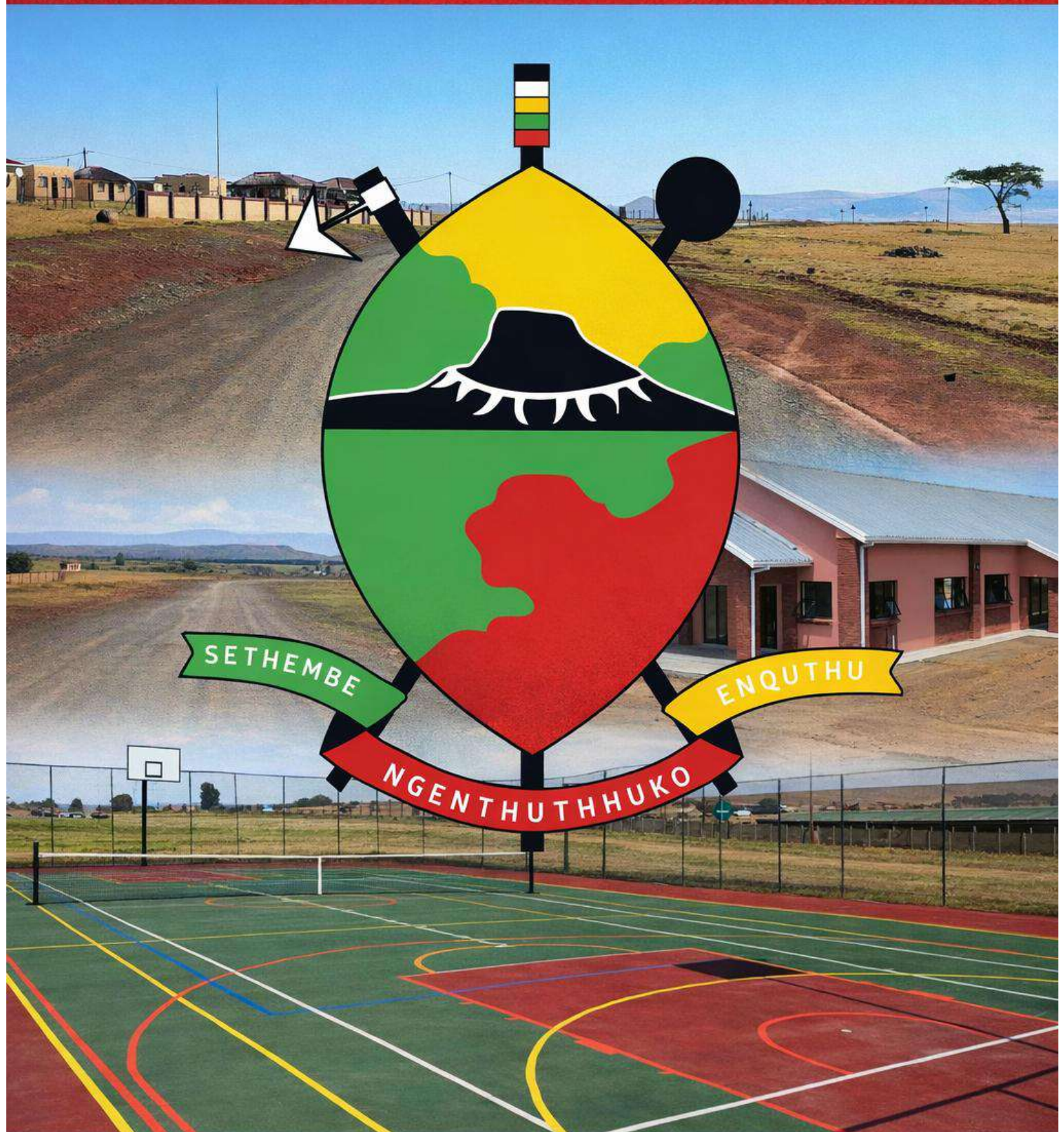


NQUTHU LOCAL MUNICIPALITY

2024/25 DRAFT **ANNUAL REPORT**



Sethembe ngentuthuko eNquthu

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ABBREVIATION**DEFINITION (as used in the report)**

ABC	Abantu Batho Congress (political party)
AFS	Annual Financial Statements
AG	Auditor-General of South Africa
ANC	African National Congress (political party)
B2B	Back to Basics (COGTA municipal performance programme)
BTO	Budget and Treasury Office
CBD	Central Business District
CFO	Chief Financial Officer
COGTA	Cooperative Governance and Traditional Affairs (KZN)
CSD	Corporate & Community Services Department
CSIR	Council for Scientific and Industrial Research
DDM	District Development Model
DMC	Disaster Management Centre
DORA	Division of Revenue Act
DRR	Disaster Risk Reduction
DSAC	Department of Sport, Arts and Culture
DST	Decision Support Tool (web-based)
DTT	District Task Team (OSS)
ECD	Early Childhood Development
EDTEA	Economic Development, Tourism and Environmental Affairs (KZN)
EFF	Economic Freedom Fighters (political party)
ERM	Enterprise Risk Management
ERMIP	Enterprise Risk Management Implementation Plan
ESID	Economic Sectors, Investment and Employment (cluster)
EXCO	Executive Committee (of Council)
FBE	Free Basic Electricity
FBS	Free Basic Services
GIS	Geographical Information Systems
GSCID	Governance, State Capacity and Institutional Development (cluster)
GVM	Gross Vehicle Mass
HOD	Head of Department
HR	Human Resources
IA	Internal Audit / Internal Auditor (context-dependent)
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IEC	Independent Electoral Commission
IFP	Inkatha Freedom Party (political party)
IGR	Intergovernmental Relations
IT	Information Technology
JPCS	Justice, Peace and Crime Prevention (cluster)
KPI	Key Performance Indicator
KZN	KwaZulu-Natal
LAC	Local AIDS Committee
LED	Local Economic Development
LLF	Local Labour Forum
LM	Local Municipality
MANCO	Management Committee

ABBREVIATION

MEC	Member of the Executive Council (province)
MFMA	Municipal Finance Management Act, 2003
MIG	Municipal Infrastructure Grant
MINMEC	Minister and MEC forum (sector intergovernmental forum)
MM	Municipal Manager
MPAC	Municipal Public Accounts Committee
NWMS	National Waste Management Strategy
OMM	Office of the Municipal Manager
OSS	Operation Sukuma Sakhe
PCF	Premier's Coordinating Forum
PGDS	Provincial Growth and Development Strategy
PLD	Planning, LED, Housing (department)
PoE	Proof of Evidence
RMC	Risk Management Committee
RTI	Road Traffic Inspectorate
SAPS	South African Police Service
SASSA	South African Social Security Agency
SAWS	South African Weather Service
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SDR	Spatial Data Repository
SPLUMA	Spatial Planning and Land Use Management Act, 2013
STRA	Strategic (unit) — context label used in risk tables
TSD	Technical Services Department
UDM	Umzinyathi District Municipality
UIFW	Unauthorised, Irregular, Fruitless and Wasteful (expenditure)



**PART ONE: NARRATIVE
DRAFT ANNUAL REPORT FOR THE
2024/25 FINANCIAL YEAR**

CHAPTER 01

COMPONENT A: MAYOR'S FOREWORD AND MUNICIPAL MANAGER'S REMARKS

MAYOR'S FOREWORD



His Worship the Mayor: Cllr IL Shabalala

Vision

As Mayor, I have done my utmost best to realize Nquthu Local Municipality's vision for the current council term ending in the next financial year, which is:

"To govern with integrity through servant leadership, accountability and responsive governance in order to meet the developmental needs of the people of Nquthu"

As has been always the case in the previous years, the municipality continued to make serious strides to live up to the provisions of this vision in the 2024/25 financial year by maintaining an acceptable audit outcome and delivering services to the people of Nquthu through expanding infrastructure investment.

Key Policy Developments

There were two notable policy development introduced in the 2024/25 financial year within the local government space, which are (1) the Municipal Structures Amendment Bill as outlined in the explanatory summary of Bill and prior notice of its introduction published in Government Gazette No. 51526 of 8 November 2024. This Bill seeks to regulate how motions of no confidence are handled in local government in anticipation of a new era whereby most municipalities are likely to be governed through coalitions which may introduce new political dynamic and instability if not well managed. And (2) new IDP Framework and Review Process Guidelines seeking to, subject to any other law regulating provincial supervision of local government, assist a municipality with planning, drafting, adoption and review of its IDP; facilitate coordination and alignment. It also provides other spheres of government and organs of state with information on how they should participate and support the development and implementation of municipal IDPs. This guide is therefore aimed at all spheres of government and other relevant stakeholders. In addition to responding to a changed policy environment, these guidelines are aimed at reminding all spheres of government of the importance of IDPs to local development. As Mayor I fully embrace these new changes that are being introduced and discussed and will ensure that Nquthu Local Municipality implement them fully as soon as they are approved.

Key Service Delivery Improvements and Achievements

As Mayor of Nquthu Local Municipality, I am pleased to present a summary of the service delivery achievements of Nquthu Municipality in the 2024/25 financial year, which are as follows:

Infrastructure development:

- **Access Roads:** Eight access roads were constructed with five completed and three still under construction as at 30 June 2025.
- **Community Halls:** Seven community halls were constructed and completed.
- **Waste Management:** The Buy Back Center was 92% complete as at 30 June 2025.
- **Electricity:** 610 new households were connected to the electricity grid, and the project to build a new sub-station in Ward 3 is still underway. Phase 2 has been completed, covering environmental assessment, geotechnical work, survey and designs

Local Economic and Social Development:

- **Small Businesses:** Support was provided for SMME registration and business licenses.
- **Job Creation:** 235 jobs were created through various programs.
- **Agricultural Support:** Fencing material was provided to support agricultural activities.
- **Youth Development:** 19 Youth SMME supported with the provision of capital equipment.

Public Participation

Public participation is one of the most critical aspects of good governance and accountability. There is a variety of platforms that the municipality utilizes for purposes of public participation, including; IDP roadshows, invitation of public comments, SOD turnings, project hand-overs, Facebook page, community meetings, etc. The municipality's ward committee system is functioning very well is receiving good rating from COGTA assessments although the municipality has lost its 100% rating due to few wards with challenges. In preparation for the 2024/25 IDP, the municipality continued its unusual but very effective approach of all existing platforms and events where the Mayor was addressing communities to incorporate Draft IDP and Draft Budget in order to engage our communities without resorting to separate events for this purpose. Moreover, Amakhosi and rate-payers are engaged separately and specifically since they have more specific needs and role.

Future Actions

Notwithstanding the fact that the municipality is making good progress in terms of service delivery, there is still ample room for improvement in the area of maintaining existing assets like roads and municipal buildings. More still need to be done reach the real potential of this municipality which include, among others:

- The municipality maintained its unqualified audit outcome and will be putting even more effort to ultimately achieve a clean audit in the coming financial years.
- The municipality developed Revenue Enhancement Strategy with the assistance of Provincial Treasury and the municipality will also double its effort will be put in implementing that strategy and also implement very stringent measures to reduce its electricity distribution losses.
- The municipality will also seek to improve its infrastructure planning practices to ensure that infrastructure development result in maximum impact on the communities we serve.
- We will also accelerate our fundraising efforts in order to get funds to deal with the huge infrastructure backlog in the municipality, especially access roads.

Agreements / Partnerships

The municipality is in long standing partnership with Bornem Municipality of Belgium which has produced very good results in the areas of waste management, local economic development and early childhood development. Another partner in Assupol Community Trust which has made an immense contribution in the early childhood development sector. Seven (7) ECDs have been built by Assupol Community Trust in the 2024/25 financial year.

Conclusion

By building on the gains of the 2024/25 financial year, we reaffirm our commitment to leading an administration characterized by cleanliness, effectiveness, efficiency, and economic prudence. Our primary goals include strengthening good governance, enhancing financial management practices, and improving service delivery mechanisms. We will continue to strive for transparency, accountability, and responsiveness to the needs of our residents.

In the 2024/25 financial year, the municipality has maintained an unqualified audit opinion, highlighting our ongoing dedication to financial integrity and responsible governance.

I extend my gratitude to all stakeholders, including AmaKhosi aseNdlunkulu for their guidance and provision of land for infrastructure development, executive committee colleagues, the municipal council, management, employees, and supporting government departments. Together, we will continue to build a municipality distinguished by excellence, integrity, and an unwavering commitment to service excellence.



MAYOR: CLLR IL SHABALALA
NQUTHU LOCAL MUNICIPALITY

REMARKS BY THE MUNICIPAL MANAGER



Municipal Manager: MB Jiyane

I am honored to present this annual report for Nquthu Local Municipality. My sincere thanks go to the Mayor and Council for their steady guidance, and to our department heads and staff, whose dedication remains our greatest asset.

I also thank our government and development partners; your support is vital to our progress. I am proud to confirm we maintained an unqualified audit outcome, reflecting our commitment to accountability. Indeed, we were hoping that our clean audit journey will start this year but it was never to be. As we strive for a clean audit, I urge all stakeholders and employees to intensify our efforts toward exceptional service delivery and good governance.

Thank you again to everyone for collective effort and support that has been demonstrated over the years, let us build on what has been achieved to accelerate development and service delivery in Nquthu.

A handwritten signature in black ink, appearing to read 'mb jiyane', enclosed within a large, loopy oval shape.

MB JIYANE
MUNICIPAL MANAGER

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL POWERS AND FUNCTIONS

In terms of the Municipal Structures Act, Nquthu Local Municipality has designated powers and functions, other powers and functions in terms of service delivery are the competency of the Umzinyathi District Municipality, the provincial government of KwaZulu-Natal and the national government of the Republic of South Africa. Water and sanitation, for example; are the competency of the district municipality under which Nquthu falls. Nquthu has the following powers:

- Access roads and storm water
- Billboards regulation
- Street cleaning
- Local amenities
- Sports and other public facilities
- Local tourism
- Development planning and building regulations

1.2. VISSION AND MISSION

Vision

“To govern with integrity through servant leadership, accountability and responsive governance in order to meet the developmental needs of the people of Nquthu”

Mission

To fight underdevelopment by promoting a culture of self-help and self-reliance in our communities through skills development, infrastructure development, protecting the vulnerable groups, fighting drug abuse, promoting safer communities, building the local economy and working hand-in-hand with AmaKhosi and all other stakeholders.

Core values

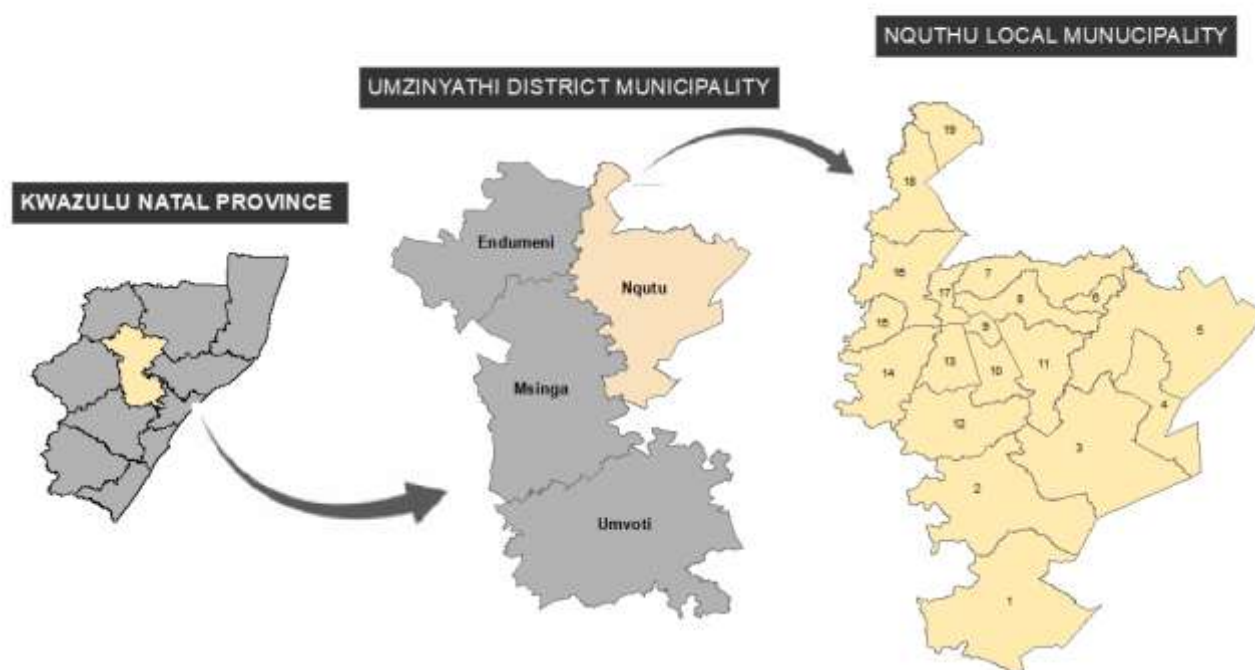
We subscribe to the value system inspired by and premised on the principles of Batho Pele and Ubuntu, which are:

- Solidarity
- Freedom
- Unity in diversity
- Accountability
- Responsiveness
- Customer focus
- Innovation
- Efficiency
- Transparency
- Self-help and self-reliance
- Integrity

Spatial vision

“By 2040 the Nquthu Municipality will have changed its spatial and socio-economic landscape through innovative spatial planning principles of justice, sustainability, efficiency, resilience and good administration that will position the municipality as a destination of choice for tourism and investment”.

1.3. NQUTHU LOCALITY



Map 1.3: Nquthu locality

Nquthu LM is located north east of the province of the Province of KwaZulu-Natal and seats at the north eastern boundary of Umzinyathi DM and share borders with the following local municipalities:

- eMadlangeni and Abaqulusi local municipalities on the North. Abaqulusi LM is located within Zululand DM while eMadlangeni is located within Uthukela DM;
- Ulundi LM on the East which is also located within Zululand DM;
- Nkandla LM on the South which is located within King Cetshwayo DM; and
- Msinga LM and Endumeni LM to the West both of which are located within Umzinyathi DM and are sister municipalities of Nquthu LM.

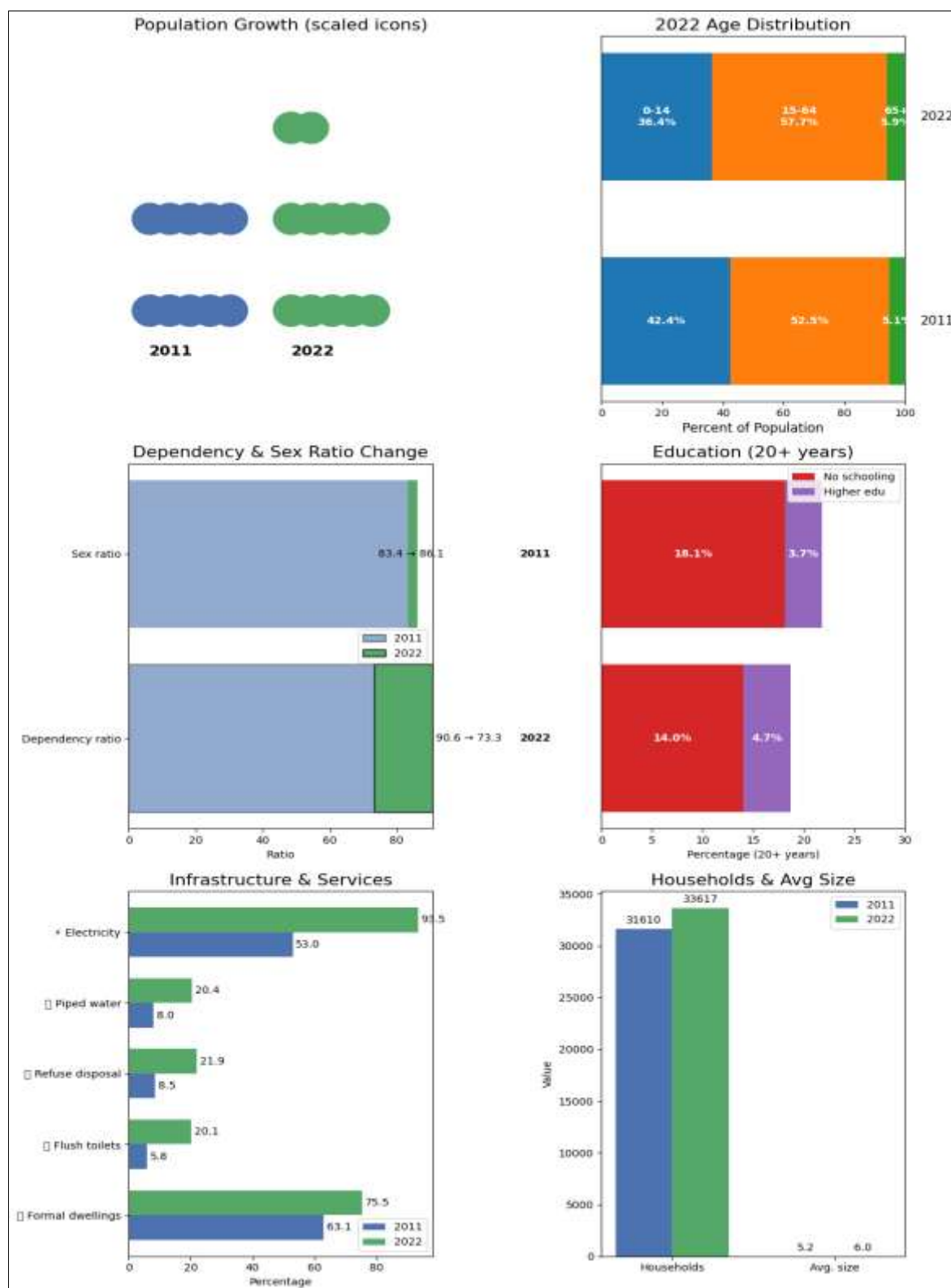
1.4. WARD INFORMATION

The municipality is currently demarcated into 17 wards after the Demarcation Board increased them from 15 wards in May 2011 before local government elections. Map 1.3 above shows the location of Nquthu within Umzinyathi District Municipality as well as its position in relation to neighbouring municipalities and also depict ward boundaries which were altered after the 01 November 2021 local government elections when the number of wards increased from 17 to 19.

1.5. DEMOGRAPHICS PROFILE

Name	2022	2011	Comment
Total population	201 133	165 307	Total population in 2022 is 201,133, which is 17.8% increase compared to 165,307 in 2011.
Young children (0-14 years)	36,4%	42,4%	Young children (0-14 years) population percentage decreased from 42.4% in 2011 to 36.4% in 2022.
Working age population (15-64 years)	57,7%	52,5%	Working age population (15-64 years) population percentage increased from 52.5% in 2011 to 57.7% in 2022.
Elderly (65+ years)	5,9%	5,1%	Elderly (65+ years) population percentage slightly increased from 5.1% in 2011 to 5.9% in 2022.
Dependency ratio	73,3	90,6	The dependency ratio (young children + elderly) / working-age population improved from 90.6 in 2011 to 73.3 in 2022.
Sex ratio	86,1	83,4	Sex ratio increased from 83.4 in 2011 to 86.1 in 2022.
No schooling (20+ years)	14,0%	18,1%	The percentage of adults with no schooling decreased from 18.1% in 2011 to 14.0% in 2022.
Higher education (20+ years)	4,7%	3,7%	The percentage of adults with higher education slightly increased from 3.7% in 2011 to 4.7% in 2022.
Number of households	33 617	31 610	The number of households increased from 31,610 in 2011 to 33,617 in 2022.
Average household size	6,0	5,2	The average household size increased from 5.2 in 2011 to 6.0 in 2022.
Formal dwellings	75,5%	63,1%	The percentage of formal dwellings increased from 63.1% in 2011 to 75.5% in 2022.
Flush toilets connected to sewerage	20,1%	5,8%	The percentage of households with flush toilets connected to sewerage increased from 5.8% in 2011 to 20.1% in 2022.
Weekly refuse disposal service	21,9%	8,5%	The percentage of households with weekly refuse disposal service increased from 8.5% in 2011 to 21.9% in 2022.
Access to piped water in the dwelling	20,4%	8,0%	The percentage of households with access to piped water in the dwelling increased from 8.0% in 2011 to 20.4% in 2022.
Electricity for lighting	93,5%	53,0%	The percentage of households with electricity for lighting increased significantly from 53.0% in 2011 to 93.5% in 2022.

Table 1.5: Census 2022 overview - Source: Stats SA Census 2022



Overall, the data suggests that Nquthu has seen improvements in socio-economic conditions over the past decade. There is greater access to basic services, improved housing and a shift in demographics that may indicate a more productive workforce. However, the percentage of adults with higher education remains relatively low.

1.6. FINANCIAL HEALTH

OVERVIEW:

- TOTAL REVENUE: R386.7 MILLION
- TOTAL EXPENDITURE: R313.8 MILLION
- SURPLUS FOR THE YEAR: R49.9 MILLION
- CASH AT 30 JUNE 2025: R74.7 MILLION
- COMMUNITY WEALTH (NET ASSETS): R860.5 MILLION

WHERE THE MONEY COMES FROM

- Government grants: **R247.6m** (main source of funding)
- Property rates (incl. penalties): **R61.1m**
- Electricity & refuse charges: **R34.5m**
- Other income (interest, rentals, licenses, fines): **R43.5m**

WHERE THE MONEY IS SPENT

- Employee costs: **R113.1m**
- Electricity bought from Eskom: **R45.3m**
- General expenses & contracted services: **R79.6m**
- Wear & tear on assets (depreciation): **R35.5m**
- Councilors' remuneration: **R15.7m**

ELECTRICITY AT A GLANCE

- Eskom electricity purchased: **R45.3m**
- Electricity sold to customers: **R32.9m**
- Electricity losses: **21%** (technical & non-technical)
- Free Basic Electricity provided to qualifying households

ASSETS & INVESTMENT

- Total assets owned by the municipality: **R934.1m**
- Infrastructure (roads, buildings, electricity): **R729.0m**
- New infrastructure investment during the year: **R78m**
- Future projects already contracted: **R55.8m**

GOVERNANCE & ACCOUNTABILITY

- Unauthorized expenditure (under investigation): **R5.7m**
- Irregular expenditure balance: **R2.6m**
- Fruitless & wasteful expenditure: **R0.4m**
- All figures audited by the Auditor-General of South Africa

KEY MESSAGE: In 2024/25 the municipality lived within its means, generated a surplus, continued investing in infrastructure, and remains financially solvent. Paying rates, reducing electricity losses, and protecting municipal assets will help improve services for all residents.

NB: This summary is based on the audited Annual Financial Statements for the year ended 30 June 2025. Figures are rounded for ease of understanding.

1.6.1. Financial Viability and Going Concern

Indicator	2024	2025	Trend
Cash & Cash Equivalents	R93.7 m	R74.7 m	↓ Decline
Operating Surplus	Positive	Marginal	↓ Weakening
Accumulated Surplus	Increasing	Increasing	✓
Current Ratio	>1	>1	✓
Grants Dependency	±65%	±67%	⚠ High

The municipality remains a going concern, supported mainly by Equitable share transfers and conditional grants. However, cash declined by R19 million (20%), own-revenue growth is not keeping pace with operating costs and liquidity pressure is emerging.

Matters requiring attention:

- Persistent dependence on national government funding
- Weak collection of consumer debt
- Rising operating expenditure

The municipality is financially viable in the short term, but medium-term sustainability is at risk without decisive revenue and cost interventions.

1.6.2. Revenue management

Source of income	Amount (Rand)	Share of total
<i>Government grants & subsidies</i>	R247,568,462	64%
<i>Property rates (incl. penalties)</i>	R61,082,681	16%
<i>Service charges (electricity & refuse)</i>	R34,538,952	9%
<i>Construction contract revenue</i>	R21,188,935	5%
<i>Interest earned</i>	R9,704,775	3%
<i>Other income (rentals, licences, retention write-off, etc.)</i>	R9,234,757	2%
<i>Fines, penalties & forfeits</i>	R1,425,078	<1%
<i>Donations</i>	R216,98	<1%
TOTAL REVENUE	R386,683,410	100%

Strengths

- Stable equitable share allocations
- Grant spending generally compliant with conditions
- Property rates remain the strongest own-revenue stream

Weaknesses

- High and persistent grant dependency
- High indigent population limits billing potential
- Poor debt collection rate
- Material consumer debt impairment
- Over 70% of billed revenue is impaired due to non-payment

Revenue Management Performance Summary:-

Area	Assessment
Billing accuracy	Moderate
Collection efficiency	Weak
Revenue diversification	Very limited
Grant dependence	Critically high

1.6.3. Expenditure Management (Where the money was spent)

Type of expenditure	Amount (Rand)
<i>Employee-related costs (salaries, benefits)</i>	R113,124,803
<i>Bulk electricity purchases (Eskom)</i>	R45,257,411
<i>General expenses (fuel, insurance, events, etc.)</i>	R44,445,597
<i>Contracted services</i>	R35,192,933
<i>Depreciation (wear & tear on assets)</i>	R35,493,860
<i>Construction contract expenditure</i>	R21,188,935
<i>Councillors' remuneration</i>	R15,730,667
<i>Lease rentals</i>	R1,002,379
<i>Bad debts written off</i>	R1,183,560
<i>Inventory consumed</i>	R891,10
<i>Finance costs</i>	R279,00
TOTAL EXPENDITURE	R313,790,248

The biggest costs are employee related costs, buying of bulk electricity from Eskom, contracted services, and the non-cash cost of assets wearing out (depreciation).

Unauthorized, Irregular, Fruitless and Wasteful Expenditure (UIFW):-

- Unauthorised expenditure (closing balance): **R5,678,871**. (Mostly overspending in certain items—council investigates and may condone/write-off if appropriate.)
- Fruitless & wasteful (closing): **R422,921**. (e.g., interest/penalties or overpayments where no value was received; some amounts already recovered/written off.)
- Irregular expenditure (closing): **R2,640,282**. (Non-compliance with SCM rules—not always fraud, but still needs consequence management.)
- Contingent liabilities (legal cases estimate): **R3,280,000**. (Possible future costs depending on court outcomes.)

Main causes:

- Non-compliance with SCM regulations
- Competitive bidding not followed
- Poor contract management
- Contract extensions without approval
- Inadequate demand planning
- Poor implementation of the audit action plans

These are the critical items for council oversight and consequence management; most are already under investigation or being addressed.

Employee related costs:-

While employee related costs is within set norm of 25%-40% of operational expenditure in terms MFMA Circular 71, it is still concerningly high considering the expenditure of R113,124,803 on this item and especially in light of the factors listed below:

- Municipal revenue base is limited and collection on billed revenue is not adequate.
- High salary cost relative to own revenue, almost double own-revenue capacity.
- Overtime and acting allowances increasing while no demonstrable value is derived from such increase.
- Contract services, especially utilization of consultants remain high while employee related costs is also increasing, which means the municipality is currently not deriving values from such high labour costs.
- Salary budget is funded from FBS component of the equitable share allocation.

Electricity losses:-

Electricity item	Amount
<i>Electricity bought from Eskom</i>	R45,257,411
<i>Electricity sold to customers</i>	R32,857,662
<i>Free Basic Electricity provided</i>	R1,990,045
<i>Electricity used by municipality</i>	R684,10
<i>Estimated electricity losses</i>	R10,303,722
<i>Electricity loss percentage</i>	21%

About 21% of electricity purchased is lost (technical faults, illegal connections, non-payment). The money lost through electricity losses would have otherwise be invested in service delivery and infrastructure development.

1.6.4. Key Findings and Recommendations

Financial Sustainability

Key findings	Recommendations
• Cash decreasing year-on-year • Rising operational costs • Weak revenue growth	• Develop funded long-term financial recovery plan • Monthly cash-flow monitoring dashboard • Align budget strictly to realistic revenue

Revenue Management

Key findings	Recommendations
• Heavy reliance on grants (≈67%) • Poor debt collection • High impairment of receivables • High electricity losses	• Implement aggressive debt collection strategy • Address electricity losses • Diversify revenue sources by investing more on revenue generating infrastructure/assets

Expenditure Management

Key findings	Recommendations
• Persistent irregular expenditure • Weak consequence management • Ineffective SCM controls • Poor planning resulting in unnecessary deviations and unauthorized expenditure	• Implement consequence management • Improve bid committee effectiveness • SCM compliance training • Adherence to approved budget

Governance

Key findings	Recommendations
• Repeat audit findings • Limited corrective action • Internal control weaknesses	• Strengthen internal audit follow-up • Quarterly audit action plan reporting • Enforce accountability of senior management • Improved council oversight

1.7 ORGANIZATIONAL DEVELOPMENT

1.7.1. Critical posts

The municipality has five departments and Section 54 and 56 posts were filled with full-time incumbents for the whole of 2024/25 financial year. Therefore, all departments had HODs and the municipality intends to maintain this trend going forward.

DESIGNATION	STATUS OF THE POST
Municipal Manager	Filled post
Chief Financial officer	Filled post
Director Corporate & Community Services	Filled post
Director Planning, Housing and LED	Filled post
Director Technical Services	Filled post

Table 1.7.1: Critical posts

1.7.2. Staff establishment

The municipal staff establishment is three hundred and six (306). There was a staff compliment of two hundred and eighty-five (285) employees as at the end of the financial year. The staff vacancy rate was sitting at 6.82% as at 30 June 2025. This excludes contract employees who are hired specifically to ensure uninterrupted provision of services during holidays, especially the festive season where most employees take leaves.

1.7.3. Policy review

In order to ensure compliance and a stable human resource administration, the municipality embarked on an exercise to review or update its human resource policies in order to establish a conducive environment for effective management of human capital. These policies are listed in the table below.

NO.	POLICY	REVIEW DATE
1	Recruitment, selection and appointment policy	26-June-25
2	Induction policy	26-June-25
3	Placement policy	26-June-25
4	Promotion, transfer and secondment policy	26-June-25
5	Relocation policy	26-June-25
6	Acting allowance policy	26-June-25
7	Job evaluation policy	26-June-25
8	Termination of service policy	26-June-25
9	Overtime, stand-by, shift and night work allowance policy	26-June-25
10	Leave policy	26-June-25
11	Training and skills development policy	26-June-25
12	Experiential training policy	26-June-25
13	Succession plan policy	26-June-25
14	Internal bursary policy	26-June-25
15	Disciplinary code and procedure	26-June-25
16	Grievance policy	26-June-25
17	Diversity management policy	26-June-25
18	Employment equity policy	26-June-25
19	HIV and AIDS policy	26-June-25
20	Occupational health policy	26-June-25
21	Sexual harassment policy	26-June-25
22	Smoking in the workplace policy	26-June-25
23	Employee assistance policy	26-June-25
24	Work attendance policy	26-June-25

NO.	POLICY	REVIEW DATE
25	Bereavement policy	26-June-25
26	Dress-code, uniform and protective clothing policy	26-June-25
27	Information and communication usage policy	26-June-25
28	Housing allowance policy	26-June-25
29	Remuneration policy	26-June-25
30	Payroll management and administration policy	26-June-25
31	Performance management policy	26-June-25
32	Human resource strategy	26-June-25

Table 1.7.3: Reviewed HR Policies

1.7.4. Vacancy rate

The municipality intend optimizing internal capacity through closing all vacancies. At the end of the financial year the vacancy rate was as detailed in table below:

DEPARTMENTS	TOTAL	FILLED	VACANCIES	RATE
Office of the Municipal Manager	18	16	2	11%
Planning, LED, Housing and Tourism	15	12	3	20%
Corporate	54	52	2	3%
Community Services	66	61	5	7%
Budget and Treasury	38	36	02	0%
Technical Services	114	106	08	7%
TOTAL VACANCY RATE	306	285	21	6.82%

Table 1.7.4: Vacancy rate

1.7.5. Skills development

At the beginning of each financial year the municipality developed a workers' skills plan and set aside the budget and an amount of R 43 490.00 was allocated for 2024/ 2025 financial year to implement this plan. Skills development is one critical element in ensuring that the municipality attains the institutional capacity that allows it to deliver on its delivery mandate. The municipality spent 100% of the WSP budget during the year. due to limitation of budget allocation for accommodation.

1.7.6. Employment equity

The municipality is an equal opportunity employer and is committed to ensure a demographic balance of its work-force. The municipality has an employment equity plan in place, but it has not reached its targets in full despite its efforts. Employment Equity Plan was submitted to Department of Employment and Labour on 08 January 2025. The municipality have a total of 08 disabled workers.

1.7.7. Injury on duty

The municipality has been fortunate enough not to experience serious fatalities by any worker on duty, especially for staff members doing hazardous work like fire-fighting, electricity maintenance and waste collection. For this financial year, the municipality was able to maintain optimum safety standards for its employees.

1.7.8. Suspensions

There was one (01) employee suspended during the financial year and the finalisation of the case was pending at the year of 2024/ 2025 financial year. The Municipality had 02 labour related matters pending finalisation at the end of 2024/ 2025 financial year. there are 04 pending cases.

1.7.9. Employee wellness programme

The productivity of staff is dependent on a number of factors and one of them is their wellness either socially, economically, physically and emotionally. The municipality always strive to ensure that its employees' wellness is looked after by initiating a number of programmes aimed at supporting them. In this financial year an employee wellness event focusing on the Cancer Awareness for was held on 31 October 2024 and the following activities were undertaken:

- 2km walk;
- Cervical Cancer screening;
- Blood pressure screening;
- Glucose level screening (sugar diabetes); and
- HIV screening.



Highlights of the Employee Assistance Programme, which was organized by the Municipality. Female employees criss-crossed the streets of Nquthu promoting health lifestyle through exercising, walking, and jumping.

The municipality also conducted Cancer Awareness which targeted male employees on the 07 November 2024 and the following activities were undertaken:

- 2km walk;
- Prostate Cancer screening;
- Blood pressure screening;
- Glucose level screening (sugar diabetes); and
- HIV screening.



Highlights of the Nquthu Municipality's male employees scorning coldness to encourage one another to life health through exercising, walking, and jumping.

In addition to this, most all employees underwent a medical examination which would also inform some of the interventions that the municipality may embark on in future. The municipality appointed a Clinically Psychologist (Opulence Group PTY Ltd) on 25 March 2024 who will assist employees with their problems ranging from abuse, drug problems, emotional, physical problems etc.

1.7.10. LLF functionality

The municipality's LLF is well functioning considering the fact that it is able to hold meetings and also able to consider matters referred to it and engage on them robustly until productive outcomes are realized.

1.7.11. Job evaluation

The job evaluation was successfully implemented as per the municipality's policy and SALGA assessment outcomes. Outstanding issues that remain unresolved are being attended to using applicable processes.

1.7.12. Labour unrest/strikes

All labour related issues are discussed in the LLF and whenever employees have grievances they accordingly follow prescribed grievance procedures. As a result, there were no labour unrest or strikes in the year under review.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2. WARD COMMITTEES

Ward Committees status and functionality

Ward Committees are established in all 19 wards in the municipality. The municipality submit reports, minutes of meetings and attendance registers to KZN COGTA for assessment in order to determine functionality of ward committees. Ward Committees sits on a monthly basis to discuss community challenges and development interventions and submits report.

However, there is still more work to be done to improve the overall capacity and ensure better functioning of ward committees through training and better information dissemination to ward committees through its chairpersons who are ward councillors.

Majority of wards committees are functioning very well except to two wards which had challenges in the 2023/24 financial year, resulting in a decline to 89% from 89.5% in the previous financial year, meaning there is no improvement.

2.7. INTERGOVERNMENTAL STRUCTURES

(a) IGR status and functionality

Intergovernmental relations is very important in the course of service delivery and/or community development to ensure that all organs of government engage and plan together to prevent duplication, fragmentation and also ensure that all government projects and programmes compliment each other. DDM has become the main strategic programme to ensure that intergovernmental relations produce the results that development planning and execution are well integrated, effective and complimentary across all organs of government. With regard to the above, the municipality must ensure that it participate fully in all IGR structures and initiatives relevant to its functions and/or area of jurisdiction.

Nquthu LM has a fulltime official specifically dedicated to matters of intergovernmental relations. This is part of the municipality's commitment to working in partnership with all other role players in government.

(a) Municipal role and participation in IGR structures

Nquthu Local Municipality is fully committed to support and participate in all intergovernmental forums because it is the only way that different government role players can work in a well-coordinated and complementary manner. There are no established forums specifically for Nquthu Municipality but we participate at all district level forums with full commitment. And the sector departments attend all IGR forum meetings at a district level.

(b) Relevant IGR structures

Umzinyathi district level

The following are Umzinyathi District Intergovernmental Forum that the municipality is participating on. These forums were established to ensure effective linkages in the DDM decision making processes.

- Speaker's Forum
- Planning Forum
- Disaster Management Forum
- Communicator's Forum

The following IGR Forums will be revived in the next financial year. These forums were functional but with the introduction of the new model old structures were not given full attention in the district.

- Mayor's Forum
- Municipal Manager's Forum
- Corporate Services Forum
- Infrastructure Forum [Technical]
- General and Social Services Forum
- Chief Financial Officer's Forum

The structures discusses all pronouncements from provincial and national level. The municipality ensures that it table report emanating from this structure to council. However, there are challenges of miscommunication and non-attendance by some stakeholders. It is the belief of the municipality that this structure and other forums can and should be strengthened and well-coordinated for the betterment of every stakeholder and for better communication and better working relationship of all stakeholders.

Provincial level

At the Provincial level, there are a number of IGR structures that create a linkage between the provincial sphere of government and local government:

- **Provincial IDP Forums:** These forums take different forms and mainly deal with IDP and SPLUMA issues and such forums are directly responsible for improving IDP credibility ratings in KZN because they allow municipalities and government departments to share information and best practices.
- **MINMEC:** This forum is generally composed of the National Minister and MECs of the same portfolio and in most cases Mayors and Municipal Managers are invited. This is a very important forum especially because if certain decisions have to be taken the seniority of those in attendance make decision making easier.

- **Premiers Coordinating Forum:** This is where the Premier gets the opportunity to engage municipalities on a variety of matters that need collective wisdom and also allow the Premier to set the tone in terms of the policy direction of government.

District Development Model (DDM) platforms

The President has introduced the a new model, known as the District Development Model (DDM), which aims to deal with the issue of lack of coherence in planning and implementation. The intention of this model is to pursue development through single and integrated plans per district, which will be further synchronized with Integrated Development Plans in municipalities. The Nquthu Municipality supports and will support the Umzinyathi District Municipality in the implementation of this model. The Municipality acknowledges the opportunities offered by this model in accelerating development. The Municipality participates in the implementation of the DDM.

DDM is a practical Intergovernmental Relations (IGR) mechanism for all three spheres of government & SOE's to work jointly and to plan and act in unison. The DDM is thriving at Umzinyathi District and is championed at district level. The municipality participate fully in the DDM Meeting held quarterly . This approach is very useful to ensure a well planned development and in promoting a long terms approach to development as opposed focusing on the short term investment and deferring all developmental challenges to future generations.

DDM Structures (Clusters and Hubs)

DDM Technical Hub

Oversee the development and recommendation of the ONE PLAN and ONE BUDGET of the agreed plan, according to district and local strategic objectives, national and provincial priorities and towards district/metro developmental impact.

The Technical Hub sits on a monthly basis to discuss reports submitted by different District Clusters

DDM Political Hub

Ensure that all three spheres of government are operating in planning, budgeting & implementation unison thus enabling coherent, seamless and sustainable service delivery and development with integrated impact on the quality of life and quality of living spaces at municipal level. The DDM Political Hub sit on quarterly.

District Clusters

Clusters foster an integrated approach to governance that is aimed at improving government planning, decision making and service delivery. There are four District Clusters within Umzinyathi District that sit on a monthly basis. The Nquthu Local Municipality participates in all clusters as per scheduled meetings. The Clusters report to the DDM Technical Hub. Below is the list of clusters

- Social Service Cluster
- ESID Cluster
- GSCID Cluster
- JPCS Cluster

Operation Sukuma Sakhe (OSS)

Operation Sukuma Sakhe is a call to the people of KwaZulu-Natal to show the determination to overcome a range of issues that have impacted adversely on communities including poverty, unemployment, crime, substance abuse, HIV / AIDS, tuberculosis and many other issues of concern. Through the implementation of this programme it is envisaged that all challenges are monitored and that an enabling environment for poverty reduction is in place. The programme addresses the challenges of extreme poverty and food insecurity which affect the people of KwaZulu-Natal. It focuses on creating healthy and sustainable communities and providing an integrated programme addressing the

empowerment of women, children and other vulnerable groups. OSS is coordinated and implemented at various levels including, the ward, local municipality, district and provincial level. Using the OSS model, KZN is able to institutionalize the coordination and integration of service delivery.

At a local level, Operation Sukuma Sakhe (OSS) Forums are made up of Local Task Team (local municipality level) and War Room at a ward level and convene almost all stakeholder both government and non- governmental stakeholders. The Local Task Team elected the new structure at it meeting held on the 04 May 2023 at Municipal Council Chambers. The main function of OSS is to identify service delivery gaps especially those relating to social or urgent issues so that an intervention can be made by relevant stakeholders.

Nquthu Local Municipality OSS Structure

The Nquthu Local Municipality OSS Structure meets quarterly and reports to the District Task Team (DTT) quarterly. The arrangement of the OSS Structure is as follows:

LOCAL TASK TEAM EXCO MEMBERS

POSITION	INITIALS AND SURNAME	DEPARTMENT
Chairperson	Mr M Manqele	Nquthu Local Municipality
Deputy Chairperson	Mrs Mthethwa	Department of Justice
Secretary	Mr S Shabalala	Nquthu Local Municipality
Deputy Secretary	Ms M Buthelezi	Business Chamber

CIVIL SOCIETY FORUM

- Chairperson – Mr Wilson Sithole
- Deputy Chairperson- Mrs Lindiwe Mafu
- Secretary - Ms Phumzile Ndlovu
- Deputy Secretary – Ms Thulile Myeza

(b) Participation of Stakeholders

Nquthu Local Task Team is established and functional. The attendance of stakeholder departments on the Local Task Team meetings have been improved.

The following departments are attending Local Task Team

- Department of Health
- Department of Home Affairs
- Department of Agriculture and Rural Development
- Department of Social Development
- Department of Home Affairs
- Independent Electoral Commission
- SASSA
- Department of Education,
- SAPS,
- Department of Human Settlement,
- Department Sport and Recreation.
- Department of Correctional Services

COMPONENT D: CORPORATE GOVERNANCE

2.8. RISK MANAGEMENT

Section 62 (1)(c)(i) of the Municipal Finance Management Act (MFMA) No.56 of 2003 assigns an extensive responsibility to the Accounting Officer/ Municipal Manager to take all reasonable steps to ensure that the Municipality has

and maintains effective, efficient and transparent systems of risk management and internal controls. Risk management policy of Nquthu Municipality as approved by the Council further extends responsibility to all municipal officials to implement effective systems of risk management within their areas of responsibility.

Enterprise Risk Management (ERM) forms a critical part of any institution's strategic management. It is the process whereby an institution both methodically and intuitively addresses the risk attached to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of activities. ERM is therefore recognized as an integral part of sound organizational management and is being promoted internationally and in South Africa as good practice applicable to the public and private sectors.

The underlying premise of risk management is that every governmental body exists to provide value for its stakeholders. Such value is based on the quality of service delivery to the citizens. All institutions face uncertainty, and the challenge for management is to determine how much uncertainty the institution is prepared to accept as it strives to grow stakeholder value. Uncertainty presents both risk and opportunity, with the potential to erode or enhance value. Value is maximized when management sets objectives to strike an optimal balance between growth and related risks, and effectively deploys resources in pursuit of the institution's objectives

Risk management and Compliance office was transformed by the Accounting Officer (Municipal Manager) to extend its scope of risk and compliance monitoring responsibility to include risk management assurance and compliance reviews in order to:

- (a) Provide assurance on the adequacy and effectiveness of risk management, controls, and governance processes as implemented by the departments of the municipality, including compliance with legislations, regulations, policies and procedures, as well as other prescripts applicable to the Municipality.
- (b) Make recommendations to the Accounting Officer and management for corrective measures, and
- (c) Closely monitor and / or facilitate the implementation of corrective measures as agreed by management and / or approved by the Accounting Officer.

The risk management and compliance office shall co-ordinate its activities with Internal Audit in order to avoid duplication of efforts with internal audit activity and will mainly focus on the scope and /or transactions not covered by internal assurance audit activity during the period under assurance review.

In addition to the above, risk management and compliance office shall assist the Accounting Officer in executing special assignments in instances where internal audit activity is unable to conduct the special assignment due to capacity constraints and / or the requirement for the approval of the audit committee before any assignment could be conducted.

2.8.1. Municipal capacity

Risk management unit

The risk management unit is located within the office of the municipal manager and consist of a dedicated risk management official.

Risk management committee

There is a risk management committee consisting of an independent chairperson (who is also a member of the audit committee), risk management officer, all HODs and risk champions representing all departments.

Risk management forum

The risk management forum consists of risk champions representing all departments and also the risk management officer. This forum is responsible for coordinating the work of risk champions and preparing reports to the risk management committee where final decisions are taken. This committee is fully functional.

2.8.2. Enterprise Risk Management Implementation Plan (ERMIP)

The risk management status in the municipality is discussed in detail below focusing on Quarter 3 and Quarter 4 as these quarters reflect the progress made in the municipality in as far as risk management is concerned.

Financial Reporting Risk

- a) Municipality provided a positive update regarding the implementation of measures for timely submission of the Annual Financial Statements (AFS), with no anticipated challenges.
- b) Concern though with the delay in implementation of AG action plan. However, plans to complete majority of it by August are in place

Clean Administration Risk

- a) Council adopted a clean administration statement reaffirming the municipality's commitment to good governance, accountability, and ethical standards in alignment with King IV principles.
- b) 9 KPIs specific to clean administration are being monitored
- c) The municipality seems to be on track in monitoring the KPIs and all are achieved except for UIFL which was sitting at 36%. This information is subject to verification by internal audit

2024/25 Risk Register Close Out Summary

PERFORMANCE SUMMARY ON OPERATIONAL RISK MANAGEMENT ACTIVITIES:

DEPARTMENTS	QUARTER 1			QUARTER 2			QUARTER 3			QUARTER 4			ANNUAL AVERAGE
OMM	A	NA	PA	A	NA	PA	A	NA	PA	A	NA	PA	AVERAGE
	100%	0%	0%	100%	0%	0%	75%	5%	20%	100%	0%	0%	94%
BTO	91%	9%	0%	85%	15%	0%	79%	11%	10%	94%	6%	0%	87%
TSD	72%	22%	0%	89%	11%	0%	89%	11%	0%	84%	8%	8%	83%
PLD	100%	0%	0%	100%	0%	0%	91%	9%	0%	80%	0%	20%	93%
CSD	88%	12%	0%	87%	13%	0%	84%	8%	8%	98%	2%	0%	89%
IT	100%	0%	0%	94%	6%	0%	94%	4%	2%	100%	0%	0%	97%
STRA	92%	4%	4%	90%	10%	0%	70%	30%	0%	87%	10%	3%	85%

PERFORMANCE SUMMARY ON FRAUD RISK MANAGEMENT ACTIVITIES:

DEPARTMENTS	QUARTER 1			QUARTER 2			QUARTER 3			QUARTER 4		
OMM	A	NA	PA	A	NA	PA	A	NA	PA	A	NA	PA

	100%	0%	0%	100%	0%	0%	100%	0%	0%	100%	0%	0%
BTO	69%	31%	0%	91%	9%	0%	91%	9%	0%	94%	6%	0%
TSD	100%	0%	0%	91%	9%	0%	82%	18%	0%	100%	0%	0%
PLD	100%	0%	0%	100%	0%	0%	100%	0%	0%	100%	0%	0%
CSD	90%	10%	0%	70%	30%	0%	74%	11%	15%	87%	13%	0%
	91%			90%			89%			96%		

In summary, the municipality managed to implement 92% of the fraud prevention action plans and 90% across all other risk register. The results have not been audited and in some areas the PoEs have already been found to be inconsistent. With a +- 20% variance give or take based on previous audit findings regarding the inadequacy of the proof of evidence for achievements recorded, the municipality remains with a 72% and 70% estimated average respectively.

This effort is noted in the backdrop of capacity constraint within the ERM function. The support of management and commitment of Risk Champions is commendable especially because IA did not express any opinion with respect to the overall risk management process. It is recommended that capacity within ERM be improved and also that the internal IA capacity be utilized to provide assurance on the validity of the achievement scores and PoEs quarterly.

2025/26 Governance Documents

The following governance documents were considered and recommended for approval:

- i. ERM Framework and strategy
- ii. ERM Policy
- iii. ERM Implementation Plan
- iv. Risk Management Committee Charter
- v. Anti-fraud and corruption Strategy

2025/26 Risk Registers

Five risk registers with a total of 134 risks and 408 action plans for implementation in the 2025/26 financial year were considered and recommended for Council approval as well as for consideration by Internal Audit in preparation of the annual audit plan.

Risk Management Review and Self-Assessment

- a) The RMC conducted a self-assessment to evaluate effectiveness and performance.
- b) Most members expressed satisfaction with the chairperson's leadership and the general committee's performance.
- c) Further analysis is still required by summarizing results per category in order to identify areas for growth.

Enterprise Risk Management Implementation Report

- a) 90% implementation rate for Q3 and 88% in Q4 risk management activities.

- b) One item, the risk correlation report, was still in progress. The committee resolved that risk correlation exercise for the strategic risks will be prioritized for the first RMC meeting of the 2025/26 financial year.
- c) Integration of the Rapid Response Committee with the Customer Care Committee was reviewed, and a new Terms of Reference is being developed for council approval.
- d) Deliverables included risk register updates, awareness sessions, monitoring action plans, and self-assessment.
- e) Except for the tabling of the 2025/26 risk registers which was done in July, all planned activities in the ERIP were achieved.
- f) A formal awareness session was conducted in June 2025 involving departmental presentations on policy, conduct, and risk practices. The session aims to enhance staff understanding and engagement in risk mitigation

OVERALL IMPLEMENTATION HIGHLIGHTS FOR QUARTER THREE AND FOUR:

Departments/ Office	Quarter	Total Activities	Achieved	Not Achieved	Partial	%Achieved
Office of the Municipal Manager	Q3	20	16	1	3	80%
	Q4	16	16	0	0	100%
Budget & Treasury Office	Q3	29	23	3	3	79%
	Q4	31	30	1	0	94%
Technical Services	Q3	9	8	1	0	89%
	Q4	13	11	1	1	84%
Planning, LED, Housing	Q3	11	10	1	0	91%
	Q4	20	16	0	4	80%
Corporate & Community Services	Q3	36	30	3	3	83%
	Q4	41	40	1	0	98%
Information Technology	Q3	17	16	0	1	94%
	Q4	19	19	0	0	100%
Strategic Risk Register	Q3	40	38	0	2	95%
	Q4	-	70	-	-	87%
Fraud Risk Management- Budget & Treasury	Q3	44	39	5	0	89%
	Q4	27	24	3	0	89%
Fraud Risk Management- Technical Services	Q3	-	-	-	-	-
	Q4	11	11	0	0	100%
Fraud Risk Management – Planning & LED	Q3	-	-	-	-	-
	Q4	3	3	0	0	100%
Fraud Risk Management- Corporate & Communica- tion	Q3	-	-	-	-	-
	Q4	45	39	6	0	87%
Fraud Risk Management – Office of MM	Q3	-	-	-	-	-
	Q4	3	3	0	0	100%

For both Q3&Q4 the municipality achievement on implementation of action plans for the Fraud prevention and the rest of risk registers have been consistent between 80% and 100%. The results are not audited. Previously the IA evidenced that some recorded achievements are not supported by appropriate PoEs. This may mean that actual achievement is slightly below the recorded achievements.

2.9. ANTI-FRAUD AND CORRUPTION

Anti-fraud and corruption mitigation is incorporated as part of risk management. The municipality develop an anti-fraud and corruption register with the assistance and support of the Provincial Treasury. As such, fraud and corruption is mitigated as part of risk management function as detailed in the previous section.

