	(5,831,741)	(7,593,477)
	2,405,748	-
PAYE		
Opening balance	19,622,830	8,155,565
Current year subscription / fee	117,391,518	115,974,064
Amount paid - current year	(108,976,237)	(104,506,799)
	28,038,111	19,622,830
UIF		
Opening balance	1,040,413	509,376
Current year subscription / fee	6,154,881	6,214,055
Amount paid - current year	(5,685,366)	(5,683,018)
	1,509,928	1,040,413
SDL		
Opening balance	949,054	418,662
Current year subscription / fee	5,909,069	5,923,866
Amount paid - current year	(5,512,575)	(5,393,474)
	1,345,548	949,054
Pension and Medical Aid Deductions		
Opening balance	23,075,788	12,493,827
Current year subscription / fee	171,113,298	159,685,523
Amount paid - current year	(169,800,449)	(149,103,562)
	24,388,637	23,075,788

VAT

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 2025.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Awards to close family members of persons in the service of the state

Amount paid - current year	29,855,193	45,325,946
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2025

Procurement services were made to Phumis Travelling and Tourism for training services to the value of R240 000.

Procurement services were made to Exodus Travel for catering and travel agency services to the value of R1 359 363

Procurement services were made to Abaphumeleli Trading 296 CC for security services to the value of R24 434 441

Procurement services were made to Vuna Lokutjalile Fertilizers for catering services to the value of R452 883

Procurement services were made to Kwinika Holding (Pty) Ltd for Supply of equipment, delivery and balancing of tyres to the value of R1 300 029

Procurement services were made to Nkiyasane Trading (Pty) Ltd for resurfacing of roads to the value of R2 069 193

2024

Procurement services were made to Phumis Travelling and Tourism for training services to the value of R877 500.

Procurement services were made to Exodus Travel for catering and travel agency services to the value of R2 287 168

Procurement services were made to Abaphumeleli Trading 296 CC for catering and security services to the value of R31 180 654

Procurement services were made to Vuna Lokutjalile Fertilizers for catering services to the value of R1 442 738

Procurement services were made to Agreeneth Business Enterprise for hiring of tent, chairs and decoration services to the value of R60 000

Procurement services were made to Kwinika Holding (Pty) Ltd for Supply, delivery and balancing of tyres to the value of R1 376 836

Procurement services were made to Nkiyasane Trading (Pty) Ltd for resurfacing of roads to the value of R8 101 050

Non-compliance with the Municipal Finance Management Act

The municipality did not comply with Section 65(e) and Section 99(2)(b) of the MFMA.

57. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officers and includes a note to the annual financial statements.

Deviations - current year	4,676,819	3,933,798
Deviations - noted by council	(4,676,819)	(3,933,798)
	-	-

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.

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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	2025	2024
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58. 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 Services) 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, Environmental Services and Protection Services; (Vote: Community & Social Services, Planning & Development and Infrastructure Development)
- Trading Services which includes Energy Services, Water Management, Waste Water Management and Waste Management Services; (Vote: Community & Social Services and Infrastructure Development)
- Other Services which includes tourism (Vote: Economic Development & Tourism)

Nkomazi Local Municipality

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Figures in Rand

58. Segment information (continued)**Segment surplus or deficit, assets and liabilities****2025**

	Community and Public Safety	Economic and Environmental Services	Trading Services	Other	Unallocated	Total
Revenue						
Revenue from non-exchange transactions	2,855,300	66,105,321	869,028,411	-	373,586,131	1,311,575,163
Revenue from exchange transactions	309,533	5,157,006	237,224,365	-	26,701,555	269,392,459
Interest revenue	-	-	3,522,733	-	15,314,342	18,837,075
Gains	-	-	-	-	3,696,075	3,696,075
Total segment revenue	3,164,833	71,262,327	1,109,775,509	-	419,298,103	1,603,500,772
Entity's revenue						1,603,500,772
Expenditure						
Total segment expenses	120,234,267	123,472,894	685,575,835	12,631,739	476,045,934	1,417,960,669
Depreciation and amortization	11,287,628	26,438,482	59,400,256	5,000	12,663,887	109,795,253
Interest expense	-	-	-	-	17,236,224	17,236,224
Losses / (Impairment reversal)	-	-	-	-	(16,325,569)	(16,325,569)
Total segment expenditure	131,521,895	149,911,376	744,976,091	12,636,739	489,620,476	1,528,666,577
Total segmental surplus/(deficit)	(128,357,062)	(78,649,049)	364,799,418	(12,636,739)	(70,322,373)	74,834,195
Assets						
Segment assets	254,832,764	985,170,648	2,100,585,665	1,690,903	173,272,359	3,515,552,339
Additions to non-current assets	11,589,775	103,295,361	181,377,978	63,205	3,599,895	299,926,214
Total segment assets	266,422,539	1,088,466,009	2,281,963,643	1,754,108	176,872,254	3,815,478,553
Total assets as per Statement of financial Position						3,815,478,553
Liabilities						
Segment liabilities	-	-	(18,154,410)	-	(722,008,437)	(740,162,847)

