DRAFT ANNUAL REPORT

VICTOR KHANYE LOCAL MUNICIPALITY

2024/25

GENERAL INFORMATION

VICTOR KHANYE LOCAL MUNICIPALITY: LOCAL GOVERNMENT
P O Box 06
Delmas
2210

Cnr Samuel Road & Van der Walt Street, Delmas

Website: www.vklm.gov.za
E-mail: info@vklm.gov.za

ABBREVIATIONS AND ACRONYMS

ABET	Adult Basic Education and Training
B-BBEE	Broad-Based Black Economic Empowerment
CBD	Central Business District
CBO	Community-Based Organisation
CDW	Community Development Worker
CETA	Construction Education and Training Agency
CFO	Chief Financial Officer
CHBC	Community Home-Based Care
COGTA	Department of Cooperative Governance and Traditional Affairs
CSI	Corporate Social Investment
CWP	Community Works Programme
DoRA	Division of Revenue Act
DMRE	Department of Mineral Resources and Energy
EEA	Employment Equity Act
EPWP	Expanded Public Works Programme
ESKOM	Electricity Supply Commission
FBS	Free Basic Services
FMG	Financial Management Grant
FTE	Full Time Equivalent
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross Domestic Product
GIS	Geographic Information System
GRAP	Generally Recognised Accounting Practice
HH	Household
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HOD	Head of Department
HR	Human Resource

HRD	Human Resource Development
HRDM	Human Resource Development Management
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IEM	Integrated Environmental Management
IGR	Intergovernmental Relations
INEP	Integrated National Electrification Programme
ISDF	Integrated Spatial Development Framework
ISRDP	Integrated Sustainable Rural Development Programme
ITP	Integrated Transport Plan
IWMP	Integrated Waste Management Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
KPR	Key Performance Results
LED	Local Economic Development
LGDS	Local Government Development Services
LGSETA	Local Government Sector Education Training Authority
LM	Local Municipality
LRAD	Land Reform for Agricultural Development
LRC	Local Reference Committee
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MEC	Member of Executive Council
MFMA	Municipal Finance Management Act 54 of 2003
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of the Mayoral Committee
MPAC	Municipal Public Accounts Committee
MPCC	Multi-Purpose Community Centre
MSA	Municipal Systems Act 32 of 2000
MSA	Municipal Structures Act 117 of 1998
MSIG	Municipal Systems & Implementation Grant
MSP	Master System Plan
MVA	Mega Volt Amp
NAFCOC	National African Federated Chamber of Commerce and Industry
NDM	Nkangala District Municipality
NDOT	National Department of Transport
NDP	National Development Plan
NEMA	National Environmental Management Act
NEPAD	New Partnership for Africa's Development

TOGETHER FOR GROWTH AND DEVELOPMENT

NER	National Electricity Regulator
NERSA	National Electricity Regulator of South Africa
NGO	Non-Governmental Organisation
NSDP	National Spatial Development Perspective
NWMS	National Waste Management Strategy
OB	Operational Budget
OHS	Occupational Health and Safety
ORHVS	Operating Regulations for High Voltage Systems
OVS	Operation Vuka Sisebente
PGDS	Provincial Growth and Development Strategy
PHC[1]	Primary Health Care
PHD[2]	Provincial Health Department
PMS	Performance Management System
PPP	Public-Private Partnership
RDP	Reconstruction Development Programme
REDS	Regional Electricity Distribution System
ROD	Record of Decision
SABS	South African Bureau of Standards
SACOB	South African Chamber of Business
SALGA	South African Local Government Association
SANAC	South African National AIDS Council
SANS	South African National Standards
SAPS	South African Police Service
SCM	Supply Chain Management
SDBIP	Service Delivery Budget Implementation Plan
SDF	Spatial Development Framework
SDP	Skills Development Plan
SETA	Sector Education Training Authority
SG	Surveyor-General
SLA	Service Level Agreement
SLP	Social and Labour Plan
SMME	Small, Medium and Micro Enterprises
VAT	Value-Added Tax
VKLM	Victor Khanye Local Municipality
WPSP	White Paper on Strategic Planning
WSA	Water Services Authority
WWTW	Waste Water Treatment Works

GLOSSARY

ACCESSIBILITY INDICATORS	**Explore whether the intended beneficiaries are able to access services or outputs.**
ACCOUNTABILITY DOCUMENTS	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
ACTIVITIES	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
ADEQUACY INDICATORS	The quantity of input or output relative to the need or demand.
ANNUAL REPORT	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and audited by the Auditor-General South Africa.
APPROVED BUDGET	The annual budget of a municipality approved by council.
BASELINE	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
BASIC MUNICIPAL SERVICE	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
BUDGET YEAR	The financial year for which an annual budget is to be approved/ a year ending on 30 June.
COST INDICATORS	The overall cost or expenditure of producing a specified quantity of outputs.
DISTRIBUTION INDICATORS	The distribution of capacity to deliver services.
FINANCIAL STATEMENTS	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
GENERAL KEY PERFORMANCE INDICATORS	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
IMPACT	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
INPUTS	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
INTEGRATED DEVELOPMENT PLAN (IDP)	Set out municipal goals and development plans.
NATIONAL KEY PERFORMANCE AREAS	Service delivery & infrastructure. Economic development. Municipal transformation and institutional development. Financial viability and management. Good governance and community participation.

OUTCOMES	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
OUTPUTS	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
PERFORMANCE INDICATOR	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
PERFORMANCE INFORMATION	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
PERFORMANCE STANDARDS	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
PERFORMANCE TARGETS	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
VOTE	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.*

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CHAPTER 1: EXECUTIVE MAYOR'S FOREWARD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

I am humbled and honoured by the opportunity to present the 2024/25 Draft Annual Report of the Victor Khanye Local Municipality. This Draft Annual Report has been drafted and prepared in accordance with Section 121 of the Municipal Finance Management Act (MFMA) No. 56 of 2003, which stipulates that "Every municipality and municipal entity must for each year prepare an annual report in accordance with its guidelines as provided for in Chapter 12 of the MFMA."

This Draft Annual Report highlights our achievements, challenges, and progress towards fulfilling our mandate to deliver quality services and promote sustainable development in our municipality. It covers the performance information from 01 July 2024 to 30 June 2025. It focuses on implementing of the Service Delivery Budget and Implementation Plan (SDBIP), which consists of the objectives encapsulated in the Municipality's Integrated Development Plan (IDP). The report reflects the actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2024/25.

As councillors of the current administration, we have worked hard under the circumstances to provide uninterrupted services to our communities, building on the achievements of our predecessors. In so doing, we have focused on delivering of the six key performance areas of developmental local government, viz.

- **KPA 01**: Basic Service Delivery and Infrastructure Development
- **KPA 02**: Financial Viability and Finance Management,
- **KPA 03**: Institutional Development and Transformation,
- **KPA 04**: Good Governance and Public Participation
- **KPA 05**: Spatial Development
- **KPA 06**: Local Economic Development

Council will in 2025/2026 continue to strive to better the lives of our communities by ensuring that we provide optimum basic service delivery. Public participation in municipal process remains key to council to ensure continuous communication with the community in planning, implementation and reporting as part of good governance, transparency and accountability.

Council is determined to improve service delivery during the 2025/2026 financial year amongst other factors by:

- Improving the implementation of the budget funding plan and the credit control policy, while strengthening revenue enhancement strategies.
- Improving the audit opinion by ensuring full implementation of the audit action plan.

To strengthen governance, the Municipality has in place structures to improve operational efficiencies, accountability and responsiveness and to strengthen oversight so that the municipality's administration can become more responsive, efficient and resilient. The governance structures of Victor Khanye Local Municipality include:

- Mayoral Committee (MAYCO)
- Audit Committee
- Municipal Public Accounts Committee (MPAC)
- Risk Management Committee.

Municipality on the 13th of March 2025 alongside the Premier of Mpumalanga, Mr. Mandla Ndlovu, handed over a community hall and day-care centre to the municipality during the TLP session. This project generated 70 job opportunities, including 55 general workers and 15 skilled labourers. With a total expenditure of approximately 17 million.

In conclusion, I would like to thank all our councillors, MPAC, MAYCO members, the municipal manager and all municipal employees, stakeholder groups, business partners and sector departments who participated in and contributed to the municipality's delivery on its strategic objectives.

To our residents, we remain committed to serving you with integrity, transparency, and accountability. We will continue to work tirelessly to deliver quality services; attend to the community needs and improve the lives of our residents.

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CLLR KV BUDA
EXECUTIVE MAYOR

TOGETHER FOR GROWTH AND DEVELOPMENT

COMPONENT B – EXECUTIVE SUMMARY

1.1. OVERVIEW BY THE MUNICIPAL MANAGER

Victor Khanye Local Municipality presents to its stakeholders this Draft Annual Report with performance information and financial statements of 2024/2025. The report is submitted in accordance to the Municipal Finance Management Act no 56 of 2003 section 121 and Municipal Systems Act 2000 section 46. The Municipality managed to achieve a number of service delivery goals as set out in our SDBIP as well as an increase in performance and Local Economic Development and Institutional Development and Transformation. In recognition of the accomplishments during the period under review and motivated by the quest to improve service delivery it gives me pleasure to present the 2024/25 Draft Annual Report of VKLM.

We recorded an overall improvement in terms of achieving KPIs set within the 6 KPAs, with an increase in the overall achievement of 83% of the total KPAs, as opposed to the 76% achieved in 2023/24. The best performing KPA in the 2024/25 financial year was Local Economic Development, followed by Institutional Development and Transformation, with 100% and 93% respectively, both having improved from the achieved percentages in the 2023/24 financial year. The Municipality remains determined to better the lives of people of Victor Khanye Local Municipality, this is evidenced by the 100% achievement of all the set Key Performance Indicators under the Local Economic Development KPA. This includes the successful launch of the LED Forum, the launching of the Local Economic Forum, which has brought stability to the locality and is expected to continue. The Forum will intensify stakeholder engagement with different sectors to forge collaboration for sustainable development. The Municipality also launched the Local Tourism Organisation, where an induction session was hosted by the Department of Economic Development and Tourism. The Local Tourism Organisation aims to enhance local tourism potential, integrate tourism with broader development plans, connect communities, government, and the private sector, coordinate local tourism marketing efforts, and ensure equal access to tourism opportunities for local communities. There was an improvement in terms of efficiency and effectiveness of the Municipal Administration, which is evident as we achieved 93% of KPIs under the Municipal Institutional Development and Transformation KPA. Under this KPA, the Municipality ensured that staff members are trained and capacitated, with 85 employees benefiting under skills development programs.

As we continue to navigate the complexities of local governance, our focus remains steadfast on improving the lives of our citizens. We recognize that effective service delivery is the cornerstone of any successful municipality, and I am proud to say that we have made significant progress in this regard. From improved customer care relations to enhanced community engagement, our efforts have been guided by a singular focus on putting our citizens first.

Our financial performance has also been a key area of focus, with prudent management and sound fiscal discipline. We have made concerted efforts to improve our revenue collection through the implementation of the revenue enhancement and the credit control policies. We have also implemented the budget funding plan, which is monitored by both administrative and political management. Overall, the report showcases a Municipality that is not only navigating difficulties but also laying a robust foundation for continued growth and improvement in the years ahead.

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MR TM MASHABELA
MUNICIPAL MANAGER

1.2. VISION, MISSION AND VALUES OF VICTOR KHANYE LOCAL MUNICIPALITY

VISION

Repositioned municipality for a better and sustainable service delivery for all"

MISSION

It is envisaged that the municipal vision will be achieved through:

Providing quality and sustainable services to the diverse community in a responsive and efficient way for optimum economic growth in order to enhance prosperity;

Inspired by desire to be positioned on the global map of attractive cities resulting in a positive impact on investment, jobs, inhabitants, visitors and events through quality service provision.

VALUES

We adhere to the following values in all of our work and interactions with the community and other stakeholders:

Integrity: As public servants, we pledge to carry out the municipality's functions and operations in an honest and ethical way.

Professionalism: We commit to employ professionals with particular competencies and capabilities and to enforce the code of conduct and code of ethics.

Resilience: As custodians of hope we commit to develop strategies for dealing with the future shocks and stresses and to be able to adapt and thrive in the face of these challenge.

Openness: We will continuously work together with communities to ensure the public trust and establish a system of transparency, public participation, and collaboration.

Impact and Outcomes: We undertake to maintain healthy living conditions and improving the quality of life for communities.

1.3. STRATEGIC FOCUS AREAS

In line with our Vision and Mission of the Victor Khanye Local Municipality, the following goals are adopted and briefly summarised as follows:

Goal 1: Improved provision of basic services to the residents of Victor Khanye Local Municipality.
Goal 2: Improved social protection and education outcomes.
Goal 3: Improved Compliance to MFMA and Victor Khanye Local Municipality Policy Framework**.**
Goal 4: Improved efficiency and effective of the Municipal Administration**.**
Goal 5: Improve community confidence in the system of local government**.**
Goal 6: Increase regularisation of built environment**.**
Goal 7: Increased economic activity and job creation**.**

1.4. CORE PRINCIPLES IN EXECUTING THE GOALS

Shared work between political leadership, the administration and community.

The municipality encompasses three core components:

- Democratically elected political leadership;
- The administration, comprising officials; and
- Citizens, as individuals, interest groups and organisations (public, community-based and private).

It is vital that political leadership and administration work closely together for long-term municipal management. Policy direction is ultimately the responsibility of democratically elected political leadership. The administration offers policy recommendations and implements them.

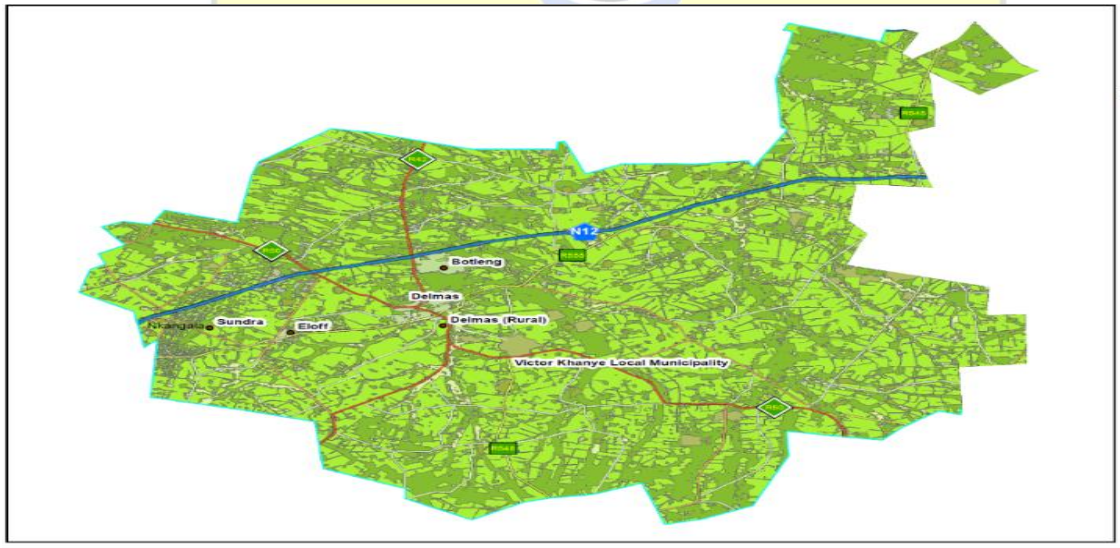
Victor Khanye Local Municipality is dedicated to ensuring that our poorest communities benefit from meaningful social and economic growth by including and empowering them. Communities are not often aware that they are officially part of the municipality. However, because this is the case, local communities cannot simply play the position of critic or bystander. Local communities must be actively involved in the development and execution of initiatives and programs in their areas.

Ward-based planning is one aspect of community engagement, with the goal of having a ward-based plan for each of the 09 wards. Ward-based plans are a type of participatory planning that encourages community involvement and has obvious ties to the IDP. Such plans encourage communities and residents to take charge of their own fate and capture what they regard as desirable results. They also help to expedite the IDP's implementation. This ensures that community members, ward councillors, ward committees, the business community, NGOs and CBOs, and all other stakeholders within the municipal area of jurisdiction assume joint responsibility for the IDP objectives. This provides a chance for forward-thinking local leaders to put in place a shared agenda and demonstrate results.

1.5. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Victor Khanye Local Municipality (previously Delmas Local Municipality) is a Category B municipality strategically located within the Nkangala District in the Highveld of the Mpumalanga Province. It is situated on the border of the Gauteng Province, less than 100km from Pretoria, Johannesburg and eMalahleni. It is one of the smallest of six municipalities in the district.

The Municipality is linked by a major freeway, the N12, which was declared a Maputo Corridor. There is a railway line running through to the inner part of Mpumalanga and to Mozambique. The municipality is regarded as a gateway to the Mpumalanga Province, covering a geographic area of approximately 1,567 square kilometres. The Municipality is currently characterized by an increase in coal mining and related activities, the mining of silica sand is also done at large scale and other important sectors in this area are agriculture, agricultural product processing, industrial and manufacturing. Natural resources make a significant and direct contribution to the



Municipalities economy.

Map 1 – Victor Khanye Local Municipality

The Municipality is currently characterized by an increase in coal mining and related activities. The mining of silica sand is also done at large scale and other important sectors in this area are agriculture, agricultural product processing, industrial and manufacturing. Natural resources make a significant and direct contribution to the Municipalities economy.

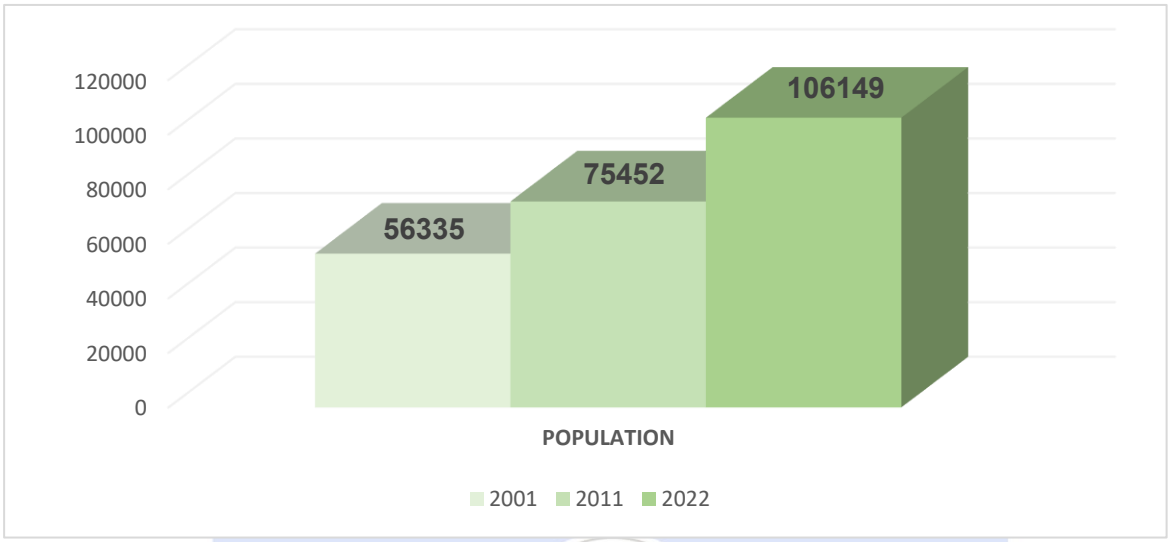
COMPONENT C – DEMOGRAHIC AND SOCIO-ECONOMIC DATA

1.6. MUNICIPAL GEOGRAPHICAL INFORMATION

106 149

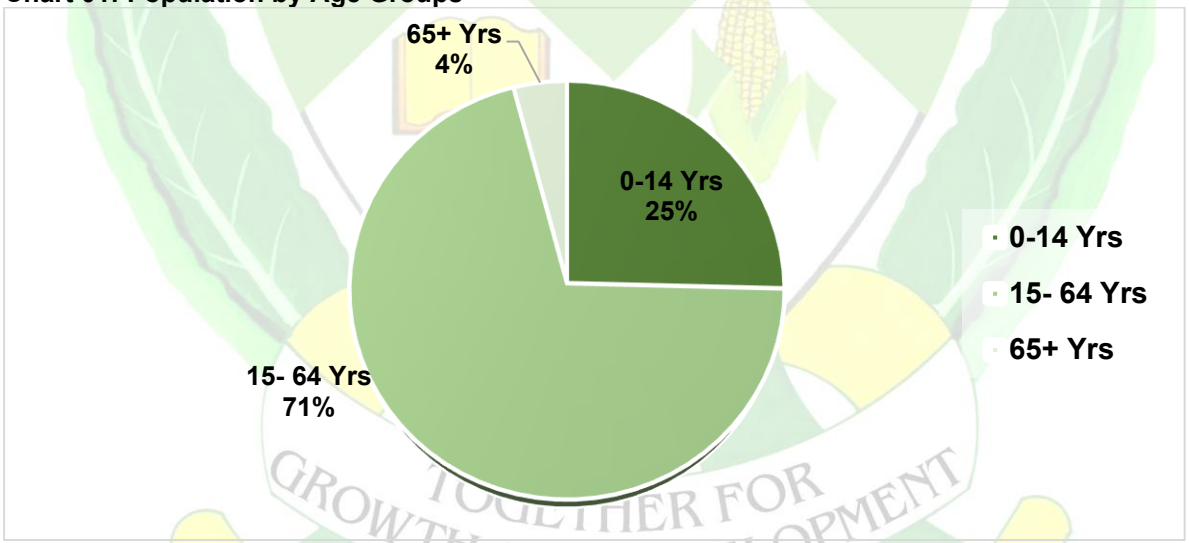
According to Stats SA's Census 2022, Victor Khanye Local Municipality makes up 6,7% of the total population of the Nkangala District Municipality, with a total population of 106 149 in 2022, an increase from the 75 452 reported in 2011. The population of Victor Khanye Local Municipality has grown significantly between 2011 and 2022, marking a population increase of an average of 3,069 people per annum over an 11-year period.