2.10. SUPPLY CHAIN MANAGEMENT

Supply chain management system in a municipality refers to the coordination and control of the flow of goods, services, and information within the local government's operations. It involves the planning, sourcing, procurement, production, storage, transportation, and distribution of resources needed for the municipality to function effectively and efficiently.

The primary goal of a supply chain management system in a municipality is to ensure the availability of necessary resources while minimizing costs and optimizing service delivery to residents. This system typically includes various components such as inventory management, supplier management, logistics, and information technology infrastructure.

Supply chain management policy

There is SCM Policy and it was duly reviewed on 17 May 2024 as part of an annual policy review process and this policy is subjected to annual reviews to respond to gaps that are identified during implementation. Provincial Treasury has a capacity building team at the municipality and this team provided guidance and inputs on all financial policies to ensure that they are in line with new regulatory requirements.

The policy review focused on a new provision which arises from new regulatory provisions, in particular specific development goals that seek to promote local procurement and economic transformation by allowing the municipality to identify target categories to give preference to.

Functioning of bid committees

COMMITTEE	FUNCTIONALITY
Bid Specification Committee	<i>Determines the exact requirements, qualities, quantities or specifications of the product or service to be procured to ensure that it shall correctly serve the purpose for which it was procured for.</i>
Bid Evaluation Committee	<i>Evaluate all received bids to determine the one that meets or exceeds the set requirements in terms of functionality, price and empowerment requirements in order to determine the highest scorer to be recommended to the bid adjudication committee.</i>
Bid Adjudication Committee	<i>Receive recommendations from bid evaluation committee and recommends to the accounting officer to make an appointment having satisfied itself that the bid was correctly evaluated in terms of applicable laws and set criteria and standards.</i>

All the bid committees as outlined above are fully functional and sit regularly as required and all bid committee members have been trained by both a private institution for an accredited training as well as continuous training conducted by Provincial Treasury. However, there is still ample room for improvement in the overall functioning of

bid committees. In most cases, weaknesses in the functioning and/or decisions of bid committees are revealed when there are objections which then uncover procedures or processes that were not followed.

Objections to bid outcomes.

There were no objections to bid outcomes/processes in the 2024/25 financial year which is an indication that bidders trust the municipality's SCM system.

Procurement plan and its implementation

On an annual basis, the municipality develops the Procurement Plan based on the budget allocated and set timelines which determine dates in which procurement processes must take place for those budget items. The Procurement Plan is always compiled and meets set standards; the real challenge is implementation. There are weaknesses in the implementation of the procurement plan which can be described as follows:

- Late internal requisition processes which make it impossible to meet prescribed legislative timelines for procurement of goods and services (i.e., non-compliant quotation advertisement dates). Should the municipality decide to insist on the prescribed quotation advertisement timelines, then service delivery is delayed and compromised, and therefore; this weakness has serious implications than perceived because the municipality must now choose between compliance and service delivery.
- Deviating from the Procurement Plan to procure unrelated budget items or items that are not at all budgeted for. This results in irregular and unauthorized expenditure that would have been otherwise avoided.
- And finally, failure to adhere to the Procurement Plan promotes poor planning because deviations become a norm rather than an exception. When officials know they can procure goods or services that they have plan for, the pressure to plan properly disappear!

The municipality has put measures in places to promote the implementation of the Procurement Plan, including putting procurement plan implementation indicator for every head of department.

Challenges

There are SCM challenges that are experienced by the municipality that the municipality is working hard to address, which are:

- Failure by end user departments to fully implement their procurement plans (as mentioned above) by not sticking to their internal requisition timelines which results in non-compliant periods for advertising of quotations resulting in irregular expenditure.
- Lack of a system or technology to detect false declarations by service providers/bidders, especially those in the employment of the state.

2.11. BY-LAWS

The municipality has by-laws that regulates different aspects of municipal business especially as it relates to business administration, traffic management, pounding, land management, development planning, etc. Municipal by-laws were developed and gazetted after being issued to the public for comments, as required by law. The list of by-laws outlined below were gazetted and approved by Council and remain in force.

BY-LAWS	ADOPTION DATE
Municipal Public Road and Street Transport-by laws	29 June 2019
Out-door advertisement – by laws	29 June 2019
Electricity supply- by laws	27 October 2022
Street trading- by-laws	29 June 2019

BY-LAWS	ADOPTION DATE
Standing rules of order- by-laws	27 October 2022
Tariff policy for indigent persons- by-laws	28May 2021
Pound By law	29 June 2019
Rates By laws	28 May 2021
Public Transport By Law	29 June 2019
Disaster Management By Law	29 June 2019
Control of undertakings that sell liquor to the public – By law	29 June 2019
Building Regulations By Law	29 June 2019
Waste Management By Law	29 June 2019
By Laws relating Fire Brigade Services	29 June 2019
Keeping of Animal By Law	29 June 2019
Nuisance By Law	29 June 2019

2.12. POLICIES

The municipality has a number of policies some of which regulated matters of internal operations while have implications for the public in general depending on purpose and scope of each policy. Municipal policies mostly relate to human resources, finance, ICT, performance management, fleet management, businesses and records management.

Municipal Policies	ADOPTION DATE
HR Policies	27 May 2025
Finance Related Policies	27 May 2025
ICT Policies	27 May 2025
Performance Management Policy	27 May 2025
Fleet Management Policy	27 May 2025
Communication Policy/ Strategy	27 May 2025

2.13. BACK TO BASICS / MFMA CIRCULAR 88

The B2B programme was introduced as a catalyst to ensure that there is compliance and service delivery in municipalities. The most important municipal functions were selected as main areas of focus upon which all municipalities shall report are submitted COGTA on a quarterly basis. The B2B has been replaced with MFMA Circular 88 from last financial year and indicators were reported and submitted on a quarterly basis.

2.14. MUNICIPAL WEBSITE

The municipal website is a very important instrument communication tool of the municipality. There have been challenges with the functioning of the website in the past but these were resolved by the appointment of a new service provider and the municipality's website has been functioning well.

2.15. PUBLIC SATISFACTION SURVEY

Public satisfaction survey is an important method to evaluate the levels of satisfaction or confidence that the public have about the ability of the municipality to deliver services, but such exercise is expensive and requires that it is conducted professionally to ensure the credibility of its outcomes. Fortunately, the municipality's public participation systems as well as complaint management system enables the municipality to solicit the views of the public on a continuous basis in order to get an idea of satisfaction levels. Further to that, the plans to conduct online surveys in the coming years as this is a more cheaper method for both the municipality and residents.

2.16. INTERNAL AUDIT

In terms of Section 62 (c) of the Municipal Finance Management Act no 56 of 2003 (MFMA), the Accounting Officer of a Municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure-

- i. that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control; and
- ii. internal audit operating in accordance with any prescribed norms and Furthermore, Section 165 (1) of the MFMA, states that the each municipality must have an internal audit unit.

Section 165 (2) states that the internal audit unit of a municipality must-

(a) prepare a risk-based audit plan and an internal audit program for each financial year;

(b) advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to internal audit;

- i. internal controls;
- ii. accounting procedures and practices;
- iii. risk and risk management;
- iv. performance management;
- v. loss control; and
- vi. compliance with this Act, the annual Division of Revenue Act and any
- vii. other applicable legislation; and
- viii. perform such other duties as may be assigned to it by the Accounting Officer.

The municipality has a permanent internal auditor but due to capacity constraints he is supported by a professional and reputable auditing company (Ntshidi & Associates) to ensure that the internal auditing function is performed effectively.

The scope of internal audit is wide to cover as many areas as possible to ensure that internal control deficiencies are identified early enough so that suitable intervention can be made. The internal audit unit conducted an audit and issued a number of reports in the 2024/25 financial year as shown below:

Area	Proposed Commencement Date	Proposed Completion Date	Completion status
<i>Contract & Project Management</i>	Mar-24	Apr-24	Complete
<i>Revenue & Debtors Management</i>	Feb-24	Mar-24	Complete
<i>Supply Chain Management</i>	Feb-24	Mar-24	Complete
<i>Fixed Asset Management</i>	May-24	Jun-24	Complete
<i>Status of Records and interim AFS</i>	Apr-24	May-24	Complete
<i>Grants, Bank & Investments Management</i>	Feb-24	Mar-24	Complete
<i>Payroll and HR Management</i>	Feb-24	Mar-24	Complete
<i>Internal Audit Follow</i>	May-24	May-24	Complete
<i>IT Review</i>	Apr-24	Apr-24	Complete
<i>External Audit Follow</i>	May-24	Jun-24	Complete
<i>Fleet Management</i>	Jan-24	Feb-24	Complete
<i>Quarter 1 Performance review</i>	Oct-23	Nov-23	Complete

Area	Proposed Commencement Date	Proposed Completion Date	Completion status
Quarter 2 Performance review	Jan-24	Feb-24	Complete
Quarter 3 Performance review	Apr-24	May-24	Complete
Quarter 4 Performance review and Annual Report – 2022/2023	July/August 2023	Aug-23	Complete
AFS review – 2023	July/August 2023	Aug-23	Complete
Expenditure Management	Jan-24	Feb-24	Complete
Inventory	Jun-24	Jun-24	Complete
Other operational reviews: - Waste Management - Disaster Management - Occupational Health & Safety - Traffic management	Dec-23	Dec-23	Complete
Compliance & Governance	Apr-24	Apr-24	Complete

Table 2.16: Internal Audit reports issued

2.17. AUDIT COMMITTEE

All Audit Committee vacancies are filled with suitably qualified and experienced individuals with different areas of specialization or expertise, namely; performance management, auditing, legal, risk management and accounting. However, the specialist for performance management became vacant during the course of the financial year and it has not been filled.

CHAPTER 02: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.18. POLITICAL GOVERNANCE

2.18.1. Political structure

The municipality's highest decision-making structure is Council which is presided over by the Speaker. The structure which looks into the day-to-day business of the municipality is the Executive Committee which is presided over by the Mayor and has subcommittees which are generally referred to as 'portfolio committees'. All chairpersons of portfolio committees are EXCO members and report and/or make recommendations to EXCO which subsequently reports to Council through the Mayor. Portfolio committees are made up by all members of Council and cover all aspects of municipal functions by considering reports and making specific recommendations about specific matters. MPAC is the primary oversight arm of Council and play an oversight role over EXCO and also produce an oversight report on behalf of Council. MPAC reports directly to Council.

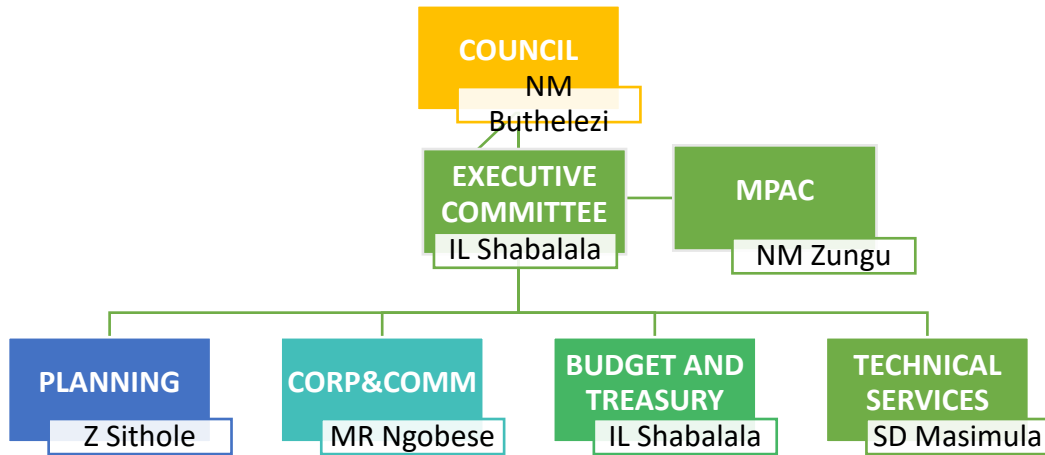


Figure 1: Political structure (including names of structures and chairpersons)



Figure 2: Relationship between council and its structures

2.18.2. Executive committee

Members of the Executive Committee of the municipality are shown below.



Figure 3: Members of the Executive Committee

2.18.3. Full time councillors

The municipality has three full-time councillors consisting of the Mayor, Deputy Mayor and Speaker, as shown in the figure below.



MAYOR	• Cllr IL Shabalala
SPEAKER	• Cllr NM Buthelezi
DEPUTY MAYOR	• Cllr MR Ngobese

Figure 4: Full-time office bearers

2.18.4. Other municipal committees

MUNICIPAL PUBLIC ACCOUNTS (MPAC)			
COUNCILLORS NAME	DESIGNATION	GENDER	PARTY
1. Cllr. NM Zungu	Chairperson	Female	IFP
2. Cllr G.A. N. Buthelezi	Member	Female	IFP
3. Cllr T.A Dlamini	Member	Male	IFP
4. Cllr S.B Simelane	Member	Male	IFP
5. Cllr J.N Khoza	Member	Male	IFP
6. Cllr S.M.C Zikode	Member	Male	ANC
7. Cllr T.M Hadebe	Member	Male	ANC
8. Cllr K Ngobese	Member	Female	EFF
9. Cllr MM Sibiya	Member	Male	ABC
10. Cllr S.S Langa	Member	Male	ANC

Table 2.18.4: Municipal Public Accounts Committee members.

2.18.5. Portfolio committees

Technical Services:

NAME AND SURNAME	DESIGNATION
1. Cllr. S.D Masimula	Chairperson
2. Cllr. C.T Buthelezi	Member
3. Cllr. S.B Simelane	Member
4. Cllr. M.E Mnguni	Member
5. Cllr. M.N Khanye	Member
6. Cllr. N.S Vilakazi	Member
7. Cllr. Z. Ndlovu	Member
8. Cllr. J.N Khoza	Member
9. Cllr. FP Hlatshwayo	Member
10. Cllr. SP Mazibuko	Member
11. INkosi SP Zulu	Member

Table 2.18.5(a): Technical Services Portfolio Committee

Corporate and Community Services:

INITIALS & SURNAME	DESIGNATION
1. Cllr. MR Ngobese	Chairperson
2. Cllr. L.S Hoffman	Member
3. Cllr. L Mkhwanazi	Member
4. Cllr. S Radebe	Member
5. Cllr. T.J Motloung	Member
6. Cllr. C.S Thusini	Member
7. Cllr. T.A Dlamini	Member
8. Cllr. T.M Hadebe	Member
9. Cllr. JN Khoza	Member
10. Cllr. S.S Langa	Member

Table 2.18.5(b): Corporate and Community Services Portfolio Committee

Budget and Treasury:

INITIALS & SURNAME	DESIGNATION
1. Cllr. IL Shabalala	Chairperson
2. Cllr. S Radebe	Member
3. Cllr. MC Mnguni	Member
4. Cllr. MI Khoza	Member
5. Cllr. Z Ndlovu	Member
6. Cllr. BS Chambule	Member
7. Cllr. RA Ndlovu	Member
8. Cllr. CN Xulu	Member
9. Cllr. SM Kunene	Member
10. Ibambabukhosi H M. Mncube	Member

Table 2.18.5(c): Budget and Treasury Portfolio Committee

Planning, Housing and Local Economic Development:

INITIALS & SURNAME	DESIGNATION
1. Cllr. Z Sithole	Chairperson
2. Cllr. SM Buthelezi	Member
3. Cllr. MC Mnguni	Member
4. Cllr. CT Buthelezi	Member
5. Cllr. Z Ndlovu	Member
6. Cllr. SMC Zikode	Member
7. Cllr. PWJ Buthelezi	Member
8. Cllr. GAN Buthelezi	Member
9. Cllr. QM Ngobese	Member
10. Cllr. SG Hlatshwayo	Member

Table 2.18.5(d): Planning, Housing and Local Economic Development Portfolio Committee

2.18.6. Functional analysis

All these structures mentioned above function optimally as they hold meetings as requires by law and/or the municipality's schedule of meetings. However, there isolated incidents where a quorum is not met due to work related

commitments by councillors but that is rectified by referring matters that were tabled before it to EXCO or defer them to the next meeting if those matters are not of an urgent nature.

2.19. ADMINISTRATION/MANAGEMENT STRUCTURES

(a) Management Committee (MANCO)

MANCO is fully functional and meets on a weekly basis to attend to municipal work that requires its attention. There are also other committees reporting to MANCO like the Development Compliance Committee which attend to the enforcement of by-laws.

(b) Development Compliance Committee

This committee attend to development compliance matters and also the enforcement of municipal by-laws. The main specific areas that this committee focuses is land-invasion and illegal structures, unauthorized bill-boards, stray animals, littering, illegal connections, etc.

(c) Local Organizing Committee

This is a standing event management committee which ensure compliance and preparations for all municipal events like public participation, sword turnings and projects hand-overs.

CHAPTER 03: SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

Water shortage is a serious challenge in Nquthu and the district as a whole. Water provision is UDM function and all water related matters are reported at a district level. The municipality will engage the reports of the district to fully familiarize itself with the actual water service provision actuals.

3.2. SANITATION

Sanitation, just like water provision, is the function of UDM but the municipality was consulted about some of the sanitation projects being undertaken in Nquthu.

3.3. WASTE MANAGEMENT

The last few years have seen South Africa taking significant steps towards improved waste management at a policy, legislation and planning level; most significantly with the promulgation of the National Environmental Management: Waste Act 59 of 2008 (hereafter Waste Act), the revised National Waste Management Strategy GN 344 of 2011 (NWMS) and a number of guidelines which have been published. In terms of Schedule 5B of the Constitution of South Africa, 1996 Constitution (Act 108 of 1996) (the Constitution) waste management is a local government competency that must be executed to protect human and environmental health. Hence it is largely at the local authority level where waste policies and plans are physically implemented and hence it is vital that waste planning at this level receives the attention it deserves. Integrated waste management planning plays a key role in this.

3.3.1. Internal capacity

The waste management unit adequately staffed in terms of personnel, however; this section has a capacity challenge when it comes to waste collection infrastructure like pedestrian bins, skip bins and a not well equipped landfill site that is not entirely compliant.

3.3.2. Waste collection

Waste collection is divided into two categories, there is billed waste collection for Nquthu Town and also minimal waste collection at the out-flung rural areas which is performed in terms of the municipality's recycling project. The recycling project is being developed because its advantage is three fold; it provides income for waste pickers and waste ambassadors, extend waste collection of the municipality and also improve recycling.

3.3.3. Recycling

The municipality have a functional Buy Back Centre that is dedicated to sorting, measuring, packaging and storing recyclable waste for selling to recyclers. This facility is properly equipped and employs seven staff and is operated by the service provider.

The following equipment was procured for the Buy Back Centre to run its operations:

- Recyclable waste collection truck;
- Five (5) Ton forklift for moving around heavy loads at the centre;
- Bailing machine;
- Other recycling related equipment.

One of the benefits of the recycling programme is to divert the amount of waste from going to the landfill site thus making an impact in extending its lifespan. However, in the 2023/24 financial year, Buy Back Center operations were disrupted but plans to restore operations were already underway as the financial year ended.

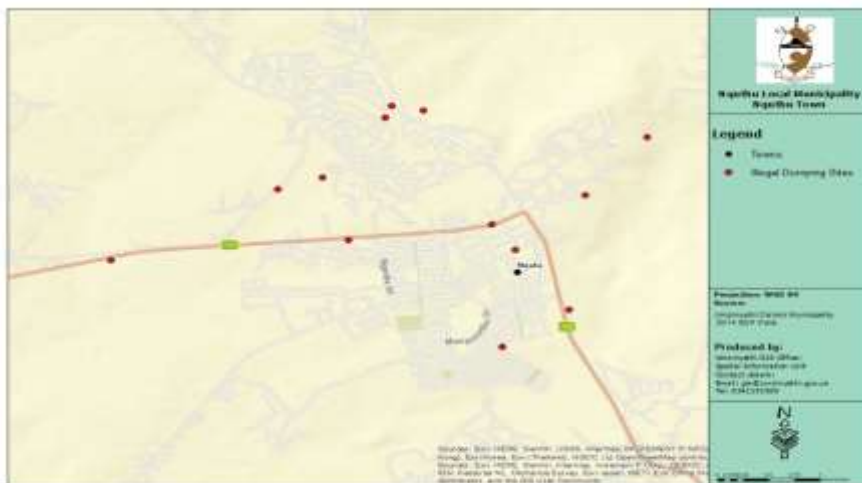
3.3.4. Landfill site

The municipality has a licenced landfill site located at Nondweni. This site is annually audited to ensure that all matters that need to be rectified are attended to. Furthermore, KZN Economic Development, Tourism and Environmental Affairs also audit and issued a non-compliance certificate.

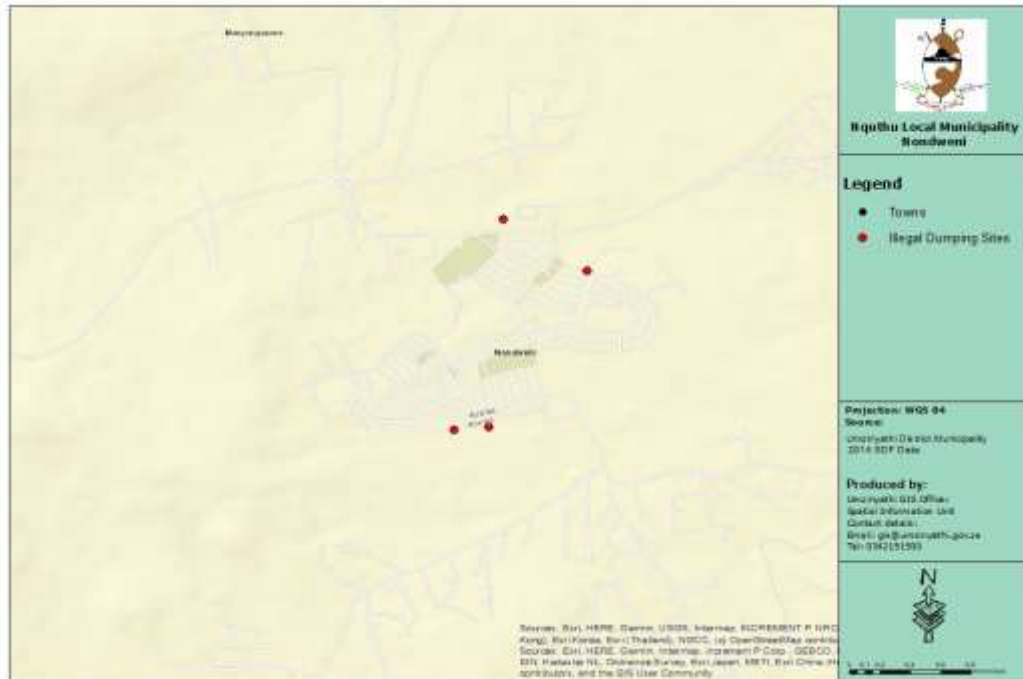
3.3.5. By-law enforcement

The municipality has a functional development compliance committee which seeks to enforce waste management bylaws, among other things. The municipality is struggling with the challenge of illegal dumping and identified a number of areas where illegal dumping is a serious challenge, as shown in the maps below.

Nquthu Town



Nondweni area



3.3.6. Awareness campaigns

Littering and illegal dumping is partly due to a lack of waste management awareness campaigns. Public awareness on the issues of illegal dumping needs to be improved and the public needs to be informed of who to contact should they witness illegal dumping and what details should be recorded. The municipality normally conducts clean-ups and awareness campaigns at least once per quarter, but we need more in order to achieve positive results. The municipality have an intensive waste management related campaigns in order to inform communities about the role they can play to ensure a cleaner Nquthu.

The municipality conducted two waste management campaigns in the identified hotspot areas to alert communities about best waste disposal practices and the dangers of illegal dumping.

3.3.7. Challenges

While the municipality is doing its best to improve waste management within Nguthu, there are still challenges that need to be addressed going forward, including:

- Lack of adequate environmental/waste management education especially in rural areas;
- Street vendors are continuing with burning of waste in Nqutu CBD;
- Extremely inadequate pedestrian bins which promote the culture of throwing litter directly on the streets;
- Illegal dumping seems to be the problem especially along the river banks, and
- Insufficient capacity in terms of equipment and financial resources.

The municipality is utilizing the Development Compliance Committee which a municipality multidisciplinary committee that make recommendations and take collective actions to address challenges of this nature.

3.4. ELECTRICITY

While electricity provision is one of the functions of the municipality but it performs this function in conjunction with Eskom since a larger portion of national electrification grants allocated to Nquthu are channelled into Eskom in terms of DORA. The municipality is fully responsible for electricity reticulation and maintenance in the licenced municipal area which include Nquthu Town and Nquthu township located in Ward 9 (Ward 14 before 01 November 2021). The rest of Nquthu is under the control of Eskom but the municipality does implement electricity connection projects in Eskom areas and hand over those projects to Eskom after completion.

A total of 438 new households were connected to the electricity grid and a total of 45 357 of 50kw/h free electricity units were provided to households in Nquthu. The municipality has set itself a standard of processing applications for new electricity connections within a 14 day turn-around time, however; only 28.5% of these households that had applied were connected within the set turn-around time due to various factors which the municipality will address going forward.

When all the current electricity projects are finalized, Nquthu will then be assessed to determine if it has reached the universal electricity connection status meaning there are no unelectrified areas within the municipality except for new households and few households that may have been omitted by mistake during electricity projects.

3.5. FREE BASIC SERVICE AND INDIGENT SUPPORT

The municipality make provisions for qualifying households by providing FBE and rebates on rates. However, this programmes has not been well managed resulting in audit findings, so the municipality seeks to improve the management of its indigent programme going forward to address current weaknesses.

COMPONENT B: ROAD TRANSPORT

3.6. ROADS

Four (8) access roads were completed in the 2024/25 financial year. Access and movement have been greatly improved for communities that are serviced by or use these roads.

At least 85% of potholes were fixed within the set turn-around time to fix potholes in Nquthu Town. Access roads, amounting to 64.69 km in all wards were maintained by blading.



Visual 1: Some of the plant and equipment used by the municipality for road maintenance.

3.7. TRANSPORT

The role of function of the municipality as far as transportation is concerned is currently limited to issuing of operating permits and approval of routes to taxi operators and also the maintenance of taxi ranks in terms of ablution facilities and refuse collection. However, plans are underway to develop the municipality's Integrated Local Transport Plan which will become a blueprint for transportation regulation within the municipality.

3.8. STORMWATER

Water drainage system is a very critical in managing water flow especially during heavy rains to prevent uncontrolled flooding or dangerous accumulation of water on the road, especially in Nquthu Town. The bulk stormwater project was completed in the previous financial year and none was constructed in the 2023/24 financial year. The main purpose of this stormwater is to channel water away from Nquthu Town's residential areas to prevent potential flooding that may result from heavy rains. The municipality has extensive stormwater network but the maintenance and/or cleaning remains a challenge due to a low repairs and maintenance budget.

COMPONENT C: PLANNING AND DEVELOPMENT

3.9. PLANNING

3.9.1. Integrated development planning

MEC comments

Municipal Systems Act requires that the IDP be sent to the Provincial MEC for assessment after which the MEC compile comments to assist the municipality to improve the credibility of its IDP. The IDP was duly submitted and the MEC conducted an in-depth assessment of the IDP against set guidelines issued comments for municipal considerations. The MEC comments have been duly considered in the development of the 2025/26 IDP review, however, it should be noted that there are still areas in which the municipality is struggling in like fully aligning its projects and programmes with the long-term goals and targets of the PGDS, DGDP and the district's One Plan. While an undertaking is made in the planning documents, that is not extended to municipal budget and the actual allocation of financial resources.

As per the MEC recommendations, the municipality participates fully on the DDM structures and processes but, as mentioned above, more still need to be done to fully implement the goals and targets of One Plan in order to realize the set development goals, especially spatial and economic targets.

Public consultations

The municipality has adopted a continuous consultation approach whereby WBPs are identified as strategic tool for a more effective public consultation process whereby Councillors use their meetings to gather the views of the public about their needs and priorities. WBPs then becomes the basis for the IDP review as it specifically identifies community needs, backlog and priorities at a ward level and then align and consolidate that information into the IDP. The draft IDP is compiled on the basis of the previous community preferences since the IDP has 3-year projections and these priorities will then be subjected to public consultation process after the approval of the 2025/26 Draft IDP. There was also a roadshow organized by Umzinyathi District and Mayoral visits to different wards where the Draft IDP was presented.

AmaKhosi and Nquthu Ratepayers

AmaKhosi and Nquthu Ratepayers are engaged separately and specifically in order to address their specific issues and needs. They have also expressed that they would like to have regular engagements with the municipality and not limit engagement to IDP processes.

Strategic planning resolutions

The strategic planning made recommendations which eventually adopted by Council. Such recommendations provide a strategic direction and define the development trajectory for the municipality upon which the IDP is based. The Strategic Planning Session was conducted in 17 to 21 February 2025 and KZN COGTA, Assupol Community Trust, UDM, Provincial Treasury and other stakeholders.

IDP and Budget Steering Committee

The municipality, as set out in the IDP and Budget Process Plan, did merge the IDP Steering Committee and the Budget Steering Committee into one committee to ensure proper coordination and alignment since there were challenges when these committees were constituted separately. The IDP and Budget Steering Committee sits frequently on scheduled dates and hold special meetings when the need arises. In most cases, scheduled dates are not entirely followed but all planned meetings are held and timelines are met even although dates may differ. The IDP and Budget Steering Committee is fully functional.

Council approval

The draft IDP will be approved by Council and be subject to a public consultation process after which a final IDP will be approved having taken into consideration the outcomes of the public consultation process.

3.9.2. Spatial and development planning

Spatial and development planning is the function of the Town Planner who heads the development planning section. This section is responsible for the following:

Programmes/projects

No.	Programmes/project name	Responsible section
1.	Spatial Development Framework Review	Development Planning
2.	Development of Precinct Plans	Development Planning
3.	Processing Development Applications	Development planning
4	Number of Development Compliance Committee meetings	Development planning
5	Scheme Register update	Development planning
6	Land administration	Development planning
7	Management of Development Planning Risk Register	Development planning
8	Drafting Municipal comments on Developmental matters	Development planning
9	Management of outdoor advertisement	Development planning

Achievements:

- There is a functional Municipal Manning Tribunal.
- There is a Municipal Authorised officer.
- There is a Development Compliance Committee to enforce compliance.
- There are planning tools in place.
- The municipality received funding from DARD to review the SDF.

Challenges:

- There is a need of budget on activities such as SDF review and precinct plans because they are multidisciplinary.
- Land invasion remains a pervasive challenge and very difficult to contain.
- Shortage of local area plans in strategic areas.
- Shortage of municipal land for development.

3.10. GEOGRAPHICAL INFORMATION SYSTEMS (GIS)

The municipality has an in-house GIS unit which initially had a fulltime and suitably qualified GIS practitioner and also a plotter machine and all required software which the municipality is continuously upgrading. In December 2023 a new GIS Manager and GIS officer were appointed full-time. This unit is primarily responsible for gathering and managing all geographical and statistical data to ensure that the municipality has credible basis for planning and reporting. This unit also provides services to the community especially local learners and architects and also government departments by providing them with maps and printing services.

Key accomplishments

The unit's activities focused on infrastructure upgrades, data capturing, and operational efficiency:

Infrastructure & Software: Successfully procured a new GIS plotter and fully settled all software licensing fees, ensuring the unit has the tools necessary for high-quality mapping and uninterrupted analysis.

Data Capturing & Mapping:

- **Indigent Mapping:** 100% of indigent households in Ward 9 were spatially mapped to support equitable service delivery.
- **Transport & Access:** Completed the digitizing of all current and previous access roads.
- **Project Tracking:** Spatially captured 100% of MIG (Municipal Infrastructure Grant) and LED (Local Economic Development) projects for the year.

Strategic Planning: Updated all maps for the Integrated Development Plan (IDP) and Spatial Development Framework (SDF).

Operational Excellence: Maintained a 100% success rate in responding to internal GIS requests within the 2-day service standard.

Strategic Impact

The unit's output provides the municipality with several critical advantages:

- **Service Delivery:** Enables the assessment of facility coverage (e.g., clinics and schools) against national CSIR standards.

- **Targeted Interventions:** Mapping indigent households and access roads allows for more precise poverty-related interventions and emergency response.
- **Accountability:** Spatial referencing of MIG and LED projects improves project monitoring and compliance reporting.
- **Credibility:** Ensures that high-level planning documents (IDP/SDF) are based on accurate, up-to-date spatial data.

Performance Summary

Category	Result
<i>Planned Activities</i>	<i>8</i>
<i>Achieved Activities</i>	<i>8</i>
<i>Success Rate</i>	<i>100%</i>
<i>Internal Response Time</i>	<i>Within 2 Days</i>

The GIS Unit has proven to be a high-performing department, providing essential spatial planning capabilities that supports the municipality's goals for growth and service delivery.

3.11. LOCAL ECONOMIC DEVELOPMENT

(a) Internal capacity

One of the biggest challenges facing Nquthu is low economic growth, economic participation by the majority and high unemployment rate, therefore; the primary function of this department is to spearhead and coordinate all programmes and projects aimed at dealing with this challenge. For this reason, it becomes very important that this department is well resource in order to be able to tackle these difficult challenges. The municipality's LED unit is located in the planning, housing and led portfolio committee and consists of four officials. In terms of budget, there is a serious shortage due to the low capacity nature of the municipality but every effort is made to make the best out of the meagre available financial resources.

(b) Local Economic Development programmes

SMME support programmes:

(i) Capacity building

FINANCIAL MANAGEMENT TRAINING:

Type of Training and Funder	Number of Recipients	Date of training	Venue	Duration	Accredited / Non-accredited
<i>Financial management training and governance by FNB</i>	115	03-Oct-24	V A Makhoba Hall	1 DAY	Non accredited
<i>Business Management training by FNB</i>	103	04-Oct-24	V.A. Makhoba Hall	1 DAY	Non accredited

EMERGING/SUBCONTRACTOR TRAINING:

On the 29th of May uMzinyathi Development Agency together with Umgeni Water in partnership with RMSP conducted training for our Emerging Contractors. The purpose of this workshop was to motivate, encourage and educate

SMME's to venture in all business aspects, this was a very informative workshop and eye opening with a very good attendance from the SMME's.

RMSF will take the local contractors through a 15 day accredited training course that will equip them with all the skills a businessperson needs to submit a credible and winning tender document. This training will assist the contractors to be able to apply for tenders in other departments and organizations.



CATERERS TRAINING:

Under the key performance area Informal Traders, Cooperatives and SMME's as a unit, we have conducted two trainings on two different aspects of business.

Municipality conducted training for local caterers in the food and catering industry and based on the observation that most local caterers lack good food preparation and presentation when appointed by the municipality, and that leads to work being given to other caterers outside of Nqutu Municipality.

The other purpose of running this project was to contribute towards the development of entrepreneurial skills as an alternative source of livelihoods and to enable our local caterers to be able to compete in the outside market. On Monday the 02nd of June the LED unit invited all government Departments to do food tasting of food that was prepared by our caterers, we also handed certificates to all participants. Government departments also handed in a database of the all local caterers so that they can appoint our local caterers when they have events in the respective departments.



(ii) Response to foodborne illness

Nquthu Municipality under Local Economic Development Unit together with Building Inspectorate, Traffic Officer and Geographic Information System unit conducted a comprehensive business Inspection in Nquthu Town and in wards around Nquthu. The operation was carried out in collaboration with the Department of Home Affairs, SAPS and Environmental Health to ensure that businesses comply with consumer safety, health regulations and Business Compliance.

The inspection focused mainly on food safety, the quality of food they are selling to the public, expired food such as soft drinks, polony, cakes, peanuts, snacks, yogurts, juices, soup, body lotions and counterfeit cigarettes and many more were discovered during inspections and our Waste Department confiscated all expired goods.

Below are the challenges we faced during the inspection:

- Almost 90% of tuck-shops / General Dealers are owned by foreigners
- Out of 100 inspections conducted, 60% foreigners do not have legal documents
- Out of 100 shops, 95 of them had expired commodities
- Each foreigner owns more than 5 tuck-shops in different areas within Nquthu LM
- Most of them are in this country illegally and with no proper documentation, but Home Affairs local office is dealing with the matter
- Their workers are also foreigners who do not understand local languages and the food we eat
- Foreign owners don't want to disclose the supplier of their products
- Their premises are not in good condition, the shops are dirty, they sleep inside the shop, they have pets walking and sleeping on the food they are selling to public.
- Most local businesses don't have financial muscle to operate their businesses hence they rent their shops to foreign people.
- Tuck shops owned by South African nationals are also not complying due to affordability of compliance matters such as pest control, fire extinguishers and planning compliance, however they are clean and selling food that is not expired. We need to put aside funding to craft programmes to support local nationals to comply with and meet the standards.
- The Nquthu council has adopted the bylaws, and the tuck shop owners have been workshopped and consulted on the bylaw.

Once the inspection is completed, we will issue business licenses and trading permits to all qualifying tuck shops.

Agricultural development programmes:

(i) Soil cultivation/preparation support

Our planting season started on the 19th of November 2024 and ended on the 20th of March 2025. We managed to plough all 19 wards of the municipality from ward 1 to ward 19, in our operation we successfully ploughed more than 20 hectares per ward in 18 wards. Only ward 4 we didn't manage to plough because of virgin land.

(ii) Agricultural input material provision

Nquthu Municipality under the LED Unit assisted agricultural cooperatives with fertilizer, seeds, insects' killer, and fencing equipment. Training will be provided for all selected cooperatives to improve potential profits in agriculture commercialized farming and cultivation of soil, selling and distributing products as small medium, micro enterprises, furthermore, to encourage the importance of cultivating in agricultural fields since this will assist economic development, potential job creation, local food supply to the community through local business and increase the economy. This will be a combined education initiative campaign with the Department of Agriculture and Nquthu LED Office.

Dates of the agricultural input handover:

1. 17 December 2024: Manure, Seedling and pesticide handover

2. 31 January 2025: Fencing Handover

Manure, Seedling and pesticide handover (17 December 2024)



Fencing material Handover (31 January 2025)



COMPONENT D: COMMUNITY SERVICES

3.12. COMMUNITY FACILITIES

3.12.1. Library services

Libraries hold significant importance within communities due to their multifaceted contributions. They serve as hubs for knowledge dissemination, education, and social interaction. Libraries play a crucial role in communities, serving as vital centers for knowledge sharing, education, and fostering social connections. They are invaluable resources that provide access to a wide range of information and learning opportunities. Libraries not only offer a diverse collection of books, but they also provide access to digital resources, technology, and educational programs. These institutions promote literacy, empower individuals to acquire new skills, and facilitate lifelong learning.

Library services is one area in which the municipality is performing with the assistance and support of the Department of Sport, Arts and Culture which builds and fund part of municipal library services. There are also satellite libraries located in different schools. There are four main libraries which are, Nquthu Library, Nondweni Library, Patsoana Library and Ngolokodo Library libraries and one Toy Library at Mphondi. Six centres were identified in order to house books and other reading material, and six volunteers were employed to run the service. The centres are located at the following areas:

Isandlwana Tribal Court

Ntanyandlovu Primary School

Msimbu Secondary School

Mhlungwane Community Hall

KwaNyezi Primary School

Scelimfundo Combined School

Services and programmes

In addition to standard library services, there are also a number of other services and/or activities that the library carries out the following highlights are reported for the 2024/25 financial year:

- **Basic Computer Skills training:** The municipality realizes the importance of computer literacy in the current digital environment. Our libraries provides a platform whereby communities are given basic computer skills as a form of skills development. These trainings have assisted a number of youth with computer basic skills.



Visual 2: *Clr Zikode handing-over Basic Computer Certificates to people who attended computer training at Ngolokodo Library and Clr Simelane handing computer certificates at Nondweni Library.*

- **Library Outreach Programme:** Our libraries conduct outreach programmes in order to alert the community about the services rendered in libraries. These outreach programmes are mostly done in local schools and community meetings. Libraries also use this opportunity to workshop and assist grade 12 learners on how to apply online for studies in tertiary institution.



Visual 3: On 17 March 2025 Nquthu Public Library visited Isibukosabasha Primary School to celebrate National Library Week. Learners and educators were encouraged to use libraries for both leisure and educational development purposes. Patsoana Library conducted back to school visit at Hlubi Secondary School on 05 February 2025. Nondweni visited Nondweni LP School on 25 February 2025 for back-to-school campaign.



Visual 4: MEC for Sport, Arts and Culture with other dignitaries presenting certificates to the learners at the Provincial Grade 4 learners Reading Competition held in uLundi on 20 March 2025. **The Mayor, Councillors, Senior Managers, DOE and DSAC** celebrating Nomashaka Primary School on 7 May 2025 for their achievement at the Provincial Competition.

3.12.2. Community halls

Seven community halls were within approved construction progress and the following community halls among those within projected construction progress were actually completed, namely:

- 1) Nhlopheni Hall (Ward 5)
- 2) Inkosi Elfes Hall (Ward 16)
- 3) Ncome Hall (Ward 15)
- 4) Nyakaza Hall (Ward 5)
- 5) Mbewunye Hall (Ward 11)
- 6) Mphondi Hall (Ward 7)

3.12.3. Cemeteries

(i) Authorized cemetery site

The municipality does have an authorized cemetery site in Ward 09 on the outskirts on Nquthu Town but this cemetery is running out of space due to a rocky surface that is quite difficult to excavate for burial purposes. In this regard, burial space for households who are using this cemetery will run out if the municipality does not find alternative land for this purpose. Fortunately, plans are underway two areas have been identified, one area at Mpumelweni near in Nquthu Town will provide burial space for a short period of time while the one at Nondweni will provide burial space for a long period of time, as shown below.

(ii) New cemetery sites

A new cemetery was completed on the outskirts of Nquthu Town in Ward 9 to alleviate the burial space crisis that was causing serious inconvenience to those that want to bury their loved one as the old cemetery had ran out of burial space. More details are provided on the Annual Performance Report component of this Annual Report.

(iii) Unauthorized cemetery sites

However, in almost all wards/areas in Ingonyama Trust land there is land specifically allocated for burial, so while burial is actually not a challenge for the largest part of Nquthu, all the other cemetery sites are not authorized and do not have the necessary infrastructure and facilities like access roads, fencing, ablution facilities, etc. Other challenges related to these sites include location in potential flood.

COMPONENT E: ENVIRONMENTAL PROTECTION

3.13. POLLUTION CONTROL

The municipality lacks the capacity perform the pollution control both in terms of prevention and enforcement. However, the municipality does take the matter of pollution control very seriously and through its recycling project the municipality contribute in collecting and selling waste that would otherwise be primary sources of pollution.

3.14. BIODIVERSITY

Nquthu is very rich in terms of tourism due to its history and also its biodiversity, therefore; biodiversity is not only an environmental issue for the municipality, but is also an economic development issue because of the potential that tourism has in Nquthu.

The municipality has not yet designed specific programmes and projects dealing with matters of biodiversity due to capacity constraints, however; the municipality through its Spatial Development Framework identifies areas that need constant attention of the municipality so that the biodiversity nature and character of Nquthu as a whole and also to ensure that all developmental programmes and projects are geared promote biodiversity protection.

COMPONENT F: SAFETY AND SECURITY

3.15. TRAFFIC MANAGEMENT



Visual 5: *New Nquthu Traffic Offices and Testing Grounds was officially opened on 22 May 2024.*

The municipality's traffic management unit is responsible for traffic management within the area of jurisdiction of the municipality but focuses in Nquthu Town and its surroundings due to capacity constraints. This unit is responsible for all traffic management related functions which includes the following:

- Road traffic management or enforcement of traffic laws on road users.
- Livestock control through pounding of stray animals.
- Examine applicants for learners' licences, issuing of learner's licences, Professional driving permits, renewals of driving licences and we render registering authority services: renewals of licence disc and the permits
- Providing by-law enforcement services to the municipality.

The municipality's traffic management unit also works hand in hand with other national law enforcement agencies to promote and ensure law enforcement.

3.15.1. Internal capacity

The unit has a complement of seventeen employees, namely, eight traffic officers, two examiners, one licencing officers, two cashiers, one data capture and three general workers. This unit has dedicated offices and three vehicles. There are six vacancies within the department and processes to procure additional patrol vehicle were under way at the end of the financial year to further improve capacity.

3.15.2. Traffic management programmes and activities

The municipality's traffic management unit conducts its own roadblock and speeding trap exercise but also conduct multidisciplinary roadblocks with other law enforcement agencies like RTI and SAPS, especially during busy Easter holidays or festive season. The municipality's traffic department is working tirelessly to enforce traffic management laws in Nquthu as shown by the figures contained in the table below.

DESCRIPTION	NO.
<i>Roadblocks conducted</i>	72
<i>Written notices issued (tickets)</i>	986
<i>Chargers against offenders</i>	1080
<i>Suspension notices (un-roadworthy cars removed from the road)</i>	36
<i>Road obstructions attended to</i>	6754
<i>Warrants executed</i>	240
<i>Incidents attended (accidents)</i>	30
<i>Awareness campaigns</i>	65
<i>Direct charge / Arrest</i>	1
<i>Number of stray animals impounded</i>	82

Table 3.15.2: Traffic police work done

3.15.3. Licencing services

The municipality has a licencing division in which provide drivers' licence, professional driving permits and learners licence services.

DESCRIPTION	NUMBER	TARIFF
Professional Driving Permit category G and P	143	R150.00
Temporary Driving Permit	32	R90.00
Drivers' Licence renewal	123	R250.00
Learner's Licence	79	R150.00
Duplicate Learners' Licence	6	R80.00
Licence disc renewals	234	Depends on the GVM of the vehicle
Temporary permit issued	43	R340
Special permit issued	3	R470
Traffic register issued	Nil	

Table 3.15.3: Licensing services

In overall, a total of 1 095 community members/applicants received a licences and permits services from the traffic management unit. More services will be included once the municipal testing ground offices commence its operations in the near future.

3.15.4. Animal pounding

Nquthu Local Municipality has an animal pound that is operated by the service provider (Midland Pounds). In the past, Nquthu has had a serious problem of stray animals obstructing traffic and causing problems in the road and Nquthu Town. To address this challenge, an animal pound was constructed to safely keep pounded animals. There are by-laws regulating animal pounding and stray animals are pounded and fines are imposed to owners. Initially, there was a serious push back by members of the community, but that misunderstanding was eventually resolved. This has made a huge improvement although there is still room for improvement. Where necessary or if there is resistance, the municipality's Traffic Unit intervenes to enforce pounding by-laws, but the service provider is utilized to physically capture stray animals on the road and manage all animal pound operations.

Animal pound functionality

JULY 2024 To JUNE 2025		
Date	Stray Animals	Location
JULY 2024	11 CATTLES 07 GOATS 01 HORSES	NQUTHU CBD NQUTHU P54
AUGUST 2024	23 CATTLES 12 GOATS	NQUTHU
SEPTEMBER 2024	14 CATTLES 3 GOATS 8 PIGS	P36 NQUTHU CBD NQUTHU CBD
OCTOBER 2024	16 CATTLES	NQUTHU CBD
NOVEMBER 2024	23 CATTLES 10 GOATS 04 HORSES	NQUTHU CBD NQUTHU P54
DECEMBER 2024	18 CATTLES	

JULY 2024 To JUNE 2025		
Date	Stray Animals	Location
JANUARY 2025	29 CATTLES 5 GOATS 04 HORSES	NQUTHU CBD NQUTHU P54
FEBRUARY 2025	11 CATTLES 07 GOATS 01 HORSE	NQUTHU CBD NQUTHU CBD P291
MARCH 2025	22 CATTLES 07 GOATS 01 HORSE	NQUTHU CBD NQUTHU CBD CBD
APRIL 2025	10 CATTLES 03 GOATS 01 HORSE	NQUTHU CBD NQUTHU P54
MAY 2025	15 CATTLES 09 GOATS 01 HORSE	P291 NQUTHU CBD P54
JUNE 2025	20 CATTLES 15 GOATS 01 HORSE	NQUTHU/BABANANGU NQUTHU P291

The table above shows that stray animals remain a challenge although pounding has been a successful deterrent in reducing stray animal volumes on the road. In a period from July 2024 to June 2025, a total of 8 horses, 46 goats and 96 cattles were removed from the road and pounded.

3.15.5. Testing ground

The construction on the testing ground which will allow the traffic management unit to expand its scope provide vehicle testing and drivers' licence testing services is underway. Once completed, rendering of services will commence as soon as is practically possible. The only construction work that is left is the incorporation of ablution facilities which were not part of the initial scope.

3.16. DISASTER MANAGEMENT AND FIRE FIGHTING



Visual 6: The Nquthu Fire Station was officially opened on 22 May 2024 and is now fully in operational.

This section provides an detailed account of the municipality's performance on its disaster management and fire fighting function in the 2024/25 financial year.

3.16.1. Legislative mandate

Chapter 2 of the Constitution of South Africa

All spheres of government are obligated to ensure their citizens' social and economic development while preserving the ecosystem for future generations. If these rights are achieved, it will increase the livelihood of the most vulnerable, protect the environment from degradation, and stimulate economic development that will contribute to the necessary infrastructure that could reduce the risk of disasters or the impact of disasters. The Centre must promote DRR initiatives that ensure sustainable ecological development in Nquthu while promoting economic and social development

Disaster Management Act, 2002 (Act 57 of 2002)

This Act provides for an integrated and coordinated approach to disaster management, focused on rapid and effective response; recovery from disasters as well as the reduction of disaster risk; the establishment of provincial and municipal disaster management Centres; and a framework under which the Centre operates and liaises with electoral wards and relevant stakeholders on disaster-related matters.

Disaster Management Amendment Act, 2015 (Act 16 of 2015)

The Disaster Management Amendment Act seeks to, amongst others;

- Clarify the policy focus on functioning of Disaster Management Centres;
- Align the functions of the Disaster Management Advisory Forum to accommodate the South African National Platform for Disaster Risk Reduction (DRR);
- Provide for the South African National Defence Force, South African Police Service (SAPS) and any other organs of state to assist the disaster management structures; and
- Strengthen the disaster risk reporting system to improve the country's ability to manage potential disasters.

Nquthu municipality Disaster Management Framework

The framework is a legal instrument specified by the Act to address the need for consistency across multiple interest groups by providing a coherent, transparent, and inclusive policy on disaster management appropriate for Nquthu.

Fire Brigade Services Act (Act 99 of 1987)

The Act provides for establishing, maintaining, employing, coordinating, and standardizing the Fire Brigade Services (FBS) and related matters.

3.16.2. Strategic overview

Vision

The vision of the Centre is to promote safer, resilient and sustainable development as per Provincial Strategic Objectives.

Mission

The Mission of the Centre is:

- To establish and maintain integrated systems and structures for disaster management;
- To conduct, identify and prioritise hazards and vulnerabilities in the area;
- To develop and implement Disaster Risk Reduction (prevention mitigation and preparedness) projects and programmes;
- To develop and implement effective and rapid emergency/disaster response and recovery mechanisms.

Values

The values of the Centre are as follows:

- Caring;
- Competency;
- Accountability;
- Integrity;
- Responsiveness; and
- Innovation.

The Strategic Objectives

STRATEGIC OBJECTIVES	<i>To coordinate effective disaster management preparedness, intergovernmental for a and recovery. To coordinate the reduction of potential risks posed by hazards. To improve the Fire and Rescue Services capability</i>
PURPOSE	<i>To manage disaster management at the local and ward levels to ensure the establishment of effective and efficient disaster management mechanisms</i>
STRATEGIC GOAL	<i>A disaster-resilient area</i>

3.16.3. Integrated institutional capacity

Disaster Management Policy

The Nquthu Local Disaster Management Centre has a Nquthu Municipal Disaster Management Framework, which outlines the implementation of the Act and the National Disaster Management Framework of 2005.

Stakeholder engagements

During the reporting period, various forum meetings took place to ensure cross-functional and multi-stakeholder engagement. These engagements include the PCF Forum, Provincial Disaster Management Advisory Forum, and district disaster management Centre (DMC) forum meetings.

Partnership with ward committees

Ward committees play a crucial role in disaster management by serving as a link between the community and the municipality, facilitating communication and ensuring that disaster preparedness and response efforts are tailored to local needs. They help to identify potential hazards, disseminate information, and coordinate local-level actions during emergencies. The Centre established a good working relationship with Ward Committee members, the members were orientated in Disaster risk management when they were elected.

Private-public partnership

Public-private partnership has important roles to play in disaster management, including building business and community resilience, developing community risk awareness and providing essential services.

Building partnerships between the government (public) and non-government (private) sectors is widely accepted as crucial to achieving sustainable, disaster-resilient communities. These so-termed “public-private partnerships” are advocated internationally by the Hyogo Framework for Action 2005-2015 as a means to organize and share expertise, resources and services in order to maximize their continuity and efficacy in disaster management and response. This is particularly important where critical resources, services and infrastructure are operated by private enterprises and other non-government organizations. In these cases, supporting business resilience and continuity is a priority. The Centre in collaboration with private partners assisted a family with the construction of a one-roomed house in Okhuphe area within Ward 09. Private partners donated building materials and funds for labor. Private donations were received from Tony’s Engen Garage, Mnumzane Group, Buntsa, Zero DB, Fiti Trading Enterprise, Xongo Bros, Minenhle Buthelezi, Nkanyiso Sibiya, Amanda Makhunga, and Mlungisi Zulu.

Challenges with institutional capacity

SHORTAGE OF STAFF:

Nquthu disaster management is under-staffed and needs serious intervention on this aspect. A shortage of staff in the fire service can severely impact response times, potentially leading to increased damage, injuries, and fatalities during emergencies. Understaffed departments may struggle to handle multiple incidents concurrently, and overworked firefighters may experience higher rates of injury and burnout. Furthermore, a lack of personnel can hinder training efforts, impacting the overall effectiveness and safety of the fire service. Specific Impacts on staff shortages are as follows:

DELAYED RESPONSE TIMES:

Fewer firefighters mean it takes longer to arrive at the scene of a fire or other emergency, allowing the situation to worsen before help arrives.

INCREASED PROPERTY DAMAGE:

Longer response times can lead to more significant property damage as fires spread and escalate.

HIGHER RISK OF INJURIES AND FATALITIES:

Understaffed departments may not be able to deploy enough personnel to safely and effectively manage the situation, increasing the risk of injuries and fatalities to both firefighters and the public.

COMPROMISED TRAINING AND PROFICIENCY:

A lack of personnel can lead to a reduction in training opportunities, potentially impacting the skills and knowledge of firefighters, which can be crucial in high-pressure situations.

INCREASED STRESS AND BURNOUT:

Firefighters in understaffed departments may experience increased stress and burnout due to the heavier workload and potential for longer shifts.

STRAIN ON RESOURCES:

A shortage can strain the existing resources of the fire department, including equipment and other personnel, leading to further inefficiencies.

SHORTAGE OF EQUIPMENT:

A shortage of firefighting equipment, including fire engines and protective gear, poses a significant risk to communities and firefighters. This can lead to delayed responses, leaving residents to fend for themselves against fires, and potentially endangering the lives of firefighters on the front lines.

Adequate protective gear, such as fire suits and gloves, is crucial for firefighter safety in hazardous environments. Without proper equipment, firefighters are exposed to greater risks from heat, flames, and other dangers.

Functionality of the call center

Dysfunctional disaster call centers significantly worsen the impact of a disaster, leading to delayed or inadequate response, increased human suffering, and long-term negative consequences. This manifests as delayed or missed emergency responses, overwhelmed staff, inaccurate information dissemination, and difficulty coordinating aid.

Dysfunctional call centers slow down the dispatch of emergency services, potentially delaying crucial aid like medical assistance, search and rescue, or evacuation efforts. Without accurate information, resources may be misdirected, leaving areas with the greatest need unserved.

Delayed response times mean individuals may be exposed to dangerous situations for longer periods, increasing the risk of injury, death, or further trauma. Vulnerable populations, such as the elderly, disabled, or those with limited access to transportation, may be disproportionately affected by delayed or inadequate assistance. Dysfunctional call centers hinder communication between different agencies, making it difficult to coordinate rescue efforts and the distribution of aid.