Nkomazi Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand

58. Segment information (continued)**Total liabilities as per Statement of financial Position****(740,162,847)****2024**

	Community and Public Safety	Economic and Environmental Services	Trading Services	Other	Unallocated	Total
Revenue						
Revenue from non-exchange transactions	247,683	5,551,420	220,278,820	-	11,506,915	237,594,838
Revenue from exchange transactions	2,182,019	74,669,538	880,111,728	-	378,819,008	1,335,782,293
Interest revenue	-	-	3,507,072	-	28,204,170	31,711,242
Total segment revenue	2,429,702	80,220,958	1,103,897,620	-	418,530,093	1,605,078,373
Entity's revenue						1,605,078,373
Expenditure						
Total segment expenses	120,520,548	171,583,739	672,203,177	8,333,015	532,797,923	1,505,438,402
Depreciation and amortization	10,123,270	24,539,636	52,773,290	-	13,993,052	101,429,248
Interest expense	-	-	-	-	2,848,240	2,848,240
Losses	2,501,996	2,070,870	1,220,891	-	144,242,796	150,036,553
Total segment expenditure	133,145,814	198,194,245	726,197,358	8,333,015	693,882,011	1,759,752,443
Total segmental surplus/(deficit)	(130,716,112)	(117,973,287)	377,700,262	(8,333,015)	(275,351,918)	(154,674,070)
Assets						
Segment assets	253,836,561	899,768,409	1,905,024,340	1,695,904	39,062,243	3,099,387,457
Additions to non-current assets	12,502,790	106,479,640	251,798,229	-	13,171,947	383,952,606
Total segment assets	266,339,351	1,006,248,049	2,156,822,569	1,695,904	52,234,190	3,483,340,063
Total assets as per Statement of financial Position						3,483,340,063

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58. Segment information (continued)

Liabilities

Segment liabilities

Total liabilities as per Statement of financial Position

-	-	27,655	-	(483,329,824)	(483,302,169)
					(483,302,169)

Nkomazi Local Municipality

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59. 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

Rental of facilities and equipment: The variance is due to less rental income generated from RCL foods for renting a municipal farm JU 182 /R. The rental amount is based on profits realized by RCL foods which was lower that the anticipated amount.

Licenses and permits: The variance is due to that some of the shop owners could not meet the requirement and conditions as was proclaimed in the regulations, therefore actual collection was affected.

Recoveries: these recoveries related to legal fees recovered which are contingent in nature, the significant variance is due to the fact that there were no reasonable estimates and clear assumptions, considering the contingent nature of such recoveries during the budget preparation stage, hence they were not budgeted for.

Other income: The variance is due an amount of unallocated deposits recognised as other income, also more 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 is due that not enough reserves were available for investment purposes.

Property rates: The variance is due to the removal of farms properties from the municipality’s jurisdiction, as these properties are no longer part of the municipal area. As a result, the assessed property base has been reduced, leading to lower actual revenue.

Interest property rates: The variance is due to interest billed on the removed farms properties from the municipality’s jurisdiction, as these properties are no longer part of the municipal area. As a result, the assessed interest base has been reduced, leading to lower actual revenue.

Government grants & subsidies: The insignificant variance of is due to unspent grant and the rollovers been applied for the grant relating to current financial year.

Public contributions and donations: Donations received during the current financial year which were not budgeted for.

Fines, Penalties and Forfeits: Fewer traffic violations recorded due to increased public adherence to traffic rules or effective enforcement, leading to fewer fines issued.

Employee related costs: The variance is due to spending more than budgeted on overtime, standby allowance 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 increased need to attend emergencies

Depreciation and amortisation: The variance is attributable to increase in fixed assets additions to acquire more assets and completion of projects 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

Debt Impairment: The variance is due to write-off of accounts that were impractical to collect.