Graph 1: Population Comparison (2001 – 2011 – 2022)



Majority of the population in Victor Khanye Local Municipality is made up of the working age group, which is categorised as people between ages 15 – 64 years old followed by 25% of people between the ages of 0 – 14 years old. The chart below demonstrates the population grouping per age categorisation.

Chart 01: Population by Age Groups



Demography encompasses the study of the size, structure, and distribution of these populations, and spatial or temporal changes in them in response to birth, migration, ageing, and death. Demographics are quantifiable characteristics of a given population.

An analysis of the population figures released under the Stats SA – Census 2011 & 2022 reveals that Victor Khanye Local Municipality has further experienced population growth, with the total average annual population growth of 3,3% between 2011 and

2022. The average annual economic growth is at 3,2% which is the highest compared to other Municipalities within the Nkangala District.

Table 01: Population Data

Local Municipal Area	Population number		Female population share	Youth (0-34 years) share	Elderly (60+ years) share	Average annual population growth	Average annual economic growth
	2011	2022	2022	2022	2022	2011-22	2011-22
Emalahleni	395 466	434 522	49.2%	59.7%	5.4%	0.9%	0.5%
Steve Tshwete	229 831	242 031	50.3%	60.5%	6.5%	0.5%	0.6%
Emakhazeni	47 216	50 165	51.6%	61.7%	8.2%	0.6%	1.6%
Victor Khanye	**75 452**	**106 149**	**49.2%**	**46.7%**	**5.4%**	**3.3%**	**3.2%**
Thembisile Hani	310 458	431 248	52.2%	49.5%	5.5%	3.2%	1.6%
Dr JS Moroka	249 705	324 855	52.6%	51.4%	8.6%	2.6%	1.3%

Table 02: Victor Khanye at a Glance

<table>
<tr><th colspan="3">DEMOGRAPHICS</th><th colspan="3">Population Estimates</th></tr>
<tr><td rowspan="2"> </td><td>POPULATION</td><td> </td><td colspan="3">HOUSEHOLD</td></tr>
<tr><td>106 149</td><td colspan="3">33 786 (2022)</td></tr>
<tr><td>EDUCATION</td><td colspan="2">2022</td><td>SOCIAL ASSISTANCE</td><td>2022</td><td></td></tr>
<tr><td rowspan="2"> </td><td>Matric Pass Rate</td><td>72.5% (2022)</td><td rowspan="2">sassa</td><td>Care Dependency Grant</td><td>1.1%</td></tr>
<tr><td colspan="3"></td><td>Child Support Grant</td><td>62.8%</td></tr>
<tr><td rowspan="4"> </td><td colspan="3"></td><td>Disability Grant</td><td>6.9%</td></tr>
<tr><td colspan="3"></td><td>Foster Care Grant</td><td>1.2%</td></tr>
<tr><td colspan="3"></td><td>Old Age Grant</td><td>26.7%</td></tr>
<tr><td colspan="5">SAFETY AND SECURITY</td></tr>
<tr><td>Crime Stats (2022)</td><td colspan="4">SERIOUS CRIMES REPORTED</td></tr>
<tr><td rowspan="2">VKLM is rated Number 12 in terms of serious crimes (in the Province)</td><td colspan="2">2018/19</td><td colspan="2">2022/23</td></tr>
<tr><td colspan="2">The number of serious crimes that were reported the 2018/19 financial year was 309.</td><td colspan="2">The number of serious crimes reported declined in the 2022/23 financial year to 275.</td></tr>
</table>

ACCESS TO BASIC SERVICE DELIVERY							% HH WITH ACCESS TO BASIC SERVICES									
	Water			Electricity			Housing			Refuse Removal			Sanitation			
	2022	**2011**		**2022**	**2011**		**2022**	**2011**		**2022**	**2011**		**2022**	**2011**		
	63.3%	48.4%		91.9%	84.9%		86.2%	79.3 %		77.9%	73. 7%		84.8%	78.6%		

SCHOOLING				LABOUR			SOCIO-ECONOMIC RISKS	
		2022	**2011**			**2022**	**2019**	
	No Schooling	8.0%	11.8%		Strict Unemployment Rate	30.7%	29.2%	Risk 1	Rising Unemployment
	Higher Education	3.8%	7.2%						
		2022	**2014**		Expanded unemployment Rate	40.7%	36.1%	Risk 2	Informal Sector expansion
	Matric	72.5%	74.6%					Risk 3	Low skills base (Labour)

LARGEST ECONOMIC SECTORS		CONTRIBUTIONS TO THE GDP & EMPLOYMENT (NKANGALA DISTRICT)	
		EMPLOYMENT	**GDP**
	Mining	16.1%	26.1%
	Trade	18.5%	11.2%
	Community Services	17.8%	19.2%

1.7. SOCIO-ECONOMIC CONTEXT

1.7.1. POPULATION DETAILS

The population size is defined as the total number of people living in a certain municipality; this is crucial for assessing service requirements and infrastructure requirements for local residents. The population growth rate is also significant because it affects the capacity to forecast the future.

These forecasts are used to forecast future demands and to predict external or inward migration, which has an impact on job creation and economic growth. Victor Khanye Local Municipality has an estimated population of 106 149 people, according to *Stats SA – Census 2011 & 2022* . Between 2011 and 2016, the annualised population growth was 2.5 percent, and this has increased to 3.3% in 2011 – 2022.

2011			2016			2022		
Male	Female	**Total**	Male	Female	**Total**	Male	Female	**Total**
38 816	36 636	**75 452**	43 656	40 495	**84 151**	53924	52225	**106 149**

Table 03: Population Composition by Gender (2011 – 2022)

Females make up 49.2% and Males 50.88% of the population of Victor Khanye Local Municipality as at 2022.
Over the past 10 years, the percentage of Male population has been on the increase which could be attributed to migration into the area in quest for job opportunities.

1.7.2. POPULATION COMPOSITION BY RACE (2022)

Victor Khanye Local Municipality has a majority of black African community members, followed by whites. Black Africans make up 92.5% of the total population, whites with 6,3% and the lowest being Indian/Asians with 0,4% of the population. As demonstrated in the table below;

Table 04: Population by Race (2022)

Name	Frequency	%
BLACK AFRICAN	98 196	92,50%
COLOURED	832	0,80%
INDIAN/ASIAN	374	0,40%
WHITE	6 736	6,30%
OTHER	11	0,00%

1.7.3. POPULATION COMPOSITION BY GENDER & AGE GROUPS

Table 05 - Population by Composition by Gender and Age Groups (2022)

AGE GROUP	Male	Male (%)	Female	Female (%)
85+	71	0,10%	176	0,20%
80-84	101	0,10%	202	0,20%
75-79	248	0,20%	372	0,40%
70-74	488	0,50%	730	0,70%
65-69	895	0,80%	1 091	1,00%
60-64	1 473	1,40%	1 428	1,30%
55-59	1 861	1,80%	1 959	1,80%
50-54	2 427	2,30%	2 046	1,90%
45-49	2 937	2,80%	2 435	2,30%
40-44	4 114	3,90%	3 459	3,30%
35-39	5 169	4,90%	4 660	4,40%
30-34	5 843	5,50%	5 262	5,00%
25-29	5 940	5,60%	5 620	5,30%
20-24	5 374	5,10%	5 060	4,80%
15-19	3 889	3,70%	3 827	3,60%
10--14	4 164	3,90%	4 430	4,20%
4--9	3 869	3,60%	4 091	3,90%
0-4	5 111	4,80%	5 327	5,00%
TOTAL	**53974**	**50.88%**	**52225**	**49.2%**

The table above demonstrates that according to the latest Stats – SA data generated in 2022, majority of the population group in Victor Khanye Local Municipality is Males between the ages of 25 – 29 years, with a total of 5 940 followed by Males between the ages of 30 – 34 years, with a total of 5 843.

1.8. HOUSEHOLD SERVICES

A household is either a group of people living together and provide themselves jointly with food and/or other essentials for living, or it is a single person on his/her own. An individual is considered part of a household if he/she spends at least four nights a week within the household. The 2022 Census Data from Stats SA shows that, during the release of the figures, Victor Khanye Local Municipality was found to account for 33 786 of the households found within Nkangala District. The recorded average household size was 3.1 people which suggests a slight decline in average household size from the one which was recorded in the year 2011 which is 3.7.

Table 06: Households Data

LOCAL MUNICIPAL AREA	HOUSEHOLDS NUMBER		AVERAGE ANNUAL HOUSEHOLD GROWTH	HOUSEHOLD SIZE	
	2011	2022	2011-2022	2011	2022
MPUMALANGA	1 075 466	1 421 721	2.7%	3.8	3.6
NKANGALA	356 902	483 169	3.0%	3.7	3.3
VICTOR KHANYE	**20 548**	**33 786**	**4.9%**	**3.7**	**3.1**

1.8.1. INFORMAL DWELLINGS, PIPED WATER BACKLOGS, ELECTRICITY CONNECTION & TOILET BACKLOG, REFUSE COLLECTION & INDIGENT SUPPORT

In general, some good improvements with household services was noted in Nkangala District between 2011 and 2022 according to Census 2022 of Stats SA, however, the backlog in piped water, flush/chemical toilets, & refuse collection remain high.
Number of informal dwellings declined from 49 514 in 2011 to 36 493 in 2022 in the District – an improvement of 13 021 households. Despite the improvement, 7.6% of households still lived in informal dwellings.

According to the Green Drop Report 2022, 1 of Nkangala's local municipal areas received a "low" green drop risk rating (GDRR), 1 a "medium" GDRR, and 4 a "high" GDRR. The GDRR of 2 local municipal areas improved, whereas that of 4 regressed. The local municipal areas in Nkangala ranked (best to worst) 1st (Steve Tshwete), 2nd (Thembisile Hani), 3rd (Victor Khanye), 7th (Emakhazeni), 16th (Dr JS Moroka), and 17th (Emalahleni) in Mpumalanga in the Out of Order municipal rankings by News24 in October 2021.

1.8.2. INFORMAL DWELLINGS

Informal housing or informal settlement can include any form of housing, shelter, or settlement (or lack thereof) that is illegal, falls outside of government control or regulation, or is not afforded protection by the state. As such, the informal housing industry is part of the informal sector. To have informal housing status is to exist in "a state of deregulation, one where the ownership, use, and purpose of land cannot be fixed and mapped according to any prescribed set of regulations or the law".

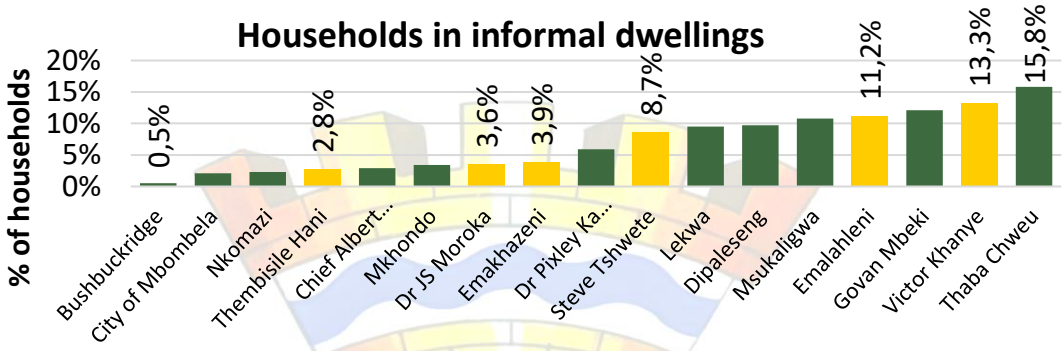
As mentioned, Stats SA - Census 2022 reports a total of 33,786 households under Victor Khanye Local Municipality and 86,0% of these households are categorised as formal dwellings, with 13,3% being informal dwelling as per the table below;

Table 07: Dwelling Types (2022)

DWELLING TYPE - 2022	
FORMAL DWELLINGS	86.0%
TRADITIONAL DWELLING	0,5%
INFORMAL DWELLING	13,3%
OTHER	0,2%

Victor Khanye Local Municipality makes up 13, 3% of the total number of informal dwellings in Mpumalanga. This is the second highest in the province.

Graph 02: Households in Informal Dwellings - Mpumalanga



The figure below indicates that Victor Khaye Local Municipality in 2022 recorded 4 505 informal dwellings, as opposed to the 3 158 reported 10 years ago, this of course being a result of the population increase.

Table 08: Households in Informal Dwellings - VKLM

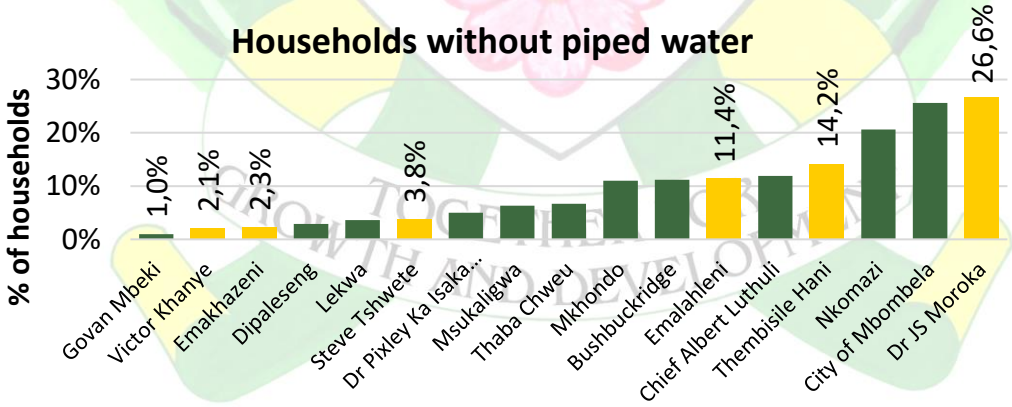
	2011	2022
NKANGALA DISTRICT	49 514	36 493
VICTOR KHANYE LM	3 158	4 505

1.8.3. PIPED WATER BACKLOGS

Piped water (also known as running water, tap water or municipal water) is water supplied through a tap, a water dispenser valve. In many countries, tap water usually has the quality of drinking water. Piped water is commonly used for drinking, cooking, washing, and toilet flushing.

The graph below illustrates the figures of each Municipality's reported households without piped water as at 2022 in the Mpumalanga province. Victor Khanye ranked the second lowest in terms of backlogs to access of piped water.

Graph 03: Households without piped water - Mpumalanga



Victor Khanye Local Municipality has a total of 772 piped water backlog which is a decline from the previously recorded backlog of 882 in 2011.

Table 09 – Piped water backlog

PIPED WATER BACKLOG		
	2011	**2022**
NKANGALA DISTRICT	26 200	58 467
VICTOR KHANYE LM	882	722

1.8.4. ELECTRICITY CONNECTION

Electricity plays a significant role in the betterment of human life. Apart from its social benefits, electricity is also a driving factor in the economy. Its usage ranges from communication and transportation to production. Local government plays an important role in the electricity industry in South Africa.

The number of households without electricity connection in the Nkangala District has decreased from 50 324 in 2011 to 40 287 in 2022. Victor Khanye Local Municipality also recorded a decline the number of electricity not connected. According to Stats SA – Census 2022, VKLM had 3 062 non-connections, and this declined to 2 733 in 2022.

Table 10: Households without Electricity connection

NUMBER OF HOUSEHOLDS WITHOUT ELETRICITY CONNECTION		
	2011	**2022**
NKANGALA DISTRICT	50 324	40 287
VICTOR KHANYE LM	3 062	2 733

1.8.5. SANITATION (HOUSEHOLDS WITHOUT TOILETS)

Around 65% of South Africa's population have access to waterborne sanitation such as flushing toilets connected to a sewer network, septic tank or conservancy tank. Another 19% have ventilated improved pit latrines, while 13% have pit toilets with no ventilation pipes. The remaining population either have poor flush toilets, chemical toilets or composting toilets, or they use buckets. Unfortunately, about 1% of the population still practise open defecation because they have no access to any sort of toilet facility.

The number of households in Victor Khanye Local Municipality without toilets decreased in 2022 to 2 733 from the recorded 3 062 in 2011, however the number of households without flush chemical toilets increased from 4 943 to 3 742 in 2011.

TOGETHER FOR GROWTH AND DEVELOPMENT

Table 11: Households without Toilets

SANITATION (HOUSEHOLDS WITHOUT TOILETS)		
	2011	2022
NUMBER OF HOUSEHOLDS WITHOUT TOILETS		
NKANGALA DISTRICT	50 324	40 287
VICTOR KHANYE LM	3 062	2 733
NUMBER OF HOUSEHOLDS WITHOUT FLUSH CHEMICAL TOILETS		
NKANGALA DISTRICT	171 092	178 983
VICTOR KHANYE LM	3 742	4 943

1.8.6. REFUSE COLLECTION

South Africa is estimated to generate domestically a total of 12.7 million tonnes of waste per annum. In the country, municipalities are facing increasing pressures and challenges to provide waste management services due to the growing waste generation. Every year approximately 3.67 million tonnes of this waste are not collected and treated through formal waste collection systems, resulting in large amounts being dumped illegally.
Section 156(1)(a) of the Constitution, read with Schedule 5, assigns responsibility for refuse removal, refuse dumps, solid waste disposal, and cleansing to local government.

Table 12: Households with no refuse removal

NUMBER OF HOUSEHOLDS WITH NO WEEKLY/LESS OFTEN REFUSE REMOVAL		
	2011	2022
NKANGALA DISTRICT	183 526	193 414
VICTOR KHANYE LM	5 166	6 689

The number of households with no weekly/less frequent refuse removal at Victor Khanye Local Municipality increased from 5 166 in 2011 to 6 689 in 2022.

1.8.7. INDIGENT SUPPORT

Indigents are defined as those people, due to several factors, who cannot make monetary contributions towards basic services, no matter how small the amounts seem to be. Any household earning less than R6 000.00 per month, qualifies to be registered as indigent. The Indigent Policy aims to provide a social safety net for those who are excluded from accessing basic services.

Table 13: Households receiving Indigent Support

NUMBER HOUSEHOLDS BENEFITTING FROM INDIGENT SUPPORT					
	Indigent Households	Water	Electricity	Sewerage & Sanitation	Solid Waste Management
Nkangala	*28 245*	*23 929*	*26 722*	*26 822*	*27 798*
Victor Khanye	3 154	1 386	3 154	1 840	3 109

The table above indicates according to Stats SA – Non-financial Census 2021, that Victor Khanye has a reported number of 3 154 indigent households. The table also reports the indigent support beneficiaries in terms of water, electricity, sewerage and sanitation as well as solid waste management.