3.16.4. Disaster risk assessments

Within the National Disaster Management Framework, Key Performance Area 2 sets out a uniform approach to assessing and monitoring disaster risks that will inform Disaster Risk Management Planning and Disaster Risk Reduction undertaken by the organs of state and other role-players. Within this framework, the Nquthu Disaster Management Centre developed a Standardized Risk Assessment Methodology.

The Centre developed the Standardized Risk Assessment Methodology and aimed to ensure that all disaster risk assessments were completed uniformly and could be aligned with the Nquthu Indicative Disaster Risk Profile. This SRAM provided a comprehensive disaster risk assessment approach by incorporating two components: 1) a community-based/stakeholder-based risk assessment; and 2) a scientific-based disaster risk assessment.

Given the dynamic nature of the disaster management field, the Centre acknowledged the need to ensure that the province continued to follow the latest risk assessment best practices, which resulted in the efforts to review and update the SRAM.

Maintenance of the spatial data repository

The Centre has a fully functional and well-maintained Spatial Data Repository (SDR) that includes a web-based Decision Support Tool (DST); this provides decision-makers with accurate and credible information. All

operational datasets are updated, maintained, and uploaded onto our central data repository. This repository is housed at the GIS Office and is maintained on an annual basis. All data goes through a verification process and is checked thoroughly before it is uploaded.

The Municipality has moderate GIS-related human resources, specifically within the Department of Planning and LED. Nevertheless, to harness capacity during a disaster, it is critical to plan by identifying potential activities to assess capacity requirements adequately.

As one of the two wards earmarked for piloting the updated methodology, Ward 15 was identified for hands on GIS support during the review process of their Disaster Risk Assessment. As such, the Centre supported the Wards in sourcing datasets and developing a map book to visually represent indicative risks in the Ward 15. Some of the datasets sourced for this process include the following:

- socio-economic vulnerability;
- spatial distribution of informal settlements;
- protected areas for conservation;
- spatial distribution of biomes; &
- river systems

Risk assessment challenges and opportunities

In recent years, the Centre has become increasingly aware of the need for more capacity at a Ward level to conduct disaster risk assessments independently. Requests from electoral wards for support were the catalyst for undertaking an intensive review of the risk assessment methodology and developing a Hazard, Vulnerability and Capacity Tool training for all wards in Nquthu. During the 2024-25 financial year, the Centre conducted ward-based risk assessment. Continuous training and support will further capacitate Wards to independently conduct risk assessments and play a vital role in understanding the Nquthu's risk profile, as well as implementing targeted risk reduction interventions.

3.16.5. Disaster risk reduction

The DMA (Act 57, 2000) aims to ensure that all disaster management stakeholders develop and implement integrated disaster management plans and risk reduction programmes, i.e., the Disaster Management Chapter in the Municipal Integrated Development Plan. These include long-term Risk Reduction Intervention Strategies and short-term Mitigation Intervention Strategies to alleviate the impact of disasters on communities.

Early Warning Systems

The South African Weather Service (SAWS) is the legally mandated authority in South Africa responsible for determining and distributing Impact-Based Severe Weather Warnings. The Centre, plays a crucial role in ensuring that early warnings are disseminated to broader stakeholders to ensure they can take the necessary steps to avoid or reduce the risk and prepare for an effective response. This being said, Nquthu Disaster Management Centre is not fulfilling this mandate due to financial constraints and technological challenges.

Mitigation intervention strategies

- (i) Hazard Awareness Programme

The Hazard Awareness Programme is a multifaceted awareness programme that aims at educating the public about reducing the risks in their communities.

(ii) Disaster Awareness Campaign

The Centre embarked on its annual Disaster Awareness Campaign from 01 July 2024 to 30 June 2025. The Disaster Awareness Campaign is in the form of an interactive play, that features the open house events, drills at public facilities, community meetings, and school visits. The schools disaster awareness features interactive plays, competition, and simulations. The play focuses on hazards that are prevalent in all communities across Nquthu and aims at instilling a culture of hazard avoidance amongst our young learners. Safety and prevention messages are conveyed with humour and song to teach the learners about do's and don'ts around lightning strikes, flooding and fires. The learners are also taught emergency numbers to ensure that they know who to contact in an emergency. The table below details where the awareness campaigns were rolled out:

DATE	WARD	INSTITUTION
12/07/2024	09	Boxer Super Store
11/07/2024	13	Zindlalele Secondary School
30/07/2024	14	Jabavu Community Hall
07/08/2024	12	Amampunga Primary School
29/08/2024	16	Iklwe Primary School
03/10/2024	13	Ngwetshana Community Hall
08/10/2024	01	Qhudeni Community Care Centre
26/11/2024	05	Ithaka Primary School
00/12/2024	09	CJM Hospital
28/01/2025	05	Machitshane Community Hall
29/01/2025	15	Ncome Primary School
28/02/2025	09	Luvisi Primary School
19/03/2025	17	Luvisi Primary School
11/04/2025	17	Qedukoma Primary School
16/05/2025	13	Asibambisane Primary School
23/06/2025	09	Luvisi Community Hall



Picture: Depicts disaster risk awareness campaign rollout in Luvisi Primary Ward 17

Following the development of a Guideline for Risk Reduction Planning and the Integration into Development Planning in 2024-2025, the Centre initiated a project to develop a comprehensive Disaster Risk Reduction Plan. The Disaster Risk Reduction Planning project was rolled out in all Electoral Wards. Stakeholder workshops and one-on-one interviews were undertaken with identified role players, to get an understanding of the current and future risk reduction initiatives for priority risks.

Disaster management and IDP

The departure points for all Disaster Risk Reduction activities that invested today can prevent human and financial losses that outweigh the initial investment many times over. One of the priorities of the Centre is to support Wards in realizing that this approach can be materialistically achieved by focusing on incorporating Disaster Risk Reduction within the Integrated Development Planning (IDP), as well as by coordinating Disaster Risk Reduction through the IDP's phases, mechanisms, and processes.

The IDP is also an approach to plan involving the entire municipality and its citizens in finding the best solutions to achieve good long-term and sustainable development (social, economic, and environmental development). This approach also applies to Disaster Management Planning and how it interacts and synergizes with the Integrated Development Plan. It mainly applies to the IDP process, mechanisms, and phases, where Disaster Management Planning should run parallel with the IDP cycle.

During the reporting period, the Centre submitted its sector plan to IDP office for consolidation of the IDP. This submission is done at the conclusion of the Disaster Risk Reduction Planning Project to ensure that risk reduction initiatives are included in the IDP

Preparedness and response

This section shares preparedness strategies implemented, as well as the response activities of the Centre.

Disaster Management Plans:

Disaster management plans incorporate elements of preparedness, response, and recovery appropriate to the respective functional areas of the different organs of the state. All finalized plans are shared with relevant stakeholders, making them easily accessible. During the reporting year, the Centre developed and updated the following plans:

- Winter season contingency plan
- Summer season contingency plan
- IDP Sector plan
- Disaster Management Plan
- Service Delivery Budget Implementation Plan

3.16.6. Disaster response and recovery

This key performance area includes the implementation of priorities concerned with disaster response, recovery, and rehabilitation in Nquthu. It addresses the requirements in the Act for an integrated and coordinated policy that focuses on rapid and effective response to disasters and post-disaster recovery. When a significant event or disaster occurs, or is threatening to occur, there must be clarity in roles and responsibilities and the necessary procedures to be followed. It describes measures for effective disaster response, recovery, and rehabilitation planning.

Disaster response

The Nquthu area experienced an unprecedented number of major incidents/ disasters between July 2024 and June 2025. The incidents occurred as follows:

05 to 08 July 2024:

Nquthu Municipality- At least six homes were damaged and 60 people were negatively affected after a dust storm and strong winds swept through Nquthu from Friday until Monday night. Fire and Disaster Management teams confirmed damage due to incidents of building collapse and raging fires caused by high winds over the weekend. These high winds also caused fire related disasters. Strong winds cause rapid changes in the direction and behavior of wildfires. This unpredictability made firefighting efforts more challenging, as firefighters had to adjust their strategies and tactics on-scene to counter the changing fire behavior. Two houses were burnt down by fires as the winds rapidly spread the fires. Many trees were uprooted, while big branches of trees along roads and streets were brought down by the high-speed winds that affected traffic movement at several roads of the town.

According to Disaster Management teams, a total of 88 calls were received on Friday night which were related to tree uprooting, rapid veld fires, damage to buildings and power disruptions. The Centre conducted assessments and compiled a beneficiary list that was submitted to all relevant stakeholders.

22 October 2024:

Nquthu Municipality- The Maceba Secondary School was hit by a severe thunderstorm which ripped through the area yesterday afternoon and caused extensive damage to the school and neighboring houses. The disaster management team visited the school a few minutes after the storm for assessments. At this stage, the team assessed five classrooms which are affected, where the roofs were ripped off the school building. The school was provided with eight plastic sheets to cover the affected classes so that learners could complete the school academic year while waiting for formal repairs. This is an unfortunate incident, and the entire school is grateful that no one was injured.

More than five houses were damaged by the same thunderstorm that hit the school on Tuesday. The powerful storm was accompanied by lightning, strong winds, and heavy rain wreaking havoc in the area. Residents witnessed trees being uprooted, power lines collapsing, roofs ripped off, and houses burnt down by lightning. Three electoral wards were affected by the storm; while ward 15 was the hardest hit as buildings were destroyed. Disaster management teams assessed the damages and aided the victims as permissible under the existing laws.

21 NOVEMBER 2024:

Lightning affected four (04) households within Nquthu municipal area. Two (02) structures were partially damaged and one (01) was destroyed in this incident. A total number of thirty-one (31) people were negatively affected by the effects of this incident that damaged their properties. One (01) fatality and one (01) injury were reported. On this day around 16h15 pm a lightning strike claimed a life of a 15-year-old girl at Nondweni – eZidulwini area in ward 06. Lightning struck two girls while they were playing outside. They were quickly rushed to Nondweni clinic where they confirmed the death of Thandoluhle. Melokuhle on the other hand was transferred to CJM hospital as she sustained minor injuries. She was discharged on the very same day and she is home recovering. However, she will be attending counselling session sometime this

week due to trauma. This lightning incident also affected ward 16, 13 & 09 within the Nquthu municipal area.

08 DECEMBER 2024:

Nquthu Municipality- A series of freakishly strong winds hit Nquthu area last night at about 20h30pm. One person sustained injuries because of structural collapse. Roofs were ripped off by the powerful gusts. The incident affected a total number of 6 electoral Wards, namely Ward 03, 04, 05, 08, 10, 13, and 11. Our response teams are busy with assessments, so far 80 houses have been assessed. One school (Fahlaza Primary in Ward 3) and a Creche (Sinothando Creche in Ward 11) were also damaged by the raging winds. Our teams are still busy with assessments.

16 DECEMBER 2024:

Nquthu Municipality- A severe thunderstorm accompanied by heavy rains, lightning g strikes, and strong winds hit the area violently. The storm was so strong in such a way that its damaged powerlines, destroyed houses, and caused a serious setback on roads infrastructure. Communities were left devastated as some lost everything in fires that engulfed their houses after lightning strike. Patsoana area within Ward 11 was also affected by serious hail that caused serious damages on roofs and window glasses. In total, seven electoral Wards were affected namely Ward 01,07,05,08,11,15, and 19. Our teams are still busy with assessments. So far, 22 households and 09 roads have been assessed. Two families were left homeless and are currently accommodated by neighbours.



Picture: Depicts disaster damages in KwaNgedla area of Ward 13

05 JANUARY 2025:

Nquthu Municipality- A severe thunderstorm accompanied by prolonged heavy rains and lightning strikes hit the area violently. The storm was so strong in such a way that the lightning damaged powerlines, destroyed houses, and caused a serious setback on roads infrastructure. The access roads were washed away by floods. After the heavy thunderstorms hit, 4 houses burned to the ground and 13 houses collapsed due to prolonged heavy rainfall. According to the extent of damages, Ward 4 Nhlabamkhosi area was mostly affected by the thunderstorm. In total, 6 electoral Wards were affected namely Ward 04, Ward 05, Ward 07, Ward 16, Ward 13 and Ward 10. Our teams worked days conducting assessments of houses and roads.

Heavy rainfall and flooding caused damage to road infrastructure across Nquthu. Disaster crews were deployed to respond to the flood damage caused by excessive rain to the affected disaster areas. Ward 01,02,03,04,05,06,06,07,08,09,10,11,12,13,14,15,16,17,18 and 19 were the ones of the areas that were greatly affected by the flooding that mainly washed away gravel roads. The Electoral Ward reported that the sites located downstream from the dams and rivers were inaccessible when the rivers overflowed. The flooding resulted in the displacement of some of the communities. The most affected communities were those who reside in informal mud houses. The flood damage to the road infrastructure in the nature reserve (Sandlwana) resulted in a negative impact for the tourism season as the area was inaccessible to visitors

02 FEBRUARY 2025:

Nquthu Municipality- A severe thunderstorm accompanied by heavy rains, lightning g strikes, and strong winds hit the area violently at about 20h40pm. The storm was so strong in such a way that it damaged powerlines, destroyed houses, and caused a serious setback on roads infrastructure. Roads were left blocked by trees that were uprooted by the strong winds. Communities were left devastated as some lost everything in fires that engulfed their houses after the lightning strike in KwaMbewunye area of Ward. In total, seven electoral Wards were affected namely Ward 01,02,10,11,18, and 19. A total number of 10 families were left homeless and were accommodated by relatives and neighbors.

02 MARCH 2025:

Nquthu Municipality- A prolonged heavy downfall caused serious damage to several houses within Nquthu especially mud constructed. Houses, roads infrastructure, and bridges were left seriously damaged by heavy rains that resulted in some areas being flooded. When our teams conducted assessments, it came up that some victims were affected by heavy rains that occurred in February but were reported after the second round of heavy rains in March 2025.

On the 08th of March 2025: Rescue teams recovered the body of the scholar (grade 12 learner at Mlandowethu High) who drowned on Saturday afternoon while swimming. The search commenced on the same day he drowned, but his body was recovered at about 11:00am 6km away from the scene a few days later. This occurred at Hlathi Dam area in Umzinyathi river. His details are as follows: Mr. Sibusiso Victor Khoza 2000/10/13. A family representative can be contacted on 0692858301.

The Centre was instrumental in ensuring the provision of relief in all areas affected through collaboration with stakeholders and partners.

Local Municipalities		Types of Incidents	Number of Incidents	Households Affected	Houses Destroyed		People Affected	Fatalities	Injuries
					Totally destroyed	Partially Damaged			
F – Fires, FL – Floods, HR – Heavy Rains, L –Lightning, HF – House fires, D –Drowning, HC-House Collapse, SW-Strong winds									
TOTAL	HF	71	82	49	39	643	04	18	
	HR	04	56	48	34	515	00	01	
	L	02	15	10	08	290	01	01	
	SW	07	477	131	664	3713	00	10	
	D	02	02	00	00	02	02	00	
	Total	86	632	238	745	5163	07	30	

Major electricity disruption

The Centre has been proactive in its major electricity disruption planning, ensuring departments and various stakeholders know their responsibilities. One of the significant challenges when dealing with higher stages (6-8), and a major blackout is emergency communications. The Centre has therefore been focusing on technical communications.

04 JULY 2024: Eskom powerlines were severely damaged by the violent winds in Hwanqana Ward 05. Poles and heavy current cables were damaged as the wind gusts swept through. Residents were left without power for hours. Power (Eskom) utility was contacted to attend to this emergency for power restoration.

22 OCTOBER 2024: Eskom powerlines were severely damaged by the violent winds in Ezizhazeni Ward 15. One electricity transformer was damaged by a direct lightning strike in Luvisi area of Ward 09. Residents were left without power for hours. Power (Eskom) utility was contacted to attend to this emergency for power restoration.

08 DECEMBER 2024: Eskom powerlines were severely damaged by the violent winds in KwaFahlaza area of Ward 03 and Ntinini area of Ward 05. Residents were left without power for hours. Power (Eskom) utility was contacted to attend to this emergency for power restoration.

16 DECEMBER 2024: Eskom powerlines were severely damaged by the violent winds in Ziqhazeni area of Ward 15 and Mahlangu area of Ward 08. Residents were left without power for hours. Power (Eskom) utility was contacted to attend to this emergency for power restoration.

05 JANUARY 2025: Eskom powerlines were severely damaged by the violent winds in Nhlabamkhosi area of Ward 04 and Thelezini area of Ward 16. Residents were left without power for hours. Power (Eskom) utility was contacted to attend to this emergency for power restoration.

Disaster response challenges

Major electricity loadshedding has enormously impacted municipalities and service delivery. It is vital for the all Disaster Management Centre to ensure planning at the national level should the entire country experience a major electricity disruption or a prolonged loadshedding incident. All municipalities and provinces will compete for the same national resource, therefore National Planning is vital.

Disaster recovery

(i) Damage Assessments

Eight significant weather events were sustained in the area during the year under review. The first was cumulatively experienced from 05-08 July 2024, 8-16 December 2024 and 02-08 March 2025 respectively. The Centre in collaboration with other organs of the state is mandated to conduct damage assessments to verify the severity and impact of any significant incident with the potential of becoming a disaster (Section 23 of the DMA 57 of 2002). The eight severe weather event assessments were aimed at determining damages and losses to the provincial sector departments (Agriculture, Transport, and Education Department) and the affected Wards with a special focus on the impact and losses to road network, education facilities and municipal infrastructure.

(ii) Summarized Funding Requirement:

Floods of 05 January 2025

The Centre analyzed the business plans, detailing rehabilitation and recovery infrastructure projects the entities intended to implement per the disaster grant framework. The assessment criteria, among others, specified that in requesting national disaster funds, the entity must ensure that the calculations are concise and only include damages incurred due to that specific event, not damages resulting from poorly maintained infrastructure. Moreover, it was imparted to stakeholders that funding applications should only be for augmentation funds, following the reprioritization of budgets and emergency repairs that the line function must undertake. The Centre applied and received funds for reconstruction and rehabilitation of roads infrastructure.

Disaster grant funding

A disaster infrastructure grant is a type of funding allocated by the government to repair and reconstruct infrastructure damaged by natural disasters. These grants are intended to help communities recover from disasters by restoring essential services like water, sanitation, and roads. The primary goal is to provide immediate relief and support for the restoration of essential infrastructure and services after a disaster. The municipality received R5.1 million from National Disaster Management Centre through national treasury. These grants are directed towards municipalities to restore the functionality of their infrastructure. They aim to rehabilitate and reconstruct infrastructure damaged by disasters. This grant was used to finance the construction of bridges in Ward 4 Mthunye, and Ward 02 Ezidakeni. A portion of this grant was further used to rehabilitate access roads in Ward 15 Maceba.

COMPONENT G: SPORTS AND RECREATION

3.17. SPORTS

The Sports unit is located in the Community Services component of the Corporate and Community Services department and has a dedicated employee in the form of the Senior Sports Coordinator. The municipality has done very well in all the categories it is participating in.

The main activities/sports codes organized by the sports unit on an annual basis are in the main the following(as shown in the visuals below):

- Golden Games
- Indigenous Games
- Mayoral Cup
- SALGA Games
- Disability Festival

Mayoral Cup

The Municipality hosts Mayoral games every year, this year was hosted on 23 – 24 March 2024. These games grow every year, and it always attracts soccer scouts who comes to search up and coming talent. Mayoral cup is a vehicle that the Municipality use to develop and promote sports to the youth of Nquthu.

The Mayoral cup games 2024, were a success:

- ❖ Transport was organised for all participants.
- ❖ Refreshments and water were provided to all participants, officials, and councillors.
- ❖ All games were played without any challenges.
- ❖ Football prizes: R15 000 voucher, 1st prize, jersey, ball, trophy and gold medals, R10 000 voucher 2nd prize, jersey, ball and silver medals, R7 000 voucher 3rd Prize and R5 000 voucher 4th prize. All other participated wards received R3 000 voucher.
- ❖ Netball prizes R10 000 voucher 1st prize, jersey, ball, trophy and gold medals, R7 000 voucher, 2nd prize , jersey, ball and silver medals, R5 000 3rd prize and R3 000 voucher 4th prize. All other participated wards received R2 000 voucher.
- ❖ Our games attracted talent scouts from 7 professional teams i.e. Sekhukhune United, Richards Bay united, Real Kings, Real Eagles, Black Leopards, SuperSport and Dlangezwa Hellenic
- ❖ 8 Soccer players were identified by these teams, they will get an opportunity to test their talents with the best.

SALGA Games

Municipal local selections were held on the 19-20 October 2024 at Nquthu stadium, the aim of the local selections was to select the players who will represent the municipality during the district selections at eNdumeni on the 02 November 2024, and Provincial SALGA games was held on the 05-09 December 2024 at Durban Metropolitan. The following codes were participating on the day.

- Football males
- Table tennis
- Netball females
- Chess
- Volleyball males and females
- Rugby females
- Athletics
- Basketball males
- Karate

The outcomes of the SALGA games are as follows:

1. Basketball female position 1
2. Athletics got position 2
3. Rugby male position 3
4. Rugby female position 3
5. Boxing position 3

Umzinyathi district municipality got position 2.



The local, district and Provincial SALGA games for year 2024.



Golden Games

Local selections were done on the 07 August 2024 at Nquthu stadium, all wards that have clubs were represented on the day. The following code was participating on the day.

- Athletics
- Juskei
- Ring the stick

- Duck walk
- Passing the ball
- Dress up
- Ball relay
- Goal shooting
- Football
- Ball pass and kick
- Rugby ball throw

Refreshments for players, officials, and councillors were arranged on the day.

District selection was held on the 21 August 2024 at Nquthu sport field under Nquthu local municipality, transport, meals, and refreshments for players were arranged on the day, the municipality also arranged the apparel for players, Councillors and Officials during the district selections.

Provincial golden games was held on the 04-06 October 2024 at Ilembe district municipality during the provincial golden games the district provide transport, apparel and refreshments for participants, as Nquthu local municipality, we booked accommodation for Sport portfolio committee members, Mayor, body guards, drivers and officials, we also arranged lunch for our participants.



Golden games local selection held on 07 August 2024, at Nquthu local municipality.



Golden games, district selection, held on 21 August 2024, at Nquthu local municipality.



Golden games provincial selection, held on 04-06 October 2024 at Ilembe district municipality.

Indigenous Games

The annual National Indigenous Games Festival which used to be hosted in September will now be decentralized to all the provinces. Each province will organize provincial festivals during the heritage month. KwaZulu Natal will be hosting this festival at Ugu district Municipality on 27-29 September 2024. The district selection took place on 1st September 2024 at Oval stadium under (Endumeni Municipality).

The codes are as follows.

- | | | |
|------------|--------------------|---------------|
| 1. Diketo | 3. Drie – Stokkies | 5. morabaraba |
| 2. Dibeke. | 4. Intonga | 6. Juskie |

Disability Sports Festival

The main objectives for disability games is to promote health lifestyle amongst disability community. To develop and maximize participating of disability sport. To identify talent for advancement of disability sport. To eradicate disability social ills within the community.

Local selection was held on 18 September 2024 at Nquthu Sport field, District selection on 2 October 2024 at Nquthu Sport Stadium and Provincial Disability Festival will be held 08-10 or 15-17 November 2024 eThekweni municipality. The sport codes are as follows:

- | | | | |
|-------------|--------------|--------------|----------------|
| • Athletics | • Chess | • Morabaraba | • Table Tennis |
| • Goal ball | • Basketball | • Football | • Netball |

3.18. TOURISM, ARTS, CULTURE AND HERITAGE

Nquthu Municipality has very important historical places that makes it a very viable tourist destination. The Tourism unit is located within the LED unit which is under the Planning department. Nquthu boast very important heritage sites which include, among others; iSandlwana battlefield and Ncome battlefield. At iSandlwana there is always an annual commemoration of the battle of iSandlwana which is always graced by the presence and address of His Majesty the King of the Zulu Nation.

A number of programmes were successfully implemented in this financial year, including events that included participation by members of the public. The following programmes were implemented as listed and shown on the visuals below:

- | | |
|--|----------------------------|
| ▪ Ingoma yomama nezintombi | ▪ Ingoma competition |
| ▪ SeSotho Dance competition | ▪ Isandlwana commemoration |
| ▪ Iscathamiya, oswenka nonobuhle competition | ▪ Umkhosi woMhlanga |

During the 2024/25 financial year, the Nquthu Local Municipality successfully hosted several cultural and artistic events aimed at promoting heritage preservation, social cohesion, and talent development within the community. These events largely reflected the municipality's commitment to nurturing local cultural expression across different genres.

The first major activity of the period was the Ingoma Yomama Nezintombi Competition, held on 19 October 2024. This cultural showcase focused on sustaining and promoting Zulu traditions among local women and girls.



Shortly thereafter, on 26 October 2024, the municipality hosted the SeSotho Dance Competition at the Molefe Tribal Court. This competition highlighted four distinct genres—Mokgibo wabo mme, Mokgibo wabana, Mohobelo, and Dithotokiso—each reflecting the richness of SeSotho cultural heritage. The primary objective was to promote social cohesion, cultural preservation, and tourism development in the area.

As the festive season approached, two major annual competitions took place. The first was the Isicathamiya, Oswenka & Onobuhle Competition, held on 16 December 2024 at V.A. Makhoba Hall. This long-standing event, which the municipality has funded since 2004, featured Oswenka (both junior and senior categories), Isicathamiya groups, and Onobuhle female performers. The competition aims to preserve traditional music and dance genres while fostering unity and showcasing local talent.

This was followed by the Ingoma Competition, held on 24 December 2024 at the open grounds behind Nquthu Plaza. This event has grown considerably since its inception, now attracting twenty-nine competing groups representing various villages and associations. The competition serves to preserve Zulu cultural identity while encouraging participation across generations. Although the event drew large crowds and considerable participation by traders and cultural supporters, no images accompanied the report.

Continuing into the 2025 calendar year, the Gospel Competition was held on 03 April 2025. This event supported the development of emerging gospel artists by offering them a platform to showcase their talents in three categories: Gospel with instruments, Gospel without instruments, and Zion. While the report thoroughly detailed the objectives and outcomes of the competition, including the list of winners, it did not specify the venue nor include photographic material. Nonetheless, the competition demonstrated strong community engagement and reaffirmed the municipality's commitment to supporting local creative industries.

COMPONENT H: SOCIAL INTERVENTIONS

3.19. YOUTH AND EARLY CHILDHOOD DEVELOPMENT

The municipality has a dedicated youth development unit which is located in the office of the Municipal Manager. This unit has a compliment of three employees consisting of a youth manager and two officers. There are a variety of youth development programmes that were implemented in the 2024/25 financial year. Early childhood development is the function of the youth development unit.

2024/25 Youth Development Plan implementation summary

The approved plan sets out continuous engagements and specific deliverables across the financial year, with a total ringfenced budget of **R 691,742.00** for once off items. Ongoing items (stakeholder forums, outreach, skills training, etc.) run July 2024–June 2025. Key lines are summarized below.

- Stakeholder Interaction & Coordination (July 2024–June 2025): Operation Sukuma Sakhe (OSS) coordination and secretariat support; 12 monthly OSS meetings; 1 Local AIDS Committee (LAC) per quarter; 1 District Task Team per quarter; and sustained privatesector engagement (PPP). **Actual to date:** OSS on 26 Sept 2024; LAC combined with OSS; Youth Exchange (CitytoCity) on 17 Sept 2024; Nquthu Local ECD Committee on 25 Sept 2024.
- Youth Council Meetings (Quarterly). Four meetings (one per quarter). Actual to date: 17 Sept 2024.
- Outreach Programmes (5 per year). Actual to date: Zindlalele S School, 7 July 2024; UNISA, 18 July 2024.
- Skills Development. Actual to date: Learnership induction (July 2024).
- Stipends for 27 Learn & Play Volunteers (June–Dec 2024) → R 170,000.00.
- Materials for 4 Crèches (Oct–Dec 2024) → R 43,478.00.
- Youth Headed Households – Christmas Groceries (Dec 2024) → R 43,479.00.
- Grade 12 Mayoral Excellence Awards (Feb 2025) → R 86,957.00.
- School Uniform (Jan–Mar 2025) 190 learners across 19 schools → R 86,957.00.
- Youth Day Commemoration (June 2025) → R 86,957.00.

TOTAL BUDGET: R 691,742.00.

2024/25 Delivery – Activities and evidence (Q4 emphasis)

PUBLIC-PRIVATE PARTNERSHIP (FOR-AFRIKA: BOREHOLE REHABILITATION, WARD 18):

- Six boreholes donated to Ndatshana community; technical assessments completed with water specialists; community engagement chaired on 4 April 2025; rehabilitation commenced to supply quality water via nearby standpipes.
- Additional socio-development inputs: Collaboration with Department of Agriculture & Rural Development (skills for youth, KwaJama TAC) and SANDF health screening for identified learners.



CAREER EXHIBITION (GRADE 12):

- In partnership with Department of Education, career exhibition held 15 May 2025 at Mpumelwani Community Hall; follow-up presentation at Nhlalakahle Secondary (Ward 7) on 6 June 2025.

YOUTH OUTREACH PROGRAMMES (OUT-OF-SCHOOL EMPOWERMENT):

- With Department of Social Development, Youth OutofSchool Empowerment Programme at Ngwetshana Community Hall (Ward 13) on 19 May 2025; municipal service orientation presented to attendees.

INTER-ACTION WITH STAKEHOLDERS (CHILD PROTECTION, OSS, COMMUNITY SAFETY, ECD):

- Child Protection Campaign: Chaired 5 June 2025, Mpumelwani Community Hall; led by Social Development and Assupol Community Trust.
- OSS Secretariat: Oversight and coordination, including Cabinet Day planning in LTT capacity.
- Community Safety Forum Launch: Coordinated and chaired 4 June 2025 at Municipal Chamber; key-note by the Mayor.
- ECD Awareness Campaign: Chaired 12 June 2025 at Siyathuthuka ECD (Odudela).



YOUTH COUNCIL MEETINGS (DISTRICT & LOCAL):

- The District youth council at uMzinyathi DM (11 June 2025) and local Youth Council in Nguthu Council Chamber (24 June 2025).

SCHOOL UNIFORM HAND-OVER (19 SCHOOLS, 190 LEARNERS):

- Planned for Q3, delivered in Q4 due to delays; handovers on 10 and 24 June 2025 at the Council Chamber, led by His Worship the Mayor.



3.20. SPECIAL PROGRAMMES (Vulnerable groups)

Vulnerable groups refer to segments of the population that are more susceptible to experiencing social, economic, or physical challenges compared to the general population. These groups often face various forms of disadvantage, such as limited access to resources, discrimination, and marginalization. Vulnerable groups can include but are not limited to children, the elderly, persons with disabilities, households below the poverty line and women. The municipality recognizes the importance of addressing the specific needs and rights of these vulnerable groups by implementing targeted policies, programs, and services that aim to promote inclusivity, equality, and social justice. By prioritizing the well-being and empowerment of vulnerable groups, the municipality strives to create a more equitable and inclusive society, ensuring that no one is left behind.

Senior citizens (The elderly)

PURPOSE: The purpose of senior citizen Christmas part is to celebrate and appreciate senior citizens, promote socialization, and provide a sense of community. It allows senior citizens to interact with peers and reducing feeling of loneliness and ensure that everyone they celebrate the festive season. The event welcomes seniors from diverse backgrounds, promoting a sense of belonging.

ACTION AND COMMITMENT: We, organise entertainment for example, the Golden games, gift food vouchers, show appreciation for seniors' contribution, support their well-being and foster community engagement.

SOLIDARITY: We promote the sense of unity and togetherness among the senior citizens and community. It's about showing support and standing together with the seniors, acknowledging their value and contributions.

GLOBAL CALL TO ACTION: The senior citizens Christmas parties' canter on ensuring no elders person is forgotten during the festive season, we promote social inclusion and acknowledging their lifelong contributions to society. The message is to share love, warmth, and joy with older persons who may otherwise be lonely or isolated.

REPORT: The management has finally agreed that a person will receive a gift food voucher worth R1 000.

The elderly people are one of the most vulnerable groups in our society and experience several challenges in their daily lives including, but not limited to, the following:

- Poor health and physical fragility due to advance age.
- Potential neglect by their families, especially since there are no old age homes in Nquthu.
- Long distance to health and pension collection facilities.
- Having to utilize their pension money to support their families due to the high unemployment situation.
- Vulnerable to the nonsensical witchcraft-stereotypes accusations or attacks that may be prevalent in some communities.
- Lack of decent housing and inability to build own housing due to poor physical condition and financial resources since most are pensioners.

"All organs of state and officials, employees and representatives of organs of state must respect, protect and promote the rights of older persons contained in this Act" (Section 4(2) of the Older Persons Act 13 of 2006)

PROGRAMMES

	Description and rationale	Annual programmes
Senior Citizens Christmas	<i>The purpose of this programme is to make elderly people feel cared for and valued. Elderly people are transported to a single venue to enjoy Christmas lunch and food vouchers are given to them to enjoy with their families.</i>	11 DECEMBER 2024
Mandela Day	<i>This programme is part of the Mandela Day celebration. The Mayor leads a municipal team of leaders to visit selected persons over 100 years in their home to embrace them with gifts and food vouchers and hear their challenges and expectations from the municipality and government in general.</i>	JULY bt we have done on 11 December 2024; 40 centenarians are benefited.

Intended development impact: To ensure that the elderly feel valued by the municipality and feel part of the community activities despite their advanced age.

Representation and advocacy: The municipality established the Senior Citizens Forum to represent the elderly people and advocate for their needs on their behalf. This forum sits every quarter.



Visual 7: On 11 December 2024, the Mayor handed over a total of 285 grocery vouchers worth R1000 each to senior citizens who were attending senior citizens Christmas hosted by the Mayor at VA Makhoba Hall. Senior citizens were overwhelmed with joy as most of them are pensioners who also have grandchildren as their dependents.

People living with disabilities

People living with disabilities constitute part of the vulnerable groups in our society and have special needs that need to be catered for. There are specific forums that is established to represent the interests of all people living with disabilities in Nquthu to ensure that they are an integrated part of society. Programmes for people living with disabilities include, among others; disability festivals and disability parliament and the municipality ensure participation in all provincial programmes. A budget of R 441 893 in the 2024/25 financial year was set aside for people living with disabilities, excluding sports programmes designed specifically for them since those programmes are organized by the municipality's sport unit.



Visual 8: It had been a great joy for the associations of people with disabilities, women, and men to benefit from tools that would help them develop their businesses.



Visual 9: Through the municipality's Sport Unit, in collaboration with Special Programmes Unit which is specifically responsible for the vulnerable groups, the Disability Festival is held on an annual basis. On 20 September 2024, Nquthu team participated in Disability Festival whereby games in different sport codes were held.

HIV/AIDS

Similar to the rest of South Africa, Nquthu faces the impact of HIV/AIDS, and the municipality recognizes the significance of addressing this health challenge. In this regard, the municipality plays a crucial role in giving a voice to those affected by HIV/AIDS and providing them with the necessary support. Taking a comprehensive approach, the municipality has established an HIV/AIDS Council, led by the Mayor, to coordinate efforts and initiatives. To ensure community-wide engagement and assistance, support were established in each ward, fostering solidarity and mutual support among affected individuals and their families.

The municipality has allocated a some budget from its limited finances to drive HIV/AIDS programs, recognizing that addressing this issue requires financial resources. These programs are implemented in collaboration with non-governmental organizations (NGOs) and sector departments, particularly the Department of Health. By working hand in hand with these partners, the municipality can leverage their expertise, resources, and networks to enhance the effectiveness and reach of the HIV/AIDS initiatives.

Through these concerted efforts, the municipality aims to combat the stigma associated with HIV/AIDS, promote awareness, and provide crucial support services to individuals and families affected by the disease. By creating platforms for dialogue, support, and education, the municipality strives to empower affected parties and ensure their inclusion within the broader community. This multi-faceted approach reflects the municipality's commitment to addressing the complex challenges posed by HIV/AIDS and promoting a more compassionate and supportive society.



Visual 10: The World AIDS Day event was held on 4 December 2024 at VA Mkhoba community Hall to share information, experiences and show solidarity with HIV/AIDS victims. The event was attended by various government departments, including healthcare, DSD, Justice, and the IEC.

LGBTQIA+

June is celebrated as Pride Month globally to honor the LGBTQIA+ community, commemorating the Stonewall Uprising in June 1969, a pivotal moment that launched the modern LGBTQ+ rights movement, marked by celebrations, activism, and raising awareness for ongoing equality struggles. While June is the traditional time in the U.S. and elsewhere, specific Pride events and dates can vary by country, but the month serves as a global reminder of resilience, visibility, and the fight for equal rights and acceptance.

Key aspects of Pride Month in June:

- **Commemoration:** It marks the anniversary of the Stonewall Inn protests in New York City, where patrons fought back against a police raid, inspiring the gay liberation movement.
- **Celebration:** Parades, festivals, and events celebrate LGBTQIA+ culture, identity, and achievements.
- **Activism & Awareness:** It highlights the ongoing fight for equal rights, acceptance, and an end to discrimination and violence against LGBTQIA+ individuals worldwide.
- **Official Recognition:** In the U.S., it was officially recognized by President Bill Clinton in 1999, with subsequent presidents continuing the tradition.

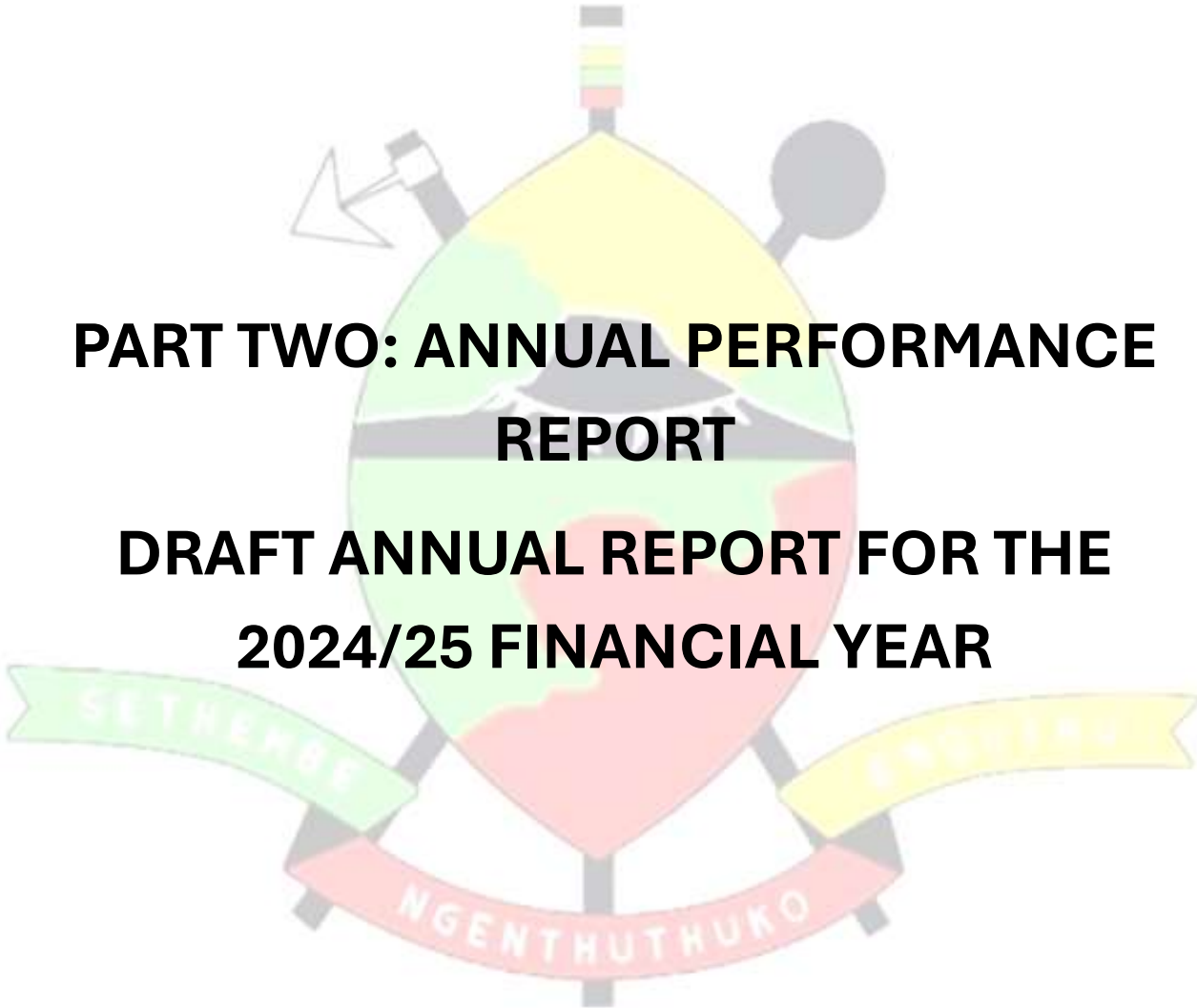
Pride Month, sometimes specified as LGBTQ Pride Month, is a month-long observance dedicated to the celebration of LGBTQ pride, commemorating the contributions of lesbian, gay, bisexual, transgender and queer culture and community.

Our municipality was transporting the LGBTQIA+ some forum members to the PRIDE held at Durban on 28 June 2025. Accommodation and meal were paid by the municipality.





Visual 115: The LGBTQIA+ is attending and participating to PRIDE DAY event held at Durban on 28 June 2025.



PART TWO: ANNUAL PERFORMANCE REPORT

DRAFT ANNUAL REPORT FOR THE 2024/25 FINANCIAL YEAR

1. FOREWORD BY THE MAYOR



***Cllr IL Shabalala
Mayor of Nquthu Local
Municipality***

I am humbled, once again, to report to Nquthu community about the performance of the municipality in the 2024/25 financial year. I am proud to report to you that the municipality completed a number of infrastructure projects that include, among others, access roads, creches, community halls and electrified a total of 610 households which enables Nquthu get even closer to a universal electricity connection status. There are also a number of local economic development and social upliftment programmes that were implemented.

There is still huge infrastructure backlog especially in relation to access roads and causeways/bridges which make prevent people from travelling to work, schools, hospitals/clinics or any other activities that they require them to travel.

Another area of concern that the municipality is struggling in the area of repairs and maintenance to keep its infrastructure and/or facilities in good condition while also prolonging the lifespan of those assets. We will not rest until we find a lasting solution to make a meaningful improvement to our repairs and maintenance performance.

2. REMARKS BY THE MUNICIPAL MANAGER



***Mr MB Jiyane
Municipal Manager
Nquthu Local Municipality***

In the 2024/25 financial year, Nquthu Local Municipality made reasonable progress made but also challenges that still need to be addressed going forward.

Issues such as electricity losses and irregular expenditure remain a serious challenge that the municipality is working very hard to address. Corrective measures are being implemented to improve compliance with all applicable prescripts and there are measures that are already being implemented to reduce electricity losses to acceptable levels. As a municipality we are pleased that we are one of municipalities that do not owe Eskom.

As the accounting officer I remain resolute and firmly committed to transparency, accountability and we believe our efforts will ultimately enable Nquthu Municipality to attain clean audit opinion. I am convinced that our municipality has not yet reached its true potential. Thank you.

3. SUMMARY

This report provides a comprehensive account of the municipality's performance in attaining its service delivery goals as represented by different key performance indicators for which targets are set. This report can be summarized as follows:

- **Planning:** After approving its IDP and Annual Budget, the municipality also reviewed its performance management documents and formulated the Service Delivery and Budget Implementation Plan (SDBIP) to use as the main tool to implement the IDP and Budget. For the 2024/25 financial year, Technical Indicator Descriptions (TIDs) were also developed to inform and guide the structuring and reporting of all indicators.
- **In-year reporting:** Quarterly performance reports were compiled to constantly assess the extent to which set targets are achieved for all indicators so that necessary interventions can be made in time. In this regard, this report shows in-year performance trends.
- **Year-end reporting:** This Annual Performance Report measures annual targets for all indicators and the auditing of performance information by external auditors (Auditor general South Africa) is based on this particular report together with other supporting information as may be required.
- **Multiyear performance comparison:** Overall performance in terms the attainment of set targets declined from 79% in the previous year to 70% in the current year. This report will then be used to identify areas of weaknesses and areas of improvement and also propose necessary interventions will also be captured in the MFMA Section 72 report of the new financial year.

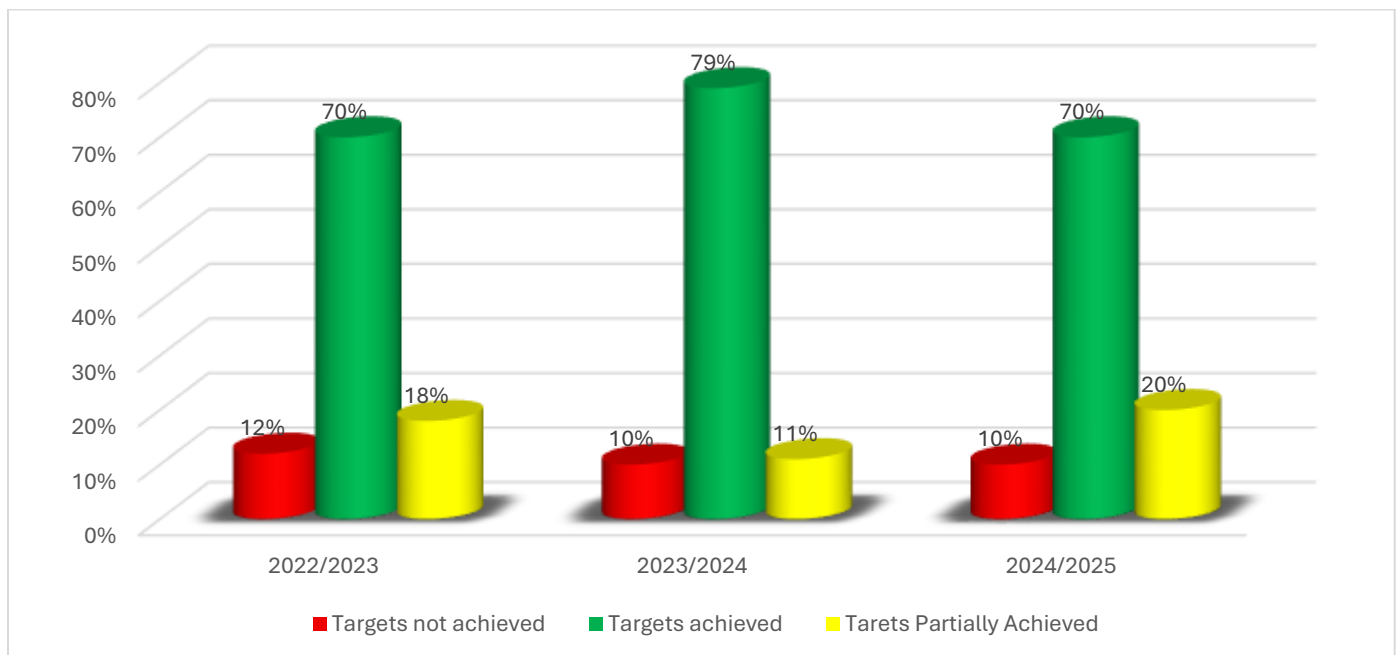


Chart 1: 3-year performance comparison

4. LEGISLATIVE FRAMEWORK

The Nquthu Local Municipality's Annual Performance Report for the 2024/25 financial year has been prepared in compliance with the statutory requirements outlined in Chapter 6 of the Municipal Systems Act (No. 32 of 2000) and Chapter 12 of the Municipal Finance Management Act (No. 56 of 2003). These acts govern the municipal performance reporting process and specify the roles of each level of government involved. As per Section 40 of the Municipal Systems Act, municipalities are required to establish mechanisms to monitor and review their Performance Management System (PMS). This includes measuring, monitoring, reviewing, evaluating, and enhancing performance at various levels, such as organizational, departmental, and employee levels. Additionally, Section 34 of the MSA mandates an annual review of the Integrated Development Plan (IDP). During this review, Key Performance Areas, Key Performance Indicators, and Performance Targets are also reassessed, forming the basis for evaluating the Organizational Performance Management and Performance Contracts of Senior Managers. Senior managers are appointed based on the 2014 Regulations on the Appointment of Municipal Managers and Managers Directly Reporting to the Municipal Manager. These regulations define competency standards for senior managers, and their performance evaluations must ensure compliance with these standards.

According to the Municipal Planning and Performance Management Regulations (2001), a municipality's performance management system should encompass a comprehensive framework that outlines the cycle and processes of performance planning, monitoring, measurement, review, reporting, and improvement. This framework also assigns specific roles to different stakeholders involved in the process (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Furthermore, Section 46 of the Municipal Systems Act (Act 32 of 2000) establishes certain provisions which need to be followed,

“Annual performance reports

46. (1) A municipality must prepare for each financial year a performance report reflecting–

- (a) the performance of the municipality and of each external service provider during that financial year;*
- (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and*
- (c) measures taken to improve performance.*

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.”

In terms of the applicable legislation as discussed above, the municipality's compliance can be summarized as follows:

- ❖ The IDP was reviewed, and the public was consulted to consider their inputs before approving the final draft. The Draft 2024/25 IDP was approved on 28 March 2024 and the Final 2024/25 IDP was approved on 17 May 2024, together with the 2024/25 Annual Budget and Performance Management Policy Framework.
- ❖ After the approval of the IDP and Budget, the SDBIP was prepared and approved by the Mayor within 28 days and published as required by law. The SDBIP was also reviewed after the adjustment budget and was further revised in term of MFMA Section 54(1)9c) on 27 June 2025 following a special adjustment budget wherein council directed that the SDBIP be reviewed. This revision addressed a number of issues to ensure credible reporting at the end of the financial year.
- ❖ Performance reports are prepared on a quarterly basis to monitor performance and make necessary interventions where necessary. Performance reports are submitted to internal auditors for auditing and also tabled to Council. Internal auditors issue audit reports on a quarterly basis and raise a number of findings which management respond to. In the main, the issues that are raised relate to nonalignment between the IDP and performance scorecard, non-adherence to SMART principle, inadequate supporting evidence, non-provision of reasons for variance and inadequate corrective measures. The findings raised are attended to and those that are not resolved taken into account in the following financial year to prevent their recurrence.
- ❖ In an effort to guide, standardize and reform performance reporting in municipalities, the National Treasury, after extensive consultations of all stakeholders, issued MFMA Circular 88 to guide municipalities in the formulation and reporting of key performance indicators (KPIs). In terms of this circular, a number of indicators are prescribed for municipalities and specific Tier number (i.e. municipal readiness to report an indicator) is determined for each category of municipalities. The municipality reviewed some of its indicators to align with the format or structure of the prescribed indicators and also developed a Technical Indicator Description (TID) table for all indicators. The TID table has been incorporated into the SDBIP as an annexure as per the advice of AG in the last audit.
- ❖ There was also an important development in 2021 whereby Municipal Staff Regulations were promulgated by the Minister responsible for local government. These regulations have serious implications for organizational performance as they seek to hold all employees accountable for their performance in order to contribute in the attainment of the municipal service delivery objectives. The municipality has cascaded performance to all levels in compliance with these regulations.

5. PERFORMANCE MANAGEMENT PROCESS

The municipality has a Performance Management Policy Framework in place which sets out the process that must be followed by the organization in the formulation systems that designed to enable effective monitoring, management and evaluation of performance. To date the performance framework has been reviewed internally by the IDP/PMS Unit. The framework was adopted by the Council with the final IDP review for 2024/25 financial year. The standard COGTA guidelines in conjunction with the framework have been used to execute all performance related matters within the municipality.

The performance management processes and other processes related to performance management are summarized below as follows:

- IDP formulation: when the IDP is being formulated, the public is consulted in order to determine the needs of the people. These needs become municipal development priorities and translate and they are translated into IDP objectives. When IDP objectives have been determined, the municipality devise strategies that shall be employed to ensure the realization of those objectives.
- Municipal budget: the budget is allocated and prioritized with the sole purpose of ensuring that the IDP objectives are realized. Therefore, the budget is aligned to the IDP.
- Organizational performance scorecard: National key performance areas and IDP objectives and strategies form the basis of the municipality's organizational scorecard. Key performance indicators for each objective are developed and target(s) are set for each indicator. The organizational scorecard is primarily based on the approved IDP and budget after which, the Mayor approves the SDBIP which becomes an instrument to accurately link the IDP and the budget and form the basis upon which municipal performance shall be measured and also form the basis for performance agreements of senior managers.
- Performance reporting: in addition to operational or verbal report in different departments and units, MSA, the Regulations as well as municipal performance management policies prescribe a formal performance reporting processes and procedures. These processes and procedures are briefly outlined below-
 - Monthly operational reports are submitted to Portfolio Committees within one week after the end of a calendar month;
 - Quarterly Departmental OPMS reports are being submitted to the Municipal Manager on a quarterly basis and then to Council for approval;
 - When the OPMS reports are submitted to the Municipal Manager they are then submitted to Internal Audit for review as a requirement;
 - Internal Audited Report goes to the Audit Committee as Nquthu Municipality has a fully functional Audit Committee which oversees all the municipal performance;
 - The municipality then compile the Annual Performance Report based on the quarterly reports that were submitted throughout the financial year. The Annual Performance Report is then submitted to the Internal Audit and Audit Committee before it is submitted to the relevant stakeholders, especially to AG for auditing, and
 - After AG completes the audit and has issued the report, the annual performance report is incorporated into the annual report which is made public to account to the public about the governance, financial management and performance of the municipality.

6. PERFORMANCE AND SUPPORTING INFORMATION

6.1. Internal audit function and Audit Committee

The MFMA and the Municipal Planning and Performance Management Regulations prescribe that the Municipal Council must form an audit committee with at least three members, the majority of whom must not be municipal employees. The municipality has a functional audit committee with the following composition of members:

- 1) Ms. GS Majola – Chairperson (Finance expert)
- 2) Ms. N Mchunu – Member (Finance expert)
- 3) Mr. Z Zulu – Member (Performance expert)
- 4) Mr. D Ngwenya – Member (ITGC expert)
- 5) Adv. SB Xaba – Member (Legal expert)
- 6) Ms. CN Mhlongo - Ex-officio Member (Risk Management)

The municipality has an internal audit unit coordinated by the Senior Auditor, but most of its work is outsourced to the external service provider due to capacity constraints. All performance reports are audited by Internal Auditors to help management improve performance information reporting. Internal auditors report to the Audit Committee which in turn provides necessary inputs and guidance.

6.2. Addressing previous AG findings

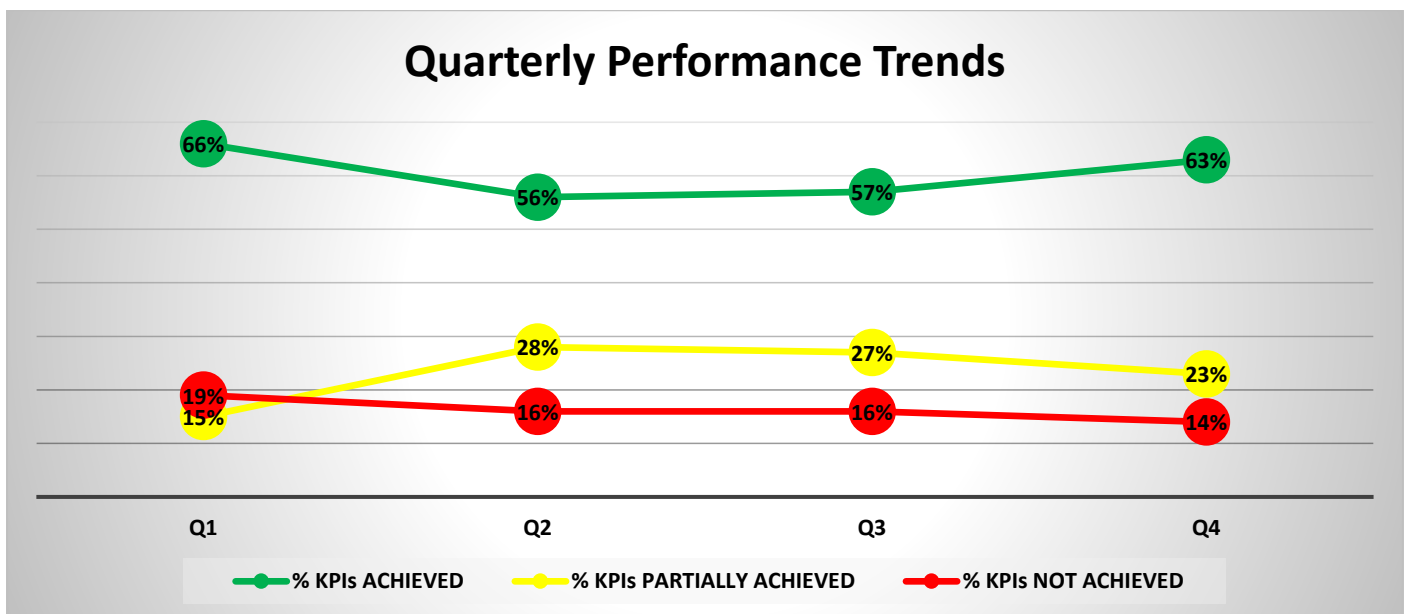
During the auditing of the performance information for 2023/24 financial year, the municipality received a qualified audit opinion on the annual performance report due to material findings discussed below that the municipality successfully resolved as shown in the table below.