Bulk purchases: The variance is due to increase in NERSA tariffs and also the increase in electricity demand due to emerging households

Contracted Services: The significant part of the variance is due to spending more than budgeted on security services, fuel & fleet maintenance costs and Legal cost.

Nkomazi Local Municipality

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59. Budget differences (continued)

Transfers and Subsidies: The variance is due to uncompleted projects classified to this category of expenditure which related to MIG, the rollovers been applied for the grant relating to current financial year.

Operational expenditure: 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 also contributes to the variance.

Impairment loss, Inventory losses / write-downs: The variance is due to assets with indications of impairment at year end and that these items were not budgeted for.

Gains on disposal of assets and Actuarial gains: The variance is due proceeds from sale of land to SANRAL, ERF 950 Komatipoort Ext, changes in the key assumptions used by an expert in determining the value for benefit obligation and due to that these items were not budgeted for.

Statement of Financial Position Variances

Operating lease asset: The variance is due to that these items were not budgeted for.

Receivable from exchange transactions: Current: The variance is due to less amount of pre-paid electricity amount receivable at year end than was anticipated in the budget.

Statutory receivables: The significant variance is associated with over budgeting on VAT and majority of the VAT refunds were received at year end

Receivables from non-exchange: The variance is associated with adjustment of the item to nil from the original budget amount

Cash and cash equivalent: The closing bank balance lower than what was anticipated in the budget for the year, this is mostly due to cash flow management and cost curtailment measured implemented.

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.

Investment property: The variance is due to disposal of investment property which there were no indication that these properties will be disposed during the budget preparation stage, hence they were not budgeted for.

Finance lease obligation: The variance is due to new of finance lease agreements entered into during the year.

Operating lease liabilities: The variance is due under budgeting operating lease. Some of the operating lease agreements are reaching their expiry date.

Payables from exchange transactions: The variance is due to significant increase attributable to trade payables outstanding at year end and salary suspense account as the third-party payments were made after year end.

Employee benefit obligation: The variance is due to changes in the key assumptions used by an expert in determining the value for benefit obligation.

Unspent conditional grants and receipts: The variance is due to that the budgeted amount is based on the previous year unspent amount and MIG conditional grant has an unspent in the current year.

Provisions: The variance is associated with increase in provision for landfill sites as a result of changes in the Consumer Price Index and passage of time interest.

Statement of Cash Flow Variances

Interest income: The variance is due that not enough reserves were available for investment purposes.

Suppliers and employees: the variance is due to overspending on employee related costs, security Services, fuel and fleet maintenance and legal costs.

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59. Budget differences (continued)

- Finance costs:** the variance is mostly associated with overspending as a result of interest paid to Eskom and SARS than anticipated.
- Purchase of capital assets:** The variance is due to less acquisitions during the year than was budgeted for.
- Proceeds from sale of property, plant and equipment:** The variance is due sale of land to SANRAL, ERF 950 Komatipoort Ext 7.
- Finance lease receipts/(repayments):** The variance is due to less receipts realised during the year than was budgeted for.
- Increase / (decrease) in consumer deposits:** The variance is due to no movement realised during the year than was budgeted for.
- Cash and cash equivalents at the beginning of the year:** opening bank balance is lower than what was anticipated in the budget for the year.

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60. Accounting by principals and agents

The municipality is a party to a principal-agent arrangement(s).

Details of the arrangement(s) is/are as follows:

The agreement requires Utilities World as the service provider to provide prepaid electricity vending services.

The municipality 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 municipality all monies collected less charges and commissions.

Entity as principal

Fee paid

Fee paid as compensation to the agent	982,796	2,288,422
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61. Distribution losses

Electricity losses

	Number 2025	Number 2024		
Units purchased	79,924,338	75,179,413	132,587,035	110,008,597
Units sold	(74,193,800)	(70,509,543)	(123,080,606)	(103,175,266)
Total loss	5,730,538	4,669,870	9,506,429	6,833,331
Percentage Loss: Loss			7 %	6 %

Water losses

	Number 2025	Number 2024		
Units purchased	30,067,873	36,497,913	48,135,763	43,578,125
Units sold	(27,378,071)	(35,352,292)	(43,829,649)	(42,210,266)
Total	2,689,802	1,145,621	4,306,114	1,367,859
Percentage Loss: Loss			2 %	3 %

6.CHAPTER 6: MPAC OVERSIGHT REPORT

6.1. COMPONENT A: MPAC OVERSIGHT REPORT

6.1.1. MPAC OVERSIGHT REPORT