1.9. EDUCATION

Education broadens the number of alternatives available to people and allows them to live their lives to their best potential. Education is not just a means to an end, but it also satisfies human wants for knowledge and progress. Education and training give the necessary skills for a person to enter the labour market or become self-employed, resulting in rapid and long-term growth.

The baseline data used to depict the educational profile of Victor Khanye Local Municipality is representative of people in the area who are above the age of 20. According to Mpumalanga Department of Education, 2023, just 8.0 percent of the Municipality's citizens have completed Grade 12 or above.

Furthermore, 81.8 percent of Victor Khanye residents who are ages 15 years and older have completed grade 7 or higher. A figure that is higher than the 79.0% reported in the 2014 report.

Nkangala's grade 12 pass rate improved between 2021 and 2022 by 1.6 percentage points. Between 2021 & 2022, the pass rate improved in 5 of the 6 municipal areas. The Provincial Department of Education will be implementing the following projects for the Victor Khanye Local Municipality in the 2024/25 financial year:

Table 14: Projects to be implemented by Department of Education 2024/25

2024/25 FINANCIAL YEAR PROJECTS AND/ OR PROGRAMMES							
MUNICIPALITY: VICTOR KHANYE							
Item No.	**Project Description**	**Financial Year**	**Project Status**	**Budget**	**Expenditure**	**Name of Service Provider**	**No. of people employed**
1.	**Othandweni Primary**	2024/25	**At procurement stage**	**976 937,00**	**0%**	**Still to be appointed**	0
2.	**Sizofunda Primary School**	2024/25	**Procurement stage**	**857 295,00**	**0%**	**To appoint**	0

1.9.1. EARLY CHILDHOOD DEVELOPMENT (ECD)

Early childhood development is one of the South African government's top priorities, and it's a crucial policy problem that the Department of Education wants to solve. The formation of perception-motor abilities essential for reading, writing, and numeracy later in life is crucial throughout the early years of life.

These are the reasons why resources are targeted toward promoting ECD access. Despite increased spending in this key area, access gaps still persist. As a result, enrolment in Grade R has increased, and South Africa is on the verge of achieving its goal of universal access to school for five-year-olds.

1.9.2. EDUCATIONAL ATTENDANCE

The table below shows that a total of 25 829 people who have some secondary education and 24 745 finished/reached grade 12/standard 10, which makes up 36,8% of the 20+ years old population group.

Table 15: Highest level of education (20+ years)

Name	Frequency	%
No Schooling	5 404	8,0%
Some Primary	5 660	8,4%
Completed Primary	2 792	4,2%
Some Secondary	25 829	38,4%
Grade 12/Std10	24 745	36,8%
Higher Education	2 584	3,8%
Other	257	0,4%

1.9.3. EDUCATION OUTCOMES (MATRIC PASS RATE)

The Nkangala District achieved an 84.24% matric pass rate in 2024, according to a PSA report. This represents a 9.8% increase compared to the previous year. The district also saw improvements in the percentage of learners achieving bachelor's, diploma, and higher certificate passes.

Nkangala was the third-best performing district in Mpumalanga, following Ehlanzeni (88.43%) and Gert Sibande (87.67%). While celebrating the overall improvement, the district is also focusing on strategies to improve performance in the foundation phase (Grades R-3) to ensure learners are equipped with reading and comprehension skills by Grade 4.

2024/25 EDUCATIONAL INITIATIVES

CAREER GUIDANCE EXHIBITION AND TEACHER CAPACITATION PROGRAM

Education is the key to success and Victor Khanye Local Municipality continues to contribute to improving the Matric Pass Rate of learners, as it serves as a crucial stepping stone for further education and career opportunities. one of the Youth Development Key Performance Indicators (KPIs) of the Municipality is to implement quarterly educational programs directed to youth development. On September 20, 2024, the Municipality successfully hosted a Career Guidance Exhibition and Teacher Capacitation Program at Mafa Max Motloung Secondary School in partnership with the Amos Kgapamadi and National Youth Development Agency (NYDA). The program provided Grade 12 learners with valuable insights into various career paths, higher education opportunities, and skills development programs. It also enhanced teachers' knowledge and skills in career guidance and counselling. The event hosted 500 participants from surrounding secondary schools within Victor Khanye Local Municipalities, including;

NAME OF THE SCHOOL	GRADE 11	GRADE 12	DATE
Swartklip Combined	40	65	20 September 2024
Mafa Max Motloung Secondary	30	70	
Botleng Secondary School	23	60	
Sundra Secondary School	50	70	
Phaphamani Secondary School	42	50	
TOTAL	**185**	**315**	**500**

CLASS OF 2024 MAYORAL ACADEMY AWARDS

On the 07 February 2025, Victor Khanye Municipality hosted the 2024 Matric Awards at Mafa Max Motloung, celebrating the achievements of the top matriculants from various secondary schools in the area. The event was a success, with the attendance of several stakeholders, including EXXARO Leeuwpan, Mbuyelo Coal, Daybreak Foods, and Standard Bank, who sponsored the occasion. The Mayor expressed gratitude to the sponsors and wished the class of 2024 the best in their future endeavors.Top achievers among the learners were recognized, and the circuit was awarded for being the most approved circuit in Mpumalanga. Principals from Mafa Max Motloung, Hoërskool Botleng, Phaphamani, Sundra, and Swartklip also received awards. Additionally, Standard Bank donated prizes to schools and their teachers. The Municipality in 2025, with an allocated budget of R500 000, assisted 118 learners with university and college registration fees.

1.10. ECONOMIC DATA

Nkangala was the leading role player in the provincial mining, manufacturing, and utilities industries & made significant contributions to construction, trade, transport, finance, & community services. Over the period 1996 to 2022, the economic growth rate for Nkangala was 1.8% p.a., however, it expanded by only 0.6% p.a. between 2019 & 2022. The Nkangala economy contracted by 1.1% in 2019, expanded by 4.4% in 2022 & is expected to contract by 1.4% in 2023. The estimated average annual GDP growth between 2023 & 2027 for Nkangala is 2.1% p.a.

In 2022, the size of the economy was estimated at R209.6 billion in current prices & R124.3 billion in constant 2015-prices. In 2022, the four largest industries (mining, community services, finance & manufacturing) contributed 74.3% to the economy of Nkangala. Nkangala holds a comparative advantage in utilities (especially electricity). In 2019, tourism spend totalled R6.6 billion or equal to 4.2% of the district's GDP in current prices. By 2022, it declined to R5.8 billion, which was equal to 2.8% of the district's GDP in current prices.

Victor Khanye Local Municipality's contribution to Mpumalanga's economy by municipal area in constant 2015-prices is reported to be at 2,5%.

The table below illustrates the economic contribution by Victor Khanye Local Municipality in terms of different economic sectors;

Table 16: VKLM's contribution to the Provincial Economy

INDUSTRY	%
Agriculture	17.7%
Mining	10.9%
Manufacturing	3.0%
Utilities	2.3%
Construction	5.4%
Trade	6.0%
Transport	8.4%
Finance	4.7%
Community services	4.8%
Total	**6.8%**

1.11. SERVICE DELIVERY OVERVIEW

Victor Khanye Local Municipality places a high priority on providing citizens and communities with high-quality, dependable, effective, and long-term services. The Municipality's priority has been on improving the delivery of services to underserviced areas and families, as well as guaranteeing the regularity of service availability and fulfilling service delivery promises.

Despite the numerous hurdles faced, the Municipality made steady progress in providing services. While there has been some remarkable progress, the failure to accomplish all of the intended objectives is a severe worry. In this regard, the Municipality is still looking for solutions to resolve the underlying causes of the barriers in order to ensure that all obligations are kept.

According to the Constitution, every person has the right to sufficient housing, and the state shall take reasonable legislative and other measures, within its available resources, to ensure that this right is gradually realized. To guarantee that households have a good level of life, access to housing also involves access to services such as drinkable water, basic sanitation, safe energy sources, and garbage collection services.

In response to the issues encountered by disadvantaged communities and households, the Municipality has supplied basic water and sanitation services to households including informal settlements in an effort to ease the burden of informality and to address the dangerous living conditions prevalent in such areas.

In addition to the different home variables that must be analysed in a socio-economic study, the amount of accessibility to fundamental municipal services must also be considered. This section summarizes the current state of service delivery in the Victor Khanye Local Municipality.

1.12. FINANCIAL VIABILITY OVERVIEW

Delivery of effective and efficient services may be accomplished by consistently enhancing and sustaining the Municipality's financial viability. This is recognised as vital for meeting service delivery as well as growth and development goals. The Municipality's capacity to earn adequate funds has a direct influence on this.

The Municipality continues to improve efforts to limit non-priority spending and to implement stringent cost-containment measures in terms of the Municipal Financial Management Act Circular 97 and the Municipality’s cost containment circular.

The Municipality is implementing a credit control and revenue enhancement strategy that is aimed at improving the financial status of the Municipality. Due to the Municipality having an unfunded budget, a budget funding plan is being implemented and is submitted to Council for oversight on a quarterly basis.

1.13. ORGANISATIONAL DEVELOPMENT OVERVIEW

The Municipal Manager is empowered in terms of Section 66 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) to develop a staff establishment and submit it to Council for approval. The Municipal Council resolved and adopted the organisational structure (Organogram) on 31st of May 2024 as per Council Resolution: S002/05/2024. The municipal organogram outlines the framework for a municipality's administration, defining roles, responsibilities, and reporting lines. Its approval is crucial for several reasons: it ensures the municipality is structured to effectively deliver services to the community, provides clarity on staff roles and responsibilities, and allows for efficient management and resource allocation.

The 2024/25 IDP was adopted by Council on the 31st of May 2024. The culmination of a process plan that paved the way for an inclusive and thorough IDP process. The 2024/25 IDP, along with the budget process plan, was adopted on the 31st of August 2023. This process was also defined by a renewed commitment to ensuring that the organization's structure, human resources, skills, and ability, as well as the skills and capacity of its officials and councillors, all contribute immensely to the successful execution of the municipal strategy.

1.14. MFMA COMPETENCIES

The accounting officer, senior managers, chief financial officer, non-financial managers, and other financial officials of a municipality must fulfil the defined financial management skill levels that are critical to the MFMA's successful implementation, according to section 83(1) of the MFMA.

The MFMA regulations outline several key competency areas, which can be broadly categorized as follows:

Strategic Leadership and Management:
This includes the ability to provide strategic direction for the finance function, manage financial performance, and make informed financial decisions.

Strategic Financial Management:
This competency focuses on the long-term financial planning, budgeting, and resource allocation for the municipality.

Operational Financial Management:
This competency involves the day-to-day financial operations, including revenue collection, expenditure management, and financial reporting.

Governance, Ethics, and Values in Financial Management:
This area emphasizes the importance of ethical conduct, transparency, and accountability in all financial matters.

Financial and Performance Reporting:
This competency involves preparing accurate and timely financial reports, as well as monitoring and evaluating the municipality's financial performance.

Risk and Change Management:
This competency focuses on identifying and managing financial risks, as well as implementing changes to improve financial management practices.

Project Management:
This competency involves the effective planning, execution, and monitoring of financial projects.

Legislation, Policy, and Implementation:
This competency ensures that financial activities are conducted in compliance with all relevant legislation and policies.

Stakeholder Relations:
This competency focuses on building and maintaining strong relationships with stakeholders, including other government departments, service providers, and the public.

Supply Chain Management:
This competency ensures the effective and efficient management of the procurement and disposal of goods and services.

Audit and Assurance:
This competency involves ensuring that the municipality's financial systems and processes are subject to regular audits and that any identified issues are addressed.

The MFMA's competency requirements are crucial for several reasons:

Improved Financial Management:
By ensuring officials have the necessary skills and knowledge, the MFMA promotes sound financial management practices and contributes to the municipality's financial sustainability.

Enhanced Service Delivery:
Effective financial management enables municipalities to better deliver services to their communities.

Increased Accountability and Transparency:
The MFMA promotes transparency and accountability in municipal financial management, fostering public trust.

1.15. STATUTORY ANNUAL REPORT PROCESS

Table 17: Annual Report Process

No.	Activity	Timeframe
1.	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July– November 2024
2.	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3.	Finalize the 4th quarter Report for previous financial year.	
4.	Submit draft Annual Report to Internal Audit and Auditor-General.	
5.	Municipal entities submit draft annual reports to MM.	
6.	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant).	December 2024
7.	Mayor tables the unaudited Annual Report.	
8.	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
9.	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase.	
10.	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data.	Sep 2024– Mar 2025
11.	Municipalities receive and start to address the Auditor General's comments.	March 2025
12.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report.	
13.	Audited Annual Report is made public and representation is invited.	
14.	Oversight Committee assesses Annual Report.	
15.	Council adopts Oversight report.	May 2025
16.	Oversight report is made public	
17.	Oversight report is submitted to relevant provincial councils	
18.	**Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.**	June 2025

CHAPTER 2 – GOVERNANCE

Good governance is a government strategy dedicated to constructing a system based on democracy, transparency, growing public administrative capacity, responsiveness to public needs, and human rights respect. Participation, rule of law, transparency, responsiveness, consensus-oriented, accountability, effectiveness and efficiency, equitability, and inclusiveness are the eight components that make up good governance.

Corruption is reduced in a framework of good governance, minorities' perspectives are considered, and the voices of societies most disadvantaged are heard in decision-making. It is also relevant to society's current and future requirements.

This section provides an overview of the framework of institutional management and governance structures through which the Municipality implements its strategies, using the resources. The following key aspects are reported on:

- Political and Administrative Governance
- Intergovernmental Relations
- Public Accountability and Participation
- Corporate Governance

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1. INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political & administrative governance at Victor Khanye Local Municipality comprises of the Councillors and Senior Managers, respectively; they work together on a day-to-day basis in order to achieve identified service delivery goals and targets.

2.2. POLITICAL GOVERNANCE

2.2.1. INTRODUCTION TO POLITICAL GOVERNANCE

Victor Khanye Local Municipality has several political structures, which include Full Council, Executive Committee, other Council committees and Committees established to support the Executive Committee. The Speaker is the head of Council, whilst the Executive Committee is chaired by the Mayor. The Municipality also has the office of the Chief Whip. The following Portfolio Committees have been established and are aligned to the Municipality's organizational structure:

- Finance and Corporate Services Portfolio Committee
- Planning, Infrastructure, Transport and Safety Portfolio Committee
- Health, Social Services and Development Portfolio Committee.

These Portfolio Committees are chaired by Members of the Mayoral Committee as follows;

- Finance and Corporate Services – Cllr EM Masilela
- Health, Social Services and Development Portfolio Committee – Cllr BD Yeko
- Planning, Infrastructure Transport and Safety – Cllr TG Malomane

The Municipal Public Accounts Committee (MPAC) is a committee of Council that oversees the expenditure of public funds on behalf of Council and thereby ensures accountability of both the Mayoral Committee and administration.

2.2.2. COUNCIL

The Council of Victor Khanye Local Municipality consists of 17 Councillors, 09 of whom were directly elected to serve on the Council. Membership of the Council is made up of 09 Councillors representing the African National, 03 from the Democratic Alliance, 03 from the African Voice Progressive Party, and 01 representative from the Economic Freedom Fighters and VF Plus, respectively.

The table below, further breaks down the

Table 18: Councillors & Political Representation

NAMES OF COUNCILLORS	POLITICAL PARTY
1. Cllr HM Ngoma; - **Speaker**	ANC
2. Cllr KV Buda - **Executive Mayor**	ANC
3. Cllr EM Masilela; MMC – **Fin and Corp**	ANC
4. Cllr BD Yeko; MMC – **HSS**	ANC
5. Cllr TG Malomane; MMC – **PITS**	ANC
6. Cllr NS Ngcobo - **Council Whip**	ANC
7. Cllr DJ Bath	DA
8. Cllr NE Mohoadibe	EFF
9. Cllr BL Mbalati	ANC
10. Cllr A Smith	AVPP
11. Cllr LS Lebatse	ANC
12.Cllr ZJ Ndlovu	ANC
13. Cllr M Rautenbach	DA
14. Cllr ST Segone	AVPP
15. Cllr P Senekal	VFP
16. Cllr MM Sepenyane	AVPP
17. Cllr SM Skosana	DA

To ensure compliance with the legislative requirement the Council meets at least quarterly. However, to meet compliance requirements in relation to such issues as Budget approvals, mid-term Budget Reviews, Adjustments Budgets, IDP Reviews, Annual Report and Annual Report Oversight reviews, the Council effectively meets almost once every month. To optimise efficiency of operation the Council has reserved to itself decision making powers on certain critical and strategic matters - such as considering the results of the provincial government's monitoring of the Municipality,

deciding whether to provide security for any of the Municipality's debt obligations and deciding to recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure. It has otherwise delegated to its Executive Committee power to exercise all powers of the Council in respect of matters not specifically excluded from delegation in terms of Section 160 (2) of the Constitution and Section 59 of the Systems Act. To facilitate maximum participation by Councillors in the decision-making processes of the Council and its Committees, all Councillors are provided with copies of the agenda and minutes of all meetings.

2.2.3. INTRODUCTION OF THE FULL-TIME COUNCILLORS

The following Councillors are full-time as per NOTICE 2073 of the Local Government: Municipal Structures Act; namely the Executive Mayor, the Speaker, the Council Whip and three (3) members of the Mayoral Committee.

Speaker: Cllr H.M Ngoma

Council Whip: Cllr N.S Ngcobo

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2.2.4. MAYORAL COMMITTEE

The members of the Mayoral committee are appointed by the Executive Mayor from among the members of the council. The power to dismiss a member of the Mayoral committee also vests in the Executive Mayor. The Mayoral Committee has no power on its own; it is an instrument to assist the Executive Mayor, to offer him/her advice and to take decisions together with the Executive Mayor with regard to designated powers. Decisions are nevertheless that of the Executive Mayor.
Individual members of the Mayoral committee may however be granted delegated powers. The Executive Mayor may:

Delegate specific responsibilities to each member of the committee;
Delegate any of the Executive Mayor's powers to the respective members.

The Mayoral committee consists of the Executive Mayor, and three (3) members;

Executive Mayor: Cllr KV Buda

MMC: Cllr E.M Masilela

MMC: Cllr T.G Malomane

MMC: Cllr B.D Yeko

2.2.5. SECTION 79/80 COMMITTEES

2.2.5.1. SECTION 79

Council has established the following Section 79 Committees chaired by Non – Executive Members/ Councillors and each of the Members Mayoral Committee sit in these portfolio committees, the said portfolio committees then report to the Executive Mayor through the Mayoral Committee, and the Executive Mayor subsequently reports to Council. The Portfolio Committees are constituted as indicated below:

Table 19: Committee Allocations (2024/25)

COMMITTEE ALLOCATIONS – JULY 2024 – JUNE 2025		
PORTFOLIO COMMITTEE	**CHAIRPERSON**	**MEMBERS**
Members of the Mayoral Council	Councillor Cllr. KV Buda (Executive Mayor)	Councillor B.D Yeko Councillor T.G Malomane Councillor E.M Masilela
Policy Development Committee	Councillor ES Lebatse	Councillor KV Buda Councillor NE Mohoadibe Councillor NS Ngcobo Councillor MM Sepenyane Councillor HM Ngoma Councillor BL Mbalati
Local Geographic Names Change Committee	Councillor NE Mohoadibe	Councillor NS Ngcobo Councillor BL Mbalati Councillor SM Skosana Councillor ES Lebatse
Local Labour Forum	Councillor EM Masilela	Councillor A Smith Councillor BL Mbalati
Rules and Ethics Committee	Councillor HM Ngoma *(Speaker is the chairperson of this committee in terms of delegated powers)*	Councillor NS Ngcobo Councillor MM Sepenyane Councillor NE Mohoadibe
Municipal Public Accounts Committee	Councillor JZ Ndlovu	Councillor DJ Bath Councillor BL Mbalati Councillor ES Lebatse Councillor TS Segone Councillor NE Mohoadibe Councillor P Senekal
Finance and Corporate Services Portfolio Committee	Councillor BL Mbalati	Councillor EM Masilela - MMC Councillor TS Segone Councillor NS Ngcobo Councillor SM Skosana
Planning, Infrastructure, Transport and Safety Portfolio Committee:	Councillor DJ Bath	Councillor JZ Ndlovu Councillor P Senekal Councillor BL Mbalati
Health, Social Services and Development Portfolio Committee	Councillor M Rautenbach	Councillor NS Ngcobo Councillor NE Mohoadibe Councillor ES Lebatse
Budget Steering Committee	Councillor KV Buda - Mayor	Councillor EM Masilela Councillor TG Malomane Councillor DJ Bath Councillor BL Mbalati

The Speaker will be an ex-officio to all the section 79 committees (with the exception of the MPAC and the committees Chaired by him.