NO.	AUDIT QUERY/ AFFECTED INDICATOR	FINDINGS	HOW THE FINDING WAS RESOLVED?
1.	Missing indicator	In terms of the MFMA, the municipality is responsible for the provision of electricity to households in Nquthu licenced areas. However, an indicator to measure performance on this responsibility was omitted from the approved planning documents. The Municipality indicated that the reason for the omission was that it could not obtain accurate data for both planning and reporting purposes, however, such is being collected by the billing service provider for reporting in the next financial year. Consequently, the achievement of this legislative mandate was not planned or accounted for, which is likely to result in households in the licenced areas remaining unconnected and experience delays in electrification and undermines transparency and accountability for delivery on mandate.	The following indicator was incorporated “ <i>Number of households connected to the grid in the municipal license area</i> ”. This indicator measures the number of customers connected to the municipal electricity since the municipal is responsible for electricity distribution function in Ward 9 where it holds a NERSA licence. The municipality is currently not in a position to report on all households connected to the grid in Eskom areas due to unavailability of data and the provisions of MFMA Circular 88 which exempt local municipality from this requirement.

NO.	AUDIT QUERY/ AFFECTED INDICATOR	FINDINGS	HOW THE FINDING WAS RESOLVED?
2.	Number of FBE units (50kwh) given to consumers	The approved planning documents included a commitment to a number of free basic electricity (FBE) given to indigent customers. However, all prepaid customers who received monthly FBE without indigent status was reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.	1. A credible indigent register was compiled and all beneficiaries in Eskom areas are indigent. 2. The indicator was reviewed and aligned to MFMA “Circular 88 indicator which reads as follows <i>Percentage of households with electricity connections receiving Free Basic Electricity</i>”. 3. Electricity tariffs were reviewed for 2025/26 financial year to compensate indigents and introduce basic charge for non-indigents. New tariffs were duly approved by NERSA.

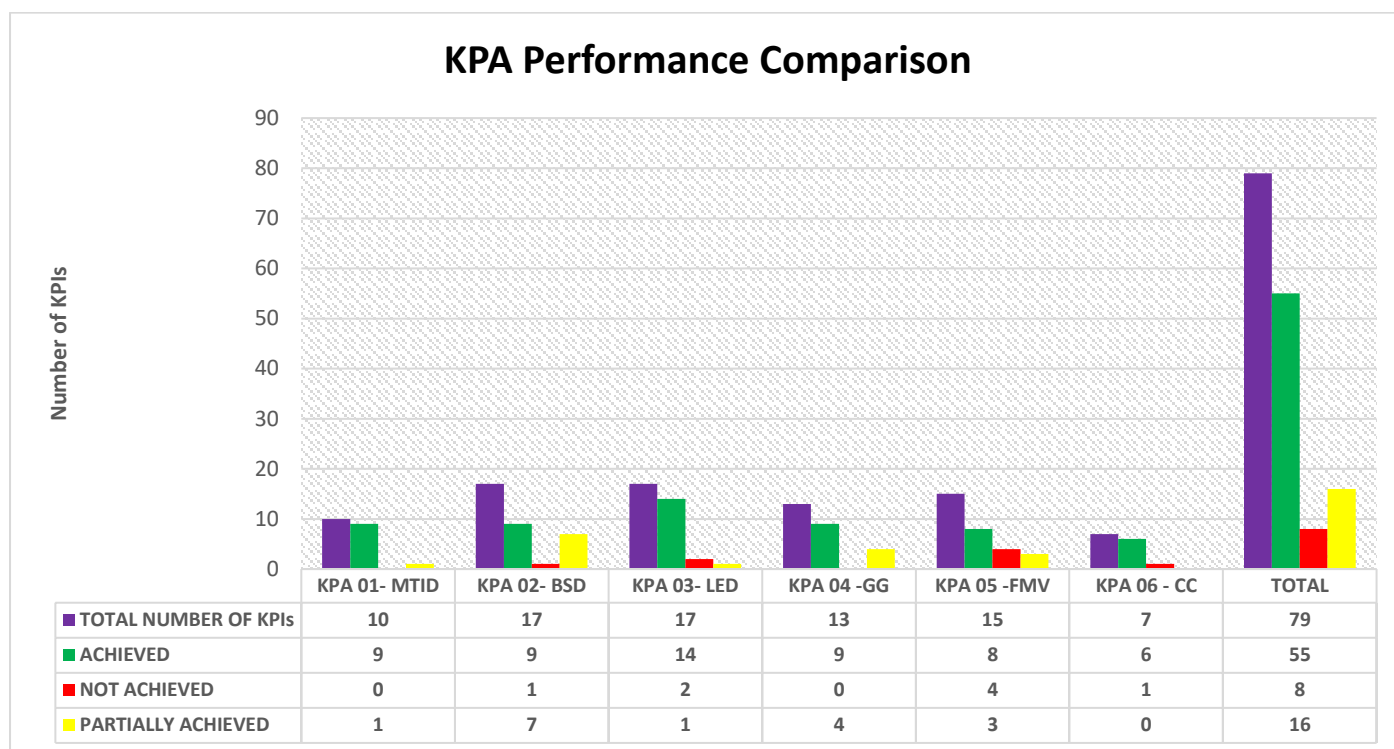
6.3. In-year performance reporting and performance trends

Performance is measured through performance reports every quarter for purposes of performance monitoring to enable the municipality to identify performance gaps on time and make necessary interventions and adjustments where applicable. The charts below illustrate quarterly performance levels and/or trends during the 2024/25 financial year.



In the 2024/25 financial year, the municipality's quarterly performance showed started low with 66% of KPIs achieved in Q1, followed by a further dip to 56% in Q2 and a slight recovery to 57% in Q3, ending with slightly improved 63% in Q4. Partially achieved KPIs peaked in Q2 and Q3, indicating mid-year implementation challenges, while KPIs not achieved steadily declined from 19% in Q1 to 14% in Q4, reflecting slightly improved execution and corrective measures toward year-end.

6.4. Key Performance Area performance comparison



Achievement of performance targets varies between different key performance areas as discussed in details below.

- Municipal Institutional Development and Transformation (KPA 01): With 90% achievement, the municipality demonstrates strong focus on building and sustaining internal capacity as this was the best performing KPA.
- Service Delivery and Infrastructure Development (KPA 02): Unsatisfactory performance (53% achieved) and high partial achievement (41%) suggest service delivery is progressing but faces implementation challenges. This suggests that the municipality must improve its projects management and contract management since most projects are implemented by service providers.
- Local Economic Development and Social Development (KPA 03): High achievement (82%) shows effective economic development initiatives, but the 12% not achieved suggests there is still room for improvement.
- Good Governance and Public Participation (KPA 04): A solid 69% achievement reflects functioning governance structures, though the 31% partial achievement points to areas needing improved oversight and accountability. No indicator was not achieved in this KPA.
- Financial Management and Viability (KPA 05): The lowest achievement rate (53%) and highest not achieved rate (27%) indicate financial risks, including budget execution and compliance issues. Strengthening financial controls is needed to ensure optimal municipal financial health.
- Cross-Cutting (KPA 06): With 86% achieved, the municipality is meeting its set targets in areas like disaster management, law enforcement and spatial/development planning, but a lot still needs to be done to attain maximum performance in this area.

6.5. Performance analysis per each Key Performance Area (KPA)

This section deals with each KPA and identify performance highlights for the financial year or key achievements with particular focus on basic services and infrastructure development KPA.

6.5.1. Municipal Institutional Development and Transformation: KPA 01

Performance highlights	• 58 staff members trained as per the Workplace Skills Plan (WSP). The initial target was 101 but was reduced to 50 due to financial constraints. • All Section 54 & 56 posts filled to attain top management stability. • Quarterly IT Steering Committee meetings conducted to allow management to safeguard and improve its IT related systems. • 100% implementation of LLF resolutions ensure stable labour relations environment. • Consistent tabling of quarterly performance reports enables effective council oversight.
Challenges	• Budget constraints limit the number of employees that are trained as was the case where a set target had to be reduced by half.. • Fleet management remains a serious challenge despite strides that has been made in the recent past.
Measures to improve performance	• Ringfencing skills levy funds recovered for strictly implementing the WSP. • Strengthen the implementation of consequence management measures for all fleet management related transgressions.

6.5.2. Service Delivery and Infrastructure Development: KPA 02

ROADS

Performance highlights	• 64.69 km of unsurfaced roads graded (target: 50 km). • 85.76% of potholes fixed within prescribed timelines. • 8 roads ((1) <i>Malanga Road in Ward 5</i> (2) <i>Ntabende Road in Ward 18</i> (3) <i>Vukefile Road in Ward 5</i> (4) <i>Skhaleni Skutu Road in Ward 10</i> (5) <i>Nondweni Road in Ward 6</i> (6) <i>Mthunye Road in Ward 4</i> (7) <i>Maceba Road in Ward 15</i> and (8) <i>Ezidakeni Causeway in Ward 2</i>) completed within approved construction progress. The target revised from 3 to 8 because Mthunye Road, Maceba Road and Ezidakeni Road were added after the municipality received disaster relief grant to repair these roads after heavy rains.
Challenges	• High maintenance backlog due to vast terrain and limited municipal capacity. • Harsh terrain leads to frequent breakdowns of municipal plant.
Measures to improve performance	• Consider increasing plant capacity and maintenance budget to improve the condition and lifespan of existing roads. • Explore partnership with DOT for road maintenance support.

ELECTRICITY/ENERGY

Performance highlights	610 households connected to the grid (target: 493). 2946 households connected in the municipal license area (target: 2932).
Challenges	- Free Basic Electricity (FBE) reached only 13.3% of eligible households (target: 27%). - Electricity losses at 21%, exceeding the 10% norm.
Measures to improve performance	Invest more effort and resources on the implementation of the electricity losses action plan finance and technical services departments have put in place to address electricity losses.

WASTE MANAGEMENT

Performance highlights	- Draft IWMP reviewed and approved by Council on 26 June 2025. 1359 households received waste removal services. - Fully functional Buy Back Centre/recycling facility. - Buy Back Centre (BBC) at 92% completion (target: 100%). However, it should be noted that BBC is fully operational but is being expanded to increase the municipality's recycling capabilities.
Challenges	- Finalization of IWMP delayed due to availability of ward level data. - Lack of capacity to roll-out refuse collection to all areas. - Illegal dumping resulting in increased number of hot-spots.
Measures to improve performance	- Engage DFFE and EDTEA for technical support. - Improve billing accuracy and expand formalized service areas. - Enforce municipal bylaws to combat illegal dumping.

COMMUNITY HALLS

Performance highlights	7 community halls were within approved construction progress and the following community halls among those within projected construction progress were actually completed, namely: 1) Nhlopheni Hall (Ward 5) 2) Inkosi Elfes Hall (Ward 16) 3) Ncome Hall (Ward 15) 4) Nyakaza Hall (Ward 5) 5) Mbewunye Hall (Ward 11) 6) Mphondi Hall (Ward 7) 7) Nhlabamkhosi Hall (Ward 4)
Challenges	Some projects took long to complete.
Measures to improve performance	- Issue formal notices to contractors for delays. - Strengthen project monitoring and milestone tracking. - Allocate contingency time for weather-related disruptions.

CRECHES (Early Childhood Development Centres)

Performance highlights	5 creches within approved construction progress and the following of those were actually completed.
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	1) Ntanyandlovu Creche (Ward 13) 2) Zwelisha Creche (Ward 6) 3) Elihlekhaya Creche (Ward 1) 4) Tlokoeng Creche (Ward 19)
Challenges	• Completion of Bhekukukhanya Creche in Ward 6 delayed.
Measures to improve performance	• Extension of time granted to contractor.

OTHER INFRASTRUCTURE PROJECTS

Performance highlights	• Cemeteries project in Ward 09 completed (100%). The completion of this project is very important because Nquthu was running out of burial space.
Challenges	• Nondweni Sport field at 75% completion (target: 100%). • Nquthu Taxi Rank at 64% completion (target: 100%).
Measures to improve performance	• Grant extensions to contractors facing weather-related delays. • Improve project management by monitoring project milestones closely while also imposing penalties when necessary. • Improve contract management by enforcing contract conditions.

6.5.3. Local Economic Development and Social Development: KPA 03

LOCAL ECONOMIC DEVELOPMENT

Performance highlights	• Sheep & Wool Project: 100% implementation; skills audit training conducted. • Incubator Project: Completed (100%). • Business Licensing: Average processing time was 26 days (target: 30 days). • SMME Capacity Building: 20 trainings conducted (target: 12). • Youth SMME Support: 19 youth SMMEs supported with sewing machines. • Emerging Contractor Development: 100% of qualifying capital projects used subcontractors.
Challenges	• LED Strategy: Still in draft stage; not tabled to Council. • Informal Trading Shelters: 0 constructed (target: 10) due to budget constraints. • Container Park: Only 15% completed (target: 30%) due to budget constraints. • Tourism Strategy: Still at draft stage but ready for tabling to council and consultation with stakeholders to solicit buy-in on the strategy.
Measures to improve performance	• Finalize and table LED Strategy in Q2 of 2025/26. • Allocate sufficient budget for informal trading infrastructure. • Resume Container Park development in the next financial year. • Submit Tourism Strategy to Council in Q1 and conduct public consultations in Q2.

SOCIAL DEVELOPMENT

Performance highlights	• Job Creation: 235 jobs created (target: 225) through various initiatives including capital projects construction and EPWP. • Fencing Project: 27 beneficiaries supported (target: 25). • Youth Development: 100% of planned programmes implemented. • Sports Development: All planned sports activities implemented. • Social Sector Forums: 39 meetings held (target: 28). • Library Services: 20% increase in visits (target: 10%).
Challenges	• ECD Programme: No budget spent due to high quotations exceeding available funds.
Measures to improve performance	• Consider voucher-based support for ECD centres to manage costs. • Intensify existing efforts to engage and mobilize other sectors/partners to accelerate youth and early childhood development within the municipality.

6.5.4. Good Governance and Public Participation: KPA 04

INTEGRATED DEVELOPMENT PLANNING

Performance highlights	• IDP Credibility Rating: Achieved 82.54% (target: 80%). • Strategic Planning Session: Conducted and a full report submitted to Council on 28 March 2025. • Public Consultation: Held with stakeholders including AmaKhosi, Ratepayers, and the general public.
Challenges	• Misaligned timing between Stats SA Census report and delimitation of wards may result in unusable ward level data. • Municipal IDP not yet reached full credibility rating.
Measures to improve performance	• Incorporate approved SDF and MEC comments in the next IDP cycle. • Align IDP priorities to approved Ward Based Plans.

PUBLIC PARTICIPATION AND RESPONSIVENESS

Performance highlights	• Complaints Handling: 100% of complaints responded to within 14 days. • Ward Committees: 89% functionality achieved (target: 100%). • Council Meetings: 83% councillor attendance (target: 100%). • Council Work Plan: Approved on 28 May 2025.
Challenges	• Incidents of noncompliant ward submissions, i.e. some wards submitted unsigned minutes and incomplete documentation.
Measures to improve performance	• Present ward committee reports to Speaker's Forum for resolution. • Review all reports for assess completeness before submission.

REPORTING AND OVERSIGHT

Performance highlights	• Circular No.88 Reports: All 4 reports submitted to Provincial COGTA. Such reports enable provincial and national government to monitor governance, financial health and service delivery levels in municipalities. • Infrastructure Handovers: 16 conducted (target: 11). • SOD Turnings: 10 conducted (target: 2). • Risk Management: 90% of action plan implemented (target: 100%). • Audit Outcome: Unqualified audit received.
Challenges	• AG Action Plan: Only 83% implemented (target: 100%)
Measures to improve performance	• Table outstanding risk correlation reports to MANCO on a regular basis. • Regularly update and strictly monitor the implementation of the AG Action Plan report.

6.5.5. Financial Management and Viability: KPA 05

Performance highlights	• Unqualified audit outcome in the previous financial year indicates potential for clean audit. • Ratio of 2.03 indicates a healthy liquidity position. • Cost coverage of 3 months indicates the municipality's ability to meet its fixed monthly costs. • Improved collection rate compared to other years.
Challenges	• Dwindling cash backed financial reserves. • Electricity losses resulting in high revenue loss. • Inadequate repairs and maintenance budget. • Persistent incurrence of irregular expenditure.
Measures to improve performance	• Update and monitor procurement plan quarterly. • Invest surplus funds not immediately required for operations. • Strictly enforce debt management policies. • Increase maintenance budget. • Train end-users on budget compliance and strictly follow applicable prescripts to deal UIFW. • Implement the municipality's electricity losses action plan.

6.5.6. Cross Cutting: KPA 06

SPATIAL PLANNING

Performance highlights	• Spatial Development Framework (SDF): Final SDF adopted on 28 March 2025. • GIS Plan Implementation: 100% of planned GIS activities completed. The municipality's GIS office also assist the public and other government departments. • Building Plan Processing: Average of 14 days per application (target: 30 days).
Challenges	• No development applications received for government funded infrastructure development initiatives. • Rampant noncompliance with municipal development planning bylaws.

	• Municipal land invasion by private individuals and certain traditional authorities.
Measures to improve performance	• Strengthening working relationship with traditional authorities, including establishing dispute resolution mechanism. • Strictly enforce the municipality's development planning bylaws.

ENVIRONMENTAL MANAGEMENT

Performance highlights	• Cleanup campaigns conducted in partnership with Umzinyathi District Municipality. • Resuscitating full operations of the Buy Back Centre to divert recyclable waste from the municipal landfill site.
Challenges	• No suitably qualified official responsible for environmental management.
Measures to improve performance	• Consider relocating environmental management function from waste management to development planning. • Consider recruitment of environmental interns/in-service trainees and enrol district based officials from national department responsible for environmental management to supervise them.

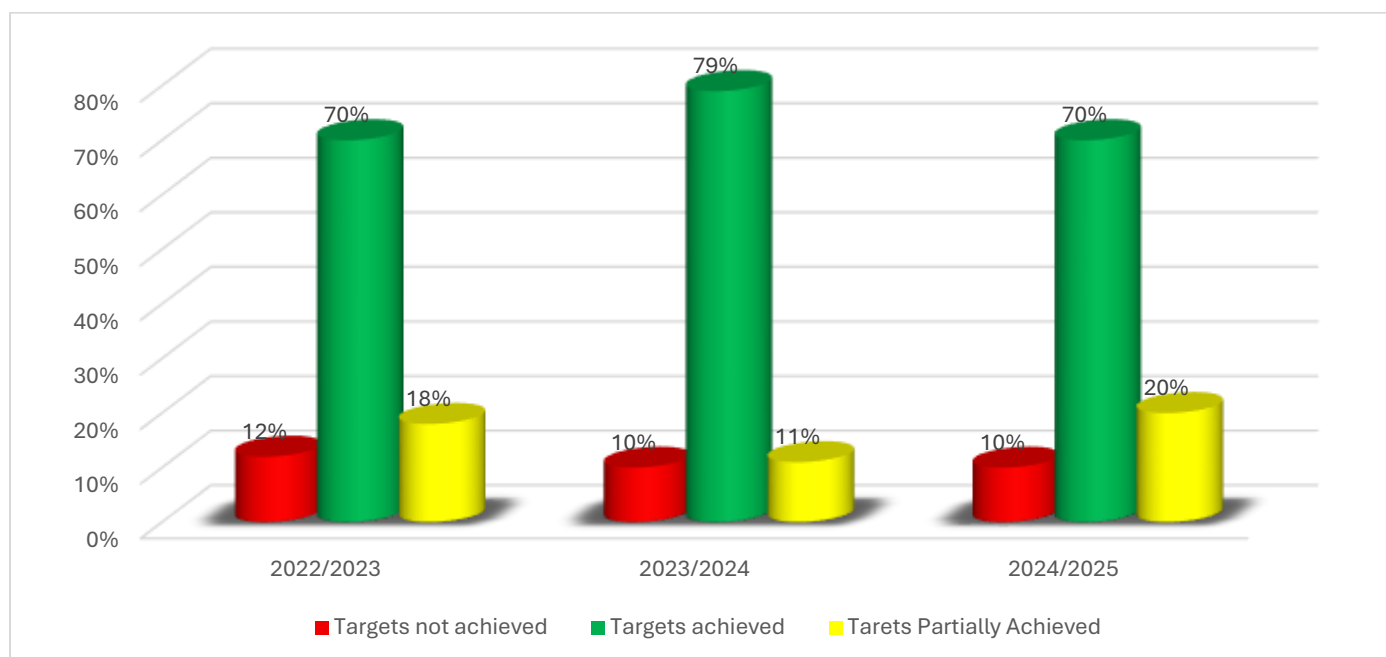
DISASTER MANAGEMENT

Performance highlights	• Disaster Management Plan: Reviewed and approved on 28 May 2025. • Fire Incident Response: 95.5% of callouts responded to within 1 hour (target: 100%).
Challenges	• Geographic isolation and poor road conditions hinder timely fire response. • Inadequate firefighting capacity, e.g. no satellite stations to service remote areas.
Measures to improve performance	• Intensify awareness campaigns in remote areas. • Seek funding to expand fire service capacity and improve access roads.

LAW ENFORCEMENT

Performance highlights	• Roadblocks conducted: 53 (target: 45). • Enforcement of traffic laws and collection of unpaid fines improved. • Operational animal pound facility to capture stray livestock. • Bylaw enforcement campaigns by the municipality's Development Compliance Committee.
Challenges	• Inadequate and inconsistent enforcement of municipal bylaws. • Nquthu Town overwhelmed by vehicle and pedestrian concentration during busy days, especially during festive and Easter holidays.
Measures to improve performance	• Strict enforcement of municipal bylaws. • Accelerating plans to attract investment to expand Nquthu Town and its outskirts to reduce congestion in the inner town.

6.6. Multiyear performance comparison



Performance across three financial years (i.e. 2022/23 to 2024/25) can be summarized as follows:

- 2023/2024 was the best performing year, with the highest percentage of targets achieved and the lowest in both partial and non-achievement.
- 2024/2025 shows a regression with a decrease in achieved targets accompanied by an increase in partially achieved targets and those that were not achieved. This suggests challenges in the management of municipal performance and intervention is necessary to reverse this trend.

6.7. Organizational performance scorecard

The performance scorecard is the product of the SDBIP that was approved by the Mayor and also tabled to Council. During the financial year under review, the SDBIP was reviewed in response to the IDP amendment and adjustment budget. The SDBIP scorecard is used as the main instrument to (1) align the budget and the IDP (2) set IDP and budget implementation targets and (3) become a primary performance management tool. The SDBIP is structured as follows:

CONTENTS	DESCRIPTION
National Key performance area (KPA)	National key performance areas provide a framework for evaluating the performance of local governments, enabling comparison, benchmarking, and identification of areas that require improvement or adjustment. They play a vital role in guiding local government planning, decision-making, resource allocation, and reporting to national authorities and the public on their progress towards achieving national development objectives.
IDP reference	IDP reference in the SDBIP seeks to indicate what IDP priority and/or service delivery area or areas do the goals, objectives, strategies and KPIs relate to. For purposes of referencing, item A.7 was used in the IDP.
Goals	Municipal goals in the context of an IDP provide a roadmap for local government to work towards a desired future, effectively addressing the needs and aspirations of the community while contributing to broader national and regional development objectives.

CONTENTS	DESCRIPTION
Objectives	Municipal objectives provide the actionable steps to turn the municipality's strategic aspirations into reality. They guide resource allocation, project prioritization, and the monitoring and evaluation of progress. When effectively designed and implemented, municipal objectives contribute to the overall development, growth, and improved quality of life within the municipality.
Strategy	A municipal strategy refers to a well-defined and concise plan of action that outlines the specific approaches, activities, and initiatives that a municipality intends to undertake in order to achieve a particular objective within the IDP. Municipal strategies are developed as a means to operationalize the objectives set forth in the IDP, providing a detailed roadmap for implementation and inform the kind of KPIs that are required.
Key performance indicator (KPI)	A municipal Key Performance Indicator (KPI) refers to a quantifiable measure that is linked to a specific objective and strategy. KPIs are used to assess the progress, success, and effectiveness of a municipality's efforts in achieving its goals and implementing its strategies outlined in the IDP and SDBIP.
KPI reference number	KPI reference number is developed to establish a short name for the indicator on the SDBIP for ease of use by users.
Formula used to measure performance (unit of measure)	Formula used to measure performance (on which the unit of measure is based) is a criterion used to measure if the target set has been achieved or not. This formula or criteria also determine whether the targets shall be calculated or measured cumulatively or per each performance cycle.
Baseline	The baseline indicates the performance level per each KPI that was achieved in the previous year so that the municipality moves forward and not stagnate or move backwards in terms of performance.
Budget	Budget refers to the amount allocated to fund the operations or procure goods and services for the attainment of each KPI.
Targets (annual and quarterly)	A target is specific deliverable that is set to be attained at a specific time in the implementation of the KPI. The target must meet the standard set by the SMART, i.e., specific, measurable, accurate, realistic and time bound. In cases where the target was reviewed a secondary column is created on the SDBIP.
Ward	Ward indicates the location (in terms of ward boundary) of the projects or where the KPI is implemented.
Portfolio of evidence	Portfolio of evidence refers to the documentation that proves that the claimed achievement has been attained.
Responsible department	This indicates the internal municipal responsible department that must report and provide the relevant portfolio of evidence.

For purposes of performance reporting, three additional columns are added to the scorecard, and these are described below:

- **Comparison with previous financial years:** two columns are added the APR containing the target and actual for the previous year for purposes of assessing the extent of performance improvement or decline.
- **Comments:** comments provide additional information to contextualize the actual achieved.

- **Reason for variance:** to clearly explain the reasons for underperformance in cases where the target is not met or the reasons that caused overperformance.
- **Corrective measure:** to explain interventions that will be made to address underperformance to ensure that underperformance is addressed going forward.
- **Notes to the organizational scorecard:** the municipality took a decision to reduce the number of indicators on the organizational scorecard. Therefore, it is necessary to have notes to the organizational scorecard that clearly provide further details on indicators that consolidates a number of projects, e.g. *Number of roads within the approved construction progress projection*. These notes also provide additional information that cannot be captured in the organizational scorecard due to space limitations.

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																					
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
								TARGET	ACTUAL												
								2024/25													
2024/2025 FINANCIAL YEAR																					
NATIONAL DEVELOPMENT PLAN: GOAL 7- BUILDING A CAPABLE STATE																					
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS): Priority 1: A capable, ethical and developmental state.																					
UMZINYATHI DISTRICT ONE PLAN: PRIORITY - GOVERNANCE AND MANAGEMENT																					
NATIONAL KEY PERFORMANCE AREA 01: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION																					
Building capable local government institutions	Ensure human capital development and improve Institutional Capacity (1.)	To improve municipal capability (1.1)	Implementati on of WSP by ensuring the training of staff and councillors as per the WSP (1.1.1)	Cor p- 01	Number of staff members trained as per WSP	(1) Number of staff members and councillors trained		50	52	52	43 490, 00	101	50	58	The target of 101 based on the training needs identified in the WSP was revised down to a realistic 50 when taking into account financial constraints. However, a total of 58 employees and councillors benefited from different skills development programmes.	N/A	N/A			Training Report	Corporate
				Cor p- 02	Percentage of budget spent on WSP	(1) Actual Expenditure / (2) Training Budget x 100		New KPI	New KPI	N/A		100%		100%	Although R 73 535 out of an original budget of R 1 003 526 was still available in the training vote, all funds were already committed at the end of the financial year but actual payments were rolled over to the new financial year due to the stopping of transacting on the financial system in preparation for the new financial year.	N/A	N/A	Internal	N/A	Expenditure Report and Trainings Report	Corporate
			Ensure that appointment for advertised posts are finalized on time. (1.1.2)	Cor p- 03	Percentage of vacant posts filled within 3 months	((1) Number of vacant posts filled within 3 months since the date (dd/mm/yyyy) of authority to proceed with filling the vacancy / (2) Number of vacant posts that have been filled) x 100		100%	100%	100%		3 months	100%	100%	All advertised posts were filled withing a prescribed period of 3 months indicating effective recruitment processes.	N/A	N/A	Internal	N/A	Advert, Appointment letters	Corporate

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																						
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT	
								TARGET	ACTUAL			2024/25										
								2024/2025 FINANCIAL YEAR														
			Ensuring that critical posts and all budgeted for vacant and filled. (1.1.3)	Cor p-04	Number of Section 54 & 56 managers filled and maintained .	((1)The number of employees on the approved organisational structure)-((2) The number of permanent employees in the municipality)/((1)The number of employees on the approved organisational structure)*100		5	5	5		5		5	Top management stability is well maintained as no senior manager (Section 54 & 56) position was vacant throughout the year.	N/A	N/A	Internal	N/A	Organogram and List of Vacancies	Corporate	
			Implementati on of EAP Policy and plans (1,1,4)	Cor p-05	Percentage of EAP Plan implement ed	(1) Number of planned EAP activities achieved / (2) Number of planned EAP activities X 100		New KPI	New KPI		86957	100%		100%	The municipality holds the wellness of its employees in high regards. Organized by official dedicated to this function, all planned employee wellness activities were undertaken and a further number of unplanned activities were also implemented.	N/A	N/A			EAP Plan and signed	Corporate	
			Create and maintain sound labour relations between employer and employees(1, 1,5)	Cor p-06	Percentage Implement ation of LLF Resolution	(1) Number of LLF resolutions implemented / (2) Number of LLF resolutions taken X 100		New KPI	New KPI			100%		100%	The Local Labour Forum (LLF) is a very important structure to ensure a stable labour relations environment. Although there delays in the implementation of some LLF resolutions, but eventually; all LLF resolutions were implemented.	N/A	N/A			LLF Resolutions, Status Report and supporting evidence	Corporate and Community Services	

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																									
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT				
								TARGET	ACTUAL			2024/25													
								2024/2025 FINANCIAL YEAR																	
		To ensure an effective municipal ICT system (1.2)	Monitor the ICT systems (1.2.1)	Corp-07	Monitor ITC systems through IT Steering Committee meetings	(1) Quarterly IT Steering Committee meetings conducted to consider all IT related matters.		4	4	4	N/A	4 Quarterly IT Steering Committee meetings conducted		5	The municipality's IT Steering Committee is fully functional. This committee support management in ensuring proper IT governance and monitor the municipality's entire IT environment. This committee meets on a quarterly basis or as and when necessary. IT Steering Committee conducted on the 30 Sep 2024, 17 December 2024, 28 March 2025, 04 April 2025 and 25 June 2025.	N/A	N/A	Internal	N/A	Invite, agenda, minutes and attendance register.	Corporate				
		To ensure effective management of municipal performance (1.3)	Tabling of performance reports to Council to monitor service delivery targets (1,3,1)	MM-01	Number of Performance reports tabled to Council	Number of report to council		4	4	4	0	4		4	Quarterly performance reports are tabled to council to allow councillors to play their oversight role by monitoring the implementation of the municipalities Service Delivery and Budget Implementation Plan (SDBIP).	N/A	N/A	Internal	N/A	Council Resolution and Performance Report	Municipal manager				
				MM-02	Date of PMS policy Reviewed and adopted by council	Date of approval by Council		New KPI	New KPI	17-May-24	0	31-May-25		28-Mar-25	Dradt PMS Policy submitted to council on the 28 March 2025	N/A	N/A		N/A	Council Resolution and PMS Policy	Municipal manager				

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																												
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT							
								TARGET	ACTUAL			2024/25																
2024/2025 FINANCIAL YEAR																												
		To ensure effective fleet management system (1,4)	Review and implement Fleet Management Plan(1,4,1)	Corp-08	Conduct monthly logbook reconciliation for all vehicles	(1) Tabling of monthly logbook reports to management		12	12	12		12 monthly logbook reconciliation reports tabled for consideration by management		06 monthly logbook reconciliation reports tabled for consideration by management	Fleet management reports are compiled on a monthly basis a decision was taken that management pay special attention to fleet management to deal with prevalent inefficiencies in the system.	While fleet management reconciliation reports are compiled on a monthly basis, there instances when they were not discussed at management meetings due to other pressing issues that had to be attended and time constraints.	Management took a decision to consider these reports on a quarterly basis as from April 2025.		N/A	Monthly reconciliation reports and MANCO minutes	Corporate							
NATIONAL DEVELOPMENT PLAN: GOAL 2- EXPAND INFRASTRUCTURE																												
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY: Priority 4: Consolidating social wage through reliable and quality basic services.																												
UMZINYATHI DISTRICT ONE PLAN: PRIORITY - INFRASTRUCTURE PROVISION																												
NATIONAL KEY PERFORMANCE AAREA 02: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT																												
Service delivery	Improved access to basic services (2.)	Ensure quality of municipal road network and expansion of access road network (2.1)	To ensure improved quality of municipal road network (2.1.1)	Tech-01	Kilometres of unsurfaced road graded by year end	(1) Number of kilometres		55km	74.9km	74.9km		50km		64,69km	Majority of access roads in Nquthu are unsurfaced/gravel roads and require regular maintenance mainly through grading, especially after heavy rains. A total of 64.69 km were bladed which is slightly above set target. However, road maintenance backlog remain high due the inadequate municipal capacity in relation to the vastness on Nquthu and bad terrain which result in high running costs and breaking down of municipal plant.	N/A	N/A	Internal - Plant Hire	All	Unsurfaced Road Maintenance Plan, Report and Job Cards	Technical							

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																									
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT				
								TARGET	ACTUAL			2024/25													
								2024/2025 FINANCIAL YEAR																	
				Tec h- 02	Percentage of potholes fixed as per Inspection Register	((1) Number of potholes fixed / (2) Number of planned to be fixed potholes) (PERCENTAGE OF POTHLES FIXED) x 100		100%	0%	0%		100%		85,76%	Most roads in Nquthu Town are surfaced/tarred require regular maintenance especially regarding fixing of potholes. The municipality's Service Standards require that potholes are fixed within 7 days from a date on identification. All potholes were fixed within the prescribed timeline.	In Quarter 1, not all potholes were fixed within the 7 days turn-around time as per the municipality's service standards due to the shortage of cold mix used to fill in potholes. This is the reason the annual target of 100% was not met.	Cold mix was subsequently procured and all potholes were fixed within the correct turn-around time in the following quarters. The municipality is closely monitoring the availability of cold mix stock to ensure that pothole fixing is not interrupted.	Internal -3515	Ward 9	List of reported fixed potholes , Road Maintenance Report and Job Card	Technical				
		To ensure the expansion of access road network (2.1.2)		Tec h- 03	Number of roads within the approved construction progress projection	(1) Number of roads that are within the projected construction progress timelines as per the Project Programme	Malanga Road Ward 2 , Ntabende Road Ward 18,, Vukefile Road Ward 11,	New KPI	New KPI	N/A	20 116 625	3	8	8	All roads were within the projected construction progress as at 30 June 2025. These roads are (1) Malanga Road in Ward 5 (2) Ntabende Road in Ward 18 (3) Vukefile Road in Ward 5 (4) Skhaleni Skutu Road in Ward 10 (5) Nondweni Road in Ward 6 (6) Mthunye Road in Ward 4 (7) Maceba Road in Ward 15 and (8) Ezidakeni Causeway in Ward 2. Road 6, 7 and 8 were added toward the end of the financial year after the municipality received disaster relief grant from national government. (NB: Refer to Note 1 for detailed reporting for each road)	N/A	N/A		2, 11 and 11	MIG Progress Report and Completion Certificate	Technical				

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																					
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
								TARGET	ACTUAL			2024/25									
2024/2025 FINANCIAL YEAR																					
		Improvement of electricity services, affordability, access, connection, and energy sustainability (2.2)	Improved affordability of electricity (2.2.1)	BTO -01	Percentage of households with electricity connections receiving Free Basic Electricity	((1) Number of households receiving Free Basic Electricity /(2) Number of households with access to electricity in the municipality) x 100		New KPI (Previous KPI measured number of 50kwh issued)	New KPI (Previous KPI measured number of 50kwh issued)		R723 479,00	4500	27% (Eskom-5732 and Prepaid -2851=8532)	13.3% (4 330 Households)	4 330 FBE eligible households bought electricity and therefore received FBE benefit. FBE is received or claim once a month when the consumer buys electricity for the first time in a month.	i-Actual sales figures dependent on the customer needs to consume electricity. ii-Eskom delays in capturing/processing all customers in the Indigent Register.	Number of FBE beneficiaries will increase as soon as Eskom sort out the issue of unprocessed beneficiaries.	Internal	All	Ontec Report and Eskom schedules	Budget & Treasury
			To ensure improved access to electricity (2.2.2)	Tech-04	Number of new households connected to the grid	(1) Number of residential supply points commissioned and energised by the municipality		527	438	438	R10 000 000,00	626	493	610	A total of 608 new households were connected to the grid in the 2024/25 financial year, as detailed below: Ward 9 – 100 connections, Ward 15 – 173, Ward 2 – 101, Ward 10 – 93 and Ward 13 – 143.	More connections were made than it was anticipated. This was due to connections made in the municipal licenced area that is dependent on applications received as well as the energizing connections that were not energized in the previous year.	N/A	Internal	9, 10, 13, 15, 16	PCS Files, Report to Portfolio Committee	Technical

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																						
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT	
								TARGET	ACTUAL			2024/25										
								2024/2025 FINANCIAL YEAR														
				BTO -25	Number of households connected to the grid in the municipal license area	(1) Number of all customers (residential, commercial & any other category) connected to the municipal electricity grid.		New KPI	New KPI	New KPI		2932		2946	A combined total of prepaid meter and conventional meter customers amount to 2946 customers connected to the municipal electricity grid as at 30 June 2025. The number of connected households keeps on increasing gradually as new households are built.	N/A	N/A		9	Ontec Management Report and Billing Report	Budget & Treasury	
		Improved energy sustainability (2.2.3)		BTO -02	Percentage total electricity losses	(((1) Electricity Purchases in kWh - (2) Electricity sales in kWh)) / ((1) Electricity Purchases in kWh) x 100		10%	18%	18%		10%		21%	Electricity losses is one of the serious challenges facing the municipality but the municipality is working hard to eventually reduce losses to be within the norm or 10% and below. However, despite incurring such losses, the municipality has always ensured that it does not owe Eskom not even a single cent.	To a varying extent, electricity losses are caused by the following factors, (1) tariffs which are not cost reflective and not entirely aligned to Eskom tariff structure (2) technical / infrastructure losses (3) meter tempering and illegal connections and (4) ineffective bylaw implementation.	The municipality put in place the following measures to address electricity losses (1) tariff setting training by NERSA (2) establishing electricity losses committee (3) electricity losses action plan (4) meter audit (5) electricity disconnections for customers illegally connected or for meter tempering and (6) Monthly Eskom invoice verification and (7) introduction of time of use tariff for 2025/26 financial year.		9	Circular 71 Template & Calculation Evidence	Budget & Treasury	

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																						
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT	
								TARGET	ACTUAL			2024/25										
								2024/2025 FINANCIAL YEAR														
		Efficient an effective waste management services (3,1,)	Review and Implementati on of Integrated Waste Management Plan (3,1,1)	Tec h-05	Review of Integrated Waste Managemen t Plan	(1) Finalization of IWMP review phases		30-Jun-24	Review not finalized	Review not finalized	(Reviewed internally.	Phase 3: Approval of the reviewed IWMP by Council by 30 May 2025		26-Jun-25	Waste management is one of the municipality's function and law prescribe that the municipality must develop and implement Integrated Waste Management Plan (IWMP). The municipality have an IWMP in place but the municipality is currently conducting a review of this document. Draft IWMP approved by council on 26 June 2025. Final IWMP was supposed to be approved by council before the end of May 2025.	One of the reasons to review the municipality's IWMP was to update all statistics on the document so that its provisions can respond to that data. IWMP review was delayed by a delayed release of ward level statistics by Stats SA and the municipality had to at least have the draft ready to allow stakeholders to make inputs while awaiting ward level data.	Department of Forestry, Fisheries and the Environment (DFFE) and KZN Economic Development, Tourism and Environmental Affairs (EDTEA) will be engaged as the custodians of the relevant laws and key stakeholders in the review process to provide guidance on the way forward.		All	(1) IWMP Review Committee attendance register and minutes (2) Draft IWMP document and council resolution (3) Final IWMP document and council Resolution	Technical	
				Tec h-06	Number of Household s with Access to waste removal	(1) Number of customers billed for refuse collection.		2774	1358	1358		2774	1358	1 359	In term of Stats SA's Census 2022 report at total of 7 358 households receive refuse collection service, which is 22% of households compared to 4% of households in formalized areas that have refuse accounts and are billed by the municipality. Other categories of households receiving collection include Nondweni Area which is yet to be formalized and is located near the landfill site as well as communal collections for the municipality's Buy Back Centre recycling programme.	N/A	N/A		6 & 9	Refuse removal billing report.	Technical	

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																					
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								TARGET	ACTUAL												
2024/2025 FINANCIAL YEAR																					
				Tech-07	Construction of Buy Back Centre in Ward 09	(1)Overall construction progress made (PERCENTAGE)	Buy Back Centre	70%	77%	77%	R2 400 000,00	100%		92%	Excavation for the installation of Weighbridge	Rain Delays	Instruction has been issued to the contractor to speed up the progress			Progress Report and completion Certificate	Technical
	Improve access to public facilities including community halls, Sport fields, residential developments and ECDs and Taxi Rank (2.3)	Ensuring access to public facilities by construction of community halls (2.3.1)		Tech-08	Number of community halls within the approved construction progress projection	(1) Number of community Halls that are within the projected construction progress timelines as per the Project Programme	Nhlopheni Ward 5, Inkosi Efasi Ward 16 ,Ncome Ward 15, Nhlabamkhosi Ward 4, Nyakaza Ward 5, Mbewunye Ward 11, Mphondi Ward 7 ,	New KPI	New KPI	New KPI	R17 598 773,00	7		7	The following community halls were completed in line with set construction progress projections: (1) Nhlopheni in Hall Ward 5 (2) Inkosi Efasi Hall in Ward 16 (3) Ncome Hall in Ward 15 (4) Nyakaza Hall in Ward 5 (5) Mbewunye Hall in Ward 11 and (6) Mphondi Hall in Ward 7. Nhlanamkhosi Hall in Ward 4.	N/A	N/A		5,16,15,04,19,05,11, and 07	MIG Progress Reports and Completion Certificate	Technical

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																					
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
								TARGET	ACTUAL												
2024/2025 FINANCIAL YEAR																					
				Tec h- 09	Constructi on of Cemeteries Sites in Ward 09	(1)Overall construction progress made (PERCENTAGE)	Cemeteries	New KPI	New KPI	New KPI	R2 800 000,00	100%		100%	The construction of cemeteries project is 100%complete	N/A	N/A		9	MIG Progress Reports and Completion Certificate	Technical
		Expanding access to Early Childhood Development facilities (2.3.2)		Tec h- 10	Number of Creches within the approved construction progress projection	(1) Number of creches that are within the projected construction progress timelines as per the Project Programme	Bhekukukhanya Creche Ward 6, Ntanyandlovu Ward 13 #, Zwelisha Ward 6 , Elihlekhaya Ward 1 #, Tlokoeng Creche Ward 19	New KPI	New KPI	New KPI	R6 927 800,00	5		4	Bhekukukhanya Creche Ward 6, The following creches were completed, (1) Ntanyandlovu Creche in Ward 13 (2) Zwelisha Creche in Ward 6 (3) Elihlekhaya Creche in Ward 1 and (4) Tlokoeng Creche in Ward 19.	Rain and payment delays on Bhekukhanya Creche	Extension of time has been granted to the contractor to complete the project.		06, 13 , 01, and 06	MIG Progress Reports and Completion Certificate	Technical

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																					
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
								TARGET	ACTUAL												
								2024/25													
2024/2025 FINANCIAL YEAR																					
			Expanding access to Sportfield facilities (2.3.3)	Tec h- 11	Percentage of construction of Nondweni sportfield completed	(1)Overall construction progress made (PERCENTAGE)	Nondweni Sportfield	New KPI	New KPI	New KPI	R10 000 000,00	100%		75%	Alteration and rehab, window & door fittings, external work (septic tank, aprons and channel)	Rain Delays, procurement of materials, slow progress and delivery of materials to site	letter of slow progress has been issued.		6	MIG Progress Reports and Completion Certificate	Technical
			Improvement of Nquthu Taxi Rank (2.3.4)	Tec h- 12	Renovation of Old Nquthu Taxi Rank in Ward 09	(1)Overall construction progress made (PERCENTAGE)	Nquthu Taxi Rank	30%	40%	40%	R14 823 007,00	100%		64%	This project is an upgrade to an existing local routes taxi rank which was no longer coping with high commuter volumes and had ageing infrastructure. The purpose of the upgrade is renovate its facilities and expand it while also ensuring protection of minibus operators, informal traders and commuters from extreme weather. The project was initially meant to be completed in September 2024 but completion date was revised due to construction delays.	Initially, there were delays attributed to a process to relocate taxi operators and traders to a makeshift rank. During construction there were also delays as a result of heavy rains and delays in steel components delivery and erecting of a steel structure.	The municipality made an intervention ensure that steel components are delivered and erected within a reasonable space of time. In addition to that, the contractor was directed to submit a revised work programme in line with the delivery commitment made by the steel supplier.	MIG	9	Progress Report and Completion Certificate	Technical

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																					
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
								TARGET	ACTUAL			2024/25									
2024/2025 FINANCIAL YEAR																					
				Tech-14	Construction Completion of Incubator	Percentage of completion	Incubator	100%	99%	99%	R500 000,00	100%		100%	The Project is Complete	N/A	N/A		9	Progress Report and Completion Certificate	Technical Services
		Planning for capital projects in advance to allow completion of capital projects on time (2,4)	Tabling of capital projects to council before the beginning of the financial year (2,4,1)	Tech-13	Approval of proposed capital projects by Council	(1) Finalization of capital/infrastructure projects planning phases	Capital/infrastructure Projects			N/A	N/A	Phase 4: Setting capital project implementation targets in the 2025/26 SDBIP.		Phase 4: Setting capital project implementation targets in the 2025/26 SDBIP.	List of capital tabled to council on the 28 March 2025 for purposes of determining infrastructure projects to be implemented in the 2025/26 financial year. After the approval of the 2025/26 IDP and Annual Budget, approved infrastructure projects were incorporated into 2025/26 SDBIP as prescribed by law in order to monitor progress and report on their implementation.	N/A	N/A			(1) Phase 1: Strategic Planning Session report and council resolution (2) Phase 2: Capital project list item and council resolution (3) Phase 3: 2025/26 Final IDP and Annual Budget and Council resolution (4) Phase 4: 2025/26 approved SDBIP	Technical

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								TARGET	ACTUAL			2024/25									
2024/2025 FINANCIAL YEAR																					
NATIONAL DEVELOPMENT PLAN: GOAL 1- CREATEING JOBS AND LIVELYHOOD, GOAL 5 - IMPROVING EDUCATION AND TRAINING & GOAL 9 - TRANSFORMING SOCIETY AND UNITING THE NATION																					
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY: Priority 2: Economic transformation and job creation and Priority 6: Social cohesion and safe communities.																					
UMZINYATHI DISTRICT ONE PLAN: PRIORITY - ECONOMIC POSITIONING AND PEOPLE DEVELOPMENT																					
NATIONAL KEY PERFORMANCE AREA 3: LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT																					
Service delivery	Achieve inclusive Economic growth and development to alleviate poverty (3.)	Ensure growing the local economy (4.1)	Development and Implementation of Local Economic Development and Agricultural Strategy (4.1.1)	Plan-01	Review of the Local Economic Development Strategy	(1) Completion of the LED Strategy review phases	LED Strategy			N/A	R0,00	Phase 2: Council approval of the LED Strategy by 30 May 2025.		Draft LED Strategy review document compiled.	The LED Strategy is on draft stage	The municipality had to expand its stakeholders expansion processes to include potential investors.	The LED Strategy will be tabled to council in Q2 of 2025/26	Internal	All	Pictures and Signed Report	Planning
	Plan-02			Implementation of Sheep & Wool Project Plan	Actual number achieved targets/ Total number of planned targets X100	Sheep and Wool Project				R2 086 956,00	100%		100%	Skills audit training for beneficiaries have been conducted	N/A	N/A			Signed Report to Portfolio Committee and relevant POEs	Planning	
		Promote the formalization of SMMEs (4.1.2)		Plan-03	Number of Informal Trading Shelters constructed	Number of shelters constructed		15	0	0	R413 748,00	10		0	Due to budget constrain the project will be implemented in the next financial year	Budget constrain	Project will be implemented in the next financial year		9	Progress Report , Completion Certificate and Invoice	Planning
				Plan-04	Container Park establishment (Fencing, water supply, electricity connections, ablution facilities and parking)	Percentage of completion					R130 390,00	30%	15%	15%	Due to budget constrain the project will be fully implemented in the next financial year and the target had to be revised downwards.	N/A	N/A		Ward 9	Appointment Letters and signed Progress Report	Planning

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																									
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								TARGET	ACTUAL			2024/25													
								2024/2025 FINANCIAL YEAR																	
			Reduce regulatory redtape to promotre suitable environment for businesses thrive and attract investment (4,1,6)	Pla n-05	Average time taken to process business license applications	1) Sum of the total working days per business application finalised/ (2) Number of business applications		30 days	30 days	30 days	R0,00	30 days		26 Days	26 days were taken to process atl business application in quarter	N/A			Cooperative Certificate and Register of processed applications	Planning					
			Build the capacity of local SMMEs to make them competitive and sustainable (4,1,4)	Pla n-06	Number of capacity building for SMMEs	Number of trainings conducted				15	R86 956,00	12		20	20 Capacity Building for SMMEs were conducted	N/A	N/A			Attendance Registers	Planning				
			Implementati on of the emerging contractor development programme(4, 1,5)	Pla n-07	Percentage of capital projects (exceeding R1 million) utilising sub-contractor s.	Appointed subcontractors /Total number of capital projects exceeding R1m				6%	R0,00	100%		100%	All qualifying capital projects had sub contractors	N/A	N/A			Subcontract ors beneficiary list and Reports and Pictures and Contracts	Planning				
			Support local youth enterprises to unleash their potential and innovation(4,1 ,6)	Pla n-08	Number of SMMEs supported	Number of SMMEs				19		19		19	19 SMMEs were supported through provision sewing machine	N/A	N/A			List of beneficiaries	Planning				

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								TARGET	ACTUAL			2024/25													
												2024/2025 FINANCIAL YEAR													
		To ensure growing the tourism sector in the municipality (4.2)	Development and implementation of Tourism Strategy (4.2.1)	Plan-09	Development of the Nquthu Tourism Strategy	(1) Completion of the Nquthu Tourism Strategy development phases	Nquthu Tourism Strategy			New KPI	Developed Internally	Phase 2: Consultation of the NCTO on the Nquthu Tourism Strategy proposals by 28 February 2025.		Stakeholders consulted and a Tourism Strategy is now awaiting council approval.	The Tourism strategy has been developed but awaiting for Council approval	Tourism officer was on maternity leave that lead to the delay of completion of the strategy	The Tourism strategy will be submitted to the Council as the first draft on the 1st quarter and then taken to public for inputs and again taken back to the council for approval on the 2nd quarter	N/A	All	(1) Nquthu tourism status quo report (2) Nquthu Tourism Strategy proposals (3) NCTO consultation meeting minutes.	Planning				
		Promotion of Social cohesion through Arts and Culture development programmes (4,3)	Implementation of Arts, Cultural Affairs and Heritage Programmes (4,3,1)	Plan-10	Number of Art, Culture and Heritage programmes implemented	Number				8		7		7	Siyaya emhlangeni, Umkhosi WoMhlanga, Umkhosi WeLembe, Umkhosi Wesivivane, Annual events and commemoration of Isandlwana					Attendance Register and signed report	Planning				
	To ensure more effective poverty alleviation (4,4)	Creation of jobs to alleviate poverty by implementing local, economic development initiatives including capital projects, EPWP and Waste Ambassadors (4.4.1)		Tech-15	Number of jobs created through municipality's local, economic development initiatives including capital projects [	(1) Simple count of the number of work opportunities provided by the municipality for the period under review				231		225		235	IG=161, Esikhaleni Skutu = 10, Ntabande road = 13, Taxi Rank = 19, Cleaners = 21, Traffic control = 11			Internal	All	List of beneficiaries	Technical				
			Implementation of LED Mayoral Project Policy(4,4,2)	Plan-11	Number of beneficiaries benefiting from Fencing Project	Number of beneficiaries				25	R669 565	19		27	27 Beneficiaries received fencing materials					Signed Beneficiary list	Planning				

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																					
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2024/2025 FINANCIAL YEAR																					
Ensure accelerated social development of the people of Nquthu		Ensuring Early Childhood Development in Nquthu (5.3)	Providing support to ECD centres (5.3.1)	MM -03	Percentage of budget spent ECD programme as per planned target	(1) Number of ECD programmes implemented / (2) Total number of ECD programmes planned x 100				100%		100%		0%	No creche material purchased but the municipality conducted ECD Awareness Campaign at Odudela Area. Handover of	Qoutations obtained from service provider exceeded budget	Municipality will consider voucher provision to support creches			Expenditure Repor and Youth Management Report	Municipal Manager
		Ensuring youth development in Nquthu 5.4)	Initiating and implementing youth development initiatives (5.4.1)	MM -04	Percentage of youth development programmes implemented	(1) Actual achieved targets on Youth Plan / (2) Total number of planned targets X100						100%		100%	Youth out of school empowerment program was conducted on the 19 May 2025, Youth Council Meeting was held On the 11 and 2 June 2025	N/A	N/A	Internal	ALL	Signed Report	Municipal manager
		Promotion of all sports codes in the municipality (5.1)	Ensure the implementation of all sports developemnt and plans (5.1.1)	Corp-09	Percentage implementation of the municipality's annual sports plan	(1) Actual achieved target on the annual sports plan / (2) Number of planned targets in the plan x 100						100%		100%	All planned sports activities were implemented.					Approved Sport Annual Sports Plan and activity/events reports.	Corporate
		To ensure the welfare of vulnerable groups within the municipality (11.2)	Establish and ensure the functionality of representative forums for the targeted social groups (11.2.1)	Corp-22	Number of Functional representative forums for social sectors Meetings conducted	(1) Number meetings conducted for all forums						28		39	All representative social sector forum meetings are conducted and special and joint meetings are also held where necessary.					Minutes and attendance registers	Corporate and Community Services

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																												
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								TARGET	ACTUAL			2024/25																
								2024/2025 FINANCIAL YEAR																				
		To render library services to communities . (5,5)	Improve library services accessibility through different programmes (5,5,1)	Corporate-10	Percentage of increase of library visits	(New value - Previous value)/3877 X 100				New KPI		10%		20%	Library visit has increased with 20%					Library Visits Register	Corporate and Community Services							
KPA 04: GOOD GOVERNANCE AND PUBLIC PARTICIPATION																												
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY: Priority 1: A capable, ethical and developmental state																												
UMZINYATHI DISTRICT ONE PLAN: PRIORITY - GOVERNANCE AND MANAGEMENT																												
KEY PERFORMANCE AREA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION																												
Putting people first and Good Governance	To attain a well governed and accessible municipality that is rooted in the will of the people (6.)	Ensure effective strategic planning by developing a credible IDP (6.1)	Ensure that the IDP is compliant and meet all prescribed timelines (6.1.1)	MM-05	Improved IDP credibility rating by KZN COGTA MEC	IDP Credibility rating by KZN COGTA MEC				N/a		85,00%	80,00%	82,54%	IDP credibility was 82.54%	SDF was still on draft stage during submission of IDP to COGTA for Assessment	Implement MEC comments on the drafting of IDP and also incorporate approved SDF on the next IDP submission	Internal	All	MEC Letter	Municipal manager							
				MM-06	Strategic planning session	(1) Approved Strategic Planning Report				21-24 Feb 2024		Table Strategic Planning Session Report to Council for approval by 30 March 2025.		28 March 2025	Strategic Planning Report submitted to Council on the 28 March 2025. Strategic planning was conducted on the 17 to 20 February 2025	N/A	N/A	Internal	All	Approved Strategic Planning Report and Council Resolution	Municipal manager							

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								TARGET	ACTUAL			2024/25													
								2024/2025 FINANCIAL YEAR																	
				MM-07	Public consultation on the Draft IDP and Draft Annual Budget	(1) Completing all consultation stages by invitation of public comments and consulting all major stakeholders (Amakhosi, Rate Payers, LTT, Roadshow)				21-Apr-23		Stage 1: Issuing an advert to invite public comments within 10 days. Stage 2: Conducting consultation meetings with Amakhosi, LTT, Rate Payers and participate in UDM Roadshow) Stage 3: Table consultation report together with the Final IDP and Annual Budget.		02 April 2025 and 27 May 2025	IDP Consultation 2 April - UDM, 27 May 2024- Traditional Leaders and Rate Payers	N/A	N/A	Internal	All	Stage 1: Newspaper advert and municipal website notice. Stage 2: Minutes and attendance registers Stage 3: Final IDP Council item consultation report.	Municipal manager				
		Improved municipal responsiveness (6.2)	Ensure that all complaints received are attended to on time (6.2.1)	MM-08	Percentage of received complaints responded to within 14 day	(1) Percentage of complaints responded to within 14 days / (2) Total number of complaints received x 100				100%		100%		100%	All Complaints were received and responded to within 14 days	N/A	N/A	Internal	All	Updated Complaints Register	Municipal Manager				
			Ensure that all ward committees are functional (6.2.2)	Corp-11	Percentage of Ward Committee Functionality	((1)The number of ward committees with 6 or more members)/((2)Total number of wards)*100				100%		100%		89%	Ward Committee were 70% Functional	Some wards submitted unsigned minutes, report and attendance register.	The report will be presented to Speakers Forum meetings with a view to come up with a solution	Internal	All	Assessment Report from Cogta	Corporate				

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																					
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								TARGET	ACTUAL												
2024/2025 FINANCIAL YEAR																					
		Improved council functionality (6.3)	Ensure sitting of Council Meetings as per schedule (6.3.1)	Cor p-12	Percentage of councillors attending council meetings	Number of councillors present in the meeting / Total number of councillors X100. Quarterly average						100%		83%	All Cllrs are entitled to apply for leave of absence as per the Standing Rules and Orders if they are unable to attend Council meetings so not all meetings have a 100% compliment of its members.	Cllrs submits application for leave of absence due to other unavoidable commitments. The actual purpose of this indicaor is to actually to measure the extent to council meeting are attended by its members, in the public interest.	Not necessarily required. All leave of absence submitted by councilors duly approved by Council and all Council meetings qourate.	Internal	All	Attendance Checklist	
				Cor p-13	Approval of Council Detailed Work Plan	(1) Date of approval						New KPI		31-May-25		28-May-25	Council Work Plan was approved by Council on 28 May 2025	N/A	N/A		
		To ensure the municipality abide with circular No.88 of the MFMA (6,4)	Reporting to Provincial COGTA on indicator prescribed in Circular No.88 (6,4,1)	MM -09	Number of Circular No.88 Reports submitted to Provincial Cogta	(1) Number of reports actually submitted						4		4	4 Circular No:88 report was submitted to Provincial Cogta	N/A	N/A			Proof of submission to Cogta	Municipal Manager
		To ensure improved communication with communities (6.5)	Engaging communities about all development or infrastructure projects (6,5.1)	MM -10	Number of handovers conducted for infrastructure projects	(1) Number of handovers for completed projects in the current financial year.	Handovers					11		16	16 Handovers conducted for Ekaheng Electrification, Elihlikhaya Creche, Incubator, Kgosi Molefe hall, Malanga Road, Masixhasane Creche, Nhlopheni Hall, Qhudeni Electrification, Sheep and Wool, Vumankala Electrification. 6 Handovers were conducted on the 12,13,15 and May 2025			All		Attendance Register and Pictures	Municipal Manager

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																									
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								TARGET	ACTUAL			2024/25													
								2024/2025 FINANCIAL YEAR																	
				MM -11	Number of SOD/ trunings for infrastruct ure projects	(1) Number of SOD turnings for all capital projects planned for 2024/25 financial year.	SOD Turnings					2		10	10 SOD Turinings were conducted					Attendance Register and Pictures					
		To ensure effective risk management (6.6)	Implement the municipality's risk management policy and strategy (6.6.1)	MM -12	Percentage of risk action plan implement ed	Actual risk targets mitigated /Total planned risk identified X100	Risk			85%		100%		90%	90% of Risk Action Plan was implemented	Risk Corelation report not completed	Report to be completed and tabled to MANCO in August 2025	Internal	N/A	Updated Risk Action Plan	Municipal manager				
		Strive to attain a clean audit (6.7)	Ensure that the AG Action Plan is implemented and that Audit Committee sits and reports to Council (6.7.1)	MM -13	Percentage of AG Action Plan implement ed	Actual AG Findings resolved / Total number of findings x100	AG Action Plan			20%		100%		83%	83% Of AG action Plan was implemented	Few action plans not yet implemented or fully implemented.	Implementation of action plans in progress and will be reported on in the new financial year.	Internal	N/A	Updated Action Plan	Municipal manager				
				MM -14	Audit Outcome for 2023/24	(1) Determined by the AG Audit Report opinion	Audit Outcome					Unqualifie d		Unqualified	The municipality received a unqualified audit outcome and Audit Report to be officially tabled to Council before the end of January 2025.	N/A	N/A			(1) Audit Report issued by the Auditor General South Africa	Municipal manager				

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								TARGET	ACTUAL			2024/25													
2024/2025 FINANCIAL YEAR																									
National Development Plan: Goal 8 - Fighting corruption and enhancing accountability. Goal 7 - Building a capable state.																									
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS): Priority 1: A capable, ethical and developmental state.																									
UMZINYATHI DISTRICT ONE PLAN: PRIORITY- GOVERNANCE AND MANAGEMENT																									
KPA 05: FINANCIAL MANAGEMENT AND VIABILITY																									
		To ensure effective expenditure management (7,1)	Ensuring that the municipality execute its procurement plan (7,1,1)	BTO -03	Percentage of Procurement Plan implemented	(1) Number of items procured / (2) Total number of planned items to be procured x 100						100%		75%	Procurement Plan is 75% implemented	Quotation register shows the number of orders issued in June. Procurement plan for Q4 shows orders to be procured there are no awards in line with bid committee seating in this quarter.	Provincial Treasury is requested to provide training on devising a proper procurement plan. To implement the procurement plan as submitted to Provincial Treasury and update amendment quarterly.			Procurement Plan	Budget & Treasury				
Sound financial management	Improved and sound Financial management and viability (7.)	Ensure municipal financial sustainability (7.2)	Maintain proper municipal financial sustainability(7,2,1)	BTO -04	Percentage of Level of Cash Backed Reserves	(1) (Cash and Cash Equivalents - Bank Overdraft + Short Term Investment + Long Term Investment - Unspent Conditional Grants) / (2) (Net Assets - Accumulated Surplus – Non Controlling Interest – Share Premium – Share Capital – Fair Value Adjustment – Revaluation Reserve) x 100						100%		76%	Level of cash backed reserved is 76%	Investments are made as and when the funds become available, however due to operational needs of the municipality the investments were withdrawn significantly in June hence the variance of 76%	To invest all funds not immediately required for operations using both fixed and liquid investments in the coming financial year		N/A	Circular 71 Template & Calculation Evidence	Budget & Treasury				

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								TARGET	ACTUAL			2024/25									
2024/2025 FINANCIAL YEAR																					
	To ensure improved municipal liquidity position (7,3)		Ensure that the municipality is in a good position to meet its short-term liabilities by maintaining a set current ratio (7,3,1)	BTO -05	Current Ratio	Current Assets / Current Liabilities						1.5 - 2:1		2-2.03	The status of current assets indicates that the municipality can cover the current liabilities using the current asset represented by cash	the target is exceed slightly however it signals healthy financial position as the municipality holds investment balance over R70 million rands.	to continue using Circular 71 formulas to conclude ratios. To consider the quarterly Circular 71 results to ensure that the municipality is financial stable. To comply with MFMA Section 11 Withdrawals requirement.		N/A	Circular 71 Template & Calculation Evidence	Budget & Treasury
			Ensure municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month.(7,3,2)	BTO -06	Cash/ Cost Coverage Ratio	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)).						3 months		3 months	The municipality is sitting 3 months cost coverage ration	target is met because the municipality holds a positive investment balance and there are no borrowings in place.	to increase investments balance so that cash coverage can increase beyond 3 months.		N/A	Circular 71 Template & Calculation Evidence	Budget & Treasury
			Prudent management of municipal finances to ensure sustainability(7,3,3)	BTO -07	Liquidity Ratio								1.5-2:1		2-2.03	The status of current assets indicates that the municipality can cover the current liabilities using the current asset represented by cash	the target is exceed slightly however it signals healthy financial position	to continue using Circular 71 formulas to conclude ratios. To consider the quarterly Circular 71 results to ensure that the municipality is financial stable. To comply with MFMA Section 11 Withdrawals requirement.			Circular 71 Template & Calculation Evidence

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								TARGET	ACTUAL			2024/25													
								2024/2025 FINANCIAL YEAR																	
	To ensure improved debt management (7.4)	Improve debt collection by billing of all municipal debtors (7.4.1)	BTO -08	Collection Rate	Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100							95%		105%	Collection Rate is 105%	collection rate in line with Circular 71 shows that the target is exceeded however the outstanding debtors balance is above R100 million.	to enforce collection measures including entering into debt acknowledgement. to disconnect services where accounts are defaulting.		N/A	Circular 71 Template & Calculation Evidence	Budget & Treasury				
			BTO -24	Bad Debts Written-off as % of the Bad Debt Provision	Bad Debts Written-off (Period under review)/ Provision for Bad Debt (Period under review x 100				N/A			100%	21%	21% of bad debts were written off	Enough budget is provided for in the budget. after year end assessment of debt impairment necessary entries will be made	To prepare debt assessment for inclusion in the AFS. To provide sufficient budget to cover the provision of debt write-off in the coming year.			Circular 71 Template & Calculation Evidence	Budget & Treasury					
			BTO -09	Repairs and Maintenance as a % of Property, Plants and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying Value) x 100							8%	1%	1% of repairs and maintenance was achieved	Budget is not sufficient to cover all maintenance areas of the municipality	Repairs are made to vehicles on intervals as required for service and other mechanical repairs. To repair structural defects and other maintenance works in line with the maintenance plan of the municipality provided sufficient budget is made available.		N/A	Circular 71 Template & Calculation Evidence	All					

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																						
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMA NCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT	
								TARGET	ACTUAL			2024/25										
								2024/2025 FINANCIAL YEAR														
			Invest optimally in ifrastructure by spending budgeted capital expenditure (7,4,3	BTO -10	Capital Expenditur e to Total Expenditur e	(1) Capital Expenditure / (2) Total Expenditure						10%		19%	19% of capital expenditure to total expenditure	capital expenditure to total expenditure target is exceed because capital expenditure payments processed increased significantly as year was closed and necessary accruals were raised.	to assess the cost of capital project in line with market prices and ensure that projects are completed on time to avoid unnecessary escalations.			Circular 71 Template & Calculation Evidence		
		To ensure improved financial management (7.5)	Ensure proper budget implementati on and that expenditure is incurred in acceptable standards (7.5.1)	BTO -11	Percentage of a municipalit y's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipalit y's integrated developme nt plan	(1) Actual Capital Expenditure / (2) Budgeted Capital Expenditure x 100						100%		84%	84% of budget actual spent on capital budget	Internally funded capital projects expenditure exceed the allocated budget, this is due to unforeseen challenges at appointment of capital projects. as a result variation order or excessive capital expenditure is inevitable	To approve Variation Orders where necessary in line with budget availability. To assess the cost of capital project in line with market prices and ensure that projects are not stopped on account of under quoting by bidders to ensure projects are completed on time to avoid unnecessary escalations.		N/A	Expenditure Report	Budget & Treasury and Technical	
				BTO -12	Irregular, Fruitless and Wasteful and Unauthoris ed Expenditur e/ Total Operating Expenditur e	(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x 100		0%	52%	52%		0%		36%	UIFW is 36%	UIFW is noted as a continuous challenge to the municipality. The expenditure is identified upon payment however the recurrence of payment increase the value of UIFW already identified.	To address errors noted from monthly tender testing of UIFW. To report UIFW in line with the MFMA requirements. To alert end-users when submitting IRs that have no budget. To stop procurement where non-compliance is noted. To disclose UIFW as it is brought to attention		N/A	Expenditure Report	All	

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																					
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
								TARGET	ACTUAL												
								2024/25													
2024/2025 FINANCIAL YEAR																					
				BTO -13	Tabling of the funded annual budget to Council for approval	(1) KZN Provincial Treasury assessment outcomes shall be used to determine the funding status of the budget.				31-May-24		31-May-25		28-May-25	Annual Budget tabled to council on the 28 May 2025	N/A	N/A		N/A	Council Resolution Budget document	Budget & Treasury
			Ensure effective procurement management by adhering to a set average turn-around time for awarding of bids (7,5,2)	BTO -14	Average length of time from advertisement of a tender to the letter of award	(1) Sum of the number of days from the point of advertising a tender in terms of the 80/20 procurement process to the issuing of the letter of award/ (2) Total number of 80/20 tenders awarded as per the procurement process		3 months	3 months	3 months		3 months		3 months	Tender process kept at 3 months from advertisement to letter of award	N/A	N/A			Tender Register and Circular 71 Template & Calculation Evidence	Budget & Treasury
			Ensure that electricity distribution losses does not exceed 10% (7,5,3)	BTO -15	Percentage of electricity distribution losses	(1) Financial loss expressed in rands						10%	R0	R 6 183 052,65	In the 2024/25 financial year, a financial loss of R6 183 052,65 was incurred as a result of electricity losses.	To a varying extent, electricity losses are caused by the following factors, (1) tariffs which are not cost reflective and not entirely aligned to Eskom tariff structure (2) technical / infrastructure losses (3) meter tempering and illegal connections and (4) ineffective bylaw implementation.	The municipality put in place the following measures to address electricity losses (1) tariff setting training by NERSA (2) establishing electricity losses committee (3) electricity losses action plan (4) meter audit (5) electricity disconnections for customers illegally connected or for meter tempering and (6) Monthly Eskom invoice verification and (7) introduction of time of use tariff for 2025/26 financial year.			Circular 71 Template & Calculation Evidence	Budget & Treasury

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																					
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
								TARGET	ACTUAL			2024/25									
2024/2025 FINANCIAL YEAR																					
			Ensure effective and consistent reporting (7.5.4)	BTO -16	Submission of 2023/24 AFS to AG by 31 August 2024	(1) Date of submission		31-Aug-24	31-Aug-24	31-Aug-24	R1 304 348, 00	30-Aug-24		31-Aug-24	2023/24 AFS was submitted to AG on the 31 August 2024	N/A	N/A		N/A	Acknowledgement letter	Budget & Treasury
National Development Plan: Goal 4 - Transforming urban and rural spaces.																					
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY: Priority 5: Spatial integration, human settlements and local government.																					
UMZINYATHI DISTRICT ONE PLAN: PRIORITY - SPATIAL RESTRUCTURING AND ENVIRONMENTAL SUSTAINABILITY																					
NATIONAL KEY PERFORMANCE AREA 6: CROSS CUTTING																					
Service delivery	Improve strategic planning and municipal spatial planning (8)	To ensure effective land use management and development planning (8.1)	Reviewing of SDF to address spatial challenges in Nquthu Town (8.1.1)	Plan-12	Review of the Spatial Development Framework	(1) Completion of the SDF review phases as per the timeline set out in the SDF Inception Report		30-Jun-24	17-May-24	17-May-24	Funded by the KZN Department of Agriculture and Rural Development	30-May-24		The final SDF was adopted on the 28 of March 2025	The Spatial Development Framework (SDF) is the municipality's spatial planning blueprint seeking to ensure a well planned development. The SDF underwent a comprehensive review by an external service provider with the financial support of the KZN Department of Agriculture and Rural Development.				All	(1) Inception Report (2) PSC meeting minutes (3) Progress Reports (4) Close out reports (5) Council resolution	Planning

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																					
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
								TARGET	ACTUAL			2024/25									
2024/2025 FINANCIAL YEAR																					
		To ensure provision of gathering, managing, and analyzing spatially related data through GIS (8,2)	Implementati on of GIS Strategy (8,1,2)	Pla n- 13	Percentage of implementa tion of GIS Action Plan	(1) Actual planned GIS activities implemented / (2) Total Number of Planned Targets x 100		New KPI	New KPI	N/A		100%		100%	Geographical Information Systems (GIS) is a very important function in ensuring proper management of spatial information, especially spatial referencing of infrastructure and mapping. To ensure effectiveness in the GIS unit, a plan was developed to set its priorities and standards and such plan is fully implemented.	N/A	N/A			GIS Action Plan and POE supporting all activities reported.	Planning
		Ensure compliance with National building Regulations Act and Building Standards and Bylaws (6.3)	Creating awareness to local community National Building Regulations Act and building standards (6.3.1)	Pla n- 14	Average number of days taken to process building plans.	(1) Sum of the total number of days taken per building plan application finalized / Number of complete building plans recieved		New KPI	New KPI	N/A	N/A	30 days		14	14 days were taken to approve two applications	N/A	N/A		All	(1) Bulding plan application register (2) Bulding plan approval letter.	Planning
		Effective environment al management . (8.3)	Partner with relevant government departments and NGOs to implement environmental management programmes or projects. (8,3.1)	Pla n- 21	Number of reports to Council on the implementation of the Cleaning and Greening (Community-based) project.	(1) Number of reports tabled to council						4		0	A total cleanup campaigns were conducted, mainly in partnership with Umzinyathi District Municipality but no reports were tabled to Council.	Waste management and environmental function in the municipality are located in one section. It was anticipated that the reviewal of the IWMP would be used to mobilize waste and environmental stakeholders and use this platform to establish formal working relationship. Due to delays in the approval of the IWMP, reports to council could not be tabled.	The indicator was removed in the 2025/26 SDBIP and will be reintroduced once proper data collection methods has been established to enable credible reporting.			Council Resolution	Technical

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER SCORECARD																					
BACK TO BASIC PILLAR	GOAL (IDP Ref.)	OBJECTIVE (IDP Ref.)	STRATEGY (IDP Ref.)	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	PROJECTS	COMPARISON WITH PREVIOUS YEAR (2023/24)		BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	REVISED ANNUAL TARGET	ACTUAL ACHIEVEMENT	OVERALL COMMENT	REASON FOR VARIANCE	CORRECTIVE MEASURES	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
								TARGET	ACTUAL			2024/25									
2024/2025 FINANCIAL YEAR																					
	Achieve improved response to disaster and crime management(9)	Improve mitigation effects of emergencies and disasters (9,1)	Implementati on disaster risk reduction [Prevention] (9,1,2)	Cor p- 14	Review of Disaster Managemen t Plan	(1) Finalization of Disaster Management Plan review phases				New KPI		Phase 2: Approval of the reviewed Disaster Management Plan by 30 May 2025.		28-May-25	The municipality's Disaster Management Plan is reviewed on an annual basis to ensure that such plan is responsive to changing disatser vulnerability circumstances.	N/A	N/A			(1) Proof of submission of the Draft Disaster Management Plan (2) Final Disaster Management Plan and council resolution.	Corporate
			Improve disatser response time and Alertness to the community (9,1,1)	Cor p- 15	Percentage (%) of callouts responded to within 1 hours for structural fire incidents	(1) Number of structural fire incidents callouts responded to within 1 hour / (2) Total number of structural fire incidents callouts x 100		100%	100%	100%	100%		100%	The municipality is doing its utmost best to responding to all fire incidents within a set turn-around time of an hour but this extremely task due to the vastness of Nquthu and unsuitable roads Despite this difficulty, the municipality is maintaining its achievement rate of 100%.	N/A	N/A		ALL	OB Book	Corporate	
	Safe municipia l environ ment(10)	Provision of efficient and effective law enforcement (10,1)	Maximum enforce of roads, traffic laws and municipal by laws(10,1,1)	Cor p- 16	Number of road blocks conducted	(1) Number of road blocks conducted	45	75	75		45		53	The municipality's Traffic Management section conduct roadblocks on a regular basis to ensure the enforcement of traffic laws and to deal drivers with unpaid traffic fines. A total of 53 roadblocks were conducted.	Unplanned roadblocks are conducted as and when necessity is identified which is why an additional 8 roadblocks were conducted over and above those that were planned.	N/A			Road Blocks Register	Corporate	

6.8. Notes to the annual performance report

6.8.1. Additional reporting on consolidated indicators

The table below provides additional information on the community halls, roads and creches indicators which are each consolidated into one indicator in the organizational scorecard.

KPI REFERENCE NUMBER	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE				
							As at 30 June 2025				
						2024/25	Target	Actual	Overall Comment	Reason for Variance	Corrective Measures
2024/2025 FINANCIAL YEAR											
Tech-03	Tech-03 (Malang a)	Percentage of construction of Malanga Road in Ward 5	(1)Overall construction progress made (PERCENTAGE)	89%	R7,430,294.00	100%	100%	100%	The Project is complete	None	None
	Tech-03 (Ntaben de)	Construction of Ntabende Road in Ward 18	(1)Overall construction progress made (PERCENTAGE)	New Project	R8,686,331.25	85%	85%	100%	The Project is complete, Contractor attending snag list	None	None
	Tech-03 (Vukefil e)	Construction of Vukefile Road in Ward 11	(1)Overall construction progress made (PERCENTAGE)	New Project	R4,000,000.00	100%		100%	Practical Complete, Contractor is attending snag list issued.	None	None
	Tech - 03 (Skhale ni Skutu)	Construction of Skhaleni Skutu Gravel Road in Ward 10	(1)Overall construction progress made (PERCENTAGE)			90%	90%	100%	The Project is complete, Contractor attending snag list	None	None
	Tech - 03 (Nondw eni Gravel Road)	Construction of Nondweni Gravel Access Road (Ward 6)	(1)Overall construction progress made (PERCENTAGE)			50%	50%	53%	Earthwork, layer work and preparation of roadbed, processing or wearing course, causeway and gabion retaining structure.	None	None
	Tech - 03 (Mthuny e Road)	Construction of Mthunye Access Road	(1)Overall construction progress made (PERCENTAGE)	New		100%	100%	100%			
	Tech - 03 (Maceb a)	Construction of Maceba Gravel Road in ward 15	(1)Overall construction progress made (PERCENTAGE)	New		100%	100%	99.5%			
	Tech - 03 (Ezidak eni Causew ay)	Construction of Ezidakeni Causeway in Ward 02	(1)Overall construction progress made (PERCENTAGE)	New		100%	100%	92%			
Tech-08	Tech-08 (Nhlope ni)	Construction of NHLOPHENI HALL in Ward 5	(1)Overall construction progress made (PERCENTAGE)	88%	R1,755,853.20	100%	100%	100%	The Project is complete	None	None
	Tech-08 (Nkosi Elphas)	Construction of NKOSI ELFAS HALL in Ward 16	(1)Overall construction progress made (PERCENTAGE)	42%	R902,818.18	100%	100%	100%	The Project is complete	None	None

KPI REFERENCE NUMBER	KPI Ref No.	KEY PERFORMANCE INDICATOR	MEASUREMENT CRITERIA / FORMULA	BASELINE 2023/24	BUDGET 2024/25	ANNUAL TARGET	ACTUAL ANNUAL PERFORMANCE				
						2024/25	As at 30 June 2025				
							Target	Actual	Overall Comment	Reason for Variance	Corrective Measures
2024/2025 FINANCIAL YEAR											
	Tech-08 (Ncome)	Construction of NCOME HALL in Ward 15	(1)Overall construction progress made (PERCENTAGE)	60%	R3,970,087.04	100%	100%	100%	The Project is complete	None	None
	Tech-08 (Nhlabamkhosi)	Construction of NHLABAMKHOSI HALLS in Ward 04	(1)Overall construction progress made (PERCENTAGE)	66%	R4,123,618.69	100%	100%	100%	The Project is complete, contractor is cleaning the site	None	None
	Tech-08 (Nyakaza)	Construction of Nyakaza Hall	(1)Overall construction progress made (PERCENTAGE)	40%	R4,510,499.18	100%		100%	The Project is complete	None	None
	Tech-08 (Mbewunye)	Construction of MBEWUNYE HALL in Ward 11	(1)Overall construction progress made (PERCENTAGE)	65%	R865,657.73	100%		100%	The Project is complete	None	None
	Tech-08 (Mphondi)	Construction of Mphondi Hall in Ward 07	(1)Overall construction progress made (PERCENTAGE)	65%	R1,470,241.91	100%		100%	The Project is complete	None	None
Tech-10	Tech-10 (Ntanyandlovu)	Construction of Ntanyandlovu Creche in Ward 13	(1)Overall construction progress made (PERCENTAGE)	89%	R438,196.53	100%	100%	100%	The Project is complete	None	None
	Tech-10 (Zwelisha)	Construction of Zwelisha Creche Ward 06	(1)Overall construction progress made (PERCENTAGE)	76%	R1,092,876.90	100%	100%	100%	Cleaning the site	None	None
	Tech-10 (Elihlehaya)	Construction of Elihlehaya Creche in Ward 01	(1)Overall construction progress made (PERCENTAGE)	99%	R681,393.32	100%		100%	The Project is complete	none	none
	Tech-10 (Bhekukhanya)	Construction of Bhekukhanya Creche in Ward 06	(1)Overall construction progress made (PERCENTAGE)	65%	R2,115,335.56	100%	100%	94%	Borehole installation, septic tank and external work	Rain and payment delays	Extension of time has been granted to the contractor to complete the project.
	Tech-10 (Tlokweni)	Construction of Tlokweni Creche in Ward 19	(1)Overall construction progress made (PERCENTAGE)	New Project	R2,600,000.00	100%	100%	100%	The Project is complete	None	None

6.8.2. Infrastructure project impact analysis

While the municipality initiate and implement different infrastructure projects through engagements with communities using established public consultation structures and processes, the municipality is required by law to measure the outcomes and impact that the municipality is making through its investment in infrastructure. Outcome and impact indicators are usually difficult to develop and measure due to either lack of or limited data availability. And, even in cases where the municipality sources data to report the actual, e.g. Stats SA report; the municipality cannot easily link its input indicators to achieved outcomes or impact as these are mostly a product of various contributing factors which are not necessarily in control of the municipality. It is also difficult to develop realistic targets for such indicators.

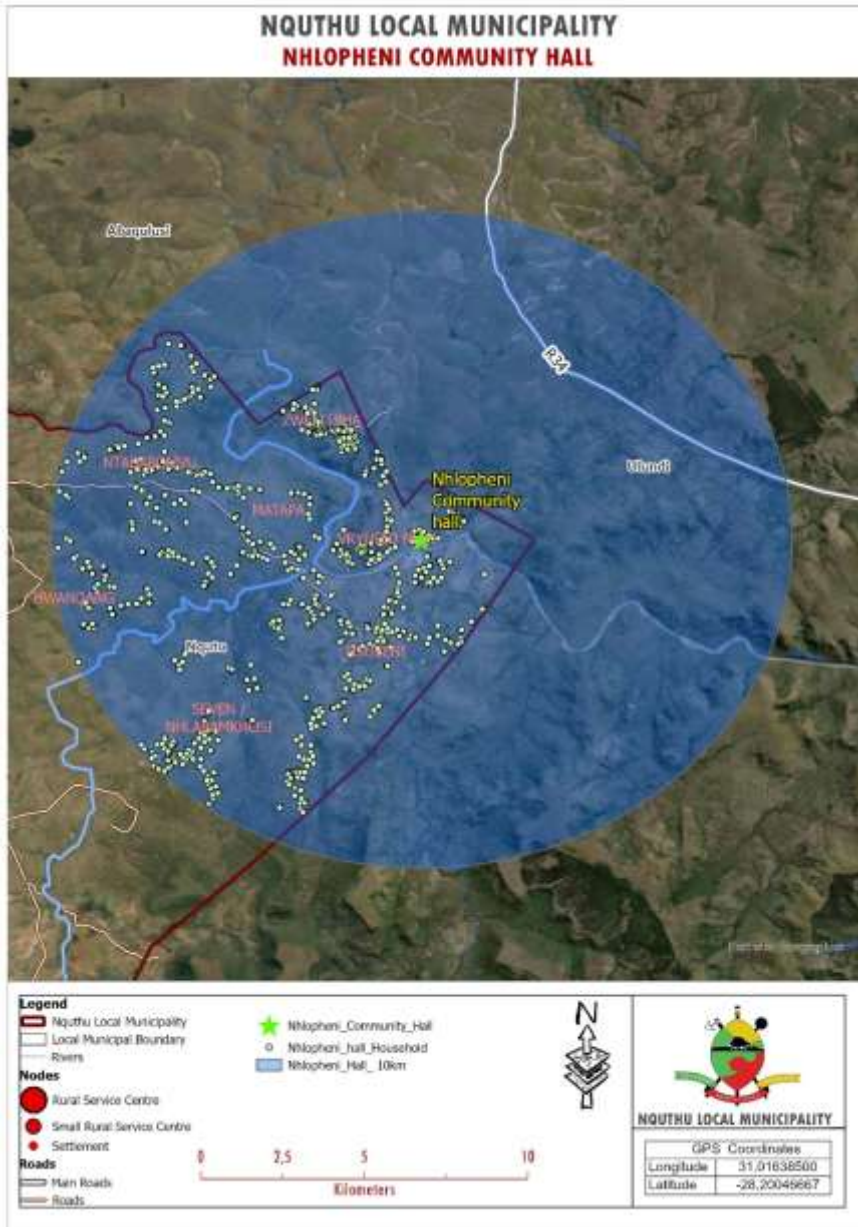
This section seeks to at least provide an analysis of the extent to which infrastructure projects (specifically social facilities) of the municipality meet the set norms in terms of the CSIR Guidelines for the Provisions of Social Facilities in South African Settlements, hereinafter referred to as CSIR Guidelines. Different categories of infrastructure and taxi ranks are not covered in these guidelines, so they are assessed using a general criteria by analysing their impact and/or necessity.

	HIERARCHY OF SETTLEMENTS	CATCHMENT SIZE (NO. OF PEOPLE)
A	Metropolitan cities/regions	> 1 000 000
B	Large cities/small metros	350 000 - 1 000 000
C	Large towns/regional service centres	100 000 - 350 000
D	Small to medium towns/regional service centres	60 000 - 100 000
E	Small towns/isolated regional service centres	25 000 - 60 000
F	Dense dispersed settlements (Large continuous development with 10+ persons per hectare and up to 10 km ² in extent)	10 000 - 100 000
G	Villages	5 000 - 25 000
H	Remote villages (Villages more than 20 km from larger settlements)	500 - 5 000

The municipality has invested immensely in social facilities like community halls in the past few years as most settlements have localized facilities. However, it is necessary to measure the extent to which applicable CSIR Standards are met to determine how much the municipality has advanced in this regard and also guide future planning and prioritization of infrastructure. Nquthu has a huge road infrastructure backlog and do not have adequate capacity to maintain existing roads. This has compelled the municipality to continue to invest in social facilities since even though most standards are exceeded in the provision of social facilities, but such facility are not easily accessible due to poor transport system and also high transport costs.

The category of social facilities with still a huge backlog are creches or early childhood development centre (ECDs) despite huge investment that is being made municipal partners like Assupol Community Trust. This is due to the fact that this category was overlooked in the past and also the fact that most parents cannot afford transport fees, which then require that these are built closer to households as children cannot walk long distances.

The following pages provide a brief analysis of all projects completed or under construction in 2024/25 financial year. All projects are spatially referenced with maps showing their exact location and number of households covered, among other things.



PURPOSE Holding public meetings, training, entertainment and other functions.

PROJECT COST R 5 503 531,15

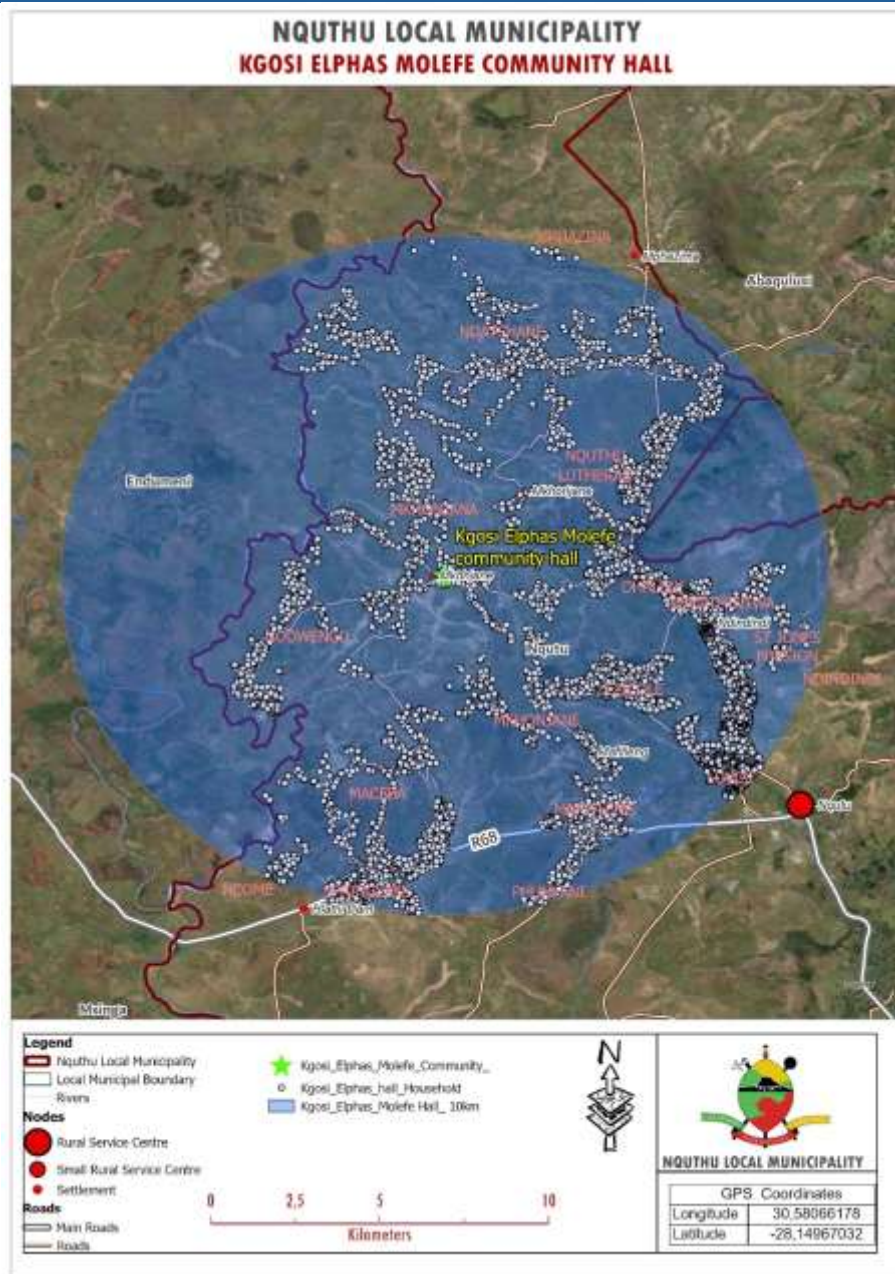
CAPACITY Seated: 400 persons Standing: 100 persons

LOCATION Area: Nhlopheni

WATER & ELECTRICITY Electricity: Yes Water: Yes (Borehole)

FACILITIES Ablution: Yes (Male, Female & Disabled) Kitchen: Yes Office: Yes

COVERAGE There are 1 044 households within the 10 km radius. However, majority of areas that are covered have local community halls or other closer community halls. Therefore, the norm prescribed by applicable CSIR standard in hugely exceeded.



PURPOSE Holding public meetings, training, entertainment and other functions.

PROJECT COST R 4 880 922,74

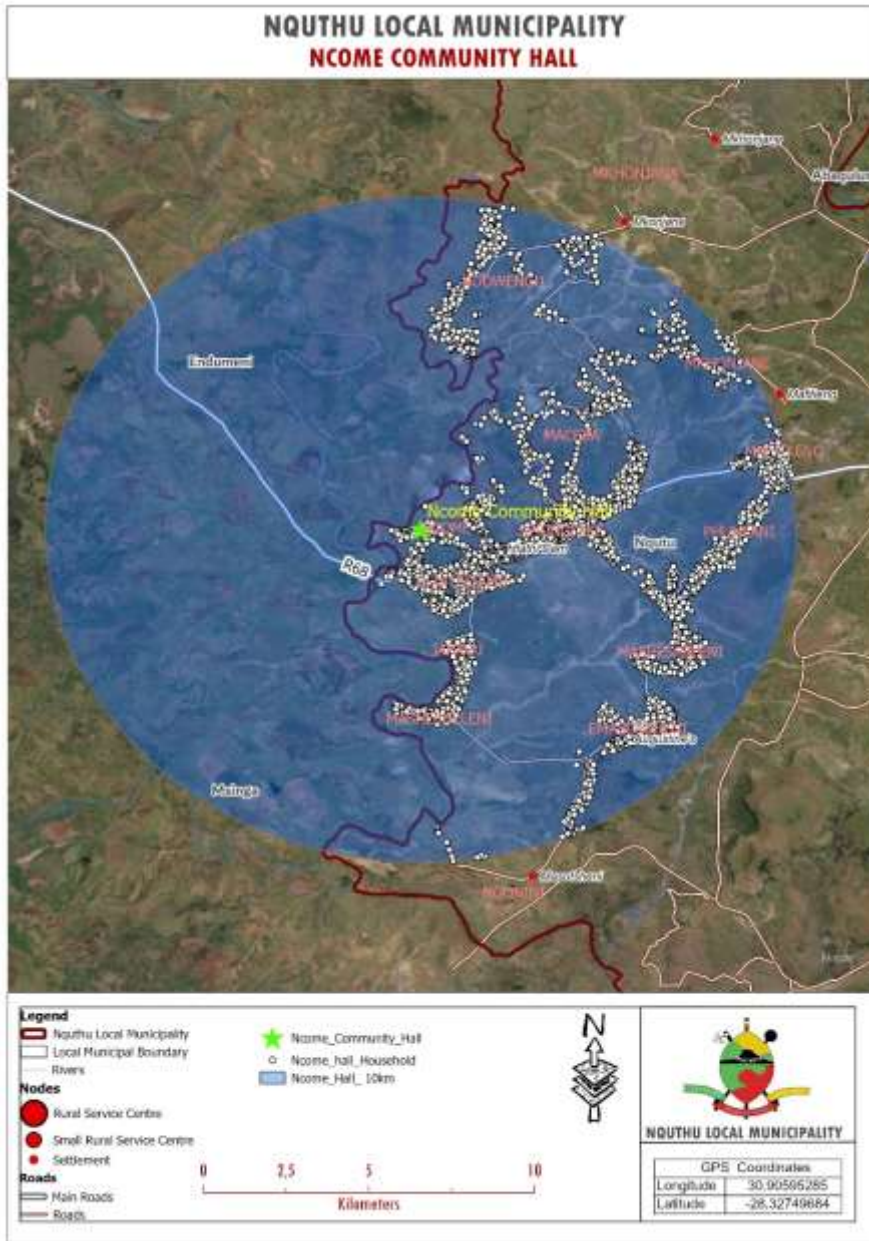
CAPACITY Seated: 400 persons Standing: 100 persons

LOCATION Area: Mkhonjane

WATER & ELECRICTY Electricity: Yes Water: Yes (Borehole)

FACILITIES Ablution: Yes (Male, Female & Disabled) Kitchen: Yes Office: Yes

COVERAGE There are 6 944 households within the 10 km radius as per the applicable CSIR standard. However, overwhelming majority of these areas have local community halls or other closer community halls. Therefore, the norm prescribed by applicable CSIR standard in hugely exceeded.



PURPOSE Holding public meetings, training, entertainment and other functions.

PROJECT COST R 4 272 121,29

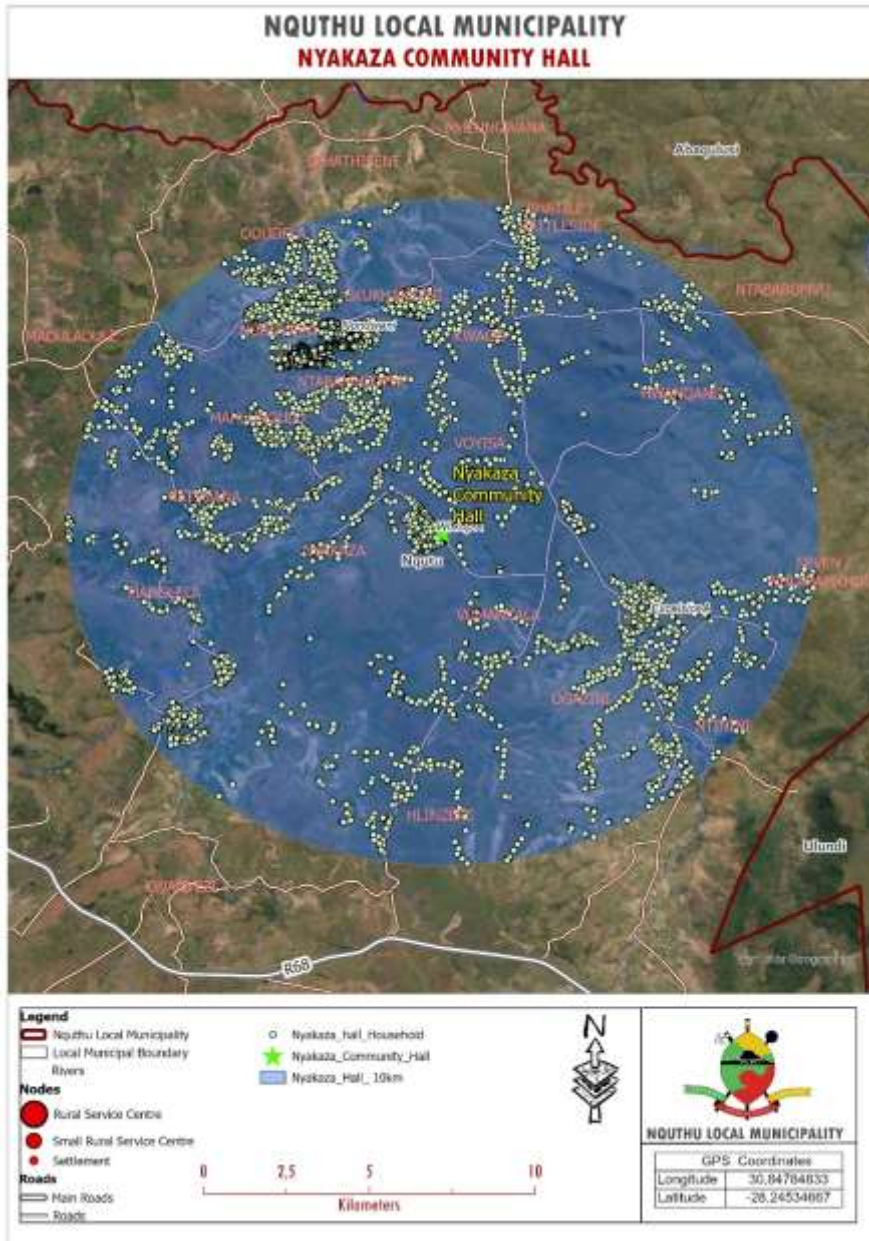
CAPACITY **Seated:** 400 persons **Standing:** 100 persons

LOCATION **Area:** Ncome

WATER & ELECTRICITY **Electricity:** Yes **Water:** Yes (UDM water main)

FACILITIES **Ablution:** Yes (Male, Female & Disabled) **Kitchen:** Yes **Office:** Yes

COVERAGE There are 4 108 households within the 10 km radius as per the applicable CSIR standard. However, overwhelming majority of these areas have local community halls or other closer community halls. Therefore, the norm prescribed by applicable CSIR standard in hugely exceeded.



PURPOSE Holding public meetings, training, entertainment and other functions.

PROJECT COST R 4 503 378,13

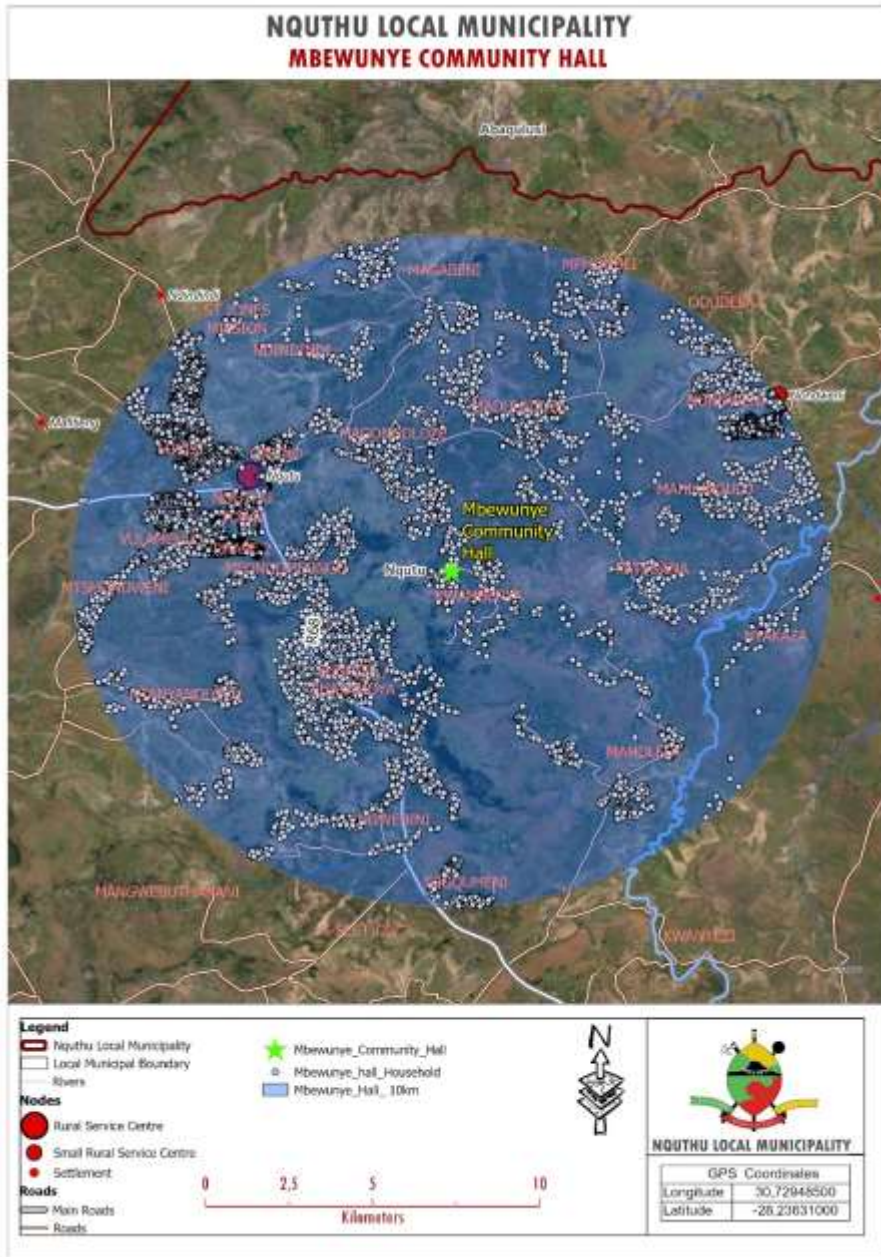
CAPACITY Seated: 400 persons Standing: 100 persons

LOCATION Area: Nyakaza

WATER & ELECTRICITY Electricity: Yes Water: Yes (Borehole)

FACILITIES Ablution: Yes (Male, Female & Disabled) Kitchen: Yes Office: Yes

COVERAGE There are 6 139 households within the 10 km radius as per the applicable CSIR standard. However, overwhelming majority of these areas have local community halls or other closer community halls. Therefore, the norm prescribed by applicable CSIR standard in hugely exceeded.



PURPOSE Holding public meetings, training, entertainment and other functions.

PROJECT COST R 5 775 660,77

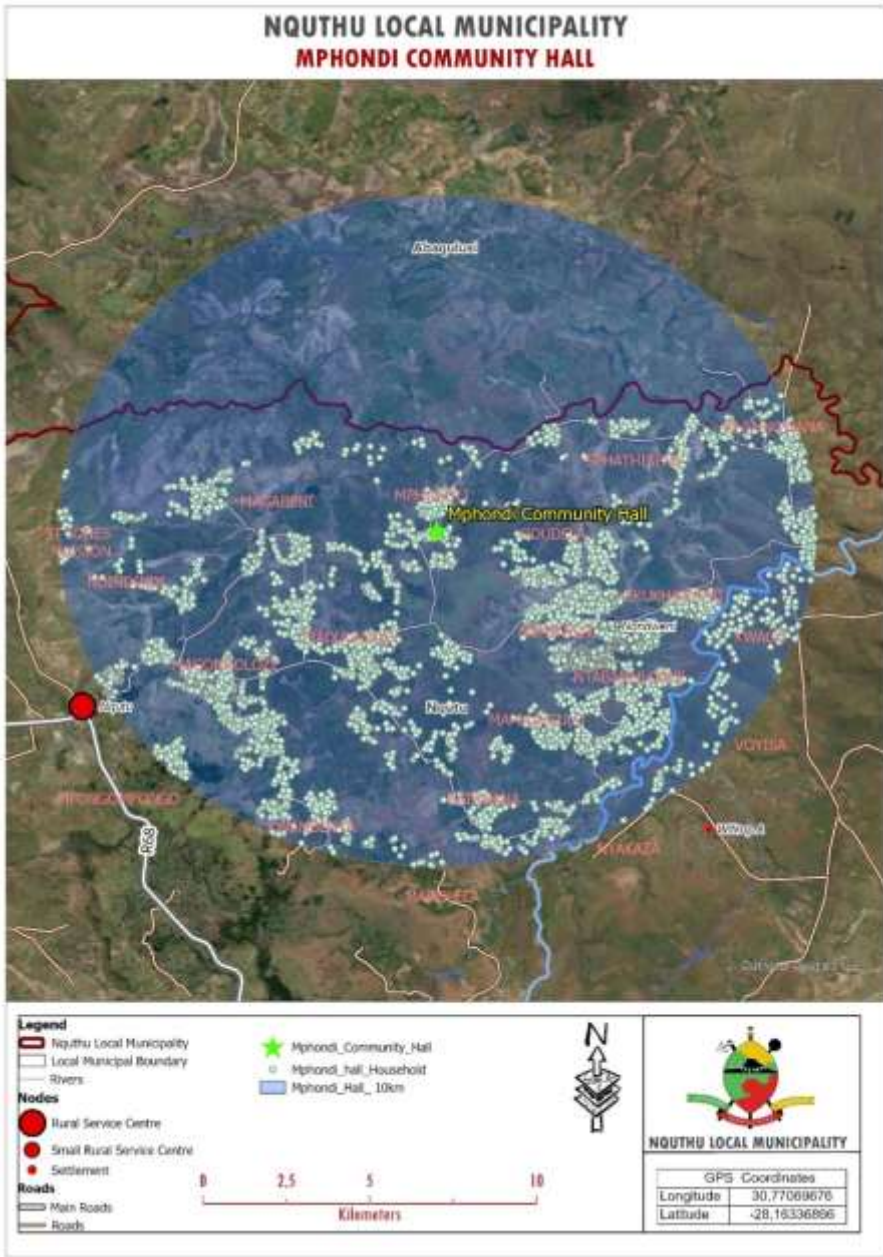
CAPACITY Seated: 400 persons Standing: 100 persons

LOCATION Area: Mbewunye

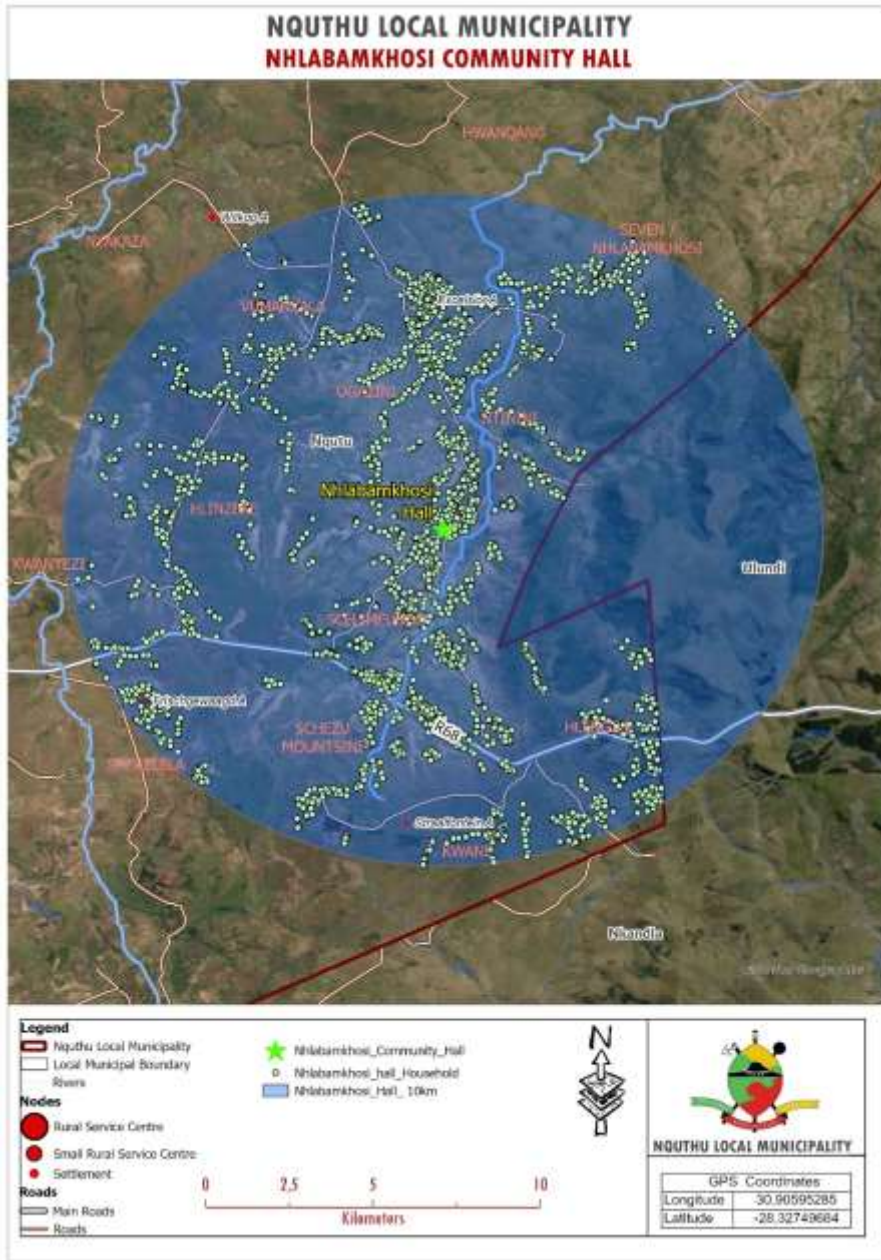
WATER & ELECTRICITY Electricity: Yes Water: Yes (Borehole)

FACILITIES Ablution: Yes (Male, Female & Disabled) Kitchen: Yes Office: Yes

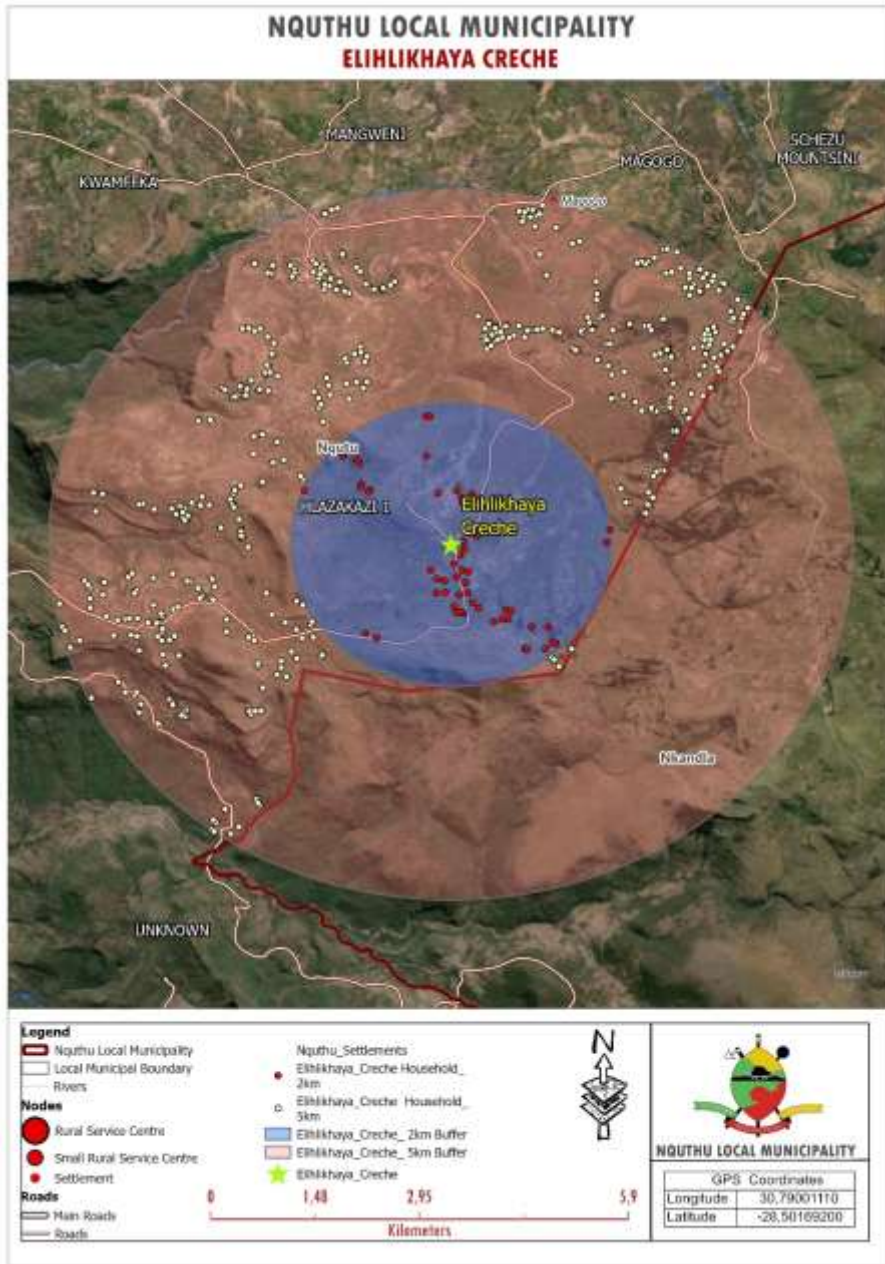
COVERAGE There are 12 413 households within the 10 km radius as per the applicable CSIR standard. However, overwhelming majority of these areas have local community halls or other closer community halls. Therefore, the norm prescribed by applicable CSIR standard in hugely exceeded.