2.2.5.2. SECTION 80 COMMITTEES

Section 80 committees are usually permanent committees that specialise in one area of work and sometimes are given the right to make decisions over small issues. Section 80 committees will also advise executive committees on policy matters and make recommendations to council.

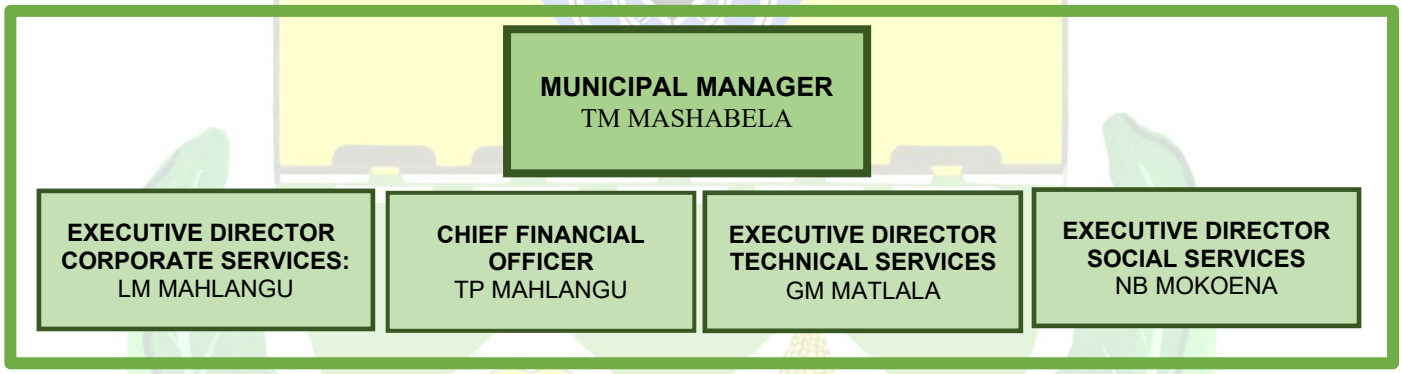
COMMITTEE ALLOCATIONS – JULY 2024 – JUNE 2025		
PORTFOLIO COMMITTEE	**CHAIRPERSON**	**MEMBERS**
Finance and Corporate Services Portfolio Committee	Councillor EM Masilela	Councillor M Rautenbach Councillor NS Ngcobo Councillor NE Mohoadibe Councillor ES Lebatse
Planning, Infrastructure, Transport and Safety Portfolio Committee	Councillor TG Malomane	Councillor BL Mbalati Councillor ES Lebatse Councillor NS Ngcobo Councillor SM Skosana
Health, Social Services and Development Portfolio Committee	Councillor BD Yeko	Councillor DJ Bath Councillor ZJ Ndlovu Councillor P Senekal Councillor BL Mbalati

2.3. ADMINISTRATIVE GOVERNANCE

During the financial year under review the organizational structure that was adopted by Council constituted the following directorates namely; the Office of the Municipal Manager, Budget and Treasury Office, Community and Social Services, Corporate Services as well as Technical Services. The Municipality during the financial year under review ensured that all the HOD positions were filled.

The Employment Equity Act was introduced to correct past injustices, unfair discrimination and other inequitable laws and practices that transpired in the labour market, as a Country we have come along way in correcting these imbalances. Women have recently been recognised and entrusted with holding strategic and powerful roles within national, provincial and local government. Worth noting is that 4 out of the 5 positions in Top Management in Victor Khanye Local Municipality are occupied by females.

Figure 01: Administrative Governance



The Municipality has 05 departments, which is headed by the MM, Chief Financial Officer and 3 Executive Directors. These departments have the following functions;

2.3.1. OFFICE OF THE MUNICIPAL MANAGER

Departmental Management
Budget Process & Control
Cash flow Management
General Administration
Report Writing
Address public enquiries
Integrated Development Planning
Performance Management
EPWP
Transversal Affairs
LED
Internal Audit
Risk Management
Youth Development
Public Participation
Legal Compliance
Gazettes: Govern / Prov
Policies & Bylaws
ICT
Legal Matters
Communication

Municipal Manager: TM Mashabela

2.3.2. CORPORATE SERVICES

Departmental Management
Budget Process & Control
Cash flow Management
General Administration
Report Writing
Address public enquiries
Photocopying
Archives
Administration: EDMS
Official Notices
HR Management & Development
Leave Administration
Skills Development
Occupational Health & Safety
Employee Wellness
Injury on Duty
Property Admin
Estate Management
Support Service
Postal & Messenger Service
Website

Executive Director: LM Mahlangu

2.3.3. BUDGET & TREASURY OFFICE

Departmental Management
Budget Process & Control
Cash flow Management
General Administration
Report Writing
Address public enquiries
Financial System Man
Financial Planning & Statistics
Financial Reporting
Financial Year-end
Investment Management
Insurance Admin & Management
Loan Management & Admin
Asset Management
Liaison: External Auditors
Creditors Administration
Debtors Administration
Credit Control:
Indigent Policy:
Meter Reading Function
Municipal Stores
Pay Office
SCM
Contract Management

Chief Financial Officer: TP Mahlangu

2.3.4. TECHNICAL SERVICES

Departmental Management
Budget Process & Control
Cash flow Management
General Administration
Report Writing
Address public inquiries
Building control
Land Use Management
Fleet management
Mechanical Workshop
Town Planning
Repair & Maintenance
- Elec Reticulation Network

Repair & Maintenance:
- Elec Installations & Equipment

Repair & Maintenance:
- Sewerage Network

Repair & Maintenance:
- Waste Water Care works

Repair & Maintenance:
- Water Care works

2.3.5. SOCIAL SERVICES

Departmental Management
Budget Process & Control
Cash flow Management
General Administration
Address public enquiries
Estate Management
Cleansing
Landfill Sites
Environmental Health
Traffic Services
Fire Services
Licenses: Drivers & Vehicles
Library Service
Manage and control:
- a) Parks division
- b) Cemeteries
- c) Sport fields
- d) Open spaces
- e) Pavements
- f) Municipal gardens

Executive Director: NB Mokoena

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.4. INTERGOVERNMENTAL RELATIONS

'Inter-governmental relations' means the relationships between the three spheres of government. The South African Constitution states, 'the three spheres of government are distinctive, interdependent and interrelated'. Provincial and local government are spheres of government in their own right, and are not a function or administrative implementing arm of national or provincial government. Although the three spheres of government are autonomous, they exist in a unitary South Africa and they have to work together on decision-making and must co-ordinate budgets, policies and activities, particularly for those functions that cut across the spheres.

2.4.1. NATIONAL INTERGOVERNMENTAL STRUCTURES

National Treasury – It coordinates the development of the Local Government fiscal framework applicable to Municipalities within the context of the Division of Revenue Act. It manages the development of the Local Government Equitable Share formula and ensures compliance with the MFMA to modernise local government budgeting and financial management processes and practices.

It provides assistance to improve financial governance and to maximize Municipal capacity to deliver services through efficiency, effectiveness and sustainability, and by dealing with corruption. It sets up the accountability cycle by ensuring proper linkages between IDPs, Budgets, SDBIPs, In-Year Reports, Annual Financial Statements, Annual Reports, Oversight Reports, and Audit Reports.

The Department of Cooperative Governance and Traditional Affairs (COGTA) – It develops various policies and guidelines to enable sustainable development to eradicate poverty and develops a service-orientated culture that requires the active participation of the wider community. Community inputs are essential to improve Integrated Development Planning and service delivery. Linked to this is the establishment of performance management, which is a crucial mechanism to improve living conditions for all citizens.

SALGA – Is the national representative body of local government and has a constitutionally defined mandate. It responds to challenges facing organised local government and addresses past weaknesses.

2.4.2. PROVINCIAL INTER-GOVERNMENTAL STRUCTURE

OFFICE OF THE PREMIER – It focuses on cooperative and good governance through the provision of advice and information, coordination, monitoring, and support to local government.

PROVINCIAL TREASURY– The functions of provincial treasuries are to promote cooperative Government amongst role-players and assist National Treasury in implementing the MFMA, monitor Municipal budgets and outcomes, analyse in-year reports, and take intervention measures to assist Municipalities that breach the MFMA.

Provincial Treasury has established various units to assist and monitor the Municipality. These units specialise in revenue enhancement, assets, accounting standards, and in year reporting. Through the MunMec meeting and Technical MunMec meetings, various Municipal issues in the province are discussed to formulate solutions and plans to improve Governance and service delivery. These meetings were conducted quarterly during the financial year.

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COGTA MPUMALANGA – To assist and provide guidance in building a clean, effective, efficient, responsive, and accountable local government. To strengthen partnerships between local government and communities and ensure Municipalities meet their mandate of providing basic services.

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SALGA – It is the official representative of local government, an employer's organization for all Municipalities, and sits as the employer in the South African Local Government Bargaining Council.

Victor Khanye Local Municipality is a keen participant of joint intergovernmental planning initiatives of Provincial Government i.e. *MunMec* (Provincial MECs, Provincial Heads of Departments, Mayors and Municipal Managers) and the *Premier's Coordinating Forum* are provincial forums for fruitful interaction regarding local government cooperation and challenges. These meetings are held twice per annum.

The *Provincial Municipal Managers Forum* meets quarterly. *Chief Audit Executive and Chief Risk Officer forum* are held on a quarterly basis in conjunction with Provincial Treasury where all municipalities share best practises and consult on areas of improvement. Victor Khanye is represented on the *Provincial IDP Managers Forum, the Provincial Public Participation and Communication Forum*, all of which are facilitated by the Provincial Department of Cooperative Governance and Traditional Affairs (COGTA)

2.4.3. DISTRICT INTER-GOVERNMENTAL STRUCTURES

The Nkangala District Municipality has a supporting role to play in the planning and coordinating of activities within its boundaries to ensure the provision of services in the district. It is therefore imperative that the capital allocations from the district be based on community needs. These projects are implemented by the District Municipality and transferred to the Municipality on completion.

The District Municipality also assists the Municipality with the establishment of the District Shared Audit Committee. This Audit and Performance Audit Committee perform both the function of financial and performance auditing. Through this initiative, the Municipalities in the district save substantially on the cost of the Audit and Performance Audit Committee member's fees, reimbursement costs, and indirect costs such as printing of agendas, delivery, and taking of minutes.

The municipality is taking advantage of the established platforms created to foster relationship between all three spheres of government. The overall aim for consultation with various interest groups and all other key stakeholders is to:

Create a platform for dialogue where all stakeholders would discuss and agree on the development route.

Ensure that all key sectorial issues are well reflected in the IDP;
Ensure that all projects and programmes of all key stakeholders are well captured within the IDP;

At district level the following are structures in which the municipality participate:

- Nkangala District Municipality Speakers Forum.
- Nkangala District Municipality Mayoral Forum.
- Nkangala District Municipality Municipal Managers Forum.
- Nkangala District Municipality LED/IDP Forum.
- Nkangala District Municipality IDP/PMS Forum.
- Nkangala District Municipality Communicators Forum.
- Nkangala District Municipality Youth Manager's Forum.
- Nkangala District Municipality IDP Working Groups.
- Nkangala District Disaster Management Advisory Forum.
- Waste Management Offices Forum.
- Air Quality Management Forum.

Victor Khanye Local Municipality participates in this forum and the District Municipal Managers Forum and benefits immensely from this involvement by being exposed to good practises in other municipalities and strengthening the relationship with the district municipality in forging joint partnerships in the interest of good governance and service delivery. For the financial year under review, a project to the value of R18 million was implemented by Nkangala District Municipality at Victor Khanye Local Municipality.

2.4.4. VICTOR KHANYE STAKEHOLDER FORUMS

The Municipality has established various fora to enhance relationship and interaction between all its stakeholders. Most of them are chaired by the Executive Mayor and meets, at least, once in a quarter. To mention but a few:

Intergovernmental Forum; between the Municipality and local sector departments, three spheres of government. LED/IDP Forum; between the Municipality and local development stakeholders.

2.4.5. WARD COMMITTEES

With the birth of democracy in 1994, a new democratic local governance system was born, one that supports certain fundamental ideals and principles. Transparency, accountability, and an open and inclusive system of government, as well as planning and democratization of development, are examples of such ideals and principles. This put South Africa on level with other democratic countries across the world, and it established it as a respected example of a successful decentralised government system.

The concept of participation is a cornerstone of effective governance, and it plays an important role in policymaking, development planning, and budgeting. Section 152 of the Constitution prioritizes community engagement in service delivery and other aspects of local government. Similarly, the MSA and the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) provide the statutory foundation for municipalities to form Ward Committees.

Section 42 of the MSA states that a municipality must involve the local community in the development, implementation, and review of the municipality's performance management system and, in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the municipality through appropriate mechanisms, processes, and procedures established by Chapter 4 of said Act.

Ward committees are defined as area-based committees whose borders align with ward boundaries, according to popular belief.

Ward Committees:

- *are made up of representatives of a particular ward;*
- *are made up of members who are elected to represent a specific geographical area/block;*
- *are chaired by the ward councillor;*
- *are meant to be an institutionalized channel of communication and interaction between communities and municipalities;*
- *give the community members the opportunity to express their needs and opinions on issues that affect their lives, and to be heard at the municipal level via the ward councillor; and*
- *are advisory bodies created within the sphere of civil society to assist the ward councillor in carrying out his or her mandate in the most democratic manner possible.*

Ward committees should be elected by the people who live in the community. A ward committee should have no more than ten members, with women being strongly represented. The ward councillor serves as the chairperson of the ward committee.

Despite the fact that ward committees have no statutory authority, they advise the ward councillor, who makes particular representations to the city council. These committees are extremely important in the preparation and annual modification of the area's integrated development plan.

The ward committee provides assistance to the ward councillor, who receives development reports, participates in development planning procedures, and facilitates greater community engagement. The municipality is continually striving to ensure that all ward committees work ideally in terms of community information, meeting convening, ward planning, service delivery, IDP development, and performance reporting to communities.

Table 20: Ward Committee Members Per Ward

WARD 1	WARD 2	WARD 3
S Manamela	NP Phakathi	N Nxuza
M Khoza	JK Mokotong	NE Zwane
V Mabena	BS Nkabinde	CN Masilela
L Buda	SL Ngema	DM Mbatha
B Seakgwe	JB Simelani	SS Mkhondo
S Nkwanyane	TJ Mohwadiba	LF Ramufhi
Z Ntuli	MN Masuku	SL Makua
J Manyara	AC Mbonani	AB Mzobe
B Mnisi	NE Kgabo	C Msiza
M Mncina		DO Ntini

WARD 4	WARD 5	WARD 6
ET Mtshweni	RV Mtshali	SP Moyane
E Malopi	SV Sibanyoni	VL Zwane
ZC Masango	MP Nhlebi	MP Masombuka
SD Mahlangu	M Segone	NM Makoala
MS Nageng	SB Hlumbane	BA Mnathe
DF Hlongwane	EG Moyo	BP Dhlomo
PM Sekati	NM Mthembu	TM Mabuza
JJ Mashego	ML Msiza	MN Mashiyane
BJ Mlangeni	HM Mvakali	JM Mkhonza
BJ Mhlongo		SM Mosia

WARD 7	WARD 8	WARD 9
TC Tshiba	JG Vorster	TT Sibanyoni
LM Nkosi	SL Mokone	ML Makuwa
SJ Mbonani	CS Boschoff	AD Mdzipa
P Mahlangu	SP Mahlangu	CN Mahamba
JS Mbatha	SJ Mavuso	TL Radebe
HM Mgcina	T Mathe	TP Manana
BW Masombuka	ML Khumalo	S Mthimunye
MW Mabena	IM Mbonani	B Tsotetsi
MM Mabuza	CN Von Mo	A Tyumbu
MC Mtshweni		T Mahlabe

TOGETHER FOR GROWTH AND DEVELOPMENT

2.4.5.1. FUNCTIONALITY OF WARD COMMITTEESS

Public participation is a vital part of democracy and allows citizens to get involved in how their communities are governed. At the local government level, the Local Government: Municipal Structures Act, 1998, requires, among others, that municipalities develop mechanisms to consult communities and community organisations in performing their functions and exercising their powers.
These structures are commonly known as Ward Committees and provide a vital link between Ward Councillors, the community and the municipality. They allow for members of communities to influence municipal planning in a manner which best addresses their needs.

Ward committees are crucial in the local government system as they are the link between the councillor and the community. The ward committee system is also said to play a critical role in giving meaning to the notion of “the people shall govern”. This is so because local government is regarded as the level of government closest to the people and ward committees are just one way to ensure that citizens give input to the decisions that local councils make. The functionality of ward committees has a greater impact on how members of the community see the municipality. It is of great importance for ward committees to do execute their duties to their best abilities to ensure that the community are satisfied with the municipality.

Table 21: Ward Committee Meetings Per Quarter

QUARTER	PLANNED	ACTUAL
QTR 1	27	27
QTR 2	27	27
QTR 3	27	27
QTR 4	27	27
TOTAL	**108**	**108**

COMMUNITY OUTREACH PROGRAMMES – 2024/25

DATE	PROGRAMME	OBJECTIVE
17 July 2024	Mandela Day Clean-up Drive	Promote community cleanliness and environmental awareness
18 July 2024	Mandela Day School Painting	Improve school infrastructure and promote education
26 July 2024	Mandela Day Commemoration	Honour Nelson Mandela’s legacy and promote community service
20 Aug 2024	Delimitation of Municipal Wards	Educate stakeholders on municipal ward boundaries and promote civic engagement
26 Aug 2024	Stakeholders Forum	Foster collaboration and discuss community development initiatives
05 Sept 2024	Africa Public Services Day	Celebrate public services and promote community engagement
22 Sept 2024	Nkangala IDP Community Outreach	Engage with the community and address social and economic challenges

DATE	PROGRAMME	OBJECTIVE
17 – 18 Oct 2024	Ex-Mine Workers Program	A two-day workshop providing information on available resources, support services, and opportunities for economic empowerment.
18 October 2024	Speaker Outreach Program: RDP Houses Renovations	An outreach program focusing on the renovation of RDP houses, promoting community awareness and participation.
29 October 2024	Speaker's Forum	A platform for community members to engage with the Speaker on various issues affecting the community.
31 October 2024	IDP/Budget Representative Forum	A forum bringing together community representatives to discuss and provide input on the Integrated Development Plan (IDP) and Budget.
10, 11, 12, 13, 14, 17, 18, 19, 24 Nov 2024	Community Meetings	A series of community meetings providing a platform for community members to engage with the Mayor, Speaker, and Councillors on various issues affecting the community.
04 Feb 2025	Mobilisation TLP (Taking the Legislature to the People)	Establishing the Mobilisation Task Team: Convenor introduced the Mobilisation plan, clarified roles and established the task team.
11 Feb 2025		Finalising the Mobilisation Strategy: Stakeholders finalised the mobilisation strategy, procurement needs and assessed the state of readiness for the workshop.
18 Feb 2025		Meeting with stakeholders: Municipal Officials met with various stakeholders to brief them about the event and extend invitations.
8 – 9 Mar 2025		Road Show in Delmas Town.
03 Mar 2025	Community Meeting	Community meeting at Braamfischer Hall; Engaging local residents on Community development and service delivery priorities.
04 Mar 2025	Community Meeting	Community Meeting at Vezimfundo Primary School, Ward 3: Focusing on local needs and public participation.
12 Feb 2025	Speaker Outreach Program	Venue: Ellof Community Hall: Engaging community members on legislative issues and public service awareness.
06 Feb 2025	Speaker's Stakeholders Forum	Venue: Speaker's Boardroom: Discussing municipal initiatives with key stakeholders.
11 Mar 2025	Oversight Programme TLP	Public Hearing/Feedback Session Engaged the local community on service delivery matters.
12 Mar 2025		Social Transformation Cluster Committees; Assessed progress on healthcare, social services, and community development initiatives.
13 Mar 2025		Stakeholder Engagement Sessions; Involved youth, inter-faith, education, and business stakeholders

DATE	PROGRAMME	OBJECTIVE
14 Mar 2025	Sitting of the Legislature TLP	Public Hearing/Feedback session: Engaged the local community on service delivery matters.
04 April 2025	Marriage Bill Workshop	Aimed at educating the community about the marriage bill and implications.
10 April 2025	Moral Regeneration Movement Establishment	Established to promote moral values and principles in the community.
10 April 2025	Delimitation Workshop	This workshop aimed to educate the community about the delimitation process and it's implications.
23 May 2025	HIV/AIDS, STI & TB Youth Indaba	This indaba was aimed to raise awareness about HIV/AIDS, STIs, and TB among the youth.
05 June 2025	World Environmental Day	This event aimed to promote environmental awareness and sustainability.
07 June 2025	Mayoral Imbizo	This Imbizo provided an opportunity for the community to engage with the Mayor and other municipal officials.
13 June 2025	Child Protection Commemoration	This event was aimed at raising awareness about child protection and promote the welfare of children.
09 May 2025 – Ward 4 16 May 2025 – Ward 8 23 May 2025 – Ward 2 30 May 2025 – Ward 3	Mayoral Letsema	This program was implemented in various.
03 May 2025 – Ward 3 08 May 2025 – Ward 1 08 May 2025 – Ward 4 20 May 2025 – Ward 5 21 May 2025 – Ward 6 22 May 2025 – Ward 2 23 May 2025 – Ward 8	IDP Consultative Meetings	Held in various wards as per the 2024/25 IDP Process Plan.