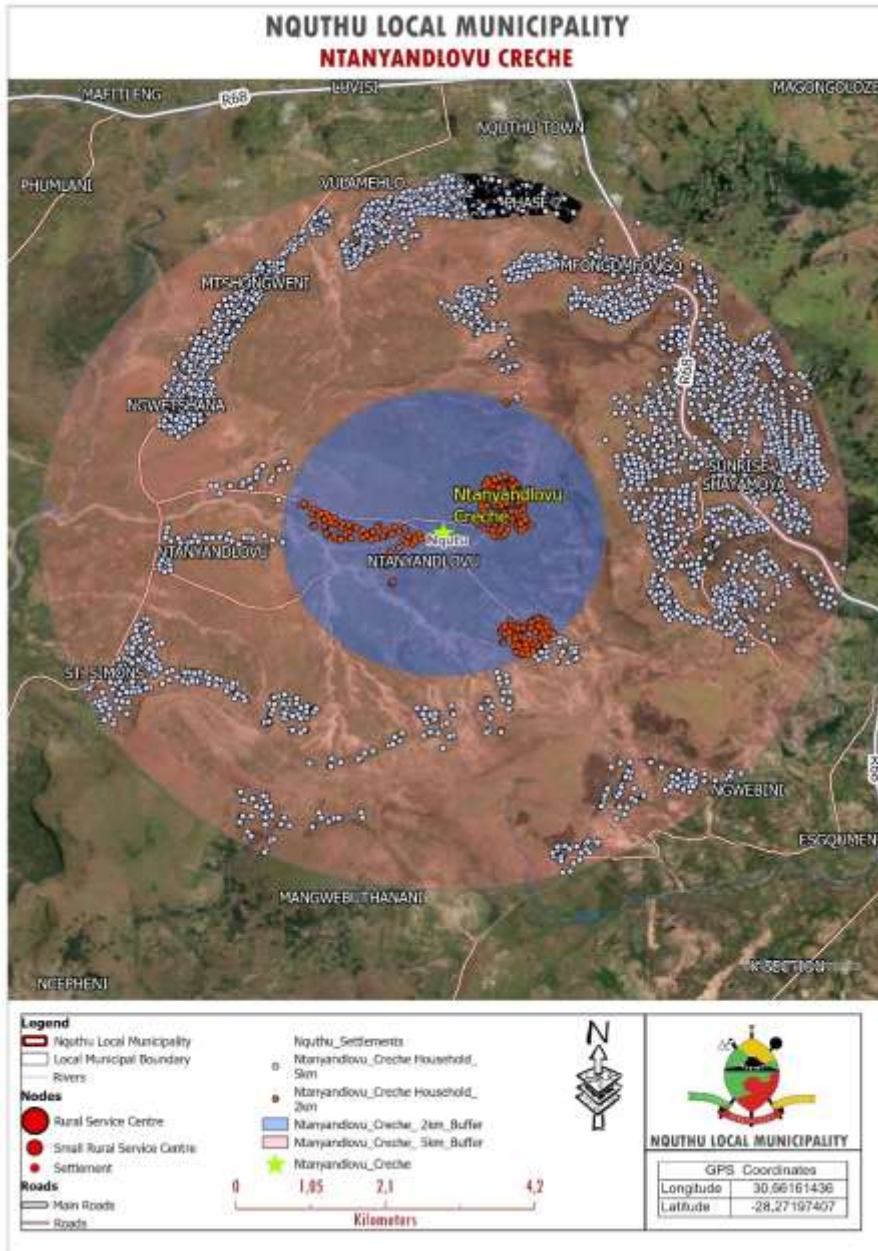
PURPOSE	Holding public meetings, training, entertainment and other functions.
PROJECT COST	R 5 725 821,35
CAPACITY	Seated: 400 persons Standing: 100 persons
LOCATION	Area: Mphondi
WATER & ELECTRICITY	Electricity: Yes Water: Yes (Borehole)
FACILITIES	Ablution: Yes (Male, Female & Disabled) Kitchen: Yes Office: Yes
COVERAGE	There are 6 755 households within the 10 km radius as per the applicable CSIR standard. However, overwhelming majority of these areas have local community halls or other closer community halls. Therefore, the norm prescribed by applicable CSIR standard is hugely exceeded.



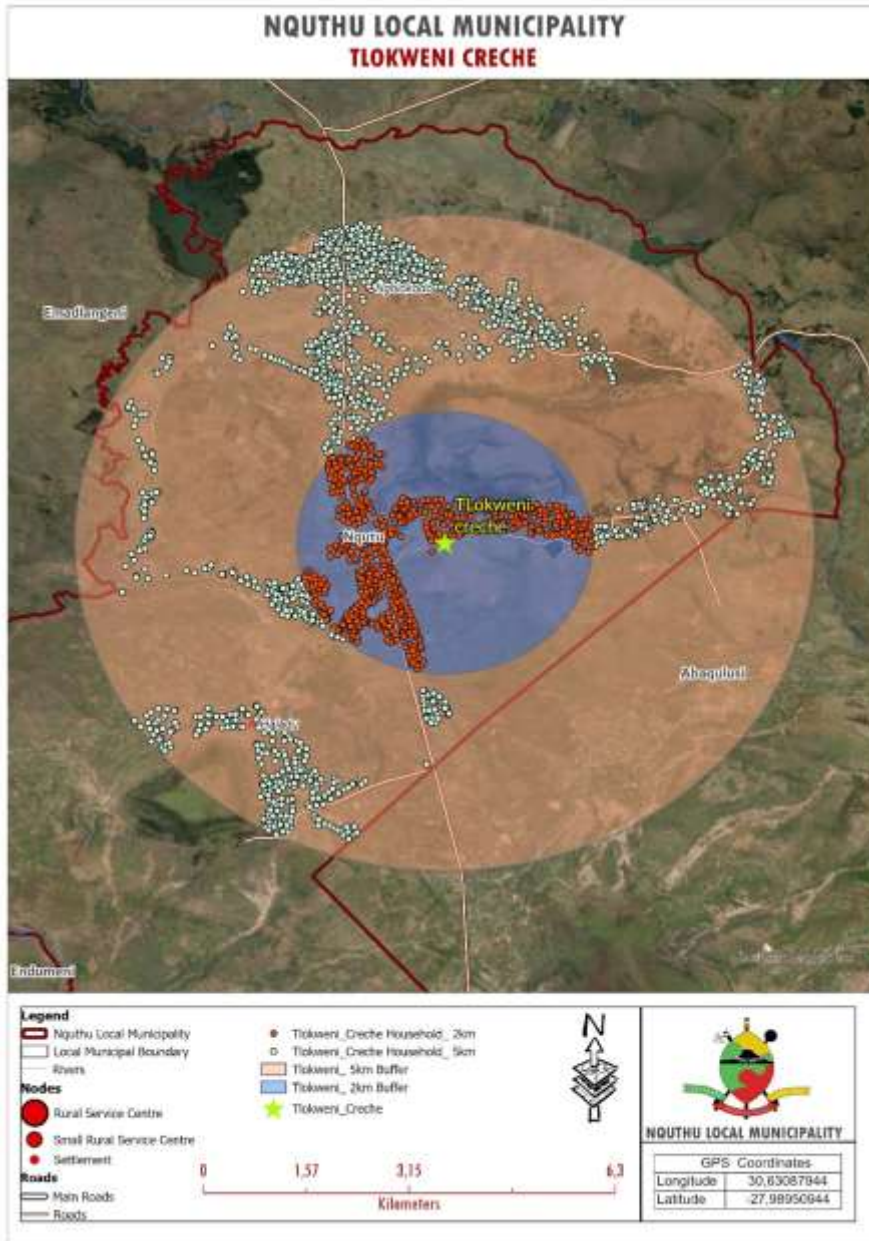
PURPOSE	Holding public meetings, training, entertainment and other functions.	
PROJECT COST	R 4 632 217,85	
CAPACITY	Seated: 400 persons	Standing: 100 persons
LOCATION	Area: Nhlabamkhosi	
WATER & ELECTRICITY	Electricity: Yes	Water: Yes (Borehole)
FACILITIES	Ablution: Yes (Male, Female & Disabled) Kitchen: Yes Office: Yes	
COVERAGE	There are 2 698 households within the 10 km radius as per the applicable CSIR standard. However, overwhelming majority of these areas have local community halls or other closer community halls. Therefore, the norm prescribed by applicable CSIR standard is hugely exceeded.	



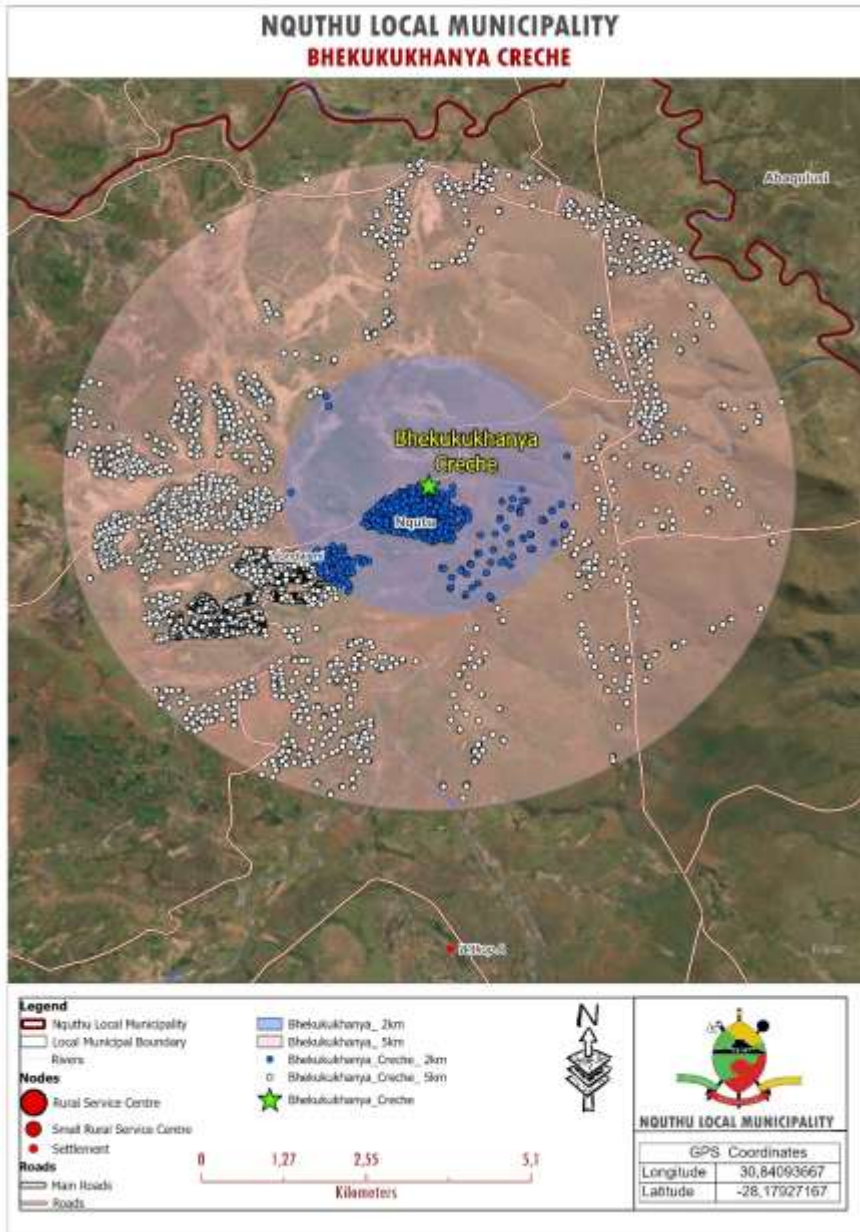
PURPOSE	Provides a programme for the care of more than six young children - can include day-care centre, crèche, nursery school, play school and after-care.
CAPACITY	100 children
LOCATION	Area:
PROJECT COSTS	R 3 136 582,61
WATER & ELECTRICITY	Electricity: Yes Water: Yes (Borehole)
FACILITIES	Ablution: Yes (Male, Female & Disabled) Kitchen: Yes Office: Yes Playroom: Yes Classroom: Yes Storeroom: Yes Sickroom: Yes
COVERAGE	Provision criteria C. Covers 55 households that are within a 2 km radius and 550 households within a 5 km radius.



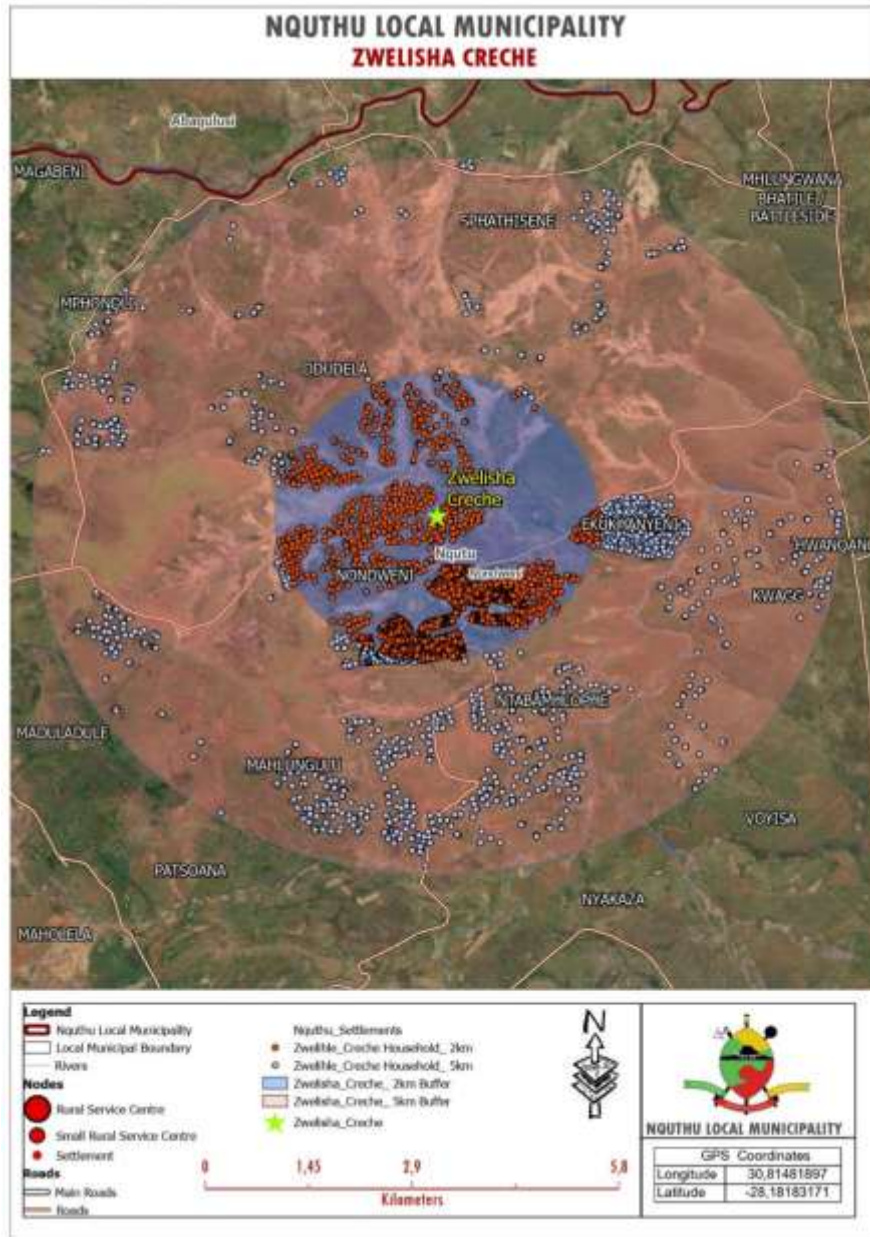
PURPOSE	Provides a programme for the care of more than six young children - can include day-care centre, crèche, nursery school, play school and after-care.
CAPACITY	100 children
LOCATION	Area: Ntanyandlovu
PROJECT COST	R 2 845 095,16
WATER & ELECRICTY	Electricity: Yes Water: Yes (Borehole)
FACILITIES	Ablution: Yes (Male, Female & Disabled) Kitchen: Yes Office: Yes Playroom: Yes Classroom: Yes Storeroom: Yes Sickroom: Yes
COVERAGE	Provision criteria C. Covers 265 households that are within a 2 km radius and 3 870 households within a 5 km radius.



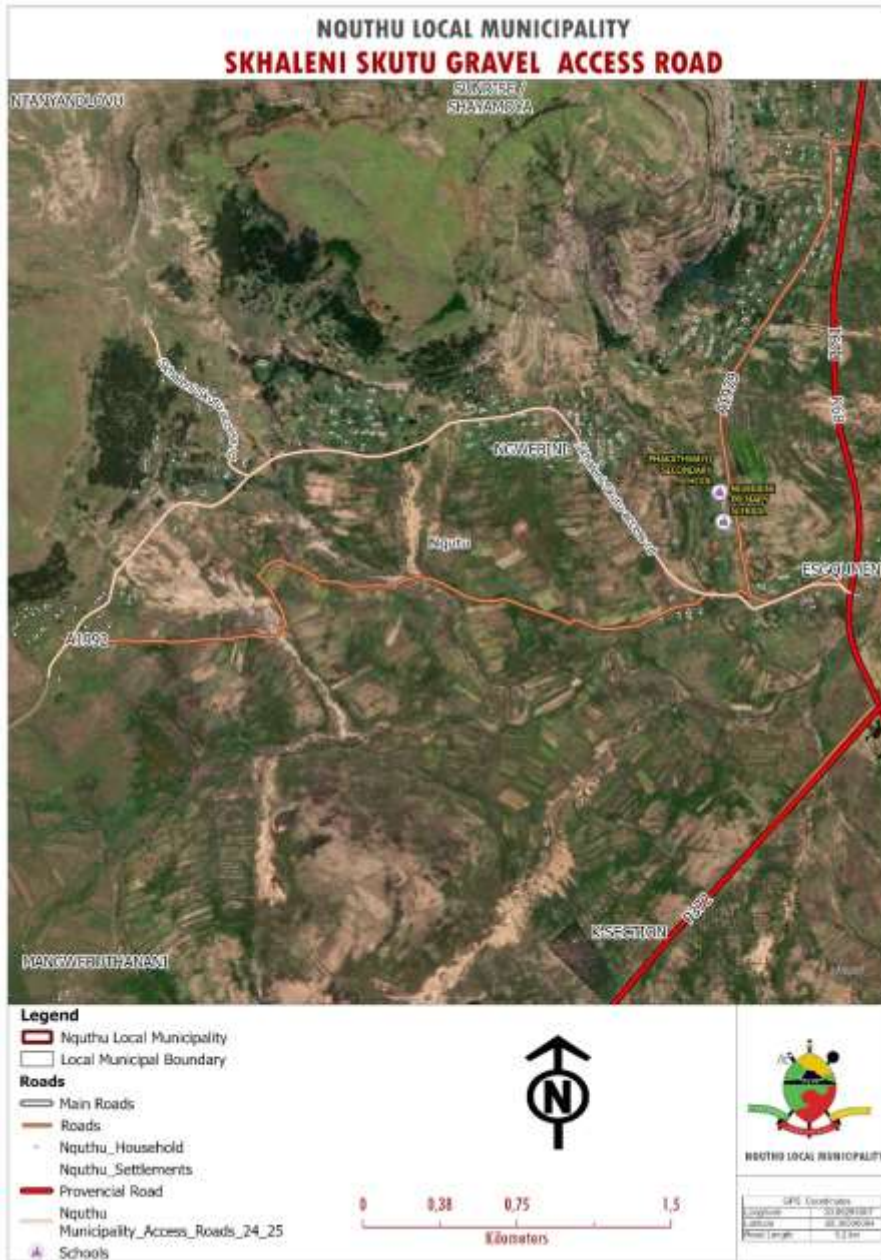
PURPOSE	Provides a programme for the care of more than six young children - can include day-care centre, crèche, nursery school, play school and after-care.
CAPACITY	100 children
LOCATION	Area: Tlokoeng
PROJECT COST	R 3 271 038,37
WATER & ELECRICTY	Electricity: Yes Water: Yes (Borehole)
FACILITIES	Ablution: Yes (Male, Female & Disabled) Kitchen: Yes Office: Yes Playroom: Yes Classroom: Yes Storeroom: Yes Sickroom: Yes
COVERAGE	Provision criteria C. Covers 666 households that are within a 2 km radius and 2 284 households within a 5 km radius.



PURPOSE	Provides a programme for the care of more than six young children - can include day-care centre, crèche, nursery school, play school and after-care.
CAPACITY	100 children
LOCATION	Area: Nondweni
PROJECT COST	R 1 214 330,35 as at 30 June 2025
WATER & ELECTRICITY	Electricity: Yes Water: Yes (Borehole)
FACILITIES	Ablution: Yes (Male, Female & Disabled) Kitchen: Yes Office: Yes Playroom: Yes Classroom: Yes Storeroom: Yes Sickroom: Yes
COVERAGE	Provision criteria C. Covers 474 households that are within a 2 km radius and 3 690 households within a 5 km radius. This creche is located closer to highly dense Nondweni area which is why it covers many households in the 5km radius.



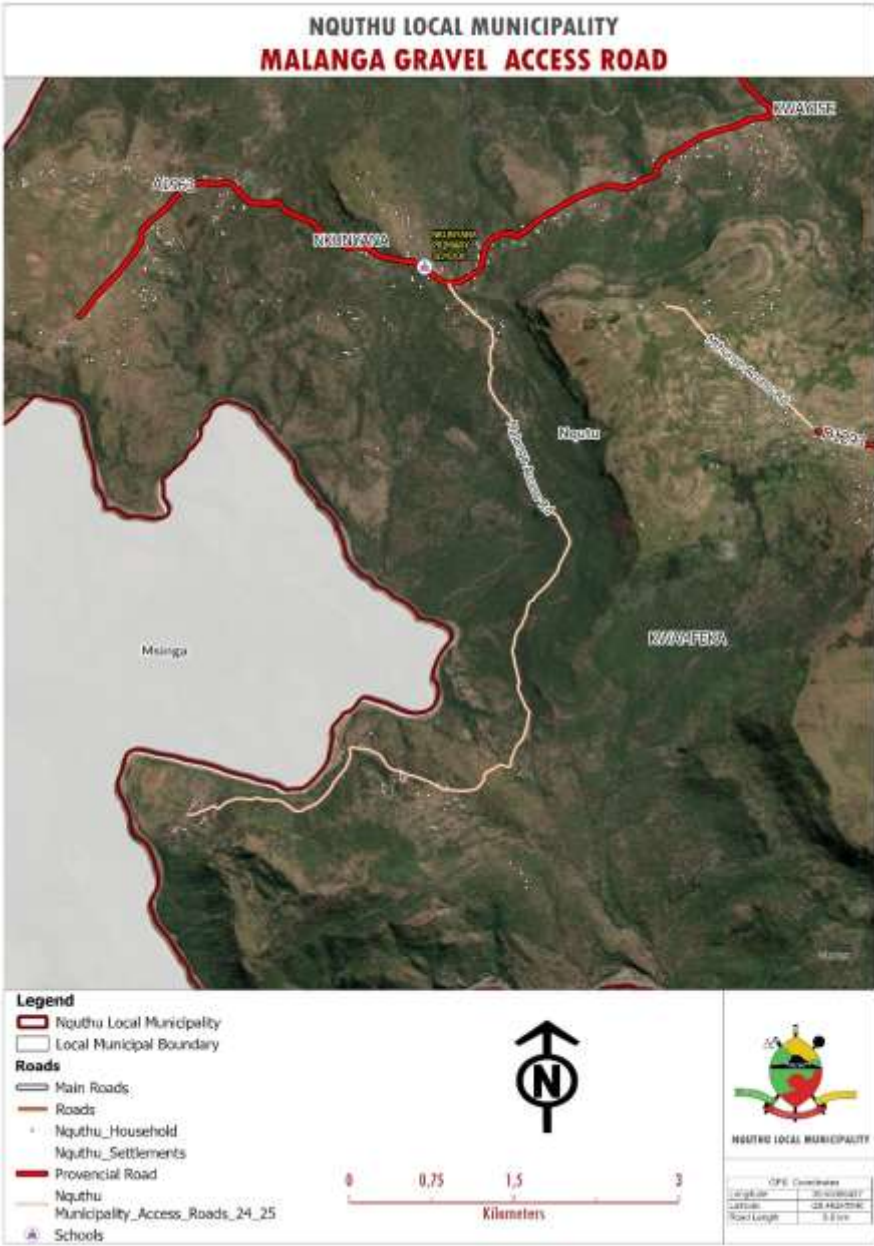
PURPOSE	Provides a programme for the care of more than six young children - can include day-care centre, crèche, nursery school, play school and after-care.
CAPACITY	100 children
LOCATION	Area: Nondweni
PROJECT COST	R 2 494 726,50
WATER & ELECRICTY	Electricity: Yes Water: Yes (Borehole)
FACILITIES	Ablution: Yes (Male, Female & Disabled) Kitchen: Yes Office: Yes Playroom: Yes Classroom: Yes Storeroom: Yes Sickroom: Yes
COVERAGE	Provision criteria C. Covers 2 256 households that are within a 2 km radius and 3 571 households within a 5 km radius. This creche is located in highly dense Nondweni area which is why it covers many households.



PURPOSE	To improve community accessibility and mobility.
ROAD TYPE	Gravel/unsurfaced Road
KILOMETERS	5.2 km
PROJECT COST	R 10 427 343,26
MAINTENANCE RESPONSIBILITY	Nquthu Local Municipality
DIRECTLY AFFECTED SETTLEMENTS	Ngwebini and Mangwebuthanani, Ntanyandlovu and Isandlwana Mission
ADDITIONAL INFORMATION / OBSERVATIONS	This road leads to the R68 provincial road linking Nquthu Town and Babanango and also relied upon by learners of Mampunga Primary School, Ngwebini Primary School and Phakathwayo High School.



PURPOSE	To improve community accessibility and mobility.
ROAD TYPE	Gravel/unsurfaced Road
KILOMETERS	1.6 km
PROJECT COST	R 1 696 066.46
MAINTENANCE RESPONSIBILITY	Nquthu Local Municipality
DIRECTLY AFFECTED SETTLEMENT	Maceba community
ADDITIONAL INFORMATION / OBSERVATIONS	This road links Maceba community to A1981 roads which leads to R68 provincial road that links Nquthu Town and Dundee, which are approximately 53 km apart.



PURPOSE	To improve community accessibility and mobility.
ROAD TYPE	Gravel/unsurfaced Road
KILOMETERS	8.6 km
PROJECT COST	R 10 150 850,13
MAINTENANCE RESPONSIBILITY	Nquthu Local Municipality
DIRECTLY AFFECTED SETTLEMENTS	Nkunyana and Nomalanga
ADDITIONAL INFORMATION / OBSERVATIONS	This road link Nkunyana and Nomalanga communities with A1963 Road which is a provincial/DOT road that connects the community to the entire road network. Learners that attend Nkunyana Primary School also relies on this road.



PURPOSE	To improve community accessibility and mobility.
ROAD TYPE	Gravel/unsurfaced Road
KILOMETERS	1.7 km
PROJECT COST	R 1 696 066.46
MAINTENANCE RESPONSIBILITY	Nquthu Local Municipality
DIRECTLY AFFECTED SETTLEMENTS	KwaMfeka community

ADDITIONAL INFORMATION / OBSERVATIONS This road links KwaMfeka community to D1293 road which is provincial/DOT road. Furthermore, learners of Mfeka Primary School and Funulwazi Secondary School are also reliant on this road.



Preparation for a top slab- causeway



Pouring of concrete for causeway



PURPOSE	To improve community accessibility and mobility.
ROAD TYPE	Gravel/unsurfaced Road
KILOMETERS	N/A
PROJECT COST	R 5 721 088,67 as at 30 June 2025
MAINTENANCE RESPONSIBILITY	Nquthu Local Municipality
DIRECTLY AFFECTED AREAS	Nondweni
ADDITIONAL INFORMATION / OBSERVATIONS	



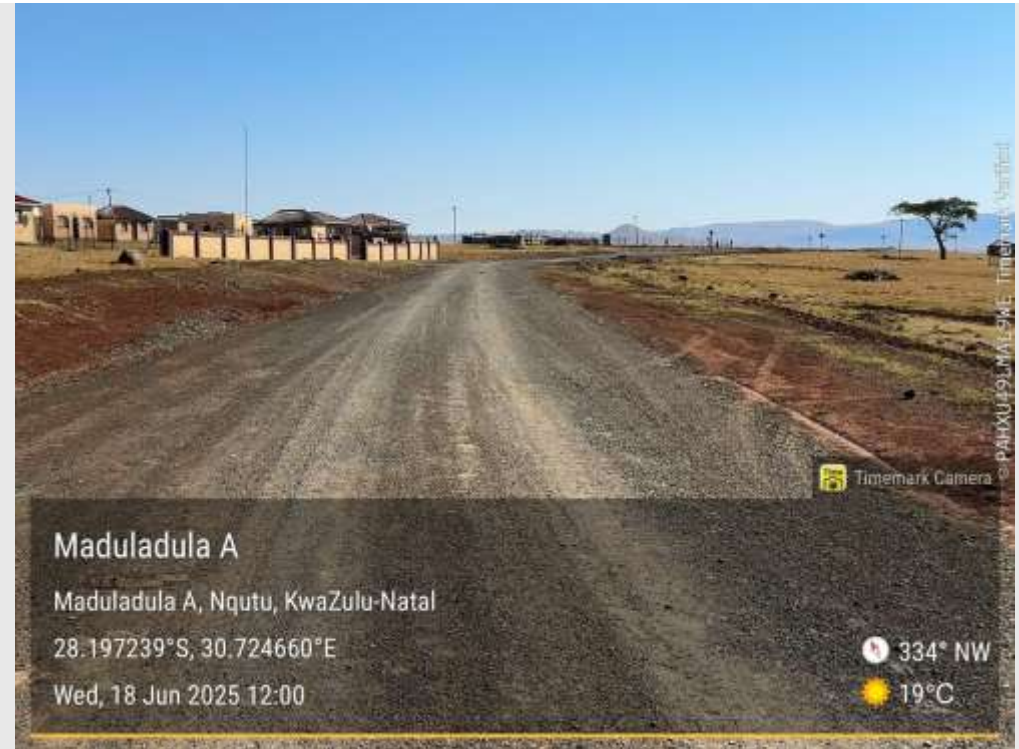
Before



After



PURPOSE	To improve community accessibility and mobility.
ROAD TYPE	Gravel/unsurfaced Road
KILOMETERS	3.1 km
PROJECT COST	R 6 782 967,39
MAINTENANCE RESPONSIBILITY	Nquthu Local Municipality
DIRECTLY AFFECTED SETTLEMENTS	Ndatshana, Mkhonjane and Mathambo
ADDITIONAL INFORMATION / OBSERVATIONS	This road links D2249 Rd and P54 Rd (road from Blood River to Nquthu Town). There are also learners that rely on this road who attend Ndatshana Primary School and Ukuphumula Secondary School.



PURPOSE	To improve community accessibility and mobility.
ROAD TYPE	Gravel/unsurfaced Road
KILOMETERS	1.5 km
PROJECT COST	R 2 975 311,21
MAINTENANCE RESPONSIBILITY	Nquthu Local Municipality
DIRECTLY AFFECTED SETTLEMENTS	Vukefile community
ADDITIONAL INFORMATION / OBSERVATIONS	This road links Vukefile community to P36-2 Road. Vukefile is an a very remote and isolated village that previously had mobility challenges.



PURPOSE	To improve community accessibility and mobility.
ROAD TYPE	Causeway to ensure usability of existing road.
KILOMETERS	Length: 9m x 6m
PROJECT COST	R 1 799 752.19
MAINTENANCE RESPONSIBILITY	Nquthu Local Municipality
DIRECTLY AFFECTED AREAS	Ntinini community
ADDITIONAL INFORMATION / OBSERVATIONS	This causeway link 18 households of Ntinini community to P50-4 Road. These households were cut-off and could not cross during heavy rains.

OLD NQUTHU TAXI RANK – WARD 9 (under construction)



PURPOSE	To renovate the debilitated Old Taxi Rank to (1) Ensure the safety of the public/commuters, taxi operators, hawkers, etc. (2) repurpose it for serve economic
FACILITY TYPE	Recyclable waste collection and packaging facility.
LOCATION	Ward 9 (On the outskirts of Nquthu Town)
PROJECT COST	R 5 065 460,18 as at 30 June 2025
OPERATOR	Service Provider.
CRITERIA TO MEASURE EFFECTIVENESS	Tons diverted from dumpsite
ADDITIONAL INFORMATION	This is Nquthu Town's main local route taxi rank where all commuters board from. It is upgrade to increase its capacity, safety and also to accommodate informal traders it is a vibrant economic space.



PURPOSE	Old cemetery ran out of burial space. The cemetery replaces ensures there is sufficient burial space for the public.
FACILITY TYPE	Cemetery
LOCATION	Ward 9 (Next to Empumelelweni Area))
PROJECT COST	R 4 142 359,48
REGULATION AND MAINTENANCE	Nquthu Local Municipality
CRITERIA TO MEASURE EFFECTIVENESS	Tons diverted from dumpsite
ADDITIONAL INFORMATION	Provision criteria C. This cemetery is an official built in response to running out of burial space in the of municipal cemetery. This cemetery is open to everyone but will in the main be used by the residents of Nquthu Town and its surroundings since most villages have their own informal cemeteries.

BUY BACK CENTRE – WARD 9 (under construction)



PURPOSE	To divert recyclable waste from the municipal dumpsite to extend its lifespan, minimize pollution and also create economic opportunities for waste pickers.
FACILITY TYPE	Recyclable waste collection and packaging facility.
LOCATION	Ward 9 (On the outskirts of Nquthu Town)
PROJECT COST	R 5 751 800,13 as at 30 June 2025
OPERATOR	Service Provider.
CRITERIA TO MEASURE EFFECTIVENESS	Tons diverted from dumpsite
ADDITIONAL INFORMATION	As from February 2025, operations were restored at this facility after there were challenges. The facility is managed by a well experienced supervisor and a weigh bridge will be constructed as part of its expansion.

NONDWENI SPORTS FIELD – WARD 6 (under construction)



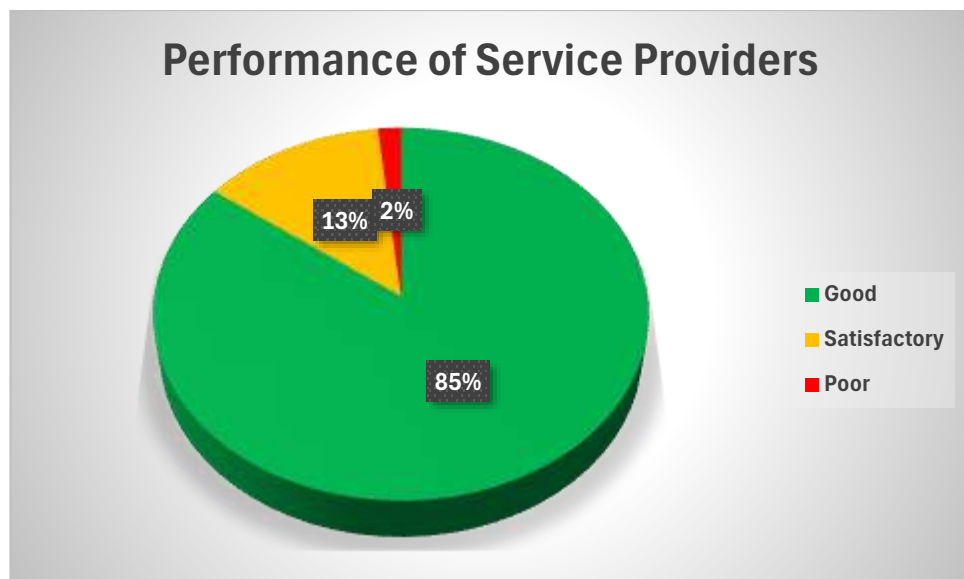
PURPOSE	Multipurpose sports field meant to host soccer and netball games.
TYPE	Multipurpose Sports Field
FACILITIES	(1) Soccer pitch (2) Watching stands (3) Netball court (4) Change rooms (5) Ablution facilities (6) Parking
PROJECT COST	R 5 721 088,67 as at 30 June 2025
MAINTENANCE RESPONSIBILITY	Nquthu Local Municipality
DIRECTLY AFFECTED AREAS	Nondweni and surroundings
ADDITIONAL INFORMATION / OBSERVATIONS	This sports field is being renovated and upgrade since it is located at Nondweni which has a densely populated settlements patterns and also have many surrounding settlements that are far from Nquthu Stadium located in Nquthu Town.

7. ASSESSMENT OF THE PERFORMANCE OF SERVICE PROVIDERS

The municipality does not have the capacity to perform all the function using available internal workforce and/or skills, therefore; service providers are appointed from time to undertake work for the municipality which include, but not limited to, construction projects designs and project management (engineering services), and construction of all projects, supply of goods and services, consulting services, etc. When appointed to undertake any work, service providers must be monitored to ensure that they correctly undertake the work they have appointed to do.

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

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



2023/24 Financial Year:

Good	Satisfactory	Poor
15	53	0

2024/25 Financial Year:

Good	Satisfactory	Poor
52	8	1

- Compared with the previous year, the number of service providers rated as good increased significantly by 37 to 52 in the 2024/25 financial year.
- Number of service providers rated as satisfactory decreased from 53 in 2023/24 to 8 in the 2024/25 financial year. This is mainly linked to an increased in good performers.
- A single service provider was rated as a poor performer in the in the 2024/25 financial compared to none in the 2023/24 financial year.
- The municipality should continue to enforce the SLAs.

ID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2023/24		CURRENT FINANCIAL YEAR 2024/25		RATING	REASON FOR UNDERPERFORMANCE	CORRECTIVE MEASURE TAKEN FOR POOR PERFORMANCE
					TARGET	ACTUAL	TARGET	ACTUAL			
NQU0030/352/2018	LONDOLOZA SOLUTIONS	31/10/2023	CONSTRUCTION OF A BUY BACK CENTRE	R13 166 741,63	70%	77%	100%	92%	G	N/A	N/A
NQU0030/080/2014	INGQONDO BUSINESS ENTERPRISE CC	11/11/2015	PROPOSAL FOR DESIGN, CONSTRUCTION AND PROJECT MANAGEMENT FOR THE IMPLEMENTATION OF SHEEP AND WOOL PROJECT WITHIN THE NQUTHU LOCAL MUNICIPALITY	R13 348 106,44	100%	100%	100%	100%	G	N/A	N/A
NQU11622/2020-2021	SIYEJABULA SECURITY SOLUTIONS	30/03/2021	PANEL FOR PROVISION OF SECURITY FOR THE PERIOD OF 36 MONTHS	R 27 934 530,12	100%	100%	100%	100%	G	N/A	N/A
NQU11622/2020-2021	FEZILE SECURITY SERVICES	30/03/2021	PANEL FOR PROVISION OF SECURITY FOR THE PERIOD OF 36 MONTHS	R 27 120 500,00	100%	100%	100%	100%	G	N/A	N/A
NQU11622/2020-2021	SIZOWAKHA SECURITY & CLEANING SERVICES	30/03/2021	PANEL FOR PROVISION OF SECURITY FOR THE PERIOD OF 36 MONTHS	R 26 392 500,00	100%	100%	100%	100%	G	N/A	N/A
NQULM14/2020-2021	SDM ASSET MANAGEMENT AND CONSULTING	03/06/2021	PROVISION OF ASSET MANAGEMENT SYSTEM AND SUPPORT FOR THE PERIOD OF 36 MONTHS	R 2 999 416,12	100%	100%	100%	100%	G	N/A	N/A
NQULM17/2020-2021	CCG SYSTEMS (PTY) LTD	29/06/2021	PROVISION OF HR AND PAYROLL SYSTEM FOR A PERIOD OF 36 MONTHS	R 3 639 190,92	100%	100%	100%	100%	G	N/A	N/A
NQULM27/2021-2022	BPG MASS IMPRAISALS	20/06/2022	PROVISION OF GENERAL VALUATION ROLL	R1 582 022	100%	100%	100%	100%	G	N/A	N/A
NQU0030/56/2011	RIVER QUEEN TRADING	31/10/2023	INCUBATOR BUILDING – PHASE 3 COMPLETION OF PAVEMENT	R336 450	100%	99%	100%	100%	G	N/A	N/A

ID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2023/24		CURRENT FINANCIAL YEAR 2024/25		RATING	REASON FOR UNDERPERFORMANCE	CORRECTIVE MEASURE TAKEN FOR POOR PERFORMANCE
					TARGET	ACTUAL	TARGET	ACTUAL			
			CARWASH	R1 092 493.53							
NQULM18/2021-2022	SIM AND LUKHO PROPERTY DEVELOPMENT	22/09/2021	CONSTRUCTION OF TLOKWENI CRECHE	R2 678 880,38	N/A	N/A	100%	100%	G	N/A	N/A
NQULM02/2022/2023	KUNENE MAKOPO RISK SOLUTIONS	07/12/2022	PROVISION OF SHORT-TERM INSURANCE FOR THE PERIOD OF 36 MONTHS	R1 521 138,72	100%	100%	100%	100%	G	N/A	N/A
NQULM05/2022/2023	NTSHIDI AND ASSOCIATES	07/12/2022	PROVISION OF INTERNAL AUDIT SERVICES FOR THE PERIOD OF 36 MONTHS	HOURLY RATE	100%	100%	100%	100%%	G	N/A	N/A
NQULM01/2022-2023	BIDVEST STEINER	28/01/2023	PROVISION OF SANITARY BINS FOR THE PERIOD OF 36 MONTHS	R1 088 751,98	100%	100%	100%	100%	G	N/A	N/A
NQULM28/2021-2022	ONTEC SYSTEMS (PTY) LTD	01/10/2022	SUPPLY, INSTALLATION AND MANAGEMENT OF A STANDARD TRANSFER SPECIFICATIONS (STS) COMPLIANT PRE-PAYMENT VENDING SYSTEM, 3RD PARTY VENDING SERVICES AND TID ROLLOVER IMPLEMENTATION	RATES BASED	100%	100%	100%	100%	G	N/A	N/A
NQULM09/2022-2023	AMAHLE TECHNOLOGIES	14/04/2023	PROVISION OF WEBSITE HOSTING FOR THE PERIOD OF 36 MONTHS	R430 300,00	100%	62%	100%	100%	G	N/A	N/A
NQULM13/2022-2023	CTRACK MZANSI	29/06/2023	PROVISION OF TRACKING DEVICES FOR THE PERIOD OF 36 MONTHS	R295 201,87	100%	100%	100%	100%	G	N/A	N/A
NQULM11/2022-2023	AYANDA MBANGA COMMUNICATION (PTY) LTD	29/06/2023	APPOINTMENT FOR A PANEL OF ADVERTISING AGENCIES FOR THE PERIOD OF 36 MONTHS	RATES BASED	100%	100%	100%	100%	G	N/A	N/A

ID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2023/24		CURRENT FINANCIAL YEAR 2024/25		RATING	REASON FOR UNDERPERFORMANCE	CORRECTIVE MEASURE TAKEN FOR POOR PERFORMANCE
					TARGET	ACTUAL	TARGET	ACTUAL			
	YAYOH TRADING	29/06/2023	APPOINTMENT FOR A PANEL OF ADVERTISING AGENCIES FOR THE PERIOD OF 36 MONTHS	RATES BASED	100%	100%	100%	100%	G	N/A	N/A
NQULM11/2023-2024	THOKOMELA TRADING (PTY) LTD	29/04/2023	CONSTRUCTION OF VUMANKALA / EMADWALENI ELECTRIFICATION	R9 500 000.00	100%	80%	100%	98%	S	N/A	N/A
NQULM17/2022-2023	IZINGODLA ENGINEERING	30/04/2023	CONSTRUCTION OF NQUTHU ELECTRIFICATION	R21 000 000.00	100%	75%	100%	70%	S	N/A	N/A
NQULM11/2023-2024	AMATAWUTAWU GENERAL TRADING	31/08/2023	CONSTRUCTION OF ELIHLIKHAYA CRECHE	R3 174 334,08	100%	99%	100%	100%	S		
15/8/1/1/2	BAPHI INVESTMENTS	31/08/2023	CONSTRUCTION OF ZWELISHA CRECHE	R2 900 452,72	75%	76%	100%	100%	S	N/A	N/A
15/8/1/1/2	KAMAWEWE DEVELOPMENT CONSULTANTS	31/08/2023	CONSTRUCTION OF NQUTHU TAXI RANK	R19 006 606,66	30%	40%	60%	64%	P	There were delays due to steel manufacturing	The Service Provider has resume with work after lengthy discussions with steel manufactures
15/8/1/1/2	TNT HOLDINGS	31/08/2023	CONSTRUCTION OF MBEWUNYE COMMUNITY HALL	R5 478 788.00	60%	65%	100%	100%	G	N/A	N/A
15/8/1/1/2	SIYAKHONA HOLDINGS	31/08/2023	CONSTRUCTION OF NHLOPHENI HALL	R5 609 414.80	60%	88%	100%	100%	G	N/A	N/A

ID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2023/24		CURRENT FINANCIAL YEAR 2024/25		RATING	REASON FOR UNDERPERFORMANCE	CORRECTIVE MEASURE TAKEN FOR POOR PERFORMANCE
					TARGET	ACTUAL	TARGET	ACTUAL			
15/8/1/1/2	QUANTUM LEAP INVESTMENTS	31/08/2023	CONSTRUCTION OF KLOWANA COMMUNITY HALL	R5 705 414.50	10%	40%	100%	100%	G	N/A	N/A
15/8/1/1/2	EYAMALINDA	31/08/2023	CONSTRUCTION OF INKOSI ELPHIAS MOLEFE COMMUNITY HALL	R5 534 345.90	30%	40%	100%	100%	G	N/A	N/A
15/8//1/1/2	NEAK (PTY) LTD	31/08/2023	CONSTRUCTION OF MPHONDI COMMUNITY HALL	R5 663 821 .82	40%	50%	100%	100%	G	N/A	N/A
NQULM17/2023-2024	VUKAYIBAMBE DEVELOPMENT	18/12/2023	CONSTRUCTION OF NYAKAZA COMMUNITY HALL	R4 666 089.88	10%	3%	100%	100%	G	N/A	N/A
NQULM20/2023-2024	MATHAWULA TRADING	18/12/2023	CONSTRUCTION OF BHEKUKHANYA CRECHE	R2 308 306.00	30%	20%	100%	80%	S	N/A	N/A
NQULM19/2023-2024	MAGEBA PROJECTS JV PR VHUTALI	17/01/2024	CONSTRUCTION OF NCOME COMMUNITY HALL	R4 352 924.46	30%	20%	100%	100%	G	N/A	N/A
15/8/1/1/2	THOKOMELA TRADING (PTY) LRD	22/11/2023	TURNKEY PROJECT – SMALL TOWN REHABILITATION PROGRAM PROJECT: INSTALLATION OF NQUTHU SOLAR STREET LIGHTS AND HIGH MASTS	R10 000 000.00	30%	40%	100%	100%	G	N/A	N/A
NQU64/2009	SEBATA MUNICIPAL SOLUTIONS / INZALO	30/07/2020	EMS HOSTED/ EMS SUPPORT/SEBTA CONNECT	RATES BASED	100%	100%	100%	100%	G	N/A	N/A
NQULM13/2023-2024	XTEC KZN (PTY) LTD	18/12/2023	LEASE OF MULTI -FUNCTIONAL PRINTING SERVICES FOR PERIOD OF 36 MONTHS	R1 359 478,63	100%	100%	100%	100%	G	N/A	N/A
NQULM22/2021-2022	BM THUSINI INC.	08/01/2024	RE-ADVERT PANEL OF ATTORNEYS FOR THE PERIOD OF 36 MONTHS	RATES BASED	100%	100%	100%	100%	G	N/A	N/A

ID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2023/24		CURRENT FINANCIAL YEAR 2024/25		RATING	REASON FOR UNDERPERFORMANCE	CORRECTIVE MEASURE TAKEN FOR POOR PERFORMANCE
					TARGET	ACTUAL	TARGET	ACTUAL			
	CS ZONDI AND ASSOCIATED INC										
NQULM34/2023-2024	COW CATCHERS CC	14/05/2024	MAINTENANCE OF ANIMAL POUND FOR THE PERIOD OF 36 MONTHS	R17 250 PER MONTH	100%	100%	100%	100%	G	N/A	N/A
TOR's	ADVENTURE TRAVEL	14/05/2024	APPOINTMENT OF SERVICE PROVIDER FOR TRAVEL AGENT SERVICES FOR THE PERIOD OF 36 MONTHS	RATES BASED	100%	100%	100%	100%	G	N/A	N/A
NQULM28/2023-2024	SASALETHU FUNERAL SERVICES	25/03/2024	PROVISION OF PAUPER BURIAL COFFINS FOR A PERIOD OF 36 MONTHS	R1 500.00 PER COFFIN	100%	100%	100%	100%		N/A`	N/A
NQULM28/2023-2024	OPULENCE GROUP (PTY) LTD	25/03/2024	APPOINTMENT OF SERVICE PROVIDER FOR CLINICAL PSYCHOLOGY FOR A PERIOD OF 12 MONTHS	RATES BASED	100%	100%	100%	100%	G	N/A	N/A
NQULM32/2023-2024	KTO DIGITAL (PTY) LTD	25/03/2024	APPOINTMENT OF SERVICE PROVIDER TO CONDUCT QUALIFICATION VERIFICATION FOR A PERIOD OF 12 MONTHS	RATES BASED	100%	100%	100%	100%	G	N/A	N/A
NQULM22/2023-2024	UNJANI CLINIC NQUTHU	25/03/2024	MEDICAL CONSULTATION AND TESTING ON MUNICIPAL OFFICIALS FOR A PERIOD OF 36 MONTHS	RATES BASED	100%	100%	100%	100%	G	N/A	N/A
NQULM38/2023-2024	FIRST TECHNOLOGY KWAZULU NATAL (PTY) LTD VODACOM (PTY) LTD	30/09/2024	RE-ADVERT PANEL OF SERVICE PROVIDERS FOR SUPPLY, INSTALLATION AND MAINTENANCE OF INTEGRATED TELECOMMUNICATIONS FOR THE PERIOD OF 36 MONTHS	RATES BASED	100%	100%	100%	100%	G	N/A	n/A

ID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2023/24		CURRENT FINANCIAL YEAR 2024/25		RATING	REASON FOR UNDERPERFORMANCE	CORRECTIVE MEASURE TAKEN FOR POOR PERFORMANCE
					TARGET	ACTUAL	TARGET	ACTUAL			
NQULM29/2023-2024	ESIBAYENI ZM HOLDINGS MDURAH AUTO SPARES	30/09/2024	RE-ADVERT PANEL OF SERVICE PROVIDERS FOR EMERGENCY MOTOR MECHANIC FOR THE PERIOD OF 36 MONTHS	RATES BASED	100%	100%	100%	100%	G	N/A	N/A
NQULM/46/2023-2024	INKAZIMULO CONSULTING	07/11/2024	RE-ADVERT PANEL OF SERVICE PROVIDERS FOR FINANCIAL SUPPORT FOR THE PERIOD OF 36 MONTHS	RATES BASED	100%	100%	100%	100%	G		
NQULM/36/2023-2024	3 PHASE BROTHERS (PTY) LTD MASINA ENGINEERING (PTY) LTD	07/11/2024	RE-ADVERT PANEL OF SERVICE PROVIDERS FOR EMERGENCY ELECTRICITY BREAKDOWN	RATES BASED	100%	100%	100%	100%	G	N/A	N/A
NQULM16/2024-25	FIRST TECHNOLOGY KWAZULU NATAL (PTY) LTD	04/11/2024	SUPPLY, DELIVERY AND MAINTENANCE OF HOSTED PABX TELEPHONE SYSTEM	R270 085.55	100%	100%	100%	100%	G	N/A	N/A
NQULM18/2024-25	VODACOM (PTY) LTD	04/11/2024	SUPPLY, DELIVERY AND MAINTENANCE OF INTERNET SERVICES/ FIREWALL AND SD WAN	R958 410.60	100%	100%	100%	100%	G	N/A	N/A
NQULM/35/2023-2024	JIBAS RECYCLING	19/11/2024	RE-ADVERT APPOINTMENT OF SERVICE PROVIDER TO MANAGE AND OPERATE	R8 004 000.00						N/A	N/A

ID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2023/24		CURRENT FINANCIAL YEAR 2024/25		RATING	REASON FOR UNDERPERFORMANCE	CORRECTIVE MEASURE TAKEN FOR POOR PERFORMANCE
					TARGET	ACTUAL	TARGET	ACTUAL			
			NQUTHU BUY BACK CENTRE FOR A PERIOD OF 36 MONTHS		N/A	N/A	100%	100%	G		
NQULM/04/2024-2025	SPEPEMELO (PTY) LTD	19/11/2024	SUPPLY AND DELIVERY OF AGRICULTURAL INPUTS, FEEDS, TOOLS AND MEDICATIONS FOR NQUTHU MUNICIPALITY	10% OF MARKET RELATED COSTS	N/A	N/A	100%	100%	G	N/A	N/A
NQULM43/2023-2024	IZIPHONKE TRADING ENTERPRISE	24/04/2024	CONSTRUCTION OF VUKEFILE ACCESS GRAVEL ROAD	R3 499 103.85	N/A	N/A	100%	100%	G	N/A	N/A
NQULM42/2023-2024	SANOQWABE CONSULTANTS	24/04/2024	CONSTRUCTION OF EMPUMELELWENI CEMETERIES	R2 792 468.69	N/A	N/A	70%	60%	S	N/A	N/A
NQULM41/2023-2024	SENZELWE TRADING	01/07/2024	CONSTRUCTION OF NONDWENI SPORTSFIELD	R9 641 108.95	N/A	N/A	50%	45%	S	N/A	N/A
NQULM19/24-25	ASIZIQALELE CONTRACTORS CC	02/12/2024	THE CONSTRUCTION OF THE SIKHALENI SKUDU GRAVEL ACCESS ROAD	R12 980 000.00	N/A	N/A	100%	100%	G	N/A	N/A
NQULM17/24-25	APHELELA CIVILS AND PROJECTS	02/12/2024	THE CONSTRUCTION OF A NEW NTABENDE GRAEL ACCESS ROAD IN WARD 18	R10 200 000.00	N/A	N/A	100%	100%	G	N/A	N/A
NQULM18/24-25	MULTI SOLUTION TRADING (PTY) LTD	02/12/2024	CONSTRUCTION OF NONDWENI ACCESS ROADS IN WARD 06	R7 900 000.00	N/A	N/A	60%	50%	S	N/A	N/A
NQULM51/2024-2025	SURE BOSS TRADING AND PROJECTS	07/05/2025	REHABILITATION OF EZIDAKENI CAUSEWAY IN WARD 02	R1 799 752.00	N/A	N/A	100%	100%	G	N/A	N/A
NQULM52/2024-2025	LONDOLOZA SOLUTIONS	07/05/2025	REHABILITATION OF MACEBA ACCESS ROAD IN WARD 15	R1 599 972.00	N/A	N/A	100%	100%	G	N/A	N/A

ID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2023/24		CURRENT FINANCIAL YEAR 2024/25		RATING	REASON FOR UNDERPERFORMANCE	CORRECTIVE MEASURE TAKEN FOR POOR PERFORMANCE
					TARGET	ACTUAL	TARGET	ACTUAL			
NQULM53/2024-2025	MULTI SOLUTIONS TRADING	09/05/2025	REHABILITATION OF MTHUNYE ACCESS ROAD IN WARD 04	R1 696 066.46	N/A	N/A	100%	100%	G	N/A	N/A
NQULM/2024-2025	INKAZIMULO CONSULTING	03/03/2025	2024/25 AFS, IFS AND PROVIDE FINANCIAL SUPPORT FOR THE PERIOD OF 12 MONTHS	RATES BASED	100%	100%	100%	100%	G	N/A	N/A
NQULM40/2024-2025	AFRIZEN ACCOUNTING AND CONSULTING	03/6/2025	PROVISION OF ASSET MANAGEMENT SYSTEM AND SUPPORT FOR A PERIOD OF 12 MONTHS	R499 750.00	N/A	N/A	100%	100%	G	N/A	N/A
NQULM36/2024-2025	FIDELITY CASH SOLUTIONS	30/06/2025	PROVISION OF CASH IN TRANSIT FOR NQUTHU MUNICIPALITY FOR A PERIOD OF 36 MONTHS	R874 161.00	100%	100%	100%	100%	G	N/A	N/A
NQULM37/2024-2025	ANEZI CONNECT (PTY) LTD	30/06/2025	RENEW TERRAFLEX ADVANCED ANNUAL SUBSCRIPTION FOR 24 MONTHS	R57 132.00	100%	100%	100%	100%	G	N/A	N/A

8. KEY AREAS TO NOTE

8.1. Addressing audit findings for the previous financial year

The municipality took measures to address all material findings raised by Auditor General during the audit previous year and this is discussed in detail in 6.2 of this report. The AG Action Plan is the main tool the municipality uses to monitor and assess the extent to which audit findings are addressed. Performance is also audited by internal auditors during the year through the audit of quarterly performance reports with the purpose of addressing issues previously identified and other gaps in performance information reported.

8.2. Deteriorating performance

As already discussed in this report above, achievement of set targets decreased by 8% from 79% in the 2023/24 financial year to 71% in the current financial year. Primarily, poor performance is caused by, among others things, the following factors; (1) limited financial resources (2) inadequate human capital skills level (3) poor internal controls or poor enforcement or implementation of existing controls (4) poor project and contract management and (5) lack of consequence management for poor performance or lack of adherence to applicable policies and controls.

8.3. Measures to improve performance

The municipality will implement the following measures to improve performance and also build on what has been achieved:

- Invest more on the training and skilling of its workforce and also the capacitating of its councillors to ensure that they play their oversight role optimally.
- Promote and inculcate the performance management culture through the enforcing the provisions of Municipal Staff Regulations in as far as the cascading of performance management is concerned.
- Increase the municipality's efforts to raise funds to fund service delivery priorities while also enforcing its debt management policies.
- Strictly adhere to and implement all planning and budgeting prescripts to prevent poor planning and budgeting which may result in unachievable targets.
- Improve the municipality's project and contract management by enforcing adherence to approved SLAs.
- Strictly implement consequence management for overlooking of internal controls and underperformance as result of negligence.

9. LESSONS LEARNT GOING FORWARD

Real root causes for poor performance is well known and documented in, mainly; audit reports by both AG and internal auditors. The municipality need to focus more on the basics and ensure that existing and applicable legislation, internal policies and controls/procedures are implemented. While there is still a skills gap in the municipality's workforce and there is still room for improvement, most of municipal processes and procedures that employees need to adhere to in the performance of their duties is well documented and known. Therefore, focus need to shift to ensuring consequence management to arrest the culture on negligence and impunity.

10. CONCLUSION

Despite decreased and poor performance as reported, the municipality has made serious strides in delivering services and decreasing infrastructure backlog, especially in areas like connecting households to the electricity grid, expanding FBE provisions, social facility provision, etc. Going forward, the municipality will endeavour to use this report as one of the tools to identify performance gaps and to chart the way forward.



PART THREE: ANNUAL FINANCIAL STATEMENTS

DRAFT ANNUAL REPORT FOR THE 2024/25 FINANCIAL YEAR



Nquthu Local Municipality
Annual Financial Statements
for the year ended 30 June 2025

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity

Municipality in terms of section 1 of the Local Government:

The Municipality's operations are governed by:

- Municipal Finance Management Act 56 of 2003,
- Municipal Structures Act 117 of 1998,
- Municipal Systems Act 32 of 2000,
- Municipal Property rates act 6 of 2004 and
- Various other acts and regulations

Nature of business and principal activities

The provision of infrastructure and services to communities in a sustainable manner in order to promote social and economic development, and to promote a safe and healthy environment.

Mayor

Cllr I.L Shabalala

Deputy Mayor

Cllr M.R Ngobese

Speaker

Cllr N.M buthelezi

Members of Executive Committee

Cllr Z Sithole

Cllr B.S Chambule

Cllr R.A Ndlovu

Cllr T.J Motloun

Cllr S.D Masimula

Cllr M.E Mnguni - Chief Wip

Cllr N.M Zungu - MPAC Chairperson (1 July 2024 - April 2025)

Cllr J.N Khoza -MPAC Chairperson(From 8 April 2025)

Ordinary Councillors

Cllr S.M Buthelezi

Cllr T.A Dlamini

Cllr S.M Kunene

Cllr S.M.C Zikode

Cllr L.S Hoffman

Cllr N.M Khanye

Cllr C.S Thusini

Cllr L Mkhwanazi

Cllr N.S Vilakazi

Cllr S.S Langa

Cllr S.B Simelane

Cllr M.I Khoza

Cllr S. Radebe

Cllr Z Ndlovu

Cllr P.W.J Buthelezi

Cllr M.C Mnguni

Cllr T.M Hadebe

Cllr K Ngobese

Cllr F.P Hlatshwayo

Cllr G.A.N Buthelezi

Cllr S.G Hlatshwayo

Cllr Q.M Ngobese

Cllr C.N Sikosana

Cllr C.T Buthelezi

Cllr M.M Sibiya

Cllr S.P Mazibuko

Traditional Authorities

Mangwebuthanani T/A

Zondi T/A

Molefe T/A

Khiphinkunzi T/A

Vulindela T/A

Emandleni T/A

Jama T/A

Mbokodwebomvu T/A

Sizamile T/A

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

Grading of local authority	Medium Capacity Municipality Grade 3
Accounting Officer	Mr M.B Jiyane
Chief Finance Officer (CFO)	Mr B.H Bhengu
Registered office	Municipal Building 83/11 Mdlalose Nquthu 3135
Business address	Municipal Building 83/11 Mdlalose Street Nquthu 3135
Postal address	Private Bag X5521 Nquthu 3135
Bankers	ABSA South Africa
Auditors	Auditor General of South Africa
Attorneys	BM Thusini Inc

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Index

The reports and statements set out below comprise the annual financial statements presented to the Municipal Council:

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Abbreviations used:

SCM	Supply Chain Management
UIF	Unemployment Insurance Fund
GRAP	Generally Recognised Accounting Practice
CPI	Consumer Price Index
EPWP	Expanded Public Works Programme
PPE	Property, Plant and Equipment
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
CIGFARO	Chartered Institute of Government, Finance, Audit and Risk Officers
VAT	Value Added Tax
DORA	Division of revenue act
CRR	Capital replacement reserve
PAYE	Pay As You Earn
IMFO	Institute of Municipal Finance Officers
PPPFA	Preferential Procurement policy Framework Act
SDL	Skills Development Levy
SALGA	South African Local Government Authority
SCMR	Supply Chain Management regulations
MIG	Municipal Infrastructure Grant

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is 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 acknowledges 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 endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting 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 has 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 position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the government grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's management.

I certify that the salaries, allowances and benefits of councillors as disclosed in the financial statements are within the upper limit of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of the Public Office Bearers Act 20 of 1998 as disclosed on note 30

The annual financial statements set out on page 5, 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:

Mr M.B Jiyane
Municipal Manager

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	1 137 090	1 278 888
Operating lease asset	4	54 368	65 555
Receivables from non-exchange transactions	5	39 509 133	29 508 776
Receivables from exchange transactions	6	12 764 609	13 049 460
Other receivables from exchange transactions	7	1 556 188	1 395 830
Cash and cash equivalents	8	74 705 555	93 658 676
		129 726 943	138 957 185
Non-Current Assets			
Investment property	9	75 347 421	75 744 546
Property, plant and equipment	10	728 950 965	694 512 304
Intangible assets	11	-	10 842
Heritage assets	12	78 888	78 888
		804 377 274	770 346 580
Total Assets		934 104 217	909 303 765
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	54 551 034	81 174 803
Consumer deposits	14	574 451	569 030
Employee benefit obligation	15	734 000	862 000
Unspent conditional grants and receipts	16	48 660	27 118
Provisions	17	9 933 117	9 380 199
		65 841 262	92 013 150
Non-Current Liabilities			
Employee benefit obligation	15	5 425 000	4 664 000
Provisions	17	2 373 301	2 057 677
		7 798 301	6 721 677
Total Liabilities		73 639 563	98 734 827
Net Assets		860 464 654	810 568 938
Reserves			
Housing Development fund	18	161 936	151 663
Accumulated surplus		860 302 718	810 417 275
Total Net Assets		860 464 654	810 568 938

* See Note 48

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	34 538 952	28 965 051
Construction contract revenue	20	21 188 935	35 033 993
Rental of facilities and equipment	21	860 471	972 385
Other income	22	9 234 757	574 571
Interest revenue	23	9 704 775	11 730 954
Total revenue from exchange transactions		75 527 890	77 276 954
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	57 449 715	51 452 186
Property rates - penalties imposed	24	3 632 966	2 656 575
Licences and Permits	25	862 319	1 009 692
Transfer revenue			
Government grants & subsidies	26	247 568 462	236 549 449
Fines, Penalties and Forfeits	27	1 425 078	1 546 777
Donation Income	28	216 980	60 515 762
Total revenue from non-exchange transactions		311 155 520	353 730 441
Total revenue		386 683 410	431 007 395
Expenditure			
Employee related costs	29	(113 124 803)	(101 351 274)
Remuneration of councillors	30	(15 730 667)	(14 046 463)
Depreciation and amortisation	31	(35 493 860)	(31 217 901)
Finance costs	32	(278 999)	(235 410)
Lease rentals on operating lease	33	(1 002 379)	(484 162)
Bad debts written off	50	(1 183 560)	(3 162 770)
Inventory Consumed	3	(891 104)	(2 315 184)
Bulk purchases	34	(45 257 411)	(31 026 209)
Contracted services	35	(35 192 933)	(57 496 604)
Construction contract expenditure	20	(21 188 935)	(35 033 994)
General Expenses	36	(44 445 597)	(48 692 348)
Total expenditure		(313 790 248)	(325 062 319)
Operating surplus		72 893 162	105 945 076
Profit on sale of Property, Plant and Equipment	10	40 954	-
Actuarial gain/(losses)	15	(198 938)	(346 018)
Impairment of Assets	10	(4 712 884)	(4 569 141)
Debt impairment (loss)/Reversal	5	(16 949 236)	(12 287 695)
Assets written off	10	(2 367 615)	(2 506 925)
Profit on sale of investment property	9	1 180 000	-
		(23 007 719)	(19 709 779)
Surplus for the year		49 885 443	86 235 297

* See Note 48

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Housing development fund	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	141 342	722 373 136	722 514 478
Adjustments			
Prior year adjustments 48	-	1 808 842	1 808 842
Balance at 01 July 2023 as restated*	141 342	724 181 978	724 323 320
Changes in net assets			
Interest	10 321	-	10 321
Interest received	10 321	-	10 321
Surplus for the year	-	86 235 297	86 235 297
Total recognised income and expenses for the year	10 321	86 235 297	86 245 618
Total changes	10 321	86 235 297	86 245 618
Restated* Balance at 01 July 2024	151 663	810 417 275	810 568 938
Changes in net assets			
Surplus for the year	-	49 885 443	49 885 443
Interest Received	10 273	-	10 273
Total changes	10 273	49 885 443	49 895 716
Balance at 30 June 2025	161 936	860 302 718	860 464 654
Note(s)	18		

* See Note 48

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Property rates		36 301 394	43 700 423
Sale of goods and services		36 986 522	28 562 353
Grants		247 590 004	236 187 733
Interest income		8 907 222	10 996 880
Construction contract receipts		21 188 935	35 033 993
		350 974 077	354 481 382
Payments			
Employee costs		(128 802 900)	(113 266 435)
Suppliers		(138 715 212)	(135 691 371)
Finance costs		-	-
Construction contract payments		(25 903 870)	(38 787 793)
		(293 421 982)	(287 745 599)
Net cash flows from operating activities	38	57 552 095	66 735 783
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(78 155 179)	(81 941 226)
Proceeds from sale of property, plant and equipment	10	129 690	-
Proceeds from sale of investment property	9	1 510 000	-
Net cash flows from investing activities		(76 515 489)	(81 941 226)
Cash flows from financing activities			
Housing Development fund		10 273	10 321
Net increase/(decrease) in cash and cash equivalents		(18 953 121)	(15 195 122)
Cash and cash equivalents at the beginning of the year		93 658 676	108 853 798
Cash and cash equivalents at the end of the year	8	74 705 555	93 658 676

The accounting policies on pages 14 to 37 and the notes on pages 38 to 90 form an integral part of the annual financial statements.

* See Note 48

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	34 069 805	-	34 069 805	34 538 952	469 147	51.1
Construction contracts	-	-	-	21 188 935	21 188 935	51.2
Rental of facilities and equipment	870 996	(18)	870 978	860 471	(10 507)	51.3
Other income	474 664	1 588 976	2 063 640	9 234 757	7 171 117	51.4
Interest revenue	6 675 857	3 100 000	9 775 857	9 704 775	(71 082)	51.5
Total revenue from exchange transactions	42 091 322	4 688 958	46 780 280	75 527 890	28 747 610	

Revenue from non-exchange transactions

Taxation revenue

Property rates	52 749 767	-	52 749 767	57 449 715	4 699 948	51.6
Property rates - penalties imposed	1 334 568	-	1 334 568	3 632 966	2 298 398	51.7
Licences and Permits	1 009 675	-	1 009 675	862 319	(147 356)	51.8

Transfer revenue

Government grants & subsidies	212 836 012	-	212 836 012	247 568 462	34 732 450	51.9
Fines, Penalties and Forfeits	1 009 359	-	1 009 359	1 425 078	415 719	51.10
Donation Income	-	-	-	216 980	216 980	

Total revenue from non-exchange transactions	268 939 381	-	268 939 381	311 155 520	42 216 139	
Total revenue	311 030 703	4 688 958	315 719 661	386 683 410	70 963 749	

Expenditure

Personnel	(118 968 854)	621 566	(118 347 288)	(113 124 803)	5 222 485	51.11
Remuneration of councillors	(17 155 328)	-	(17 155 328)	(15 730 667)	1 424 661	51.12
Depreciation and amortisation	(36 000 132)	(72)	(36 000 204)	(35 493 860)	506 344	51.13
Finance costs	-	-	-	(278 999)	(278 999)	51.14
Lease rentals on operating lease	(609 130)	-	(609 130)	(1 002 379)	(393 249)	51.15
Bad debts written off	(12 999 000)	-	(12 999 000)	(1 183 560)	11 815 440	51.16
Inventory consumed	(1 618 496)	296 259	(1 322 237)	(891 104)	431 133	51.17
Bulk purchases	(40 969 778)	(4 000 000)	(44 969 778)	(45 257 411)	(287 633)	51.18
Contracted Services	(49 983 173)	863 000	(49 120 173)	(35 192 933)	13 927 240	51.19
Transfers and Subsidies	(2 854 406)	344 900	(2 509 506)	-	2 509 506	
Construction contract expenditure	-	-	-	(21 188 935)	(21 188 935)	51.2
General Expenses	(41 523 215)	1 822 558	(39 700 657)	(44 445 597)	(4 744 940)	51.20
Total expenditure	(322 681 512)	(51 789)	(322 733 301)	(313 790 248)	8 943 053	

Operating surplus	(11 650 809)	4 637 169	(7 013 640)	72 893 162	79 906 802	
Gain on disposal of assets and liabilities	-	-	-	40 954	40 954	
Actuarial gains/losses	-	-	-	(198 938)	(198 938)	51.21
Impairment of Assets	-	-	-	(4 712 884)	(4 712 884)	51.21
Debt impairment	-	-	-	(16 949 236)	(16 949 236)	51.21

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Assets written off	-	-	-	(2 367 615)	(2 367 615)	51.21
Profit on sale of assets	-	-	-	1 180 000	1 180 000	51.21
	-	-	-	(23 007 719)	(23 007 719)	
Surplus before taxation	(11 650 809)	4 637 169	(7 013 640)	49 885 443	56 899 083	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(11 650 809)	4 637 169	(7 013 640)	49 885 443	56 899 083	
Reconciliation						

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	139 232	(249 315)	(110 083)	1 137 090	1 247 173	51.22
Operating lease asset	107 609	(41 843)	65 766	54 368	(11 398)	51.23
Receivables from non-exchange transactions	44 149 306	10 202 977	54 352 283	39 509 133	(14 843 150)	51.24
Other receivables from exchange transactions	-	-	-	1 556 188	1 556 188	51.25
VAT receivable	32 916 239	(416 020)	32 500 219	-	(32 500 219)	51.26
Receivable from Exchange Transactions	11 208 013	(485 390)	10 722 623	12 764 609	2 041 986	51.27
Cash and cash equivalents	16 995 899	36 665 699	53 661 598	74 705 555	21 043 957	51.29
	105 516 298	45 676 108	151 192 406	129 726 943	(21 465 463)	

Non-Current Assets

Investment property	42 922 726	(1 584 228)	41 338 498	75 347 421	34 008 923	51.30
Property, plant and equipment	711 239 066	66 798 248	778 037 314	728 950 965	(49 086 349)	51.31
Intangible assets	16 295	(5 513)	10 782	-	(10 782)	51.32
Heritage assets	78 912	-	78 912	78 888	(24)	51.33
	754 256 999	65 208 507	819 465 506	804 377 274	(15 088 232)	

Total Assets	859 773 297	110 884 615	970 657 912	934 104 217	(36 553 695)	
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Liabilities

Current Liabilities

Payables from exchange transactions	(64 119 507)	(23 436 428)	(87 555 935)	(54 551 035)	33 004 900	51.34
Consumer deposits	(2 169 507)	(143 789)	(2 313 296)	574 451	2 887 747	51.35
Employee benefit obligation	-	-	-	(734 000)	(734 000)	
Unspent conditional grants and receipts	-	(3 674 907)	(3 674 907)	(48 660)	3 626 247	51.36
Provisions	(10 074 240)	(2 959 400)	(13 033 640)	(9 933 117)	3 100 523	51.37
	(76 363 254)	(30 214 524)	(106 577 778)	(64 692 361)	41 885 417	

Non-Current Liabilities

Employee benefit obligation	-	-	-	(5 425 000)	(5 425 000)	51.38
Provisions	(3 383 714)	2 488 106	(895 608)	(2 373 301)	(1 477 693)	51.39
	(3 383 714)	2 488 106	(895 608)	(7 798 301)	(6 902 693)	

Total Liabilities	(79 746 968)	(27 726 418)	(107 473 386)	(72 490 662)	34 982 724	
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Net Assets	939 520 265	138 611 033	1 078 131 298	1 006 594 879	(71 536 419)	
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Housing Development fund	(141 359)	(10 304)	(151 663)	161 936	313 599	
Accumulated surplus	(807 246 875)	(83 147 845)	(890 394 720)	(860 302 709)	30 092 011	

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Total Net Assets	(807 388 234)	(83 158 149)	(890 546 383)	(860 140 773)	30 405 610	

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Property rates	43 374 339	-	43 374 339	36 301 394	(7 072 945)	51.40
Sale of goods and services	26 104 383	-	26 104 383	36 986 502	10 882 119	51.41
Grants	258 962 610	6 087 434	265 050 044	247 590 004	(17 460 040)	51.42
Interest income	6 053 818	3 099 988	9 153 806	8 907 222	(246 584)	51.43
Construction contract	-	-	-	21 188 935	21 188 935	
	334 495 150	9 187 422	343 682 572	350 974 057	7 291 485	

Payments

Employee costs and suppliers	(293 609 897)	(2 813 768)	(296 423 665)	(267 413 744)	29 009 921	51.44
Constuction Contract	-	-	-	(25 903 870)	(25 903 870)	
	(293 609 897)	(2 813 768)	(296 423 665)	(293 317 614)	3 106 051	

Net cash flows from operating activities	40 885 253	6 373 654	47 258 907	57 656 443	10 397 536	
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Cash flows from investing activities

Purchase of property, plant and equipment	(90 933 016)	-	(90 933 016)	(78 259 547)	12 673 469	51.45
Proceeds from sale of property, plant and equipment	-	-	-	129 690	129 690	
Proceeds from sale of investment property	-	-	-	1 510 000	1 510 000	51.46
Net cash flows from investing activities	(90 933 016)	-	(90 933 016)	(76 619 857)	14 313 159	

Cash flows from financing activities

Housing Development fund	-	-	-	10 273	10 273	
Net increase/(decrease) in cash and cash equivalents	(50 047 763)	6 373 654	(43 674 109)	(18 953 141)	24 720 968	
Cash and cash equivalents at the beginning of the year	72 467 863	40 753 158	113 221 021	93 658 676	(19 562 345)	
Cash and cash equivalents at the end of the year	22 420 100	47 126 812	69 546 912	74 705 535	5 158 623	

Reconciliation

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

Figures in Rand	Note(s)	2025	2024
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1. Significant account policies

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

1.1 Basis of preparations

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.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 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.

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 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.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

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.

Impairment testing

The recoverable amounts of 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.

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 assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

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 15.

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.

Recognition and Derecognition of Land

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land.

In some instances the municipality is the legal owner, or the custodian of land appointed in terms of legislation, but concludes that it does not control such land.

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships.

Additional information is disclosed in Note 52.

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

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.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 9).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 9).

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.7 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.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	30 years
Plant and machinery	Straight-line	3-10 years
Furniture and fixtures	Straight-line	3-10 years
Motor vehicles	Straight-line	5-12 years
IT equipment	Straight-line	5 Years
Infrastructure Roads & Stormwater	Straight-line	5-80 years
Community	Straight-line	30 years

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.7 Property, plant and equipment (continued)

Infrastructure electricity	Straight-line	30 years
Investment property	Straight-line	30 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 depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 10).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

1.8 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

Accounting Policies

1.8 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited 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
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.9 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.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.9 Intangible assets (continued)

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	5
Intangible assets under development	Straight-line	5

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

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).

1.10 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

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.

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.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.10 Heritage assets (continued)

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 12).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 12).

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.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

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.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.11 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 or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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.

Accounting Policies

1.11 Financial instruments (continued)

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.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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.

Accounting Policies

1.11 Financial instruments (continued)

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.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Nquthu Local Municipality

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Accounting Policies

1.11 Financial instruments (continued)

Classification

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of fair value through surplus or deficit category.

The municipality derecognises a financial asset when and only when; the rights to the cash flows from the financial asset expire; or it transfers the financial asset and the transfer qualifies for derecognition. The municipality first needs to evaluate the extent to which it retains the risks and rewards of ownership of the financial asset.

The municipality transfers a financial asset if and only if: the rights to receive cashflows from the asset have expired, or if the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cashflows in full without material delay to a third party under a "pass through" arrangement; and either the municipality has transferred substantially all the risks and rewards of the asset.

The municipality removes a financial liability (or part of financial liability) from its statement of position when and only when it is extinguished i.e. when the obligation specified in the contract is discharged or called or expires. An exchange between the existing borrower and lender of debt instruments with suitability different terms is accounted for as an extinguishing of the original financial liability and the recognition of a new financial liability.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed in the Statement of Financial Performance

The municipality 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

Receivables from Exchange transactions
Cash and Cash Equivalent

Category

Financial asset measured at amortised cost
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

Trade and other payables from exchange transactions
Consumer deposits

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost

Accounting Policies

1.11 Financial instruments (continued)

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument

Initial measurement of financial assets and financial liabilities.

The municipality 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 municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost

All financial assets measured at amortised cost, or cost, are subject to an impairment review:

Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The municipality derecognises a financial asset only when:

- *The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- * The municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- *The municipality, 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 municipality:
 - *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 municipality 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.

Accounting Policies

1.11 Financial instruments (continued)

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part

that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset

Financial liabilities

The municipality 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.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.12 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.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

Accounting Policies

1.12 Statutory receivables (continued)

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.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

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.

In estimating the future cash flows, a 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 entity 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.

Accounting Policies

1.12 Statutory receivables (continued)

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.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.13 Tax

Exemption

The Nquthu Local Municipality is exempted from tax in terms of section 10(1)(a) of the income tax act

1.14 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.

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.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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.

Nquthu Local Municipality

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Accounting Policies

1.15 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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.

1.16 Construction contracts

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 entity 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 .

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.

Accounting Policies

1.16 Construction contracts (continued)

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

1.17 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.18 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

1.19 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.

Nquthu Local Municipality

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Accounting Policies

1.19 Provisions and contingencies (continued)

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.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Accounting Policies

1.19 Provisions and contingencies (continued)

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.20 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.21 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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.22 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.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

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.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.23 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.24 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.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.24 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, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.25 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.26 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.

Unauthorised 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).

1.27 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful 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).

1.28 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 municipality's supply chain management policy.

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).

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Accounting Policies

1.29 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.30 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.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.31 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 an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

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.

1.32 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.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.32 Related parties (continued)

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.33 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand	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:
• Grap 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	01 April 2025	Unlikely there will be a material impact

3. Inventories

Consumable stores	1 137 090	1 278 888
Carrying value of inventories at the beginning of the year	1 278 888	1 528 203
Inventory purchased during the year	750 956	2 065 869
Inventory recognised as an expense during the year	(892 754)	(2 315 184)
	1 137 090	1 278 888

Inventory has been recorded using the weighted average cost method. Inventory is carried as lower of cost and current replacement value. Stoke take was conducted on 30 June 2025

Inventory pledged as security

There is no inventory was pledged as security

4. Operating lease asset

Current assets	54 368	65 555
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The Municipality as Lessor:

Operating Leases relate to the following:

Lease of premises owned by the municipality to Vodacom (PTY) Ltd with lease terms of 9 years and 11 months, with no option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period

Lease of premises owned by the municipality to Electoral Commission with lease terms of 60 months, with no option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period

Lease of premises owned by the municipality to ATC South Africa with lease terms of 9 years and 11 months, with no option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period

Lease of premises owned by the municipality to Unjani Clinic with lease terms of 60 months, with no option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period

Operating leases have been straightlined in accordance with GRAP 13 requirements

Operating lease receivable	2025	2024
Within 1 year	118 256	168 097
Within 2-5 year	483 043	522 401
Greater than 5 years	46 024	124 921
	647 323	815 419

Nquthu Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
5. Receivable from non-exchange transactions		
Gross balances		
Statutory Receivables - VAT Control(Receivable) due from SARS	3 147 621	1 766 290
Fines - Illegal Connections	529 535	282 222
Statutory Receivable - Property Rates	97 487 944	71 486 122
Statutory Receivable - Traffic Fines	1 922 160	2 286 170
	103 087 260	75 820 804
Less: Allowance for impairment		
Fines - Illegal Connections	(105 225)	(61 031)
Statutory Receivable - Property rates	(62 667 232)	(45 452 099)
Statutory Receivables - Traffic Fines	(805 670)	(798 898)
	(63 578 127)	(46 312 028)
Net balance		
Statutory Receivable - Vat Control (Receivable) from SARS	3 147 621	1 766 290
Fines - Illegal Connections	424 310	221 191
Statutory Receivable - Property rates	34 820 712	26 034 023
Statutory Receivable - Traffic Fines	1 116 490	1 487 272
	39 509 133	29 508 776

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
5. Receivable from non-exchange transactions (continued)		
Summary of debtors by customer category		
Property rates		
Current (0 -30 days)	1 052 645	284 505
31 - 60 days	3 846 117	278 088
61 - 90 days	3 669 721	2 851 483
91 - 120 days	3 607 646	2 707 463
121 - 180 days	7 036 933	5 306 688
> 180 days	78 274 882	60 057 895
	97 487 944	71 486 122
Less: Allowance for impairment	(62 667 232)	(45 452 099)
	34 820 712	26 034 023
Fines		
Current (0 -30 days)	46 100	77 600
31 - 60 days	44 600	193 000
61 - 90 days	38 100	68 950
91 - 120 days	53 300	67 000
121 - 180 days	104 690	227 299
> 180 days	1 635 370	1 652 321
	1 922 160	2 286 170
Less: Allowance for impairment	(805 670)	(798 898)
	1 116 490	1 487 272
Summary of Debtors by classification		
Public Service Purpose	35 924 650	26 809 866
Business	5 482 417	4 975 990
Residential	2 750 495	2 894 314
Agriculture Properties	47 875 670	31 734 584
Vacant Properties	5 271 155	4 896 079
Other	183 557	175 289
	97 487 944	71 486 122
Less: Allowance for impairment	(62 667 232)	(45 452 099)
	34 820 712	26 034 023
Fines - Illegal Connections		
Current (0 -30 days)	17 550	11 467
31 - 60 days	19 846	-
61 - 90 days	20 000	-
120 - 180 days	100 911	31 336
> 180 days	371 228	239 419
	529 535	282 222
Less: Allowance for impairment	(105 225)	(61 031)
	424 310	221 191
Vat Control (Receivable) SARS		
Current (0 -30 days)	3 147 641	1 766 310

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
5. Receivable from non-exchange transactions (continued)		
Reconciliation of allowance for impairment		
Balance at beginning of the year	46 312 028	35 064 089
Contributions to allowance	17 266 099	12 779 274
Reversal of allowance	-	(1 531 335)
	63 578 127	46 312 028

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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5. Receivable from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Property Rates Taxes are imposed in accordance with the Municipal Property Rates Act 6 of 2004. The Act gives the Municipality to levied Property Rates taxes on all properties within the Municipal jurisdiction.

Traffic fines are issued to offenders in terms of the Criminal Procedures Act, hence this is therefore recognised as a statutory receivable. The receivable is calculated by determining the value of the fine to be paid on initial recognition, and accounting for subsequent measurement by taking into account reductions and discounts made to the value of the fine payable in terms of the court of law. No interest is charged on outstanding fines, and any additional penalties applied by the court is paid by the offender to the court directly, and is therefore not considered to be revenue for the municipality.

Value Added Taxation (VAT) is levied in terms of the Value Added Taxation Act 89 of 1991.

Determination of transaction amount

Municipal Property Rates taxes is determined by using the municipal property valuation roll and is imposed on a Property that is within the Municipal Jurisdiction on usage.

Municipal Traffic fines are determined based on the tariffs for offences in accordance with the National Road Traffic Act.

Value Added Taxation is levied on Vatable Supplies of goods and services, and is the Cash Portion attributable to VAT 201 Returns submitted to SARS awaiting payment from SARS.

Interest or other charges levied/charged

Interest on property rate has been charged as 8% in accordance with debt policy of the municipality.

There is no interest charged on Traffic fines debtor

Basis used to assess and test whether a statutory receivable is impaired

Statutory receivables are assessed for impairment in accordance with GRAP 108. Refe to the impairment methodology document.

Discount rate applied to the estimated future cash flows

A discount rate of 8% was used against the municipality's future cash flow to be derived from gross receivable

Statutory receivables past due but not impaired

Statutory receivables that are between 0 to 30 days are not considered impaired, as they are still within the acceptable payment terms and do not exhibit indicators of credit loss. At 30 June 2025, 35 693 286 (2024: 25 372 423) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	2 310 352	57 999
2 months past due	1 906 708	1 129 557
3 months past due	1 628 977	1 026 742
4-5 months past due	3 077 144	2 029 039
6 months past due and above	26 770 105	21 129 086

Statutory receivables impaired

As of 30 June 2025, Statutory receivables of 74 608 644 (2024: 68 626 324) were impaired and provided for.

The amount of the provision was 62 667 232 as of 30 June 2025 (2024: 45 452 099).

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
5. Receivable from non-exchange transactions (continued)		
The ageing of these loans is as follows:		
1 month past due	2 384 091	1 068 977
2 months past due	2 343 994	2 304 197
3 months past due	2 281 688	2 064 970
4-5 months past due	4 687 762	4 127 377
Over 6 months	62 911 109	59 060 803
Factors the entity considered in assessing statutory receivables impaired		
The municipality took into account past trends in terms of collections, Financial difficulties faced by ratepayers due to the current economic climate. Probability of recovery considering processes available to the municipality.		
Reconciliation of provision for impairment for statutory receivables		
Opening balance	46 250 997	32 733 856
Provision for impairment	17 221 905	13 517 141
	63 472 902	46 250 997
6. Receivables from Exchanges transactions		
Gross balances		
Electricity	6 635 554	4 801 394
Rentals	2 301 670	2 197 705
Refuse	6 725 620	6 830 836
Input Vat Accrual	4 868 820	7 303 443
	20 531 664	21 133 378
Less: Allowance for impairment		
Electricity	(578 135)	(1 057 644)
Rentals	(1 560 417)	(1 374 751)
Refuse	(5 628 503)	(5 651 523)
	(7 767 055)	(8 083 918)
Net balance		
Electricity	6 057 419	3 743 750
Rentals	741 253	822 954
Refuse	1 097 117	1 179 313
Input Vat Accrual	4 868 820	7 303 443
	12 764 609	13 049 460
Electricity		
Current (0 -30 days)	3 657 185	2 568 614
31 - 60 days	665 124	299 450
61 - 90 days	398 371	157 100
91 - 120 days	160 057	112 562
121 - 180 days	368 925	245 050
> 180 days	1 385 892	1 418 618
	6 635 554	4 801 394

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
6. Receivables from Exchanges transactions (continued)		
Rental		
Current (0 -30 days)	157 307	149 732
31 - 60 days	62 798	61 693
61 - 90 days	65 465	55 411
91 - 120 days	56 943	68 819
121 - 180 days	111 544	110 484
> 180 days	1 847 613	1 751 566
	2 301 670	2 197 705
Refuse		
Current (0 -30 days)	379 143	296 372
31 - 60 days	101 285	100 327
61 - 90 days	97 686	93 167
91 - 120 days	86 905	91 961
121 - 180 days	156 277	165 635
> 180 days	5 904 324	6 083 374
	6 725 620	6 830 836
Summary of debtors by customer category		
Electricity		
Residential	173 429	150 703
Business	2 951 669	2 908 501
Public Service Purpose	3 442 041	1 663 783
Other	68 415	78 407
	6 635 554	4 801 394
Less: Allowance for impairment	(578 135)	(1 057 644)
	6 057 419	3 743 750
Refuse		
Residential	5 054 932	5 281 146
Business	344 797	339 663
Vacant Land	1 172 440	1 091 090
Other	153 451	118 937
	6 725 620	6 830 836
Less: Allowance for impairment	(5 628 503)	(5 651 523)
	1 097 117	1 179 313
Rentals		
Residential	69 472	62 392
Business	1 986 701	2 028 511
Other	245 497	106 802
	2 301 670	2 197 705
Less: Allowance for impairment	(1 560 417)	(1 374 751)
	741 253	822 954
Reconciliation of allowance for impairment		
Balance at beginning of the year	(8 083 918)	(7 044 162)
Contributions to allowance	(185 666)	(1 039 756)
Reversal of allowance	502 529	-
	(7 767 055)	(8 083 918)

Nquthu Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
6. Receivables from Exchanges transactions (continued)		
Consumer debtors pledged as security		
Consumer debtors were pledged as security.		
Consumer debtors past due but not impaired		
Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2025, 2 104 318 (2024: 1 432 110) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	582 449	367 112
2 months past due	318 204	67 065
3 months past due	79 706	77 400
4-5 months past due	191 896	70 108
Over 6 months	932 064	850 425
Consumer debtors impaired		
As of 30 June 2025, consumer debtors of 9 350 402 (2024: 16 211 278) were impaired and provided for.		
The amount of the provision was 7 767 055 as of 30 June 2025 (2024: 8 085 011).		
The ageing of these loans is as follows:		
1 months past due	246 011	845 844
2 months past due	242 777	537 920
3 months past due	223 657	340 082
4-5 months	443 863	762 303
Over 6 months	8 194 094	13 725 129
7. Other receivables from exchange transaction		
Prepayments	1 350 020	1 360 498
The prepayment pertains to the acquisition of firearms and the SALGA membership		
Employee Debtor	206 168	35 332
Employee debtor comprise amounts recoverable from councillors in respect of overpayments relating to upper limit adjustments, as well as recoveries from employees for overtime and standby allowance erroneously paid to individuals not entitles to such benefit		
	1 556 188	1 395 830
Current assets	1 556 188	1 395 830

Nquthu Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	1 344 710	7 225 354
Short-term deposits	73 360 845	86 433 322
	74 705 555	93 658 676

Nquthu Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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8. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
Absa - Call Account - 927-785-1394	2 023 003	1 894 541	1 765 601	2 023 003	1 894 541	1 765 601
Absa - Call Account - 930-069-5892	16 552 594	1 727 503	59 116	16 552 594	1 727 503	59 116
Absa - Call Account - 933-821-7106	-	-	34 490	-	-	34 490
Absa Bank-Call Account 937-050-646	-	-	18 381 816	-	-	18 381 816
Absa Bank - Call Account- 937-065-2142	-	-	5 646 509	-	-	5 646 509
Absa Bank - Call Account- 208-117-9642	-	21 778 310	-	-	21 778 310	-
Absa - Primary Account - 405-356-2762	1 361 935	7 292 454	428 107	1 367 892	7 292 454	428 107
Absa Bank-Investment Account 914-284-5014	96 511	535 914	281 893	96 511	535 914	281 893
Absa Bank-Investment Account 208-087-5617	-	-	15 521 247	-	-	15 521 247
Bank - Notice Select 937-076-2765	-	-	1 424 715	-	-	1 424 715
Absa Bank - Notice Select 936-6596-4328	24 857	23 663	22 376	24 857	23 663	22 376
FNB BANK - Investment Account - 718-4846-2554	-	10 241 567	9 377 603	-	10 241 567	9 377 603
FNB BANK - Investment Account - 623-8231-1408	10 845 157	10 086 341	9 334 533	10 845 157	10 086 341	9 334 533
FNB BANK - Investment Account - 718-4846-0889	-	8 660 463	7 929 879	-	8 660 463	7 929 879
FNB BANK - Investment Account - 744-2905-2166	-	5 970 710	15 199 556	-	5 970 710	15 199 556
Standard Bank - Investment- 3085-8556-9014	7 756	7 303	6 856	7 756	7 303	6 856
Standard Bank - Investment 3085-8556-9063	27 549 828	25 438 674	23 438 340	27 549 828	25 438 674	23 438 340
Nedbank-investment Account 03 7165 014 039(5)	1 330	1 233	1 161	1 330	1 233	1 161
Standard Bank - Investment 3085-8556-9064	16 236 627	-	-	16 236 627	-	-
Total	74 699 598	93 658 676	108 853 798	74 705 555	93 658 676	108 853 798

The difference of R5 969.7 between the cashbook balance and the bank statement balance as at year end relates to a customer payment received through the speed point facility. The payment was processed was made by the customer on 30 June 2025, however due to timing bank processing, the amount reflect in the municipal bank account on the following business day

There is no cash and cash equivalent pledged as collateral for liabilities or contingent liabilities.

The following bank accounts were closed during the year:

Bank Name	Account number
Nedbank	03/7165014039/000146
Absa Bank	20-8117-9642
Absa Bank	20-8169-6276
FNB	71-84846-8554
FNB	74-42905-2166
FNB	71-84846-0889

Nquthu Local Municipality

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9. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	76 901 713	(1 554 292)	75 347 421	77 328 786	(1 584 240)	75 744 546

Reconciliation of investment property - 2025

	Opening balance	Disposals	Impairments	Depreciation	Total
Investment property	75 744 546	(334 750)	(7 253)	(55 122)	75 347 421

Reconciliation of investment property - 2024

	Opening balance	Additions	Depreciation	Total
Investment property	41 405 390	34 406 000	(66 844)	75 744 546

Pledged as security

No investment property has been pledged as security for liabilities.

No investment property is carrying existing restrictions.

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.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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9. Investment property (continued)

Amounts recognised in surplus or deficit

Rental revenue from Investment property	157 357	211 258
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There were no direct operating expenses incurred from renting the property

There were no contractual obligation to purchase, construct or develop the investment property. There were also no contractual obligation for repairs and maintenance

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

10. 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	13 655 276	-	13 655 276	13 655 276	-	13 655 276
Buildings	47 922 578	(15 389 368)	32 533 210	42 816 474	(13 593 782)	29 222 692
Plant and machinery	17 916 981	(10 210 915)	7 706 066	17 194 465	(9 374 997)	7 819 468
Furniture and fixtures	6 339 741	(3 480 843)	2 858 898	4 922 948	(3 045 726)	1 877 222
Transport assets	39 250 093	(24 338 090)	14 912 003	38 795 846	(22 460 028)	16 335 818
IT equipment	5 043 698	(3 145 344)	1 898 354	4 486 942	(2 899 734)	1 587 208
Infrastructure - Roads and Stormwater	426 684 260	(127 079 178)	299 605 082	403 801 998	(113 394 233)	290 407 765
Community	371 120 200	(59 906 419)	311 213 781	338 909 706	(50 110 894)	288 798 812
Electricity Infrastructure	57 051 642	(13 939 238)	43 112 404	55 337 695	(12 036 640)	43 301 055
Leased assets - Computer equipment	-	-	-	-	-	-
Refuse	4 303 068	(2 847 177)	1 455 891	4 240 981	(2 733 993)	1 506 988
Total	989 287 537	(260 336 572)	728 950 965	924 162 331	(229 650 027)	694 512 304

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Adjustment of landfill site provision	Work in Progress	Depreciation	Impairment loss	Total
Land	13 655 276	-	-	-	-	-	-	13 655 276
Buildings	29 222 692	5 106 105	-	-	-	(1 795 587)	-	32 533 210
Plant and machinery	7 819 468	902 255	(10 977)	-	-	(1 004 392)	(288)	7 706 066
Furniture and fixtures	1 877 222	1 492 752	(1 407)	-	-	(508 719)	(950)	2 858 898
Motor vehicles	16 335 818	783 353	(88 737)	-	-	(2 118 431)	-	14 912 003
IT equipment	1 587 208	905 233	(44 198)	-	-	(539 486)	(10 403)	1 898 354
Infrastructure - Roads and Stormwater	290 407 765	26 213 459	(1 468 441)	-	5 176 931	(16 529 130)	(4 195 502)	299 605 082
Community	288 798 812	50 497 987	(250 969)	-	(16 428 967)	(11 091 185)	(311 897)	311 213 781
Electricity Infrastructure	43 301 055	2 312 867	(581 024)	-	-	(1 733 255)	(187 239)	43 112 404
Leased Assets	-	-	-	-	-	-	-	-
Landfill site	1 506 988	-	-	62 087	-	(113 184)	-	1 455 891
	694 512 304	88 214 011	(2 445 753)	62 087	(11 252 036)	(35 433 369)	(4 706 279)	728 950 965

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Donation received	Disposals	Adjustment of landfill site provision	Work in Progress	Depreciation	Impairment loss	Total
Land	5 891 616	-	7 763 660	-	-	-	-	-	13 655 276
Buildings	30 886 031	-	-	-	-	-	(1 651 745)	(11 594)	29 222 692
Machinery and equipment	6 196 582	2 594 815	-	(299)	-	-	(971 630)	-	7 819 468
Furniture and office equipment	1 607 715	591 988	-	(1 115)	-	-	(321 366)	-	1 877 222
Transport assets	18 176 835	607 870	-	(60 087)	-	-	(2 388 800)	-	16 335 818
Computer equipment	1 805 526	287 361	-	(16 316)	-	-	(489 363)	-	1 587 208
Roads and stormwater infrastructure	264 083 745	65 976 924	799 606	(38 330)	-	(20 728 872)	(15 700 049)	(3 985 259)	290 407 765
Community	227 711 972	67 652 770	-	(2 388 942)	-	4 584 694	(8 189 394)	(572 288)	288 798 812
Electricity infrastructure	64 060 979	1 903 352	18 451 004	(1 837)	-	(39 809 781)	(1 302 662)	-	43 301 055
Leased assets - Computer equipment	-	-	-	-	-	-	-	-	-
Landfill site	1 401 697	-	-	-	235 896	-	(130 605)	-	1 506 988
	621 822 698	139 615 080	27 014 270	(2 506 926)	235 896	(55 953 959)	(31 145 614)	(4 569 141)	694 512 304

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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10. Property, plant and equipment (continued)

Pledged as security

No property, plant and equipment has been pledged as security for liabilities
No property, plant and equipment is carrying existing restrictions.

Assets taking longer to complete

There are assets under construction that are taking significantly longer to complete

Carrying value of property, plant and equipment that is taking significantly longer period of time to complete than expected

Project Name	Reason(s)	2025	2024
Ngonini Sportfield	Budget Constraints	615 821	508 899
Borehole and Water pump	Budget Constraints	137 400	137 400
Sidanyana Road	Budget Constraints	1 065 303	1 065 303
		1 818 524	1 818 524

The following projects have been reallocated to the 2026/27 financial year budget for completion;

- a) Ngonini Sportfield
- b) Borehole and Water pump
- c) Sidanyana Road.

Halted Projects

As at 30 June 2025, the municipality halted the construction of the following projects due to the reasons spefied below;

Project Name	Reason(s)	2025	2024
Mthushana Creche	Budget Constraints	119 669	119 669
Incubator unit 5&6	Reassessment of priorities	2 387 331	2 387 331
		2 507 000	34 994 960

In the prior financial year, the halted project **Incubator Unit 5&6** was disclosed with an expenditure amount of R238,331, instead of 2 387 331. This misstatement was due to typographical error. This disclosure misstatement did not affect the financial position or performance figures presented but has been corrected in the current year for disclosure purposes in line with the requirements of GRAP 17. Additionally, the Supply Chain Management (SCM) processes to appoint a service provider for the completion of the project have since been finalised. A new service provider was appointed subsequent to 30 June 2025, and the project is expected to resume shortly.

Nquthu Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024	
10. Property, plant and equipment (continued)			
Reconciliation of Work-in-Progress 2025			
	Included within Infrastructure - Roads and Stormwater	Included within Infrastructure - Community	Total
Opening balance	20 828 335	65 626 043	86 454 378
Additions/capital expenditure	31 297 111	42 774 562	74 071 673
Transferred to completed items	(26 120 180)	(59 307 876)	(85 428 056)
	26 005 266	49 092 729	75 097 995

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure Electricity	Included within Roads and stormwater	Included within Community Assets	Total
Opening balance	39 818 133	41 487 654	63 533 644	144 839 431
Additions/capital expenditure	18 182 601	13 845 469	72 923 235	104 951 305
Prior year correction	(25 293 803)	-	-	(25 293 803)
Reclassification	-	103 353	(103 353)	-
WIP written-off	-	(33 800)	(2 388 942)	(2 422 742)
Transferred to completed items	(32 706 931)	(34 574 341)	(68 338 541)	(135 619 813)
	-	20 828 335	65 626 043	86 454 378

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

Employee related costs	3 170 798	1 733 980
Contracted services	7 961 762	29 133 926
Depreciation - R&M Assets	841 735	229 711
	11 974 295	31 097 617

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

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11. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	607 574	(607 574)	-	611 664	(600 822)	10 842

Reconciliation of intangible assets - 2025

	Opening balance	Written off	Amortisation	Total
Computer software, internally generated	10 842	(5 473)	(5 369)	-

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, internally generated	16 285	(5 443)	10 842

Pledged as security

No Intangible assets has been pledged as security for liabilities

No intangible assets is carrying existing restrictions.

Nquthu Local Municipality

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Notes to the Annual Financial Statements

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12. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	78 888	-	78 888	78 888	-	78 888

Reconciliation of heritage assets 2025

	Opening balance	Total
Art Collections, antiquities and exhibits	78 888	78 888

Reconciliation of heritage assets 2024

	Opening balance	Total
Art Collections, antiquities and exhibits	78 888	78 888

Pledged as security

No heritage assets has been pladged as security

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
13. Payables from exchange transactions		
Trade payables	27 929 053	31 288 927
Payments received in advanced	2 807 614	2 531 516
COIDA	5 625 530	7 385 023
Massification Electrification Grant	-	2 044 934
Retentions	11 535 004	28 495 947
Human Settlement- Housing funds	1 641 783	1 743 030
Unallocated deposit	1 116 234	1 018 427
Intergrated National Electrification Programme Grant	-	2 670 001
Bonus Accrual	2 760 278	2 548 835
Output Vat Accrual	1 135 538	1 448 163
	54 551 034	81 174 803
14. Consumer deposits		
Electricity	434 453	434 853
Rentals	71 955	65 134
Refuse	68 043	69 043
	574 451	569 030

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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15. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(6 159 000)	(5 526 000)
Non-current liabilities	(5 425 000)	(4 664 000)
Current liabilities	(734 000)	(862 000)
	(6 159 000)	(5 526 000)

As at 30 June 2025, the number of members entitled to receive long service leave awards from the municipality were;

	Number of eligible employees	Weighted average earning	Salary weighted average age	Weighted past Service
Female	122	266 051	41.7	9.4
Male	135	266 171	43.3	9.3
	257	266 144	42.5	9.3

The Municipality offers employees LSA for every five years of service completed, from five years of service to 45 years of service, inclusive

The table below reflects a summary of the benefit policy:

Completed Service (In years)	Long Service Award (% of Annual earnings)	Description
5	2.0%	5 / 249 x annual earnings
10	4.0%	10/ 249 x annual earnings
15	8.0%	20/ 249 x annual earnings
20,25,30,35,40,45	12.0%	30/ 249 x annual earnings

In the month that each "Completed Service" milestone is reached, the employee is granted an LSA. Working days awarded are valued at 1/249th of annual earnings per day.

An employee with five or more years' service with the Municipality, who leaves the service of the Municipality for any reason whatsoever, excluding reasons relating to misconduct, shall receive a pro-rata LSA for any uncompleted (five-year) period of service. The pro-rata factor applicable is the number of years of service since an employee's most recent service milestone, divided by five.

The encashment or taking of LSA leave days must occur in the same year that the employee qualifies for the award.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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15. Employee benefit obligations (continued)

The fair value of plan assets includes:

Assumptions

Average retirement age	61
Mortality during employment	85 to 90

Withdrawal from Service	Age	Female	Male
	20	9%	9%
	30	6%	6%
	40	5%	5%
	50	3%	3%
	55	0%	0%

The table below shows the maturity analysis for the next 40 years

Future year	Expected Benefit vesting (R millions)
1	0.819
2	0.718
3	0.993
4	0.970
5	1.069
6 to 10	6.217
11 to 15	7.748
16 to 20	7.640
21 to 30	8.033
31 to 40	0.916

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(5 526 000)	(4 541 000)
Benefits paid	809 938	432 018
Net expense recognised in the statement of financial performance	(1 442 938)	(1 417 018)
	(6 159 000)	(5 526 000)

Net expense recognised in the statement of financial performance

Current service cost	(658 000)	(568 000)
Interest cost	(586 000)	(503 000)
Actuarial (gains) losses	(198 938)	(346 018)
	(1 442 938)	(1 417 018)

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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15. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10,10 %	11,50 %
CPI Inflation rate	4,10 %	5,60 %
General earning inflation rate	5,10 %	6,60 %
Net discount rate	4,80 %	4,60 %

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand	2025	2024
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15. Employee benefit obligations (continued)

Demographic assumptions are required about the future characteristics of current employees who are eligible for LSA.

Promotional Earnings Scale

The annual escalation rates below are in addition to the General Earnings Inflation assumption of 5.1% per annum for all employees.

Promotional earning scale

Age band	Additional Promotional Scale
20 - 24	5.0%
25 - 29	4.0%
30 - 34	3.0%
35 - 39	2.0%
40 - 44	1.0%
45+	0.0%

Average Retirement Age

The normal retirement age of employees is 63. It has been assumed that employees will retire at age 61 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

Pre-Retirement Mortality

SA85-90 ultimate table, adjusted for female lives.

Withdrawal from Service

If an employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates.