The Community Outreach Programmes have made significant progress in promoting community engagement and participation. 10 000+ community members were reached through various outreach initiatives. The Municipality will continue to collaborate with other departments to leverage resources and expertise in support of community outreach initiatives.

COMPONENT C: OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.5. PUBLIC ACCOUNTABILITY

Section 15(b) of the MSA mandates that a municipality develop and organize its administration in order to foster a culture of responsibility among its employees. A municipality shall design a system of municipal governance that balances formal representative government with a participatory governance system, according to Section 16(i). A municipality is required to provide its community with information about municipal government, management, and development under Section 18(i) (d). The participation outlined above is required in terms of the following:

- Preparation, implementation and review of the IDP;
- Establishment, implementation and review of the performance management system;
- Monitoring and review of performance, including the outcomes and impact of such performance; and
- Preparation of the municipal budget.

The municipality ensures widespread and conducive stakeholder participation and accountability through the following interventions:

- Media such as local newspapers, ward community meetings, national radio stations, municipal bills, text/SMS systems and district communicators forums are utilised to inform communities and stakeholders of the Council's activities.
- All messages/information is conveyed in a language/s understood by the general community.
- The venues and times for public meetings are well communicated, and efforts are made that meetings are held at such times convenient for all stakeholders.
- Adequate time is allowed for the community, representatives of organizations, and business to report back to their relevant forums and make inputs.
- Council meetings are open to the public, and residents are invited through notices in the local newspaper and at notice boards at all municipal pay points as well as libraries, to attend. Important documents such as IDP, Budget, and valuation roll are available at all public libraries within the municipal area.
- Ward committee and ward community bi-monthly meetings are convened fourteen days after an ordinary Council sitting and serve as a platform for interaction, engagement, and sharing of information.

TOGETHER FOR GROWTH AND DEVELOPMENT

2.6. COMMUNICATION, PARTICIPATION AND FORUMS

The Municipality engages the community in consultation meetings on a regular basis in an effort to provide feedback on progress in relation to the level of development, to gather input from communities in relation to service delivery needs, and to disseminate information on the municipality's roles and responsibilities.

The major goal of this consultation is to guarantee that political leaders get closer to the communities and provide people of the community an opportunity to express their concerns. Ward committee arrangements are utilized to bridge the gap between the municipality and the communities since ward committees are familiar with and understand the citizens and communities they serve. Community Development Workers (CDWs) serve as a link between communities and community development initiatives/programs.

Councillors, representatives from corporate organizations, mining corporations, NGOs/ CBOs, government agencies, agricultural organizations, parastatal organizations, and stakeholder representatives from unorganized groups make up the IDP forum. The representatives are given the chance to represent community interests and offer information and ideas, so generating consensus and support for the planning process and assuring greater ownership of the results.

Weekly media briefings were given to keep the media up to date on the latest municipal happenings. To distribute timely information to the community, a bulk SMS system is deployed. Quarterly integrated community Imbizo meetings were arranged to promote and educate residents about government programs and services.

The Municipality received quarterly community newsletters that were produced and distributed. The IDP and Multi-year Budget processes for 2023/2024 were both available to public participation. The materials may be viewed at all municipal libraries and on the municipal website, www.vklm.gov.za

2.7. IDP PARTICIPATION AND ALIGNMENT

The Five Year Integrated Development Plan 2017-2022, the 2023/2024 Review IDP was developed in accordance with the Municipal Process Plan as adopted by Council in terms of Chapter 5, Section 28 of the Municipal Systems Act, Act 32 of 2000. This process plan is presented to Council by the end of August for approval, and contains various forms of consultation, including public consultation, stakeholder's consultation informing the Integrated Development approach for the Five Years and annual review and/or amendment of the IDP.

The public consultation process will under normal circumstances take place within each and every ward followed by an IDP Representative Forum consultation where all communicated/listed public needs are confirmed. The alignment of the IDP is undertaken with specific sector plans; i.e. the Municipal Spatial Development Framework, the Municipal Disaster Plan, the Municipal Economic Development Strategy and lastly the Municipal Financial Plan/Budget for a specific term or financial and outer years.

The IDP is the key instrument to achieve developmental local governance for decentralised, strategic, participatory, implementation orientated, coordinated and integrated development. Preparing an IDP is not only a legal requirement in terms of the legislation but it is actually the instrument for realising municipalities' major developmental responsibilities to improve the quality of life of citizens. It seeks to speed-up service delivery by securing a buy-in of all relevant role-players and provides government departments and other social partners with a clear framework of the municipality's development trajectory to harness implementation efforts.

2.7.1. IDP and IGR

Integrated development planning also promotes intergovernmental co-ordination by facilitating a system of communication and co-ordination between local, provincial and national spheres of government. Local development priorities, identified in the IDP process, constitute the backbone of service delivery.

The local governments' budgets, plans, strategies and implementation activities. Hence, the IDP forms the policy framework on which service delivery, infrastructure development, economic growth, social development, environmental sustainability and poverty alleviation rests. The IDP therefore becomes a local expression of the government's plan of action as it informs and is informed by the strategic development plans at national and provincial spheres of government.

2.7.2. IDP REVIEW PROCESS

S34 of the MSA provides for the annual review of the IDP in accordance with an assessment of its performance measurements and to the extent that changing circumstances so demand. In order to systematically and procedurally review the IDP, a municipality must, in terms of S27 (1) of the Act, within a prescribed period after the start of its elected term and after following a consultative process with the local municipalities within its area of jurisdiction, must adopt a framework for integrated development planning in the area as a whole.

Victor Khanye Local Municipality (VKLM) is required to consult the local community before adopting the process and after adoption of the process sub-Section 3 stipulates that a municipality must give notice to the local community of particulars of the process it intends to follow.

Thus, as per the former issue the draft municipal Process Plans must be presented to the municipal consultation for and special meetings may also be held with the identified stakeholders and communities. In terms of the latter mater, communities must be informed of the adoption of the Process Plans, through the available municipal communication channels

The Process Plan specifies timeframes for the different steps, it must at least cover the following issues:

- Identify plans and planning requirements binding in terms of national and provincial legislation on local municipality;
- Identify matters to be included in the integrated development plans of the district municipality and the local municipality that require alignment;
- Specify the principles to be applied and co-ordinate the approach to be adopted in respect of those matters; and
- Determine procedures:
- For consultation between the district municipality and the local municipalities during the process of drafting their respective integrated development plans; and
- To effect essential amendments to the framework plan.

2.7.3. IDP REVIEW PHASES

The synchronization of planning activities between district and local municipalities is essential to ensure that the planning activities occur and outputs are available more or less simultaneously so that the joint and complimentary responsibilities of the municipalities can be undertaken for all and by all responsible, at the same time. This approach will avoid duplication of the required joint processes and maximize the use of limited human resource capacities.

The review and implementation of the (2024/25) IDP comprised of the following five (5) phases, commencing with Phase 0 to Phase 5:

2.7.4. PREPARATORY PHASE

Before starting the planning process, an IDP Process Plan must be drawn up. This plan is meant to ensure the proper management of the planning process. The Plan must be set out in writing in terms of the legislation and must comply with the provisions of the District Framework Plan in terms of the binding National and Provincial Planning Frameworks, mechanisms and processes stipulated in the Framework Plan of the District.

2.7.5. ANALYSIS PHASE

During this phase information is collected on the existing conditions within the municipality. When assessing the existing level of development in the municipality, the level of access to basic services and those communities that do not have access to these services must be identified. Focus must be on the types of problems faced by community in the area and the causes of these problems. The identified problems are assessed and prioritized in terms of what is urgent and what needs to be done first.

Information on availability of resources is also collected during this phase. Priority issues highlighted during the 2024/25 IDP processes will also be revised and confirmed during this phase. Community meetings, stakeholder meetings, surveys, opinion polls and researched information should form the basis of this phase.

2.7.6. STRATEGIES PHASE

The Municipality must begin to contemplate on the best possible strategies to tackle the identified challenges. Critical in this process in order to ensure a focused analysis, the municipal vision must be confirmed and development objectives containing clear statements of what the municipality would like to achieve in the medium term to deal with the problems outlined in the first phase.

Internal transformation needs and council's development priorities must be taken into account when formulating council objectives. This process should involve strategy workshops, targeted stakeholder engagements, public hearings, sector Provincial and National Departments engagements, social partners, interest-based groups and organized civil society.

Development strategies must then be developed focusing on finding the best way for the municipality to meet a development objective. Once the municipality has identified the best methods and strategies to achieving its development objectives identification of specific projects must commence.

2.7.7. PROJECTS PHASE

During this phase the municipality works on the designs and content/specifications of projects identified during the prior phases. Clear details for each project have to be worked out. Clear targets must be set and indicators worked out to measure performance as well as the impact of individual programmes and projects. The identified projects must have a direct link to the priority issues and objectives identified in the previous phase. Municipalities must ensure engagement of internal technical committees, possibly with selected key stakeholders.

The needs and views of the affected communities must be taken as a priority. The project technical committees and their subcommittees must be able to distinguish between the strategic municipal wide development programmes and the localized community-level projects.

2.7.8. INTEGRATION PHASE

Once all projects have been identified, the municipality must confirm that the identified projects will achieve the desired impact in terms of addressing the identified challenges and are aligned with the objectives and strategies and comply with legislation. The identified programmes/projects will set the pace and direct the trajectory emanating from the overall picture of the development plans of all the stakeholders, including sector departments and social partners.

During this period, Provincial Sector Departments will have finalized their draft strategic plans. Public discussion, community engagement and opportunities for comments from residents and interested stakeholder organisation must be facilitated and appropriate mechanisms should be in place and be institutionalised. Towards the completion of this phase the municipality must also conduct IDP INDABA engagements to confirm the chosen development trajectory with all the stakeholders.

2.7.9. ADOPTION PHASE

After consulting and receiving public comments the Municipality must adopt their final IDP for the 2024/25 financial year by the 26th of March 2024 to enable the District to adopt it's 2023/24 IDP by the 31st of March 2024. In terms of S36 of the MSA, a municipality must give effect to its IDP and must conduct its affairs in a manner which is consistent with its integrated development plan.

The budget of the municipality must be informed by the adopted IDP. The public must be informed of the adoption of the reviewed Integrated Development Plan by notice in a newspaper circulating in by placing the notice in official notice boards in terms of Section 25 (4) of the Act. It is critical to note that in terms of S25 (4) (b) of the Act municipalities must after adoption of the IDP publicise a summary of the Plan.

2.7.10. SUBMISSION TO MEC FOR LOCAL GOVERNMENT.

In terms of S32 (1)(a) of the MSA, the Municipal Manager of a municipality must submit a copy of the integrated development plan as adopted by the council of the municipality and any subsequent amendment to the plan, to the MEC for local government in the province within 10 days of the adoption or amendment of the plan.

Such a copy must be accompanied by a summary of the process in terms of S28, a statement that the process has been complied with, together with any explanations that may be necessary to amplify the statement, and a copy of the Process Plan as adopted in terms of S27 of the Act.

COMPONENT D: CORPORATE GOVERNANCE

Corporate governance refers to the procedures, practices, policies, regulations, and stakeholders that influence how an entity is directed, administered, or controlled. Corporate governance also encompasses the relationships between the various parties involved, as well as the aims for which the organization is governed.

2.8. RISK MANAGEMENT

Section 62 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), states that the Accounting Officer should 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, as well as the effective, efficient and economical use of the resources of the municipality. This responsibility was delegated to the Chief Risk Officer. During this current financial year, the following activities were conducted as per the approved Risk Management Implementation Plan:

- Continuous awareness raising throughout the municipality;
- The Risk Management, Anti-Fraud and Anti-Corruption Committee (shared service) was established to facilitate and govern the risk management process, with a terms of reference, and has been operational since January 2013;
- The Chief Audit Executive has a seat on the Risk Management, Anti—Fraud and Anti-Corruption Committee where all risk and fraud management related activities are reported;
- The Risk Management, Anti-Fraud and Anti-Corruption Committee reports to the Audit Committee;
- Risk registers have also been completed at an operational level;
- The previous year's strategic registers were revisited and an acceptable risk appetite was determined;
- The revised risk register was adopted by Council;
- Risks were also identified which could prevent the achievement of the predetermined objectives, and were noted in the SDBIP; and
- The Risk Management enabling documents were reviewed and adopted by Council;

.

Although the Chief Risk Officer is responsible for coordinating and facilitating risk management at all levels within the municipality, management plays an active role in risk management and the mitigation of risk exposure. Risk assessment is conducted on an annual basis and all emerging risks were incorporated into the municipal risk register with mitigating strategies.

including the appointment of Risk Champions per directorate in line with the National Treasury Public Sector Risk Management Framework and the municipality has an effective Risk Management, Anti-Fraud and Anti-Corruption Committee as an oversight committee responsible to the Accounting Authority for the monitoring of risk management which includes assisting in designing and coordinating the Municipality's risk management initiatives

Below please find the Municipal high-top risks for 2024/25;

1. Inadequate management and maintenance of municipal infrastructure
2. Outdated Master Plans
3. Poor Management of Fleet
4. Unfunded Budget
5. Inadequate sustainable financial viability
6. Insufficient revenue collection
7. Loss/Theft/Damage of Municipal Assets
8. Low investment levels
9. Collusion
10. Abuse of overtime

2.9. ANTI-FRAUD AND ANTI-CORRUPTION

Victor Khanye local Municipality employs in excess of 442 staff members, runs a multi-million-rand budget and owns assets. This puts the municipality at risk of fraud and corruption by either staff or outsiders. Fraud Prevention Strategy and Fraud Prevention Policy was developed and implemented. The municipality has implemented the Presidential fraud Hotline and a Corruption Watch Hotline. Fraud and corruption are defined as follows, respectively:

- **Fraud**: Is deliberate distortion of documents in order to conceal the misuse of assets for personal gain.
- **Corruption**: Is the offering, giving, soliciting, or acceptance of an inducement that may influence any person to act inappropriately.

Strategic Objective:

- Encouraging a culture within the Municipality where all employees, the public and other stakeholders continuously behave ethically in their dealings with, or on behalf of the Municipality;
- Improving accountability, efficiency and effective administration within the Municipality;
- Improving the application of systems, policies, procedures and regulations;
- Changing aspects of the Municipality which could facilitate fraud and corruption and allow these to go unnoticed or unreported; and
- Encouraging all employees and other stakeholders to strive toward the prevention and detection of fraud and corruption impacting or having the potential to impact the Municipality.

Other activities conducted to prevent and detect fraud and corruption:

- Anti-Fraud and Anti-Corruption awareness conducted by the National COGTA in collaboration with the SIU and Provincial Treasury.
- Zero tolerance statement to fraud and corruption adopted by the Municipality.
- Anti-Fraud and Anti-Corruption posters circulated to all Municipal Buildings including bumper and licence disc stickers.

2.10. INTERNAL AUDITING

Section 165(2)(a), (b) and (c) of the MFMA requires that: The internal audit unit of a municipality must: –

a) prepare a risk based audit plan and an internal audit programme for each financial year; and
b) advise the accounting officer and report to the Audit Committee on the implementation on the internal audit plan and matters relating to:

- internal audit;
- internal controls;
- accounting procedures and practices;
- risk and risk management;
- performance management;
- loss control; and
- compliance with this Act, the annual Division of Revenue Act and another applicable legislation.

c) perform such other duties as may be assigned to it by the Accounting Officer.

Victor Khanye Local Municipality's Internal Audit function comprised of in-house staff. Which the aim is to provide an independent assurance that an organisation's risk management, governance and internal control processes are operating effectively. During the year under review, the internal audit activity was able to effectively executed 100% of the initial adopted risk-based audit plan.

In addition, process flowcharts for all identified audit areas have been documented, highlighting the key controls and / or control gaps for process owners' / line managers to consider and implement. Follow-up reviews were conducted relating to previously reported matters during the previous financial year.

2.10.1. ANNUAL RISK BASED AUDIT PLAN

Risk-Based Audit Plan for 2024/25 was implemented with available resources. The table below provides detail on audits completed:

Table 22: Risk Based Audit Plan

AUDIT ACTIVITY	2024/25
STATUTORY AUDIT	
Division of Revenue Act (DoRA) Compliance	√
Pre-Determined Objectives	√
Performance Management System	√
Risk Management Review	√
FOLLOW-UP REVIEWS	
AG Follow-Up Review	√
Supply Chain Management	√
Performance Management System	√
Revenue – Indigent Consumer Verification	√
Risk Management Follow-Up	√

2.10.2. PMS AUDITS

Actual performance was subjected to an internal audit review and results of their findings submitted to the Performance Audit Committee. Quarterly audits were performed and reported to the Audit Committee.

2.11. SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy and regulations applicable to the 2024/25 financial year was revised and adopted by Council on 28 March 2024 as Resolution Number: A008/03/2024 (as attachment to the budget-related policies) in terms of section 17(1) – (3) of the MFMA.

The changes alluded to above will ensure that the Supply Chain Management Unit (SCMU) has the required legislative mandate to further streamline procedures and processes in order to promote more efficient and effective service delivery to all our internal and external stakeholders.

The SCM Policy incorporating the abovementioned regulations, as well as all other relevant legislation, regulations and circulars and are annually reviewed with the budget process. The municipality has established the three (3) bid committee system, namely:

- Bid Specification Committee.
- Bid Evaluations Committee.
- Bid Adjudications Committee.

2.11.1. AWARDS MADE BY THE ACCOUNTING OFFICER

The Municipality through the Bid Adjudication Committee, appointed by the Municipal Manager awarded the following bids, amongst other awards.