The basis on which the discount rate has been determined is as follows:

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 11.68% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 4.49%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2025.

The basis used to determine the General Earnings Inflation Rate, is as follows:

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

The expected CPI inflation assumption of 5.58% was obtained from the differential between market yields on index-linked bonds (5.3%) consistent with the estimated terms of the liabilities and those of nominal bonds (10.1%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1+10.1\%-0.50\%)/(1+5.3\%))-1$.

Thus, a general earnings inflation rate of 5.1% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 4.48%. It has been assumed that the next general earnings increase will take place on 1 July 2025

Other assumptions

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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15. Employee benefit obligations (continued)

The results of the valuation are based on a number of assumptions. The extent to which the actual liability faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made. The assumptions which tend to have the greatest impact on the results are:

- (i) the general earnings inflation rate assumption;
- (ii) the discount rate assumption;
- (iii) the average retirement age of employees; and
- (iv) assumed rates of withdrawal of employees from service.

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Disaster relief grant	4 209	-
Library Volunteer	17 333	-
Sportfield Maintenance	27 118	27 118
	48 660	27 118

Movement during the year

Balance at the beginning of the year	27 118	388 834
Additions during the year	58 714 000	74 417 174
Income recognition during the year	(58 692 458)	(74 778 890)
	48 660	27 118

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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17. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Total
Provision for landfill site	2 336 676	341 086	2 677 762
Provision for leave pay	9 101 200	527 456	9 628 656
	11 437 876	868 542	12 306 418

Reconciliation of provisions - 2024

	Opening Balance	Additions	Total
Landfill site	1 865 370	471 306	2 336 676
Provision for leave pay	8 208 894	892 306	9 101 200
	10 074 264	1 363 612	11 437 876

Non-current liabilities	2 373 301	2 057 677
Current liabilities	9 933 117	9 380 199
	12 306 418	11 437 876

Environmental rehabilitation provision

The municipality is required to provide for the rehabilitation of the Nondweni landfill site after the end of its useful life. The cost to rehabilitate the landfill site has been estimated by the engineers to be R2 677 762 and the remaining life is 29.12 years. Due to the uncertainty in timing and actual amount of the rehabilitation cost, management have made the best estimate to raise a provision based on the report. The detailed report is available for inspection at the registered office of the Municipality.

There are various limitations and assumptions that have a direct bearing on the cost estimates provided as indicated below:

- Costs are based on previous tender prices and generic costs and may vary depending on material availability, fuel price etc.;
- The previous year's cost was escalated since no changes were reported;
- Evaluation is based on approximate landfill size or the fenced area since the co-ordinates in the licence document does not correlate with the aerial view of the site (Google Earth used for evaluation);
- The design is based on the requirements of the licence issued;
- No site visit was conducted, cost estimate is therefor based on the information supplied by the Municipality as well as licence conditions;
- The estimated closure cost is based on a generic closure design not taking site specific condition into consideration and may vary significantly once the site has been upgraded.

18. Housing Development fund

This fund is regulated by the agreement and directives that are issued by the department of Human Settlements and has a dedicated bank account

Opening Balance	151 663	141 342
Interest	10 273	10 321
	161 936	151 663

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
19. Service charges		
Sale of electricity	32 857 662	27 498 535
Solid waste	1 681 290	1 466 516
	34 538 952	28 965 051

20. Construction contracts

Contracts in progress at statement of financial position date

Revenue	21 188 935	35 033 993
Expenditure	(21 188 935)	(35 033 993)
	-	-

Construction contracts relate to agreements entered between the Municipality and the Department of Mineral and Energy in respect of housing projects and electrification project respectively. The Municipality is a project developer in these arrangements. These arrangements are accounted for in line with GRAP 11 - Construction contracts

Construction contract expenses consists mainly of contracted services wherein the Municipality procures the services of building contractors and other consultants.

Construction contract revenue is recognised on a stage of completion based on the costs incurred. There are no contracts accounted for as work in progress given that costs are expensed when incurred.

The amount due for contract work done is recognised as a debtor and disclosed on the note for Receivables from exchange transactions.

The amounts received in advance for work to be done is recognised as a liability and disclosed in Note 14: Payables from exchange transactions.

Advances received in excess of work completed are included in trade and other payables.

21. Rental of facilities and equipment

Premises		
Rental income	860 471	972 385

22. Other income

Commission	285 909	207 848
Insurance Proceeds	148 080	-
Skills Development Levy refund	215 225	170 851
Sale of Tender Documents	665 442	85 892
Advertisement	-	700
Cemetery and Burial	44 846	33 452
Photocopies	62 153	38 787
Building Plan	24 920	10 559
Clearance certificate	11 721	4 869
Town planning and servitudes	1 024	1 941
Buyers Card	74	1 972
Discount received	-	17 700
Retention reversal	7 775 363	-
	9 234 757	574 571

During the 2025 financial year, the municipality reversed retention liabilities that had been outstanding for more than two years. Prior to the write-off, the municipality published a public notice inviting all service providers with unclaimed monies older than two years to submit claims. No valid claims were received within the stipulated period.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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23. Investment revenue

Interest revenue

Interest on short-term investments	8 907 222	10 996 880
Interest charged on trade and other receivables	797 553	734 074
	9 704 775	11 730 954

24. Property rates

Rates received

Residential	1 986 236	1 855 946
State	44 024 381	38 500 438
Commercial	11 439 098	11 095 802
	57 449 715	51 452 186
Property rates - penalties imposed	3 632 966	2 656 575
	61 082 681	54 108 761

Valuations

Residential	750 888 500	749 683 500
Commercial	436 662 000	437 372 000
Agriculture Properties	940 387 000	940 387 000
Municipal	151 377 000	152 112 000
Industrial Properties	945 000	945 000
Mining Properties	1 035 000	1 035 000
Public Service Purpose	929 626 000	944 581 000
Vacant Properties	261 726 315	111 581 000
Worship properties	14 933 000	14 933 000
	3 487 579 815	3 352 629 500

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2023. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of 0.014 2025 (2024: 0.014) is applied to property valuations to determine assessment rates. Rebates of R 205 000 (2024: R 205 000) are granted to residential and state property owners.

Rates are levied on an annual basis with the final date for payment being Monday, 30 June 2025. Interest at prime plus 8% per annum (2024: 8%).

The new general valuation will be implemented on 01 July 2003.

25. Licences and permits (non-exchange)

Filming Fees	7 965	2 407
Hoarding (Collecting/Storing)	1 200	5 136
Trading	17 024	14 044
Road and Transport	836 130	988 105
	862 319	1 009 692

Nquthu Local Municipality

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Figures in Rand	2025	2024
26. Government grants & subsidies		
Operating grants		
Equitable share	188 876 000	179 521 000
Cybercadet Grant	533 083	508 000
EPWP Grant	1 478 004	1 162 000
Library Support	2 060 972	1 964 000
Library Modular	1 500 612	1 430 000
Library Volunteer	96 000	367 941
Finance Management Grant	1 800 000	1 850 000
	196 344 671	186 802 941
Capital grants		
Sportfield maintenance	-	101 775
Municipal Infrastructure Grant	46 128 000	39 222 000
Small Town Rehabilitation	-	10 422 733
Municipal Disaster Grant	5 095 791	-
	51 223 791	49 746 508
	247 568 462	236 549 449
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	58 692 462	57 028 449
Unconditional grants received	188 876 000	179 521 000
	247 568 462	236 549 449
Municipal Infrastructure Grant		
Current-year receipts	46 128 000	39 222 000
Conditions met - transferred to revenue	(46 128 000)	(39 222 000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
Provide explanations of conditions still to be met and other relevant information.		
Library Volunteer		
Balance unspent at beginning of year	-	259 941
Current-year receipts	113 333	108 000
Conditions met - transferred to revenue	(96 000)	(367 941)
	17 333	-
Conditions still to be met - remain liabilities (see note 16).		
Provide explanations of conditions still to be met and other relevant information.		
Library Modular		
Current-year receipts	1 500 612	1 430 000
Conditions met - transferred to revenue	(1 500 612)	(1 430 000)
	-	-

Nquthu Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
26. Government grants & subsidies (continued)		
Conditions still to be met - remain liabilities (see note 16).		
Provide explanations of conditions still to be met and other relevant information.		
Sportfield Maintenance		
Balance unspent at beginning of year	27 118	128 893
Conditions met - transferred to revenue	-	(101 775)
	27 118	27 118
Conditions still to be met - remain liabilities (see note 16).		
Provide explanations of conditions still to be met and other relevant information.		
Library Support		
Current-year receipts	2 060 972	1 964 000
Conditions met - transferred to revenue	(2 060 972)	(1 964 000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
Provide explanations of conditions still to be met and other relevant information.		
Cybercadet		
Current-year receipts	533 083	508 000
Conditions met - transferred to revenue	(533 083)	(508 000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
Provide explanations of conditions still to be met and other relevant information.		
Expanded Public Works Program		
Current-year receipts	1 478 004	1 162 000
Conditions met - transferred to revenue	(1 478 004)	(1 162 000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
Provide explanations of conditions still to be met and other relevant information.		
Finance Management Grant		
Current-year receipts	1 800 000	1 850 000
Conditions met - transferred to revenue	(1 800 000)	(1 850 000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
Provide explanations of conditions still to be met and other relevant information.		
Small Town Rehabilitation		

Nquthu Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
26. Government grants & subsidies (continued)		
Current-year receipts	-	10 422 733
Conditions met - transferred to revenue	-	(10 422 733)
	-	-

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

Disaster Relief Grant

Current-year receipts	5 100 000	-
Conditions met - transferred to revenue	(5 095 791)	-
	4 209	-

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

27. Fines, Penalties and Forfeits

Illegal Connections Fines	567 448	398 937
Municipal Traffic Fines	857 630	1 147 840
	1 425 078	1 546 777

28. In-kind donation and assistance

	2025	2024
Donation Income	216 980	60 515 762

During the current financial year, the municipality recognised donation income for assets amounting to R216 980, received from the Department of Arts and Culture.

In the prior year, the municipality recognised in-kind donation income amounting to R18 346 102 relating to electrical infrastructure transferred by the Department of Human Settlements. In addition, the municipality recognised donation income of R7 763 660 for land and R34 406 000 for investment property. These assets were recognised at their fair value.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
29. Employee related costs		
Basic	81 602 523	72 747 983
Bonus	5 744 025	5 274 284
Medical aid - company contributions	3 605 019	3 158 109
UIF	586 802	550 077
WCA	843 957	781 166
Overtime payments	2 023 237	1 493 662
Long-service awards	1 244 000	1 071 000
Car allowance	3 977 806	3 341 485
Housing benefits and allowances	122 084	104 508
Leave Pay	693 148	1 154 600
Standby Allowance	2 842 043	2 946 596
Pension	9 798 059	8 690 150
Bargaining Council	42 100	37 654
	113 124 803	101 351 274

Remuneration of municipal manager

Annual Remuneration	1 017 844	1 124 091
Car Allowance	151 225	-
Performance Bonuses	66 790	53 880
Contributions to UIF, Medical and Pension Funds	14 325	14 041
	1 250 184	1 192 012

In the prior year, the remuneration packages of the Municipal Manager (MM) did not include a separately structured car allowance or travel allowance component. In the current year, remuneration has been restructured to allocate a portion of total package to a travel allowance.

Remuneration of chief finance officer

Annual Remuneration	747 506	930 882
Car Allowance	216 000	-
Performance Bonuses	45 698	44 239
Contributions to UIF, Medical and Pension Funds	11 929	11 004
	1 021 133	986 125

In the prior year, the remuneration packages of the Chief Financial Officer (CFO) did not include a separately structured car allowance or travel allowance component. In the current year, remuneration has been restructured to allocate a portion of total package to a travel allowance.

Remuneration of director Corporate and Community Services

Annual Remuneration	900 078	855 205
Car Allowance	180 000	180 000
Performance Bonuses	51 347	49 706
Contributions to UIF, Medical and Pension Funds	12 086	11 614
	1 143 511	1 096 525

Remuneration of director Planning and Economic development

Annual Remuneration	843 506	768 615
Car Allowance	72 000	72 000
Performance Bonuses	45 698	-
Contributions to UIF, Medical and Pension Funds	12 217	11 004
Housing Allowance	18 000	18 000
Pension Allowance	30 000	30 000

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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29. Employee related costs (continued)

1 021 421 899 619

Remuneration of director Technical Services

Annual Remuneration	641 380	585 701
Car Allowance	120 000	120 000
Performance Bonuses	45 698	44 239
Contributions to UIF, Medical and Pension Funds	12 121	11 542
Housing Allowance	202 126	202 126
	1 021 325	963 608

30. Remuneration of councillors

Mayor	1 043 885	936 139
Deputy Mayor	841 506	751 989
Mayoral Committee Members	2 260 954	2 004 467
Speaker	843 024	751 989
Councillors	10 285 188	9 190 771
Section 79 MPAC	456 110	411 108
	15 730 667	14 046 463

In-kind benefits

The Mayor, Deputy Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Mayor has use of a Council owned vehicle for official duties.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards. The Deputy Mayor and speaker have two full-time bodyguards.

Councillors are paid standard amounts as per the upper limits of the framework envisaged in Section 219 of the Constitution, read in conjunction with the Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act, the disclosure of councillors remuneration per person was not considered material

31. Depreciation and amortisation

Property, plant and equipment	35 433 369	31 145 614
Investment property	55 122	66 844
Intangible assets	5 369	5 443
	35 493 860	31 217 901

32. Finance costs

Interest on Landfill site provision	278 999	235 410
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33. Lease rentals on operating lease

Equipment

Contractual amounts	1 002 379	484 162
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The municipality is leasing photocopiers. Lease payments for photocopiers are not subject to escalation. No restriction are imposed by lease arrangement

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
34. Bulk purchases		
Electricity - Eskom	45 257 411	31 026 209
In the prior year, the bulk electricity purchases reflected in the note for electricity losses differ from the the total bulk purchases reported in the income statement. The variance arises from adjustments and corrections made by ESKOM to account for prior period estimate and rebilled amounts due to a meter malfunction. These adjustments were necessary to accurately calculate electricity losses		
Electricity losses		
Units purchased (R)	45 257 411	35 411 214
Units sold (R)	(32 279 549)	(30 880 878)
Own consumption (R)	(684 095)	(516 892)
Free basic electricity (R)	(1 990 045)	(1 703 052)
Total loss	10 303 722	2 310 392
Units		
Purchases	20 735 836	20 215 829
Units sold	(15 188 344)	(14 454 784)
Own consumption	(110 154)	(110 095)
Free basic electricity	(1 142 850)	(1 092 050)
Total	4 294 488	4 558 900
Percentage Loss:		
Technical losses	21 %	23 %
35. Contracted services		
Outsourced Services		
Administrative and Support Staff	1 186 411	1 480 260
Animal Care	195 000	97 500
Burial Services	637 500	562 550
Business and Advisory	601 385	376 271
Cleaning Services	1 451 537	-
Fire Services	-	2 312 508
Internal Auditors	2 106 389	2 966 884
Security Services	13 583 020	13 897 255
Drivers Licence Cards	831 375	-
Consultants and Professional Services		
Business and Advisory	3 087 071	3 760 247
Infrastructure and Planning	1 449 844	1 489 341
Laboratory Services	58 800	128 800
Legal Cost	194 577	166 775
Contractors		
Building	39 720	377 930
Electrical	1 393 869	183 545
Maintenance of Unspecified Assets	7 961 762	29 133 926
Pest Control and Fumigation	414 673	562 812
	35 192 933	57 496 604

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
36. General expenses		
Advertising	972 752	1 548 389
Auditors remuneration	3 655 011	3 641 429
Bank charges	363 341	282 493
Ward Committees	3 060 495	2 677 800
Commission paid	519 407	408 519
Motor Vehicle Licence and Registration	495 616	582 782
Entertainment	71 480	51 125
Youth support programs	2 667 071	2 929 437
Events	3 479 403	7 237 345
Insurance	2 332 439	2 105 768
Vehicle Tracking	75 889	87 712
IT expenses	508 642	611 841
Free Basic Electricity	2 644 649	2 022 787
Levies	1 046 973	927 659
Fuel and oil	3 998 019	4 679 334
Printing and stationery	171 307	276 243
Protective clothing	496 256	549 974
Software expenses	3 544 079	2 878 182
Subscriptions and membership fees	1 335 593	1 409 558
Telephone and fax	934 535	706 894
Transport and freight	900 500	1 226 400
Travel - local	3 548 741	3 628 283
Travel - overseas	-	68 843
Travel and Subsistence	1 017 325	1 369 574
Assets expensed	54 743	-
Water and Electricity	1 847 660	1 453 779
Poverty relief	4 509 001	4 996 097
Training	18 812	19 957
Fines and Penalties	71 916	248 421
Traditional leaders seating allowance	15 265	2 635
Storage of Files (Archiving)	55 427	38 088
Brokers Fees	33 250	25 000
	44 445 597	48 692 348
37. Auditors' remuneration		
Fees	3 655 011	3 641 429

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
38. Cash generated from operations		
Surplus	49 885 443	86 235 297
Adjustments for:		
Depreciation and amortisation	35 493 860	31 217 901
Profit on sale of assets	(40 954)	-
Debt impairment	16 949 236	12 287 695
Assets written off	2 367 615	2 506 925
Gain or loss on disposal of assets	(1 180 000)	-
Donations	(216 980)	(60 515 762)
Retention written off	(7 775 363)	-
Finance costs	278 999	235 410
Other Non-cash items	(384 083)	(433 520)
Bad debts written off	1 183 560	3 162 770
Movements in operating lease assets and accruals	11 187	49 747
Movements in Long service award policy changes	1 244 000	985 000
Movements in leave provision	527 456	935 329
Impairment of Assets	4 712 884	4 569 141
Changes in working capital:		
Inventories	141 798	249 315
Receivable from exchange transactions	(779 637)	(3 983 367)
Receivables from non-exchange transactions	(25 885 124)	(9 802 037)
Other Receivables from exchange transactions	(160 358)	1 675 270
Payables from exchange transactions	(18 848 407)	(2 301 609)
Consumer deposits	5 421	23 994
Unspent grants	21 542	(361 716)
	57 552 095	66 735 783
39. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	55 767 726	34 092 676
Total capital commitments		
Already contracted for but not provided for	55 767 726	34 092 676
Commitment per class of PPE		
Class of Property, Plant and Equipment		
• Infrastructure - Roads and Stormwater	13 194 079	6 851 545
• Community Assets	42 573 646	27 241 131
	55 767 725	34 092 676

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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40. Contingencies

Litigation in is progress regarding the following matters to which the municipality is a party. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. As at the reporting date, the outcome of the cases is uncertain. The best estimate of the financial exposure by the municipality determined in concurrence with the municipality's legal representatives is as follows:

Nquthu Local Municipality vs IMATU obo S. Kunene

The Municipality has lodged an appeal against an arbitration award granted in favour of Ms S. Kunene, represented by the Independent Municipal and Allied Trade Union (IMATU). The matter is currently pending a set-down date from the Registrar. Should the appeal not succeed, the Municipality may be liable for legal costs, which have been estimated at R450,000.

N. Mbatha vs Nquthu Local Municipality

Ms N. Mbatha has instituted legal proceedings against the Municipality, alleging that she sustained injuries as a result of incomplete work, which she attributes to the negligence of the Municipality. The matter is currently ongoing. Estimated legal costs and potential liability amount to approximately R2,500,000.

Nquthu Local Municipality vs Inkosi T.J. Ngobese

The Municipality has initiated legal proceedings against Inkosi T.J. Ngobese following allegations that he instructed members of the community to unlawfully occupy municipal land without the requisite consent. The matter is currently under legal review. Estimated legal costs associated with the case amount to R250,000

Nquthu Local Municipality vs ST Thethwayo

The Municipality is challenging an arbitration award issued by the Bargaining Council, which directed it to compensate an employee for a standby allowance. The Municipality disputes the employee's entitlement to the allowance and has initiated legal proceedings to review the award. The estimated costs amounts to R80 000.

Parties	Estimated Cost
Nquthu Local Municipality vs IMATU obo S. Kunene	450 000
N. Mbatha vs Nquthu Local Municipality	2 500 000
Nquthu Local Municipality vs Inkosi T.J. Ngobese	250 000
Nquthu Local Municipality vs ST Thethwayo	80 000
Total	3 280 000

41. Related parties

Relationships

Members of Key Management
Councillors

Refer to note 29

Refer to note 30

42. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of 860 302 718 and that the municipality's total assets exceed its liabilities by 860 464 654.

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.

43. Unauthorised expenditure

Opening balance as previously reported	7 409 396	10 588 682
Add: Unauthorised expenditure - current	5 678 871	7 409 396
Less: Approved/Condoned/authorised by council	(7 409 396)	(10 588 682)
Closing balance	5 678 871	7 409 396

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 7 409396 from the total unauthorised expenditure amount as it was proven without reasonable doubt that the amount was not recoverable

Nquthu Local Municipality

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43. Unauthorised expenditure (continued)

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	278 999	235 410
Cash	5 390 872	7 173 777
	5 669 871	7 409 187

Analysed as follows: non-cash

Finance charges	278 999	235 410
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Analysed as follows: cash

Bulk purchases	278 633	-
Contracted services	393 249	-
General expenditure	4 718 990	6 980 254
Employee related costs	-	193 523
	5 390 872	7 173 777

44. Fruitless and wasteful expenditure

Opening balance as previously reported	-	467 811
Correction of prior period error	-	56 474
Add: Expenditure incurred - current	422 922	178 779
Less: Amount written off - current	(189 569)	(703 064)
Less: Amount recovered	(27 190)	-
Closing balance	206 163	-

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of 189 569 from the total fruitless and wasteful expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

Nquthu Local Municipality

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44. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

Telkom interest	6	135
Eskom Interest	60	844
Umzinyathi District Municipality - interest	353	27
SALGA BC - Fine	-	16 129
SARS - Penalties	-	161 644
COVID - Interest	184 514	-
Councillor Overpayment	123 920	-
Employee Overpayment	109 433	-
Penalties on late renewal of motor Vehicle licence	4 635	-
	422 921	178 779

Fruitless and wasteful expenditure relating to overpayment to councillors and employees has been identified and recognised as debtor balances. Recovery processes have been initiated, and an amount of R27 190.17 relating to employee overpayment had already been recovered by 30 June 2025.

45. Irregular expenditure

Opening balance as previously reported	44 236 180	142 890 856
Add: Irregular expenditure - current	54 180 563	154 224 619
Add: Irregular expenditure - prior period	65 887 350	-
Less: Amount written off - current	(117 427 631)	(119 499 947)
Less: Amount written off - prior period	(44 236 180)	(133 379 348)
Closing balance	2 640 282	44 236 180

Nquthu Local Municipality

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45. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	
Non-compliance with SCMR- various: This expenditure is deemed to be irregular due to tender process / competitive bid not being adhered to	47 353 897	71 197 365
Contravention of paragraph 52 of SCM Polocy: Preferential point system not applied	32 328 364	13 603 564
Contravention of regulation 8(2) of PPR 2017	-	2 384 716
Contravention of regulation of SCMR 29	9 284 438	26 156 282
Non-compliance with SCM procurement - Deviations	5 095 791	558 853
Tax Matters	-	457 874
Contravention of Regulation 18 (a) of SCM	-	2 007 231
Non-compliance with MFMA - Section 116	22 527 156	15 156 535
Other	3 478 267	22 702 200
	120 067 913	154 224 620

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of 161 663 811 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

46. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year subscription / fee	3 655 011	3 641 429
Amount paid - current year	(3 655 011)	(3 641 429)
	-	-

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

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46. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Opening balance	-	895 429
Current year subscription / fee	17 394 704	14 836 403
Amount paid - current year	(17 394 704)	(15 731 832)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	13 403 078	11 848 259
Amount paid - current year	(13 403 078)	(11 848 259)
	-	-

VAT

VAT receivable	4 016 550	2 689 198
VAT payable	(868 907)	(922 908)
	3 147 643	1 766 290

VAT output payables and VAT input receivables are shown in note 5.

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding at 30 June 2025:

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor CS Skosana	678	3 063	3 741
Councillor Hoffman	284	58	342
	962	3 121	4 083

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor S.D Maimulo	91	-	91
Councillor C.N Skhosana	804	1 508	2 312
Councillor S Hoffman	758	-	758
	1 653	1 508	3 161

Nquthu Local Municipality

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Notes to the Annual Financial Statements

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46. Additional disclosure in terms of Municipal Finance Management Act (continued)

Deviation from Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

Emergency	9 256 285	-
Impractical to follow SCM	1 554 433	-
Sole service provider	1 492 980	2 334 375
	12 303 698	2 334 375

47. Segment information

General information

Identification of segments

The municipality is organised and reports to management and governance structures on the basis of two major functional areas: Community Services and Technical Services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The Municipality has other departments namely Budget and Treasury, Corporate Services, Planning and Economic development and Council that it has considered as not meeting the definition and classification as a reportable segment as supported by paragraph 8 of Grap 18 as these departments do not undertake activities of the municipality that generates significant economic benefits or service potential.

Aggregated segments

There were no segments of the municipality that were aggregated for this disclosure

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Technical Services
Community Services

Goods and/or services

Provision of Electricity and refuse removal
Licence and Permits and traffic fines

Nquthu Local Municipality

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Figures in Rand

47. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Community Services	Technical Services	Total
Revenue			
Licence and Permits	844 094	-	844 094
Service Charges	-	32 819 730	32 819 730
Interest Revenue	109 104	669 312	778 416
Government Grants and Subsidies	9 286 458	47 606 004	56 892 462
Fines, Penalties and forfeits	857 630	567 448	1 425 078
Other Income	215 225	44 846	260 071
Total segment revenue	11 312 511	81 707 340	93 019 851
Unallocated revenue			293 663 559
Entity's revenue			386 683 410
Expenditure			
Employee Related Cost	33 776 129	28 141 047	61 917 176
General Expenses	13 378 185	2 644 649	16 022 834
Contracted Services	733 395	9 163 214	9 896 609
Bulk Purchase	-	45 257 411	45 257 411
Lease rental	1 002 379	-	1 002 379
Total segment expenditure	48 890 088	85 206 321	134 096 409
Total segmental surplus/(deficit)	(37 577 577)	(3 498 981)	(41 076 558)

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

	Community Services	Technical Services	Total
47. Segment information (continued)			
allocateted Revenue			93 019 851
Allocated Expenses			(134 096 409)
Unallocated expenses			(179 693 848)
Actuarial loss			(198 938)
Debt impairment			(16 949 236)
Impairment of Assets			(4 712 884)
Assets Written off			(2 367 615)
Profit on sale			1 220 954
Total revenue reconciling items			293 663 559
Entity's surplus (deficit) for the period			49 885 434
Assets			
Receivables from exchange	741 253	12 332 989	13 074 242
Receivables from non-exchange Transactions	1 011 266	526 535	1 537 801
Property, plant and equipment	63 810 943	204 714 674	268 525 617
Total segment assets	65 563 462	217 574 198	283 137 660
Unallocated assets			650 966 548
Total assets as per Statement of financial Position			934 104 208
Liabilities			
Payables from Exchange Transaction	4 715 771	11 535 044	16 250 815
Provision for landfill site	-	2 677 762	2 677 762
Consumer deposit	71 955	502 496	574 451
Total segment liabilities	4 787 726	14 715 302	19 503 028
Unallocated liabilities			54 136 535
Total liabilities as per Statement of financial Position			73 639 563

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

47. Segment information (continued)

2024

	Community Services	Technical Services	Total
Revenue			
Licence and permits	992 321	-	992 321
Service Charges	-	28 965 050	28 965 050
Interest revenue	-	665 144	665 144
Rental of facilities	972 385	-	972 385
Government grants and Subsidies	7 281 941	67 135 233	74 417 174
Fines, Penalties and forfeits	1 147 840	398 937	1 546 777
Total segment revenue	10 394 487	97 164 364	107 558 851
Unallocated revenue			323 448 544
Entity's revenue			431 007 395
Expenditure			
General Expenses	9 259 891	8 164 868	17 424 759
Contracted services	3 783 923	29 758 401	33 542 324
Bulk Purchases	-	31 026 209	31 026 209
lease rental	484 162	-	484 162
Employee related cost	36 161 466	30 283 490	66 444 956
Total segment expenditure	49 689 442	99 232 968	148 922 410
Total segmental surplus/(deficit)	(39 294 955)	(2 068 604)	(41 363 559)
Total revenue reconciling items			323 448 544
Allocated Revenue			107 558 851
Allocated Expenses			(148 922 410)
Unallocated expenses			(176 139 909)
Actuarial gains			(346 018)
Debt impairment			(12 287 695)
Assets written off			(2 506 925)
Impairment of Assets			(4 569 141)
Entity's surplus (deficit) for the period			86 235 297

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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	Community Services	Technical Services	Total
47. Segment information (continued)			
Assets			
Receivable from exchange transactions	822 954	4 835 747	5 658 701
Receivable from non-exchange transaction	2 568 393	-	2 568 393
Property, plant and Equipment	69 707 063	161 198 817	230 905 880
Total segment assets	73 098 410	166 034 564	239 132 974
Unallocated assets			633 215 518
Total assets as per Statement of financial Position			872 348 492
Liabilities			
Payables from Exchange transaction	(9 735 621)	(19 552 485)	(29 288 106)
Provision for landfill site	-	(2 336 676)	(2 336 676)
consumer depositd	(39 694)	(503 896)	(543 590)
Total segment liabilities	(9 775 315)	(22 393 057)	(32 168 372)
Unallocated liabilities			(74 162 079)
Total liabilities as per Statement of financial Position			(106 330 451)

Information about geographical areas

The municipality's operations are in the KwaZulu-Natal Province.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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2025

2024

48. Prior period error adjustment

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Receivables from non-exchange transactions	5	34 044 800	(6 302 313)	1 766 309	29 508 796
Property plant and Equipment	10	692 867 911	1 644 393	-	694 512 304
Payables from Exchange transactions	13	(84 933 697)	7 251 985	(3 493 097)	(81 174 809)
Investment property	9	41 338 546	34 406 000	-	75 744 546
Accumulated Surplus		(761 971 263)	(48 446 011)	-	(810 417 274)
Receivables from exchange transaction	6	5 746 017	3 102 504	4 200 919	13 049 440
Unspent conditional grant	16	(7 841 646)	5 769 594	2 044 934	27 118
Vat Receivable		1 945 222	2 573 848	(4 519 065)	-
		(78 804 110)	-	-	(78 749 879)

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Donation Income	28	-	60 515 762	60 515 762
Construction contract revenue	20	15 470 427	19 563 566	35 033 993
Interest Revenue	23	10 240 211	1 490 743	11 730 954
Government grants and Subsidies	26	251 834 163	(15 284 714)	236 549 449
Depreciation and amortisation	31	(31 133 276)	(84 625)	(31 217 901)
Construction contract expenditure	20	(15 470 427)	(19 563 566)	(35 033 993)
Surplus for the year		230 941 098	46 637 166	277 578 264

Errors

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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48. Prior period error adjustment (continued)

Statement of Financial Position

Receivables from Non-exchange Transactions - In the prior, certain property rates payments were receipted to incorrect accounts, resulting in their missclassification as income received in advanced. The correction of this error has resulted in a decrease in both receivables from non-exchange transactions and income received in advance.

VAT Control (Receivable) from SARS has been reclassified to statutory receivables under receivables from non-exchange transactions, in line with the requirement of GRAP 108. consequently, the prior year figures have been reclassified for comparability. The reclassification of R 1 766 309 relates specifically to VAT control.

Receivables from exchange transactions - In the prior financial year, VAT receivable and VAT payable were offset and presented as a single line item on the face of the statement financial position. In the current year VAT receivable has been reclassified to receivables from exchange transactions and VAT payable has been reclassified to trade and other payables from exchange transaction.

The correction of R3 105 504 and the reclassification of R4 200 919 arose from the reclassification of VAT from the VAT receivable line item.

Property, plant and Equipment - In the prior year, the Department of Human Settlements completed electrical infrastructure on newly developed vacant sites owned by the municipality. These donated assets were not recognised. The correction of this error has resulted in an increase in both property, plant and equipment and donation income. Additionally, In the prior year, the municipality incorrectly recognised an asset relating to an electrification project that was under construction in areas where the municipality is not licensed to provide electricity, as Eskom is the designated service provider. As a result, the municipality did not have control over the asset, and its recognition was not in accordance with the requirement of GRAP 17. In terms of GRAP 11 (construction contract), such expenditure should have been accounted for as a construction contract expenditure. The project has subsequently been completed and handed over to ESKOM.

Investment Property - In the prior year, the municipality did not recognise land donated by the Department of Human Settlements. This omission has since been corrected, resulting in an increase in investment property and donation income

Payables from exchange transactions - In the prior, certain property rates payments were receipted to incorrect accounts, resulting in their missclassification as income received in advanced. The correction of this error has resulted in a decrease in both receivables from non-exchange transactions and income received in advance.

In the prior financial year, VAT receivable and VAT payable were offset and presented as a single line item on the face of the statement financial position. In the current year VAT receivable has been reclassified to receivables from exchange transactions and VAT payable has been reclassified to trade and other payables from exchange transaction.

Unspent Grants - In the prior year, the municipality incorrectly accounted for VAT and Interest earned from the investment of the Massification Grant. This error has since been corrected, resulting in a decrease in a unspent grants and a corresponding increase in interest income.

VAT Receivable - In the prior year, the municipality incorrectly disclosed the net VAT receivable as a single line item in the Statement of financial position. In the current year, this has been corrected by separately disclosing VAT receivable, payable and control

Statement of Financial Performance

Donation Income - In the prior year, the Department of Human Settlements completed electrical infrastructure on newly developed vacant sites owned by the municipality. The donation income was not recognised. The correction of this error has resulted in an increase in both property, plant and equipment and donation income.

Construction contract revenue - In the prior year, the municipality incorrectly recognised an asset relating to an electrification project that was under construction in areas where the municipality is not licensed to provide electricity, as Eskom is the designated service provider. As a result, the municipality did not have control over the asset, and its recognition was not in accordance with the requirement of GRAP 17. In terms of GRAP 11 (construction contract), such transaction should have been accounted for as a construction contract. The project has subsequently been completed and handed over to ESKOM.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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48. Prior period error adjustment (continued)

Interest income - In the prior year, the municipality incorrectly accounted for Interest earned from the investment of the Massification Grant. This error has since been corrected, resulting in a decrease in a unspent grants and a corresponding increase in interest income.

Government grants and Subsidies - In the prior year, the municipality incorrectly recognised grant revenue in respect of electrification projects undertaken in areas where the municipality is not licenced to provide electricity. In accordance with GRAP 11, construction contract revenue should have been recognised rather than government grant and subsidies.

Donation Income - In the prior year, the municipality did not recognise land donated by the Department of Human Settlements. This omission has since been corrected, resulting in an increase in investment property and donation income

Depreciation and amortisation - In the prior year, the municipality did not recognise electrical infrastructure donated by the Department of Human Settlements. Consequently, no depreciation was recorded for these assets.

Construction contract Expenditure - In the prior year, the municipality incorretly recognised an asset relating to an electrification project that was under construction in areas where the municipality is not licensed to provide electricity, as Eskom is the designated service provider. As a result, the municipality did not have control over the asset, and its recognition was not in accordance with the requirement of GRAP 17. In terms of GRAP 11 (construction contract), such expenditure should have been accounted for as a construction contract expenditure. The project has subsequently been completed and handed over to ESKOM.

49. Events after the reporting date

Subsequent to the reporting date of 30 June 2025 and the authorisation date of these financial statement for issue on 31 August 2025, the municipal council adopted resolutions to write off the following amounts;

#	Description	Resolution Ref	Resolution Date	Amount	Type of Event
1.	Traffic fines written off	SC/02/08/13	29 August 2025	R 1 183 560	Adjusting
2.	Irregular Expenditure	SC/02/08/06	29 August 2025	R 30 438 447	Adjusting
3.	Fruitless and wasteful	SC/02/08/06	29 August 2025	R 4 805	Adjusting

50. Bad debt written- off

During the 2025 financial year, the municipality resolved to write off irrecoverable debt relating to traffic fines older than two years. This decision was taken in accordance with the municipality's Debt Impairment Policy, as the amounts were deemed unenforceable and irrecoverable.

An amount of R1 183 560 was written off. The debts were written off due to legal constraints in enforcing the collection of fines older than two years, thereby ensuring that the financial statements present a realistic assessment of the municipality's receivables.

Impact on the current financial year:

- a) Increase in expenditure
- b) Decrease in receivables

51. Budget differences

Material differences between budget and actual amounts

The budget was prepared on the accrual basis of accounting with the prescripts of the Municipal budget regulation and the MFMA budget circulars. Variances which are greater than 10% between the final budget amounts and actual amount as referenced in the statement of comparison of budget and actual amounts have been deemed material, and explanations thereto are set out below

Statement of Financial Performance

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand	2025	2024
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51. Budget differences (continued)

1. Service charges - The variance is not material
2. Construction contract revenue - GRAP 11 compliance disclosure
3. Rental of facilities - The variance is not material
4. Other Income - The 347% variance is primarily due to retention that were written off but had not been provided for in the budget
5. Interest revenue - The variance is not material
6. Property rates - The variance is not material
7. Penalties imposed on property rates - The variance of 170% is attributable to a significant increase in receivable balances, resulting in higher-than-projected penalties imposed during the year
8. Licences and Permits - The variance of 16% is attributable to lower-than-anticipated revenue from licences and permits.
9. Government grant and subsidies - The variance of 14% is attributable to additional grant funding received during the year that was not included in the original projections.
10. Fines and Penalties - The variance of 43% is attributable to more-than- anticipated fines were issued.
11. Employee related cost - The variance is not material
12. Councillors remuneration - The variance is not material.
13. Depreciation and amortisation - The variance is not material
14. Finance Cost - The variance of 100% is attributable to the fact that no provision was made for this line item in the budget
15. Lease rental on operating lease - The variance of 65% is attributable to higher-than-anticipated usage of photocopying machine.
16. Bad debt written off - The variance of 91% is attributable to lower-than-anticipated bad debts written off
17. Inventory Consumed - The 32% variance is attributable to a budget misallocation, as certain general expenses were incorrectly budgeted for under inventory consumed.
18. Bulk purchases - The variance is not material
19. Contracted Services - The 28% variance is attributable to lower-than-anticipated expenditure on plant hire.
20. General Expenses - The 12% variance is attributable to a budget misallocation, whereby some general expenses were budgeted under transfers and subsidies and inventory consumed.
21. Actuarial Gains/losses, impairment of assets, debt impairment, assets written off and profit on sale of assets - The variance arose because no provision were included in the budget for these items

Statement of Financial Position

22. Inventory - The variance is attributable to the land that was reclassified from investment property to land held for sale.
23. Operating lease asset - The variance of 17% is attributable to fewer operating lease agreement being concluded than initially anticipated in the budget
24. Receivable from non-exchange transaction - The variance of 27% arose because of reclassification of VAT receivable to receivable from exchange transaction and payable from exchange transaction.
25. Other receivables - The variance arose because no provision was made in the approved budget
26. VAT - The Variance of 100% is due to the reclassification of VAT receivable to receivable from exchange transaction and payable from exchange transaction.
27. Receivables from exchange transactions - The variance of 18% arose because of reclassification of VAT receivable to receivable from exchange transaction and payable from exchange transaction.
28. Cash and Cash Equivalent - The variance of 39% is attributable to fewer withdrawals being made than budgeted, resulting in higher cash balances at year-end
30. Investment Property - The variance of 29% is primarily due to donation of land received that was not included in the budget
31. Property, plant and equipment - The variance is not material
32. Intangible asset - The variance of 100% is attributable to intangible assets that were written off, for which no provision had been made in the approved budget.
33. Heritage Assets - The variance is not material.
34. Trade Payables - The variance arose because a higher provision for trade payables was made in the approved budget
35. Consumer deposit - The variance of 74% arose because fewer consumer deposit were received than budgeted.
36. Employee Benefit Obligation - The variance arose because no provision was made in the approved budget.
37. Unspent Conditional Grant - The variance of 99% is primarily due to massification electrification that was budget for under unspent grants instead of trade and other payables from exchange transaction.
38. Provision - The variance of 36% is attributable to employees taking more annual leave than anticipated, which resulted in a lower provision for leave pay at year end.

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Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
52. Accounting by principals and agents		
The entity is a party to a principal-agent arrangement(s).		
Details of the arrangment(s) is are as follows:		
Principal-agent arrangements relate to binding arrangements in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal). The following arrangement meets the criterion for such arrangements:		
Municipality as an agent		
KwaZulu Natal Department of Transport		
The agreement requires the municipality to perform all the testing functions and licencing of motor vehicles on behalf of the department which consist of driving licence test centre functions.The municipality is an Agent to the agreement as they are responsible for performing testing functions on behalf of the Department. Thus a principal agent arrangement exist.The municipality is the agent in terms of GRAP 109		
Financial implication		
There are no funds receivable or payable to the department as at the end of the year. However the municipality pay out an amount of R79 to the department for the production of drivers licence card		
Revenue recognised		
The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R862 319 (2024: R1 009 692)		
Entity as agent		
Entity as principal		
Resources (including assets and liabilities) of the entity under the custodianship of the agent		
Ontec System		
The agreement requires ONTEC System to manage the sale of prepaid electricity on behalf of the of the municipality. The municipality is Principal to the agreement as ONTEC System is responsible for manage the sale of prepaid electricity on behalf of the municipality. Thus a principal agent arrangement exist.The municipality is the principal in terms of GRAP 109		
Fee paid		
Fee paid as compensation to the agent	519 407	408 519

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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53. Change in estimate

Property, plant and equipment

During the current financial year, the municipality reviewed the estimated useful lives of certain items of property, plant and equipment. As a result of this review, the annual depreciation charge of 3 502 assets was reduced from R 7 037 198.54 to R5 363 762.01.

The effect of this change in estimate has been recognised prospectively, in accordance with Grap 3

The impact of the adjustment is that the depreciation charges on the Property, Plant and Equipment has decreased by R1 673 436.54 in the current year and an increase of R1 673 436.54 in future periods.

Class of Assets	Depreciation Charges 2024 after RUL Adjustment	Depreciation Charges 2024 before RUL Adjustment	Impact of Adjustment
Buildings	9 441	14 182	(4 740)
Community Assets	63 948	79 745	(15 797)
Electricity	87 643	131 424	(43 781)
Roads and Stormwater	4 034 873	5 108 490	(1 073 617)
Landfill site	55 337	80 256	(24 919)
Machinery and Equipment	195 306	284 849	(89 544)
Furniture and Office Equipment	36 572	54 753	(18 181)
Computer Equipment	199 260	261 455	(62 195)
Investment Property	25 765	37 268	(11 504)
Transport Assets	655 618	984 777	(329 158)
	5 363 763	7 037 199	(1 673 436)

Retention Liability

During the current year, the municipality reassessed its obligations relating to retention liabilities from construction contracts. Based on the review, certain retention balances were determined to be no longer payable due to expiry of claim periods.

This assessment represents a change in accounting estimate in terms of GRAP 3.

The impact of the change in current year's financial statement is as follows;

- a) Decrease in Liabilities: R 7 775 363
- b) Increase in Income: R 7 775 363

Impact on future financial years

It is impractical to estimate the potential impact of this change in accounting estimate on future financial years, as the effect will depend on the extent of any further unclaimed retention balances identified.

54. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Nquthu Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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54. Risk management (continued)

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Payables from Exchange transactions	54 551 035	81 174 804
Consumer deposits	574 451	569 030
Unspent Conditional Grants and Receipts	48 660	27 118
	55 174 146	81 770 952

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.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Cash and Cash Equivalent	74 705 555	93 658 676
Receivables from Exchange transactions	12 660 241	13 049 440

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Cash and Cash Equivalent	51 085 333	58 454 130
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**PART FOUR : AUDIT REPORT BY AUDITOR
GENERAL SOUTH AFRICA
DRAFT ANNUAL REPORT FOR THE
2024/25 FINANCIAL YEAR**



AUDITOR-GENERAL
SOUTH AFRICA

**AUDIT REPORT OF THE AUDITOR-
GENERAL OF SOUTH AFRICA**

FOR THE YEAR ENDED 30 JUNE 2025

Nquthu Local Municipality

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature on Nquthu Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Nquthu Local Municipality set out on pages 164 to 254, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets and the cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies material accounting policy information.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Nquthu Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (DORA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International Code of ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 48 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2025

Material losses – Electricity

8. As disclosed in note 33 to the financial statements, material electricity losses of R10,3 million (2023-24: R2,3 million) were incurred, which represents 21% (2023-24: 23%) of total electricity purchased.

Material impairments allowance

9. As disclosed in note 5 to the financial statements, allowance for impairment of R63,5 million for non-exchange receivables was provided as a result of the recoverability of this amount being doubtful.
10. As disclosed in note 6 to the financial statements, allowance for impairment of R7,7 million for exchange receivables was provided as a result of the recoverability of this amount being doubtful.

Other matters

11. I draw attention to the matter below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes (MFMA125)

12. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements and the requirements of the applicable legislation and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 9, forms part of my auditor's report.

Report on the audit of the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area	Page numbers	Purpose
KPA 2: Service delivery and infrastructure	100 - 108	Improved access to basic services

19. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
20. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the 's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and measures taken to improve performance.

21. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

22. The material findings on the reported performance information for the selected key performance area programme are as follows:

KPA 2: Service delivery and infrastructure

Tech 2 – Percentage of potholes fixed as per inspection register

23. An achievement of 85,76% was reported against a target of 100%. I could not determine whether the reported achievement was correct, as the indicator was not well defined and adequate supporting evidence to clarify the methods and processes for measuring achievement were not provided. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target has been achieved.

Other matter

24. I draw attention to the matters below.

Achievement of planned targets

25. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

26. The tables that follow provide information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on page 100 to page 108.

KPA 2: Service delivery and infrastructure

<i>Targets achieved: 53%</i> <i>Budget spent: 100%</i>		
Key indicator not achieved	Planned target	Reported achievement
Percentage of potholes fixed as per inspection register	100%	85,76%
Percentage of households with electricity connections receiving free basic electricity	27%	13,3%
Construction of buy back centre in ward 9	100%	92%

<i>Targets achieved: 53%</i> <i>Budget spent: 100%</i>		
Key indicator not achieved	Planned target	Reported achievement
Renovation of old Nquthu Taxi Rank in ward 9	100%	64%
Percentage total electricity losses	10%	21%
Review of Integrated Waste Management Plan	Phase 3: Approval of the reviewed IWMP by Council by 30 May 2025	30 June 2025
Number of creches within the approved construction progress projection	5	4
Percentage of construction of Nondweni Sport Field completed	100%	75%

Material misstatements

27. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 2: Service delivery and infrastructure. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

28. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

29. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

30. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

31. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

32. Reasonable steps were not taken to ensure that money owed by the municipality was always paid within 30 days, as required by section 65(2)(e) of the MFMA.
33. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R6 000 000, as disclosed in note 43 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 budget allocation.
34. Reasonable steps were not taken to prevent irregular expenditure amounting to R52 000 000, as disclosed in note 44 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 (SCM) Regulations.
35. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R422 922, as disclosed in note 44 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 incurred on late payment of suppliers.

Procurement and contract management

36. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.
37. Some of the contracts were awarded to bidders based on points given for legislative requirements that were not stipulated/differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
38. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.
39. The preference point system was not applied for some of the procurement of goods and services, as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000.
40. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

Other information in the annual report

41. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
42. My opinion on the financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
43. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
44. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

45. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
46. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
47. The accounting officer did not address non-compliance from the prior year as there were inadequate controls over budget monitoring, and compliance with procurement laws and regulations.
48. Management did not implement adequate planning measures to ensure that the necessary information and data were properly gathered and available for reporting purposes.

Auditor-General

Pietermaritzburg

28 November 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the International Standards on Auditing, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance area and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the municipality to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act 24 of 2024	Sections: 11(6)(b), 12(5), 16(1), 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000 (MSA)	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b) Parent municipality with ME: Sections: 93B(a), 93B(b) Parent municipality with shared control of ME:

Legislation	Sections or regulations
	Section: 93C(a)(iv), 93C(a)(v)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
MSA: Municipal Systems Regulations, 2001	Regulation: 43
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

**PART FIVE : AUDIT AND PERFORMANCE
COMMITTEE REPORT FOR THE YEAR
ENDED 30 JUNE 2025
DRAFT ANNUAL REPORT FOR THE
2024/25 FINANCIAL YEAR**

Audit and Performance Committee Report for the period ended 30 June 2025

1. Background

Nquthu Local Municipality's Council in its meeting which was held on 20 January 2024 resolved to appoint the Audit and Performance Committee as prescribed by Section 166 of the Municipal Finance Management Act 56 of 2003. The Audit and Performance Committee serves the purpose of being an independent advisory body to Council, the Political Office Bearers and the Accounting Officer thereby assisting Council in its oversight role.

2. Membership of the Audit and Performance Committee

The Audit and Performance Committee(APC) consists of independent members as required by section 166 of the Municipal Finance Management Act 56 of 2003(MFMA) and they are:

- Mr S Majola : Audit and Performance Committee Chairperson
- Mr Z Zulu : Audit and Performance Committee Member
- Adv. S Xaba : Audit and Performance Committee Member
- Ms N Mchunu : Audit and Performance Committee Member
- Mr D Ngwenya : Audit and Performance Committee Member

The MFMA requires that the committee meet at least four times a year. The committee held seven virtual meetings for this year and they were attended as follows:

MEMBER NAME	MEETINGS ATTENDED
Mr S Majola	5
Ms N Mchunu	4
Adv. S Xaba	5
Mr Z Zulu	5
Mr D Ngwenya	4

Members attended the meetings as per above and apologies were received in instances where the member was unable to attend.

3. Audit and Performance Committee Responsibility

This report outlines how the committee performed its responsibilities for the period 1 January 2025 to 30 June 2025 in terms of section 166 of the MFMA. The report will further outline how the committee conducted its affairs in compliance with the Audit and Performance Committee Terms of Reference.

4. The Effectiveness of Internal Control

Section 62(1)c(i) of the MFMA states that the accounting officer must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. In line with this act and King IV reports on Corporate Governance requirements. Internal Audit reports provide the Audit and Performance Committee(APC) and Management with assurance that the system of internal controls of the Municipality were effective or not.

The Committee noted with concern that management did not respond timeously to the findings raised by internal auditors. This resulted in the late tabling of some of these reports to the Audit and Performance Committee for discussion. The Committee also raised concerns with regards to repeat findings and the quality of responses provided for internal audit issues. The accounting officer and senior managers made an undertaking to correct this matter going forward by responding timeously and adequately to internal auditor's findings and implementing the recommendations made by internal auditors.

The committee satisfied itself that reasonable steps were taken by management to address internal control weaknesses identified by external auditors. *The committee will continue to monitor the implementation of recommendations by both internal and external auditors.*

5. Minimum qualifications for finance staff

We received assistance from the municipality's human resources section to confirm that the qualifications and experience of the municipality's *Budget and Treasury department's staff, managers and the Chief Financial Officer meet the required minimum skills and qualifications.*

6. Internal Audit

The municipality has an external service provider who carries out the internal audit services for the municipality. The APC approved the internal auditor's (IA) Strategic and Operational plans for 2024/25 financial year. The Committee is satisfied that the Internal Audit Activity's output for the period under review was conducted in accordance with the approved Internal Audit Operational Plan and carried out all the reviews for the period as planned. We rely on internal audit to identify any control weaknesses that may exist in our environment and management must then implement controls to address the control weaknesses identified by IA. There were a number of findings which were identified previously by IA but management had not implemented controls to address them.

As highlighted in paragraph 4 above, the Committee also experienced in some instances where management delayed in providing their comments on the findings raised by internal audit and that led to the delays in the timeous tabling of those reports to the APC.

After the engagements the Committee held with the accounting officer, the Accounting officer committed to undertake follow-ups with senior management to ensure that all audit findings are responded to timeously and recommendations are fully implemented. *We recommend that management respond to the issues raised by IA timeously and they implement controls to address the control weaknesses identified by IA.*

7. Financial reporting and financial management

Financial Reporting

We reviewed the monthly section 71 financial reports that were submitted to the committee for review by management and the following issues that were raised by the committee:

- high debtor's book
- Late payment of Creditors
- Inaccuracy of the Employee costs
- High levels of Unauthorised, irregular, fruitless and wasteful expenditure (UIFW) balance which needs to be investigated
- The committee applauded the municipality for being up to date with the Eskom account

Interim financial statements for 2024/25 financial year were compiled by the Chief Financial Officer. These interim financial statements were meant to assist the municipality to address misstatements that were highlighted by OA-G in the previous financial year. Interim financial statements were reviewed

by both the internal auditors and the audit committee and recommendations were provided to management to amend update these statements.

Financial management

The municipality is still struggling to pay its creditors within 30 days as required by section 65(2) of the Municipal Finance management act. It is pleasing to note that all unspent grant funds are cashed backed and the municipality has adequate funds to settle its financial obligations.

The committee has requested the CFO to implement controls to ensure that Creditors accounts are settled within 30 days of receipt of invoices as required by section 65(2) e of the Finance Management Act.

8. Performance Management System (PMS)

We monitored the performance reporting of the municipality and raised inputs to improve controls in this section. Quarterly performance assessments were conducted and annual performance assessments for the 2024/25 financial year are yet to be conducted.

The following recommendations were shared with management:

- *Departments are encouraged to submit PMS reports timeously to the PMS office*
- *Supporting evidence for performance achieved must be filed*
- *Key legislated performance indicators must be included in the SDBIP*
- *Key performance indicators must meet the SMART principle*
- *Corrective measures (or catch up plans) for performance improvement should be devised where targets were not met*
- *Management should continually strive to ensure that targets are achieved*
- *Annual Performance assessments should be conducted*

These recommendations were discussed and accepted by management.

9. External Audit

The implementation of the audit action plan which was drawn up by management to address the issues that were raised by the OA-G in the previous financial year was monitored throughout the financial year. There is progress that was noted in addressing the matters that were raised in the 2023/24 audit report.

Management was advised to discuss the progress in implementing the action plans during the MANCO meetings especially the matters of emphasis raised by OA-G to avoid these from leading the municipality to an unfavourable audit opinion.

10. Risk Management and Compliance

The municipality has a separate Risk Management Committee (RMC) that deals with matters of risk management. The Municipality's Internal Audit Unit plays an advisory role in Risk management and compliance. A risk identification process was conducted by the municipality and a risk register was developed. This risk register was used by internal auditors to formulate their audit plan for the 2024/25 financial year. Concerns were raised by the APC with regards to the non-auditing of the mitigating plans implemented by management to address the risks identified. The main concern of the committee was that mitigating plans are continued being implemented by management but there does not seem to be any improvement in internal controls based on the reports from internal audit.

APC requested that evidence be provided by management to internal audit for all mitigating plans that have been implemented. Internal audit will then confirm implementation of those plans and report to APC on a quarterly basis.

11. Corporate governance

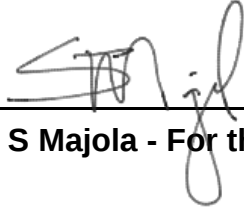
There were also instances where some members of senior managers were unable to attend our meetings and this crippled the functioning of the committee in that the matters pertaining to the portfolios held by those senior managers who were absent in those meetings could not be discussed. This matter was discussed in the meeting and undertakings were made by management to correct this.

The Audit Steering Committee was convened by the accounting officer to review the progress in addressing the findings raised by the OA-G. APC will continue to support management and advise Council as required by section 166 of the MFMA. Management should continue working closely with internal audit and the external auditors to improve the quality of reports and internal controls.

The Committee appreciates the oversight role played by Council as well as its commitment in the functioning of the committee and we believe that this will improve the internal controls of the municipality and in turn improve the audit opinion.

12. Conclusion

We appreciate the opportunity presented to us by Council to assist the municipality in achieving its objectives. We commit to support management and Council in their strides to fast track service delivery.

A handwritten signature in black ink, appearing to read 'S Majola', is written over a horizontal line.

Mr S Majola - For the Audit and Performance Committee