BIDS AWARDED FROM JULY 2024 TO 30 JUNE 2025

Service Provider	Description of services / goods	Appointment date	Advertisement Date	Appointed Amount
Warrior edge projects	Supply and delivery of traffic uniform once off	04 Sept 2024	05 May 2024	R198 190.98
Benze construction	Supply and delivery of protective clothing for water and sanitation section	10 Sept 2024	05 May 2024	R210 845.39
Bophelo occupational health care	Professional service provider to manage employee wellness program for a period of 36 months	21 Aug 2024	05 May 2024	R20 355 per person

Service Provider	Description of services / goods	Appointment date	Advertisement Date	Appointed Amount
Simunye fleet management	Supply, register brand and delivery of vehicles for a period of 36 months	13 Sept 2024	05 May 2024	R4 524 673.90
Afrirent fleet management	Supply, register brand and delivery of vehicles for a period of 36 months	13 September 2024	05 May 2024	R4 708 838.58
Amanzi water scientific services	Accredited laboratory for sampling and analysis of water and wastewater for a period of 36 months	06 September 2024	14 April 2024	R836 069.96
Gossa holdings (pty)ltd	Provision of civil engineering and construction of water related infrastructure in reducing the non-revenue water in Sundra and Ellof	13 November 2024	20 August 2024	R20 707 853.09
Emalangeni technologies	Provision of internet service (primary line and secondary) including remote sites and telephones system (VOIP), including TMS solution for a period of 36 months	31 October 2024	25 July 2024	R5 850 875.58
Matupunuka ict (pty)ltd	Supply of new server managed network X6, 48 POE switch and san (storage area network)	31 October 2024	25 July 2024	R3 500 873.63
Dikgabo diadira construction Cc	Supply and delivery of vehicle spare parts, as and when required for the period of 36 months	22 January 2025	05 September 2024	R10 811 153.00

Service Provider	Description of services / goods	Appointment date	Advertisement Date	Appointed Amount
The cloudi consulting (pty)ltd	Panel of three service providers for maintenance of municipal heavy duty vehicle and plant equipment for the period of 36 months	24 June 2025	06 February 2025	Requests for quotation
Marothi a pula business enterprise	Panel of three service providers for maintenance of municipal heavy duty vehicle and plant equipment for the period of 36 months	24 June 2025	06 February 2025	Requests for quotation
Amaroso projects (pty)ltd	Panel of three service providers for maintenance of municipal heavy duty vehicle and plant equipment for the period of 36 months	24 June 2025	06 February 2025	Requests for quotation
Sibeko mnayi task wise JV	Service provider for the purpose of monitoring, dismantling illegal occupation of municipal owned land, building, and properties as well as enforcing certain municipal by-laws as and when required for a period of three years	13 June 2025	06 February 2025	Unit prices

QUOTATIONS AWARDED FROM JULY 2024 TO 30 JUNE 2025

Service Provider	Description of services / goods	Appointment date	Appointed Amount
Mashiye consortium	Supply and delivery of cleaning materials	16 August 2024	R74 603.38
LM chartered accountants	Reviewal of grap compliant annual financial statements, immovable and movable asset register for the 2023/24 financial year	16 August 2024	R249 850.00

Service Provider	Description of services / goods	Appointment date	Appointed Amount
Abalingani holdings	Supply and delivery of in one desktops, laptops and printers	16 August 2024	R199 513.59
Excellent minds institute Inc	Ipsas training for financial interns	06 September 2024	R69 000.00
Greg trading enterprise	Supply and delivery of high back chairs for council chamber	17 October 2024	R162 500.00
Greg trading enterprise	Supply and delivery of herbicides for grass controlling	17 October 2024	R118 000.00
Montoane trading (pty)ltd	Supply and delivery of the laser speed detector with camera	17 October 2024	R194 000.00
Xolani logistics (pty)ltd	Hiring of combination truck for unblocking sewer mainlines and cleaning sumps, on as and when required basis for the period of 3 months	18 October 2024	R23 345.00 rate per day
Mcc security and projects Cc	Supply and delivery of 17 firearms, 500 – 9mm long bullets ammunition and 17 holters (Traffic department)	01 November 2024	R278 725.50
Brite future ideas	Appointment of a service provider for repair diff of UD quester truck – JYC 647 MP	01 November 2024	R180 000.00
Munet business solutions	Appointment of a service provider for the renovation of VKLM Braamfischer Hall	01 November 2024	R217 500.00

Service Provider	Description of services / goods	Appointment date	Appointed Amount
Donleo trading enterprise	Appointment of a service provider for supply, delivery of licence disk and drivers licence scanners and chargers including power cable and software	01 November 2024	R175 490.00
Donleo trading enterprise	Appointment of a service provider for supply and installation of roof top for container offices	22 November 2024	R149 189.55
Meshobane trading & projects (pty)ltd	Supply and delivery of water plumbing materials	04 June 2025	R175 250.20
Pms group holdings (pty)ltd	Service provider for supply of internal backup solution (annual subscription licence for 12 months)	04 June 2025	R295 999.00
Nompu holdings (pty)ltd	Supply and delivery of environment management PPE	05 June 2025	R275 420.00
Mathebula & sons investment (pty)ltd	Supply and delivery of traffic officers uniform	04 June 2025	R235 664.90
Kbb smartways electricity and water management	Supply and installation of 250mm bulk prepaid water meter with automated meter reading capabilities	05 June 2025	R262 775.00
Greg trading enterprise	Appointment of a service provider for supply and fitting tyres for TLB (4 x tyres – front and rear)	04 April 2025	R39 600.00
Lm chartered accountants (pty)ltd	ICT general review training for internal audit stuff in line with the global internal audit standards	07 April 2025	R289 243.00

Service Provider	Description of services / goods	Appointment date	Appointed Amount
Ntobe solutions	Appointment of a service provider for servicing of municipal fire fighting equipment	07 April 2025	R298 985.28
Sihle & wandy construction	Appointment of a service provider for renovation of FC Dumat canopy	07 April 2025	R265 132.50
Isibani chartered accountants & auditors (pty)ltd	Training for municipal employees on the enterprise risk management in line with national treasury's risk management framework (120 officials)	08 April 2025	R220 000.00
Ntandokuhle holdings (pty)ltd	Drilling of boreholes in rural arrears: earthworks, concrete and supply (6 x 10kl) Jo-Jo tanks in Brakfontein	07 April 2025	R270 315.60
Desjoe trading	Supply and delivery of prefabricated concrete cover slabs for stormwater catch pits (1500 x 1000 x 100)	17 April 2025	R241 500.00
Zumane business enterprise	Supply and delivery of concrete segmented block paving type s.a class 25 to sans 1058.60mm x 1200m2	08 April 2025	R251 330.00
Bhungane trading Cc	Supply and delivery of protective clothing for water and sanitation department unit, once off	13 February 2025	R289 340.92
We invest Africa (pty)ltd	Training of water and wastewater process controller (SAQA id: 60190,6179)	27 February 2025	R290 375.00

Service Provider	Description of services / goods	Appointment date	Appointed Amount
Nonunu projects (pty)ltd	Training of MFMP for 10 employees (SAQA id: 114974)	27 February 2025	R285 000.00
Mathebula & sons investment (pty)ltd	Supply and fit six (6) tubeless tyres for a grader	27 January 2025	R126 815.76
The angeline and shappy trading	Develop and review the youth development policy and youth development strategy for VKLM	25 June 2025	R289 666.00

AWARDS DONE BY TRANSVERSAL CONTRACTS (NATIONAL TREASURY)

Service Provider	Description	Amount
MTN (pty)ltd	Appointment in terms of RT29-2024 transversal service provider for audit and token identifier (TDI) conversion of existing prepayment meters and the supply, delivery, installation, amangement, and maintenance of smartmetering solution to the state	The appointment is conditioned on the available wider smart meter grant-funding roll out make available by National Treasury on risk basis
Fumani holdings	Supply and delivery of fleet	R859 230.550

2.11.2. OBJECTIONS LODGED

The municipality did not receive objections for year under review.

2.11.3. DISPOSAL MANAGEMENT

The system of disposal management envisages the following:

- Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- Movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- immovable property is let at market related rates, except when the public plight of the poor demands otherwise;
- all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

The municipality complies with section 14 of the MFMA which deals with the disposal of capital assets as well as with the Asset Transfer Regulations.

2.11.4. SUPPLY CHAIN MANAGEMENT PERFORMANCE MANAGEMENT

The SCM policy requires that an internal monitoring system be established and implemented in order to determine, on the basis of retrospective analysis, whether the SCM processes were followed and whether the objectives of the SCM policy were achieved. Monitoring of internal processes is an on-going process. Procedure manuals for various SCM processes should be developed, approved and be implemented.

2.12. WEBSITE

A municipality's website is an essential component of its communication infrastructure and strategy. It facilitates stakeholder monitoring and evaluation of municipal performance, serves as a tool for community participation, and improves stakeholder involvement. Section 75 of the MFMA compels municipalities to post significant papers and information on their websites, such as the IDP, yearly budgets, modifications budgets, and budget-related documents and rules.

The following is a website checklist for indicating compliance with Section 75 of the MFMA:

Table 24: Documents on the Website

DOCUMENTS PUBLISHED ON THE VKLM WEBSITE	YES/NO	PUBLISHING DATE
All current budget-related policies	**Yes**	Within legislated period
Reviewed Integrated Development Plan 2024/25	**Yes**	Portfolio
Current annual and adjustment budgets and all budget-related documents	**Yes**	Within legislated period
The Annual Report for 2022/24	**Yes**	Within legislated period
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act for 3 and 2024/25.	**Yes**	Within legislated period
service delivery and budget implementation plan 2024/25	**Yes**	Within legislated period

2.13. COMMUNICATION

Local governments have a legal and political commitment to maintain regular and efficient contact with the community. In defining the purposes of local government, Section 152 (1)(e) of the Constitution of the Republic of South Africa Act 1996 stipulates that municipalities shall "promote the engagement of communities and community organizations in matters of local administration."

According to Section 160(7) of the Constitution, "a municipal council shall do its work openly and may close its sittings or committees only when it is fair to do so." The Municipal Systems Act of 2000 governs local government (Act No. 32 of 2000) Section 4 of the MSA encourages community engagement in the operations of local towns. We have a duty as a local government to operate with high levels of transparency, accountability, openness, participatory democracy, and direct engagement with communities in order to better the lives of citizens.
The concept of enhanced communication that encourages public engagement is central to our Communication Strategy, which was adopted by Council in April 2021. In its efforts to simplify and strengthen interactions with citizens, companies, the media, and other external stakeholders, the municipality has made steady progress.

Ensuring that the correct messages reach the right audiences on the right platforms and fostering dialogues through our communication platforms all contribute to the building of our corporate identity and brand.

Communication with the media has vastly enhanced. On a weekly basis, comprehensive replies are provided to all media inquiries from community, local, regional, and national newspapers and broadcasters. Positive news stories are being disseminated through the proactive distribution of media messages.

These declarations and favourable news items are also shared on the municipal website and social media channels to reach a wider audience. Members of the public can report defects or send inquiries to the contact.info@vklm.gov.za mailbox using an e-mail link on the website.

This inbox is reviewed on a daily basis, and inquiries, compliments, and complaints are transmitted to the appropriate departments. On a regular basis, the municipal website is updated with fresh official announcements, formal quotations, tenders, news items, vacancies, as well as meeting agendas and minutes. Social media channels are utilized to communicate crucial warnings and messages in addition to publicizing municipal news pieces, images, and videos. Our social media networks also direct traffic to the website. Municipal advertising are put in community and regional publications on a regular basis, which helps to establish the municipality's brand.

The Municipality have extra channels for interacting with residents and other stakeholders thanks to the Executive Mayor's quarterly newsletter, brochures, posters, notice boards, and frequent IDP / Ward meetings. Internal communication is also improved through the Municipal Manager's newsletter, internal memoranda, notice boards, a bulk SMS system, and frequent employee meetings.

2.13.1. COMMUNITY SATISFACTION SURVEY

No community satisfaction surveys were completed during the 2024/25 financial year.

2.13.2. PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Below is a communication checklist of compliance to the communication requirements:

Table 25: Communication Activities

COMMUNICATION ACTIVITIES	YES/NO
Communication Unit	**Yes**
Communication Strategy	**Yes**
Communication Policy	**No**
Customer Satisfaction Survey	**No**
Functional Complaints Management System	**Yes**
Quarterly Newsletters Distributed	**Yes**

2.13.3. PROVINCIAL GOVERNMENT COMMUNICATORS FORUM

The Provincial Government Communicators' Forum (PGCF) was held in Victor Khanye Local Municipality on the 3rd and 4th of April 2025 This forum brings together Heads of Communication from provincial departments, COGHSTA, public entities, GCIS, SALGA, and varies districts. PGCF plays a crucial role in shaping our communication strategy, acting as a detailed and expansive blueprint for our communication initiatives. If effectively steers our various departments and public entities, ensuring that all efforts are aligned and purposeful. This framework not only clarifies our goals but also fosters a cohesive approach to how we engage with our audience, facilitating clear and impactful communication across all levels of our organization. The GCIS, as the custodian and coordinator of government communication, unveils its national communication strategy framework, a roadmap to inspire and engage.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

In essence, service delivery refers to the distribution of basic services such as safe water supply, electricity, health services, roads, street lighting, traffic controls, refuse collection, sewage disposal and maintenance, as well as municipal parks and recreation. According to the South African Constitution Act No. 108 of 1996, the duties of municipalities are to "structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community. And, to promote the social and economic development of the community." The duties also include participating in national and provincial development programmes, which play a key role in economic growth.

3.1. WATER PROVISION

Water is the most basic and necessary of all accessible natural resources, essential for life, the environment, food production, cleanliness, and power generation. Poverty reduction and better water management are inextricably related. Water and sanitation services, confined to potable water supply systems and home waste water and sewage disposal systems, are listed as a local government role in Section 4B of the Constitution.
The Municipality is a Water Services Authority as well as Service Provider in terms of the Municipal System Act, Act No. 32 of 200 which provided the powers of the municipality to regulate the provision of municipal services by a service provider. It is responsible for ensuring access to water service in terms of the Act, performs the functions of a Water Service Provider (WSP).

In providing water services, VKLM is required to prepare a water service development plan (WSDP) to ensure effective efficient, affordable and sustainable access to water services. The WSDP should be in line with the catchment management strategy of that water management area. The municipality currently does not have WSDP and has submitted a request to DBSA to assist with the development of the WSDP. Part of the WSDP is the development of a Water Conservation and Water Demand Management (WC/WDM) plan to ensure efficient use of the available water supply. The municipality has a WC/WDM strategy in place.

The provision of bulk water to VKLM is from three sources of supply namely,

- Bulk water purchased from Rand Water
- Groundwater through boreholes, which pump to the Delmas Water Treatment Plant for treatment to supplement Rand Water, supplies to Botleng.
- Rudimentary borehole systems supplying water to rural/farms areas

There are four interlinked water supply systems in VKLM, namely the following:

- Delmas water distribution network (WDN) which serves the town Delmas which is the administrative capital of the municipality,
- Botleng water distribution network for the township of Botleng
- Eloff water distribution network a small town which is located about 8 km west of Delmas,
- Sundra Water Supply Scheme, located on located about 15 km west of Delmas after Eloff,

The cost of providing reliable drinking water in VKLM is increasing due to factors such as aging infrastructure, increased energy costs, and more complex and costly changes to the requirements for safe drinking water. Although some of the schemes servicing the rural towns have sufficient capacity to meet the current water requirements, the existing bulk water supplies are not evenly distributed across the water supply network because of the current network configuration as well as the topography of the scheme areas. These factors, along with population growth in the municipality, may cause some schemes to experience water requirements that exceed locally available supply.

During the 2024/25 financial, the municipality implemented the Non-Revenue Water Reduction Project which is informed by the WC/WDM strategy. The project focused on Delmas town, Delpark and Botleng.

3.1.1. WATER SERVICE DELIVERY LEVELS

As a priority, Victor Khanye Local Municipality must guarantee that necessary and suitable expenditures are made to enable the gradual realization of all individuals in its jurisdiction's right to at least a minimum level of water and sanitation services. While providing basic water services is the most critical and urgent priority, Water Services Authorities are obligated to provide intermediate and higher levels of service (for example, water on site) whenever possible, as long as it is financially viable and sustainable.

All water services supplied by Victor Khanye Local Municipality to consumers within its Municipal Management Area are governed by the municipality's Tariff Policy and Tariff By-laws, while impoverish households are accommodated by the municipality's Indigent Policy. The municipality faces a significant issue in providing acceptable housing due to the vast number of individuals in the lowest income classes (living in informal areas).

Victor Khanye Local Municipality strives to provide all households in the towns with an inside water connection and to connect all households to a waterborne sanitation system. Water connections and waterborne sanitation facilities are supplied within all formal dwellings in the urban sections of the Victor Khanye Municipality's area of jurisdiction (higher level of service).

As a temporary emergency service, communal standpipes and ablution facilities are supplied in the informal neighbourhoods. The municipality has become aware that community standpipes are most often the weakest link in a network's water delivery services.

Standpipes are frequently built in such a manner that they cannot survive heavy usage (and, in some cases, abuse) and are frequently disregarded in terms of operation and maintenance, resulting in detrimental impacts on the quality of the water supply. Poor homes, who do not generally pay for water, also utilize communal standpipes.

3.1.2. WASTE WATER (SANITATION) PROVISION

The main focus for the 2024/25 fiscal year was to continue implement the demands of the Victor Khanye Local Municipality's Integrated Development Plan, fulfilling the development needs for the greater Victor Khanye Municipality's vision, which included completing the upgrade of the existing Delmas Wastewater Treatment Works, which requires urgent upgrading due to growing population numbers. The plant is likewise outdated and needs to be updated.

The upgrade of the Delmas Wastewater Treatment Works from the current 4,5Ml/d to 12Ml/d is in progress. As at 30 June 2025, the project was sitting at 60% complete. The project is co-funded by Nkangala District Municipality and Department of Water and Sanitation. The project is delayed due to various challenges experienced by the contractor. The revised completion date is October 2025.

The Ext 5 (N12) sewer pump station was refurbished and upgraded to a tune of R5m. The refurbishment and upgrade mitigated sewer spillages around Ext 5.

The municipality, with the assistance of Rand Water Foundation constructed 100 low flush toilets in Mimosa informal settlement (Ward 8) during 2024/25. The municipality continued to provide chemical toilets in informal settlements such as Mandela.

During 2024/25 financial year, the municipality implemented the third phase of the Non-Revenue Water Reduction Project in Sundra and Eloff at a cost of R20m. The project included the installation of smart prepayment water meters.

The municipality further focussed on the recommissioning of the Delmas Water Treatment Plant. This required the municipality to also refurbish and equip some of the

AA-field. As at the 30 June 2025 four (4) boreholes were operational and pumping water to the Delmas Water Treatment Plant.
The WTP currently is able to produce about 3Ml/d. The water produced at the WTP is compliant with water quality standards and is pumped to Botleng Ext 3 to augment water supply from Rand Water.

The municipality continued to experience theft and vandalism of water and sanitation infrastructure resulting in disruption of provision of these basic services.

3.2. ELECTRICITY PROVISION

The Municipality continues to face challenges in certain areas. This includes ageing water and electricity infrastructure and the use of asbestos-cement pipes. The municipality has taken a long term approach to address this challenges by implementing a capital replacement program which involves the appointment of a transactional advisory panel with a view to sought alternative funding in order to address these challenges in the long run. The objective of addressing these challenges is to curb water and electricity distribution losses and minimise disruption of services.

As a NERSA licence holder, the municipality supplies, upgrades, and maintains electricity to all formal townships in accordance with the license conditions. The municipality ensures that all energy meters are regularly monitored to detect and correct any losses. The municipality continues to provide the monthly free basic energy (50 kWh) to indigents.

Eloff, Sundra, Rietkol and Botleng Ext. 3 and the rural areas receive electricity directly from ESKOM and therefore do not fall under the municipalities billing system. The advent of Pre-paid electricity metering has significantly improved revenue collection and this coupled with the 60/40 system of credit and arrears payment through card purchases is enabling the municipality to reduce the outstanding debtor base.

High mast lights in all nine wards curbs crime

One of the main challenges facing the municipality is the practice of illegal electricity connections which not only impact on revenue receipts but create a major safety risk and damages to our electrical infrastructure (blowing of transformers due to overloading) through these practices. A project in conjunction with the Finance department has identified possible offenders and resulted in some illegal connections being terminated. The Municipality was able to disconnect 99 household (2024/25 FY) for illegal connections and breaching of electricity.
Other challenges relate to the lightning damage to transformers and theft of cables which are a serious challenge affecting the sectors of the economy within Victor Khanye Local Municipality. Within the financial constraints imposed through funding availability the department has improved the overall level of service delivery and increased the number of household provided with electricity but the aging infrastructure is still a major concern.

3.3. WASTE MANAGEMENT, REFUSE COLLECTIONS, WASTE DISPOSAL AND RECYCLING.

The Department of Community and Social Service is responsible to keep the municipality area clean and free of illegal dumping and to provide a sustainable waste collection and disposal service for all residents. The municipality also focuses on several ways to enhance waste reduction as well as the implementation of treatment, recovery and recycling systems for various waste streams.

The 2024/25 financial year was a challenging year for the Department of Community and Social Service as the Victor Khanye Landfill site reached its capacity and the municipality is operating with old vehicles, which are highly expensive to maintain, and this cause backlog and delay in terms of service delivery and unnecessary overtime.

Other major challenges include lack of household dustbins, Inadequate old waste collection equipment, Un-rehabilitated (illegal land mining) dongas that leads to dumping spots, Poor access roads to informal settlements, non-availability of funds and uncontrollable illegal dumping spots.
The street cleaning and clearing of illegal dumping services for all the streets in towns, main entrances, and open spaces was carried out by permanent Municipal employees and temporary employees appointed through the Extended Public Works Programme (EPWP).

3.4. HOUSING

The municipality bears a significant obligation for ensuring that all of its residents live in developable, formalized, safe, and sustainable human settlements. This is accomplished by providing respectable living conditions through national and provincial funding in close proximity to employment possibilities, so improving the quality of life for all inhabitants.

However, it should be noted that the municipality is not directly responsible for the provision of houses as this remains the responsibility of the provincial department of Human Settlements. In an effort to understand and plan for the municipal backlogs the municipality registers beneficiaries on the national housing needs register. The municipality has the following prominent areas:

Botleng and its extension: predominantly a residential area for people in the lower income levels. This is where the housing demand is the highest as reflected by the concentration of squatter settlements on the periphery of the settlement as well as the development of backyard shack dwellings.
Delmas and its extensions: including business and industrial area, and residential area for people in the middle and higher income levels.

Delpark Extension 2 and 4 is predominantly a residential area for people in the lower income levels.
Ellof, Waaikraal, Abor, Argent and Savana these are predominantly rural farming communities with a mixture of low income and middle class working communities. The housing demand is increasing as reflected by the mushrooming of squatter settlements on the periphery of the settlements as well.
The Department of Human Settlement is in a process of upgrading certain informal settlements through the NUSP Programme.

Table 26: Informal Settlements

SETTLEMENTS		
1	BRAKFONTEIN	NKANINI
2	SAPONYINI	ABOR
3	RIETKUIL	MANDELA
4	LEEUPOORT	MAWAAG
5	HOLFONTEIN	MIMOSA
6	DU TOIT	WAAIKRAAL
7	TIKILINE	DELPARK EXT 4
8	KLIPSPRUIT	SAVANAH
9	WITKLIPBANK	ARGENT
10	SCHOONGEZICHT	
11	MAHLATHINI	
12	KOBOS	
13	GROENFONTEIN	
14	DWARSFONTEIN	
15	WITKLIP	
16	RIETKOL	
17	MAFENSINI	
18	DRYDEN	
19	DELMAS COAL	

The following are projects that have been implemented by the Department of Human Settlements in Victor Khanye Local Municipality.

Table 27: Projects implemented by Dep. Human Settlements

Item No.	Project Description	Benefitting wards and households	Project Status	Budget	Expenditure	Name of Service Provider	No. of people employed	Subcontractors appointed	Value of subcontracting work
VICTOR KHANYELOCAL MUNICIPALITY									
1.	[IRDP] Construction of 106 low-cost houses at Botleng	Ward 4	Complete:106	R14 579 332.80	R13 702 659.61	ROSPA TRADING	Male:28 Female:6 Youth:4 Disable:00	4	30%
2.	[IRDP] Construction of 300 low-cost houses in Botleng	Ward 4	Complete:300	R41 426 702.30	R40 695 124.98	MSUTHU PROJECTS	Male:25 Female:10 Youth:4 Disable:00	3	30%
3.	[IRDP] Constructionof 45 low-cost houses at Botleng	Ward 4	Complete:45	R209 071.00	R26 546.99	DELU TRADING	Male:20 Female:5 Youth:3	2	30%

CHALLENGES FACED BY THE HOUSING UNIT

- Mushrooming of Informal Settlement
- Urbanization and migration
- Poverty and lack of affordable housing
- Limited government resources and ineffective policies
- Natural disasters or conflicts leading to displacement
- The majority of Informal Settlement dwellings (shacks) are owned by foreign nationals,but it is difficult to determine their immigration status due to our limited working hours
- Other shacks in the informal settlements are owned by South Africans who have relocated to the area from other parts of the country primarily for job-seeking purposes, rather than local residents.

FARM DWELLS AND BACKYARD DWELLS

"The focus on upgrading informal settlements tends to overlook backyard and farm dwellers, who are also in need of adequate housing and amenities."

PRE-1994 HOUSES ROOF WITH ASBESTOS

Houses built before 1994 may have roofs that contain asbestos, which is a health hazard

BENEFICIARIES BENEFITED UNDER DISCOUNT BENEFIT SCHEME

Some beneficiaries who received a discount benefit scheme from the government only got a service site and not a fully constructed house.

3.5. ACCESS TO BASIC SERVICES PROGRAMME (ABS)

The Municipality continues to ensures that all the informal settlements have access to basic services i.e. water, sanitation and where possible electricity. The Municipality through the Human Settlements unit undertakes regular site visits to the various informal settlements in order to report the status of the respective services. It is imperative to the Municipality that a level of service is maintained that either meets the national criteria or is quite close to the national criteria.

3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality fulfil the promise of giving access to the under-privileged or indigent households through the assistance of the Indigent Policy. Indigent consumers get access to basic services (in terms of the Policy) such as rates, refuse, sewerage, and 6kl of water and 50kw of electricity depending on their indigent status.

All consumers in urban areas are connected to the water network with yard connections, and communal stand pipes for the informal settlements within the urban areas. Residents in the rural villages and informal settlements are receiving water and sanitations services free of charge. Residents on farms who do not get water from the farm owner are being provided with water through water tankers – also as free basic services.

Table 28: Indigent Flat Rates

CATEGORY	FLAT RATE
SPECIAL INDIGENTS WITH NO INCOME	R0 p/m + actual consumption
SOCIAL WELFARE PENSIONERS	R94 p/m + actual consumption
REGISTERED INDIGENTS	< R800 = R143 p/m + actual consumption
REGISTERED INDIGENTS	< R1500 = R243 p/m + actual consumption

COMPONENT B: ROAD TRANSPORT AND STORM WATER DRAINAGE

3.7. ROADS

Roads infrastructure in Victor Khanye Local Municipality was originally designed for low volume traffic. The traffic volume has increased due to growth within the industrial, mining and farming sectors. The main road networks through Victor Khanye currently operates at capacity and at times beyond capacity, resulting in traffic congestion. The strategy is to ensure the provision of road infrastructure and storm water infrastructure while upgrading existing infrastructure in all new developments and existing areas as well as maintaining existing roads.

Picture 01: Official opening of R555

The estimated Kms of Municipal roads and provincial roads around Victor Khanye is 345kms and 170 Kms (excluding 50 Kms National Roads) respectively. The Road infrastructure under the responsibility of VKLM reflects 132kms of surfaced roadway and a further 213 Kms of gravelled roads.

The Roads infrastructure within the urban edge of Delmas has aged and needs to be upgraded or reconstructed.

However, it should also be noted that Heavy haulage traffic continues to deteriorate roads surfaces and results in in additional costs for roads maintenance for the municipality. The municipality is also not having enough funding and resources to continuously do road maintenance. Furthermore, in excess 60 Ks of gravel roads were graded, and maintained.

1.2KM of surfaced road was constructed as per the target set in the 2024/25 SDBIP. 683.2m² of potholes were repaired and maintained in all wards, The actual performance for pothole patching is higher than the target due to high pothole complaints received via customer care, the department had to do more patching than planned. There are a lot of potholes that needed to be attended to. 240KM of gravel roads was also graded. 1192.5 m² of potholes were repaired and maintained in all wards during the 2024/25 financial year. This was over the targeted figure. The Municipality is committed in responding to all customer complaints received through our customer care unit, potholes complains and reports were responded too accordingly.

3.8. STORM WATER DRAINAGE

The Municipality has to develop and implement the Storm Water Master Plan to improve the identified gaps and challenges on an annually basis, and this system should be periodically maintained to ensure preparedness for the any foreseeable season.

The installation of storm water drainage will be funded using the municipal capital budget, funds from the district municipality, and the MIG. The municipality faces a challenge in some of the developed areas like Extension 6 and 7 where there is no adequate Stormwater drainage system. A total of 240M of storm-water drainage systems were cleaned in 2024/25. Sundra, Eloff, Leeuwpoort and Rietkol Agricultural Holdings, Botleng and Delpark have inadequate storm water drainage systems. As a result certain houses are flooded during raining seasons. The stormwater drainage is very old and needs to be rebuilt and reconfigured.

3.9. TRANSPORT (LICENSING) SERVICES

The Victor Khanye Local Municipality's licensing and testing services was unfortunately taken over by the Mpumalanga Provincial Department of Community Safety, Security & Liaison to carry out the licensing and testing functions. However, the Municipality still provide working stations for the following services:

- Vehicle Registrations and Renewal of Vehicle License discs.
- Issuing of learners and drivers licenses.
- Issuing of roadworthy certificates and professional driving permits.
- Conversion of foreign drivers licenses into South African licenses.
- Issuing of motor trade numbers, temporary and special permits.
- Deregistration of motor vehicles.

The department is faced with a great challenge regarding the office space in that customers coming for various services have to meet at one pay point service centre. The process of implementing the online booking for learners and driving licenses has been delayed by this unprecedented Covid-19 pandemic. Once the online booking is implemented, queues will be easily managed and some customers will have to come at their allocated times for such services.

TOGETHER FOR GROWTH AND DEVELOPMENT

3.10. BASIC SERVICE DELIVERY LEVELS

The table below specifies the different basic service delivery levels for the financial years 2024/25:

Table 29: Basic Service Delivery (Capital Projects - 2024/25)

	PROJECT NAME	DESCRIBE THE PROJECT INPUTS	FUNDER	PROJECT DURATION		PROJECT VALUE	OUTPUT
				START DATE	COMPLETION DATE		
1.	Reconstruction of paved roads in Victor Khanye	The project involves upgrading Class 5 residential access (22) streets in Delpark, from gravel/old asphalt roads to surfaced roads, and the provision of storm water drainage	MIG	14-Dec-2023	30-Jun-2027	R19 443 175.00	• Contractors have been give scope for the second phase 2.
2.	Installation of High Mast Lights at Victor Khanye Local Municipality	This project entails the following: - The procurement, installation, and assembly of 3 x 30meter high masts	MIG	09-Nov-2023	30-Jun-2025	R4 356 825.00	• 4 x 30meter high masts installed
3.	Drilling, Refurbishment of boreholes in rural areas and provision of elevated steel tanks	-The project entails the provision of water supply infrastructure for Groenfontein and Brakfontein. -Installation of Jojo tanks in Brakfontein and Groenfontein. -Excavation and backfilling of 300mm wide, up to 700mm depth over 670m trench. -Supply and installation bedding material for pipe. -Supply and installation of 40mm HDPE PN 10 pipe with appurtenances.	MIG	07-Nov-2024	30-Jun-2025	R1 200 000.00	• Procurement construction of service
4.	Provision of security boundary fencing for all municipal infrastructures		MIG	07-Nov-2024	30-Jun-2025	R1 920 150.00	•

	PROJECT NAME	DESCRIBE THE PROJECT INPUTS	FUNDER	PROJECT DURATION		PROJECT VALUE	OUTPUT
				START DATE	COMPLETION DATE		
	PROJECT NAME	**DESCRIBE THE PROJECT INPUTS**	**FUNDER**	**PROJECT DURATION**		**PROJECT VALUE**	**OUTPUT**
				START DATE	**COMPLETION DATE**		
5.	Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing the Non-Revenue Water in Delpark- Project 2	The scope of work for the water loss reduction project includes undertaking the following: -Verification of Infrastructure Assets and setting of GIS. -Setting up and running the Hydraulic Model for Delmas water supply system. - consumer meter audit and implement - consumer meter replacement programme -Establishment of the District Metered Areas and Pressure Management Areas for the Delmas Water Supply Areas – through field work and updating of the hydraulic model. -Installation of boundary valves and reconfiguration of the reticulation network -Installation of the Pressure Control Valves -Installation of the Level Control Valves	WSIG	13/12/2023	23/12/2024	R4 292 146,91	Verification of Infrastructure Assets and setting of GIS- completed -Setting up and running the Hydraulic Model for Delmas water supply system- Completed - consumer meter audit and implement – 100% - Pressure Management Areas for the Delmas Water Supply Areas – through field work and updating of the hydraulic model. - 0.0% -Installation of boundary valves and reconfiguration of the reticulation network -70% -Installation of the Pressure Control Valves- 80%(chambers) -Installation of the Level Control Valves - 95% -Delays in submission of requests of extension of time
6.	Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing the Non-Revenue Water in Sundra and Eloff - Project 3	Reservoirs to reduce the risks of reservoir water overflowing. -Installation of the Electromagnetic Flow Meters to measure the inflow into the DMAs. -Repair of leaks at the reservoirs and the sectorised water distribution network (WDN).	WSIG	01/07/2024	30/06/2025	R14 698 853,09	-Construction 5%

TOGETHER FOR GROWTH AND DEVELOPMENT

COMPONENT C: PLANNING AND DEVELOPMENT

3.11. INTRODUCTION TO PLANNING AND DEVELOPMENT

The economic base of this municipality is built mainly on mining, agriculture, manufacturing, and retail trade sectors respectively. These sectors are the major employers of the people living within this municipality. The existing mines that still have lifespans ranging between 5 and 30 years are seen to have economic opportunity.

However, the challenge is that the mining and manufacturing economies are not green development because they contribute to emission of carbon footprints, destruction of high-potential agricultural lands, and water and atmospheric pollution. The road networks are under serious pressure due to increasing traffic volumes owing to the continued economic development and population growth.

The concept of green buildings is not yet grasped by many public members, as a result there are only a few energy-efficient buildings. The huge initial costs for designing green buildings and retrofitting of energy-efficient equipment to the existing buildings are the main deterrents.

This is demonstrated by the mushrooming of informal settlement and land grab mainly close to areas where there are work opportunities. The National Department of Human Settlement will have to be engaged in order to assist the municipality to develop a policy and strategy on upgrading of informal settlement in an effort to reduce and control the rapid growth of informal settlements.

The current backlog for land and providing people with their own stands and houses and title deeds are enormous and needs to be addressed. The problem is that Victor Local Municipality situated on largely dolomitic land, and the establishment of new residential areas are problematic. VKLM does not have enough own land for residential development. Most of the land is privately owned. The municipality has completed township establishment of Arbor rural settlement.

3.12. TOWN AND SPATIAL PLANNING

The main planning strategies for the municipality are as follows:

- Regulation of land uses and building activities through enforcement of the Municipal Spatial Development Framework and the Victor Khanye Town Planning Scheme, 2018, as well as the National Building Regulations and Building Standards Act No. 103 of 1977.
- Victor Khanye By-laws on Spatial Planning And Land Use Management, 2015.
- Establishment of integrated human settlements to provide residential, business, industrial, and institutional sites to address the demand by the community.
- Promote spatial transformation to correct the historically segregated and low density and mono functional towns.
- Formalisation of informal settlements.
- Creation of rural villages.
- Formulation and enforcement of densification policy.
- Encouragement of mixed land use.
- Promotion of infill development.

- Formulation of long term development plans.
- Enforcement of green building principles.

Nonetheless; the Municipal Spatial Development Framework, 2015 was adopted during 2015/2016 financial year. The review and amendment of the MSDF is eminent to align with the development principles advocated by the Spatial Planning and Land Use Management Act No. 16 of 2015, namely, spatial justice, spatial sustainability, efficiency, spatial resilience and good administration principles.

The town planning and design principles will be incorporate such as access and movement, landscaping, a safe community, permeability and street linkages, integration, continuity, active street interface, local economic development, integration of public spaces with community facilities, dignified space concept and linkages between public spaces.

3.13. LOCAL ECONOMIC DEVELOPMENT (LAUNCH OF THE LOCAL TOURISM COMMITTEE)

The revised 2023 White Paper on Tourism Development Promotion outlines the government's roles and responsibilities in spearheading the creation of a conducive environment for the flourishing of tourism. In August 2028 the Mpumalanga Department of Economic Development and Tourism in partnership with the private sector convened a two day Tourism Consultative Indaba, under the theme "Tourism Sector Collaboration for Sustainable Development". The Indaba led to the official signing of Mpumalanga Tourism Blueprint Framework, signed on the 11th of October 2019 by all key stakeholders (MTPA, 3 Regional Tourism Organisations and 3 District Municipalities). Against this background, Victor Khanye Local Municipality, in collaboration with the Department of Economic Development and Tourism, hosted a Tourism Stakeholder Engagement Session.

Launch of the Local Tourism Committee

The session was led by Honourable Speaker of Victor Khanye Council, Cllr H. Ngoma. Attendees included officials from the Provincial Department of Economic Development and Tourism, led by Director Mr. D, Mdluli, VKLM officials and councillors, private businesses in the tourism sector, and Local media representatives. The purpose of the session was to discuss the draft Local Tourism Plan for Victor Khanye Local Municipality, commissioned by the Provincial Department.

On August 6, 2024, an induction session was hosted by the Department of Economic Development and Tourism at the Victor Khanye Local Municipality. The session was facilitated by Mr. Ngomane, the Deputy Director of the Department, and was attended by all members of the Local Tourism Organisation (LTO).

3.13.1. LEGISLATIVE FRAMEWORK:

VKLM's LED initiatives are guided by the South African Constitution (1996), The White Paper on Local Government (1998), The Municipal Systems Act (2000), The National Spatial Development Perspective, and the Municipal Property Rates Act. This framework ensures that the municipality operates within the legal parameters set forth for local governance and economic development.

3.13.2. FOCUS ON LOCAL RESOURCES:

The LED strategy emphasizes the importance of identifying and utilizing local resources, skills, and innovative ideas. This approach not only stimulates economic activity but also ensures that benefits accrue to local residents, thereby reinforcing community resilience and sustainability.

3.13.3. ECONOMIC GROWTH AND JOB CREATION:

Despite its strengths, VKLM faces challenges with the overall economic growth rate, which is projected at an average of 0.4% from 2023 to 2027. The municipality aims to reverse this trend by encouraging private sector investment, supporting small and medium enterprises (SMEs), and fostering entrepreneurship among local residents.

3.13.4. POVERTY ALLEVIATION AND RESOURCE REDISTRIBUTION:

One of the primary goals of LED is to alleviate poverty and ensure equitable redistribution of resources and opportunities. VKLM is committed to addressing inequalities through targeted initiatives that promote inclusive economic participation.

3.13.5. INVESTMENT IN HUMAN CAPITAL:

Developing the skills and capabilities of the workforce is essential for economic development. VKLM plans to invest in education and training programs to equip residents with the skills required in key sectors such as agriculture and mining.
The Victor Khanye Local Municipality's commitment to local economic development, guided by a robust legislative framework and a focus on local resources, offers a pathway toward sustainable economic growth and improved living standards for its residents. While challenges remain in expanding its contribution to the provincial GDP, the strategic focus on coal and agriculture, coupled with initiatives aimed at job creation and poverty alleviation, can foster a more resilient local economy. Continuous engagement with stakeholders, investment in human capital, and a responsive governance approach will be crucial in achieving these objectives in the coming years.

3.13.6. ECONOMIC SECTOR PERFORMANCE:

Economic performance in the Victor Khanye Local Municipality (VKLM) hinges heavily on the agriculture and mining sectors, along with finance, trade, and transport. These industries not only provide significant employment opportunities, primarily in rural areas, but also form the backbone of the local economy.

A) AGRICULTURE:

The agricultural sector in VKLM can be divided into three main sub-sectors: cattle farming, poultry, and crop farming. Each of these sub-sectors plays a crucial role in providing jobs and contributing to the municipality's GDP. However, the barriers to entry are relatively low, which may lead to increased competition and challenges for smallholders. Farmers frequently face obstacles such as access to land, scalability issues, and the dominance of larger businesses in the market. This presents an opportunity for VKLM to establish support programs aimed at empowering small farmers, thereby enhancing their viability and contributions to the economy.

Picture 02: *Set of Pigs Project*

The Department of Agriculture, Rural Development, Land and Environmental Affairs has introduced the Masibuyele Esibayeni Programme. (MESP) Victor Khanye Local Municipality in responding to the concerns raised by livestock farmers at their exclusion from the benefits enjoyed by crop farmers, who are assisted through the country renowned Masibuyele Emasimini Programme.

B) MINING:

The mining sector is a significant aspect of VKLM's economy, although it faces uncertain long-term sustainability regarding coal extraction. The region primarily hosts smaller mining companies, with larger multi-nationals like Canyon, Wescoal, Mbuyelo, and Exxaro still significantly influencing the market. These large companies often dominate market share, creating barriers for small, medium, and micro enterprises (SMMEs) trying to access the value chain. However, there has been a noted growth in the food sub-sector, aligned with national

trends, particularly in township economies where informal businesses such as tuckshops are on the rise.
Picture: *The Leeuwpan Coal Mine*

C) STRATEGIC PARTNERSHIPS ON ECONOMIC GROWTH AND DEVELOPMENT:

Victor Khanye Local Municipality has strategically engaged in partnerships that bolster economic growth through access to diverse resources. Collaborations with government agencies (such as Seda, SEFA, and NYDA), educational institutions, and private sector players have been pivotal in securing funding and knowledge transfer. These partnerships have led to various training programs aimed at empowering local SMMEs and enhancing economic participation.

D) PUBLIC-PRIVATE PARTNERSHIPS (PPPS):

VKLM has proactively pursued PPPs, particularly in the mining sector, to drive economic activity. These joint ventures with private enterprises have led to the development of crucial infrastructure projects that contribute to job creation and economic diversification.

E) COLLABORATION WITH NON-GOVERNMENTAL ORGANIZATIONS (NGOS):

Engagement with NGOs has primarily focused on social development initiatives including healthcare, education, and community empowerment. These efforts seek to address underlying social issues, fostering a healthier, more capable workforce that can contribute to economic growth.

CHALLENGES:

Despite the success of these strategic partnerships, VKLM faces several challenges such as bureaucratic inefficiencies, resistance to change among stakeholders, and conflicting interests. To navigate these issues effectively, robust communication strategies and conflict-resolution mechanisms must be implemented.

OPPORTUNITIES:

VKLM has identified promising opportunities for expanding its partnership landscape, particularly in sectors like renewable energy, tourism, and technology. Capitalizing on these emerging sectors aligns with the municipality's vision for sustainable economic development, presenting a pathway for innovation and growth.
In summary, while VKLM's economic drivers—agriculture and mining—face notable challenges and uncertainties, there are distinct opportunities for growth through strategic partnerships and diversification into emerging sectors. By focusing on developing support systems for small farmers, creating more conducive environments for SMMEs, and exploring new economic avenues, VKLM can foster a resilient and sustainable local economy.

3.13.7. LAUNCH OF THE LOCAL ECONOMIC DEVELOPMENT FORUM

Victor Khanye hosted the LED Forum induction workshop, which featured presentations from Mrs. T. Moyo (SALGA), Mr. J. Mayindi (COGTA), Dr. P. Mahlangu (Nkangala District Municipality), and Mayor K.V. Buda. The Mayor welcomed and addressed the well-attended gathering of SMMEs (Small, Medium, and Micro Enterprises) and the LED Manager, who outlined the opening and purpose of the workshop. This workshop highlighted the responsibilities and guidelines of entrepreneurship.

The Victor Khanye LED Forum induction workshop empowered Small, Medium, and Micro Enterprises (SMMEs) by highlighting entrepreneurship guidelines and responsibilities. The workshop aimed to promote Local Economic Development (LED) for sustainable economic growth, employment creation, and improved quality of life in Delmas.

Newly elected members of the Victor Khaye Local Tourism Organisation:

1. Lerato Vana from Boikamoso Lodge – Chairperson
2. Kagiso Seakgoe from Delmas Business Chamber of Commerce – Deputy Chairperson
3. Sandile Makhabane from Gulase Alkebulan Junxion – Secretary
4. Tshepo Gololo from Mayishe Movement – Deputy Secretary
5. Mandla Masuku from Malikhaya – Treasurer
6. Sibusiso Mbonambi from Nextgen Enterprise – Additional Member
7. Hellen Human from Delmas Country Lodge – Additional Member
8. Thabiso Kote from Lahae Le Rona Guesthouse – Additional Member
9. Harry Steffen from Emhlangeni Archenery and Fishing – Additional Member
10. Cobus Human from Delmas Country Lodge – Additional Member

Table 30: Local Economic Initiatives 2024/25

INSTITUTION	TRAINING	BUDGET	BENEFICIARIES
Wholesale & Retail SETA (WRSETA)	Food-handling Training Program	R0.00	**69 SMMEs** Trained
VKLM	Financial and none financial funding for SMME's.	R5 000 000	**Target SMME's:** 60
Wholesale & Retail SETA	Spaza Shop Funding Program	R351 000	**30 SMMEs** participated and each will be given R6500 for start-up stock.
SEDFA Capacity Building	Business and Financial Management	R0.00	**50 Local SMME's were provided with training.**
BankSETA	Grow My Business (Planning, Customers & Marketing, Finance, Operations, and People)	R2 280 000	**38 SMMEs** learners have been trained and capacitated.

3.13.8. 2024/25 BUSINESS STAKEHOLDERS ENGAGEMENT SESSION

The stakeholder engagement session on 13 March 2025 served as a platform for collaboration between business people and public representatives. Chaired by Mr. Lucky Mbuyane, it featured Mr. Lemmy Mdluli from the Department of Economic Development and Tourism (DEDT), who described the department's role in economic development. In partnership with the National Youth Development Agency (NYDA), R6 million has been allocated to support the tourism sector. Interested individuals are encouraged to seek assistance for Spaza shops and other business needs through DEDT offices. Mr. Bheka Ntandane from the Premier's office discussed the Premier's Youth Development Fund (PYDF), which supports 100% youth- owned businesses in Mpumalanga. An investment of R16.2 million has created over 70 jobs in VKLM. Ongoing awareness campaigns aim to attract more applications.

PICTURE: BUSINESS STAKEHOLDERS ENGAGEMENT

VKLM's Local Economic Development manager, Mr. Dennis Mtshweni, outlined seven programs supporting Small Medium and Micro-sized Enterprises (SMMEs), with a focus on spaza shops. During discussions, business representatives emphasized the importance of public-private partnerships (PPP), proposing initiatives such as turning Botleng school into a Technical Vocational Education Training (TVET) college and improving the supply chain management process. Concerns over illegal spaza shops and the prioritization of local businesses were also raised

MECs responded to these issues and were asked to report to the Legislature post-meeting. It was announced that Premier Mr. Mandla Ndlovu will hold a mining indaba on 17 April 2025, inviting business participation. As announced though that the Premier, Mr Mandla Ndlovu will host a mining indaba on 17 April 2025 and business is invited.

3.14. PERFORMANCE OF THE EXPANDED PUBLIC WORKS PROGRAMMES (EPWP)

The Expanded Public Works Programme (EPWP) focuses on skills development and providing work opportunities. It is one of the important ways the Mpumalanga Province Government is working to reduce the levels of poverty and unemployment in the province. It does this through:

- Giving unemployed people access to temporary work.
- Helping unemployed people through skills programmes and work experience.
- Ensuring that unemployed people receive a stipend for any work they have completed as part of the EPWP.
- Enhancing EPWP participants' chances of finding jobs or starting their own businesses.

Victor Khanye Local Municipality employed 443 EPWP participants as at the end of the 2024/25 financial year.

The Municipality in the 2024/25 financial year had 2 Capital projects (infrastructure) that provided a total of 194 Infrastructure work opportunities. These employment opportunities are divided between the Community and Social Services Directorate and the Technical Services Directorate.

Engagements with business sectors have been facilitated in order to align the municipal plans with the business community. Long term plans have been presented to business particularly the mining industry with a view to establish a partnership in upgrading the municipal infrastructure.

The EPWP sectors through which the set targets were to be achieved are;

- Infrastructure Sector –aimed at increasing the labour intensity of government funded infrastructure projects.
- Social Sector –aimed at creating work opportunities in public social programmes.
- Culture and Environment Sector –aimed at creating work opportunities in public environmental programmes.
- Another important dimension of the EPWP is utilizing general government expenditure on goods and services to provide the work experience component of small enterprises through learnership / incubation programmes, and full time equivalents (FTE).

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.15. LIBRARIES

The Municipality is operating the libraries on an agency basis on behalf of the Department of Culture Sport and Recreation (DCSR). All libraries have been provided with internet facilities. There is a dire need for at least 3 mobile libraries to service the rural areas, but funding is a problem. The DCSR also indicated that they do not have the funds for mobile libraries.

STATUS OF VKLM LIBRARIES

The Municipality has three libraries: Delmas, Botleng Ext. 3 and Sundra. Libraries.

Operating times are as follows:

Sundra Library:

Monday to Thursdays: 08:00 to 17:00
Fridays: 08:00 to 13:30

Delmas Library

Monday to Thursday: 09:00 to 17:00
Fridays; 09:00 to 13:30
Saturdays: 08:00 to 12:00

Botleng Ext.3 Library

Monday to Thursday: 08:30 to 17:00
Fridays: 08:30 to 13:30
Saturdays: 08:00 to 13:00

In the 2023/2024 financial year all libraries recorded 33404 users, including PC/Internet/Wifi users

LIBRARY SERVICES PROVIDED

The libraries in VKLM provides the following services:

- Free internet/Wi-Fi
- Photocopy/Printing/Scanning
- Study facilities
- Library orientation for groups and individuals
- Boardroom for meetings and trainings
- Computer literacy classes (offered at Botleng Library)
- MiniLib - Library for the blind and partially sighted (Offered at Botleng Library)
- Study and Research
- Assist with applications for tertiary institutions/bursaries/SARS/jobs etc.

CHALLENGES EXPERIENCED BY THE LIBRARIES IN 2024/25:

- Fencing (Sundra and Delmas libraries).
- No guard room (Delmas and Sundra Libraries)
- Drug dealings (Delmas library garden)

2024/25 LIBRARY EVENTS AND OUTREACHES

Table 31: Library Events 2024/25

EVENT	DATE	VENUE
Africa Public Service Day	05 September 2024	Simon Gondwe Stadium
Library Marketing Event (Heritage)	10 October 2024	Sundra Public Library
Taking Legislature to the People (Library Exhibition)	11 – 12 March 2025	Simon Gondwe Stadium
World Environment Day (Library Exhibition)	05 June 2025	Simon Gondwe Stadium

3.16. CEMETERIES AND CREMATORIUMS

VKLM has 2 active cemeteries, namely in Botleng Ext 14 and Sundra cemetery. Delmas Town cemetery was closed for new burials in 2022 only reburials and reserved burials are permitted in Delmas There is one private Muslim cemetery in Delmas Town, and burial sites at informal settlements.

Development of a new Municipal cemetery is in progress, the following work towards establishing a new cemetery has been done since 2019:

- Development of a business plan and identification of suitable sites (2019)
- Purchase of land to develop a new cemetery (2020)
- Geo –Technical studies and Environmental Impact Assessment & approval of thereof (2021)
- Surveys, pegging and development of preliminary designs (2022)
- A steering committee was established to fast track development of a new cemetery in April 2023.
- Service provider appointed to fence off Municipal properties (2024)

The objective of the cemeteries section is to provide decent burial space and ensure a dignified burial service to communities.

Table 32: Recorded Deaths per Gravesite

GRAVE SIDE	RECORDED DEATHS 22/23		RECORDED DEATHS 23/24		RECORDED DEATHS 24/25	
	ADULTS	CHILDREN	ADULTS	CHILDREN	ADULTS	CHILDREN
BOTLENG CEMETERY	**503**	**83**	**396**	**51**	**375**	**51**
DELMAS CEMETERY	**6**	**0**	**06**	**0**	**06**	**00**
SUNDRA CEMETERY	**20**	**5**	**27**	**02**	**23**	**04**
TOTAL	**550**	**84**	**429**	**53**	**404**	**55**
GRAND TOTAL	**617**		**482**		**459**	

The Municipality provides subsidized burials to registered indigents, paupers and pensioners as per the Indigent and Pauper burial policy adopted by Council in the 2023/2024 financial year. The municipality is responsible for maintaining accurate burial records and keeping its cemeteries in good mint. To improve management of cemeteries a Cemetery Management Forum was established in 2016/2017 financial year, the forum sits every quarter to discuss issues related to municipal cemeteries.

Challenges encountered by cemeteries unit:

- *the shortage of burial space;*
- *to convert burial records to electronic soft copies (in progress as per the five-year plan); and*
- *to promote alternative burial methods such as cremations amongst various religious groups.*
- *Vandalisation of perimeter fencing , tomb stones and other cemeteries infrastructure*
- *Lack of necessary cemeteries infrastructure and equipment e.g. ablution facilities, grass cutting tools.*

The Municipality is in the process of developing a new cemetery and the following work has been done to date:

Phase	Project Main Scope	Completion Date	Status
1	Development of a business plan for possible development of a regional cemetery & identification of suitable sites.	2019	Report submitted
2	Geo-tech and EIA studies	2020	Authorisation obtained
3	Purchase of portion 13 Leeuwpoort	2021	Title Deed T1564/97
4	Preliminary designs, surveys & pegging.	2021	Report submitted.
5	Fencing off of new cemetery Phase One of the development of the new cemetery will entail fencing off of the perimeter boundary.	2024	A service provider has been appointed to fence off the new cemetery. It is projected that fencing off of the perimeter boundary will be completed by end of 2024.

It is estimated that the cemetery will have a capacity of 95 000 adult and 10 000 children's grave. Key features of the new cemetery are: Clear view perimeter fence with lockable gates, Paved Roads, Storm drains, Ablution facilities (Male and female toilets), Public water taps, Security guard room, Security Lights, Ornamental trees and flowers and Crematoria.

It is estimated that the cost of constructing the new cemetery will be between R10 and R15 million, construction will be in multi-year phases.

The VKLM cemetery management forum plays a crucial role in the effective operation and upkeep of cemeteries under a municipality's jurisdiction. It provides a platform for stakeholders to collaborate, share information, and address challenges related to cemetery management, ensuring adequate burial space, proper maintenance, and adherence to relevant regulations. The Municipalities cemetery management forum in the 2024/25 FY sat on a quarterly basis, as follows:

CEMETERY MANAGEMENT FORUM – QUARTERLY MEETING	
DATE	**VENUE**
19 September 2024	MMC's HHS Office
20 November 2024	Council Chamber
18 February 2025	Council Chamber
18 June 2025	Fire Boardroom

3.17. TRANSVERSAL PROGRAMMES

All our citizens should have access to a dignified life, irrespective of their relative material wealth or their background. By a dignified life we mean, inter alia, access to shelter, pursuit of ethical administration of municipal housing, and sufficient choice in housing opportunity for different income groups, including young people.

Picture: VKLM MAYOR CONTINUES TO DONATE SCHOOL UNIFORMS

The Transversal Unit aims to ensure effective and efficient management of institutional mechanisms for social and economic empowerment, equalization of opportunities, and access to resources for various individuals and organizations. These include gender,

children, persons with disability, elderly persons, and those affected and infected by HIV and AIDS issues including organizations working with special programs.

In Victor Khanye Local Municipality there is no sufficient facility for disabled children, currently we have one stimulation centre which only provides limited care provision. Facilities which will cover skills development of adults and children with disabilities are needed. As a result of HIV and AIDS mortalities, households are left to the care of children. These children are forced to look after their siblings and sometimes they have to leave school, to find employment in order to provide for themselves.

The Department of Home Affairs is currently issuing identity documents, birth and death certificates to enable people to access social service grants. The aim of the programmes is to work with and strengthen collaboration with relevant departments, the private sector and civil society in mainstreaming issues related to the targeted groups at Victor Khanye Local Municipality. No capital expenditure incurred, during the financial year in question.

Programmes facilitated by the Transversal Unit in 2024/25

EVENT	VENUE	DATE
LGBTQI, HIV/Aids & Mental Health Awareness Campaign	Mandela Open Space	24 July 2024
LGBTQI Awareness Campaign	Botleng Ext 6, Clinic, Ward 3	06 September 2024
16 Days of Activism Against the Violence of Children and Women Abuse, Walk for Change Campaign	Municipal Soccer Field	29 November 2024
Older Persons & Breast Cancer Awareness	Sinethembe Community Hall	29 October 2024
LGBTI+ & Gender Base Violence and Femicide Awareness Campaign	Botleng Ext 6, Community Hall	14 May 2025
Older Person's Golden Games Awareness	Simon Gondwe Sports Centre	10 June 2025
Child Protection Week Commemoration Awareness	Municipal Sports Ground	13 June 2025
HIV/Aids Health Awareness Campaign	Botleng Clinic	19 July 2024
HIV/Aids Health Awareness and Open Day	Botleng Clic	04 September 2024
HIV/Aids Workshop on Traditional Healers Organisation	Sinethemba Community Hall	18/19 November 2024
HIV.Aids STI & Condom Distribution Education Campaign Awareness	Delpark Ext 4, Mandela Section and N12 Ext 6 & Mawag	04 – 06 February 2025
HIV/Aids, TB & Condom Distribution Awareness Campaign	Eloff Mimosa, Savanah Farm and Waaikraal Farm	01 – 03 April 2025
HIV/Aids STI &TB Youth Indaba Awareness Campaign	Sinethemba Community Hall	23 May 2025

CHILD PROTECTION DAY CELEBRATION: A CALL TO ACTION FOR CHILD SAFETY

NKANGALA DISTRICT NPO APPROVED FOR FUNDING FOR ALL DISTRICT MUNICIPALITIES

The Department of Social Development is tasked to develop and monitor the implementation of social policy that both creates an enabling environment for and leads to the reduction in poverty. The table below demonstrates the projects that the Department had in the pipeline for the Victor Khanye Local Municipality under the 2023/24 financial year and the for 2024/25.

Table 33: NDM NPO Approved for funding for all Municipalities

MUNICIPALITY: Victor Kanye LM										
Item No.	**Project Description**	**Financial Year**	**Benefitting wards**	**Households/ Beneficiaries Approved**	**NO. OF NPO'S**	**Budget/ Amount approved**	**Name of Service Provider**	**No. of people employed**	**Subcontractors appointed**	**Value of subcontracting work**
1	Service Centre	**24/25**	02	30	1	R124 814	N/A	N/A	N/A	N/A
2	Residential Care Facilities for Older Persons	**24/25**	06	40	1	R1 728 000	N/A	N/A	N/A	N/A
3	Drop-In Centres	**24/25**	3	60 children	1	R 523 480	N/A	N/A	N/A	N/A
4	Social Service Organisation for Children	**24/25**	6	2 SSW, 2 SW, 1 SAW	1	R1 224 300	N/A	N/A	N/A	N/A
5	Community based prevention and early intervention projects	**24/25**	3	300 children	1	R 583 200	N/A	N/A	N/A	N/A
6	VEP	**23/24**	8	Programme Funding	1	R 1 044 000	N/A	N/A	N/A	N/A
7	Household initiatives	**23/24**	2,5,1,9,6,3	16	4	R 120 000	N/A	N/A	N/A	N/A
8	Community Nutrition Development	**23/24**	3	200	1	R 810 272	N/A	N/A	N/A	N/A
	TOTAL AMOUNT APPROVED					**R 6 158 066**				

TOGETHER FOR GROWTH AND DEVELOPMENT

3.18. YOUTH DEVELOPMENT

The Victor Khanye Local Municipality recognizes the critical importance of youth development in building a sustainable and prosperous future for our community. However, our youth face numerous challenges, including high unemployment rates, substance abuse, and HIV/AIDS infection. Furthermore, limited financial resources hinder the coordination of effective Youth Development Programmes.

CHALLENGES:

- High rate of unemployment amongst young people
- Substance abuse and HIV/AIDS infection
- Limited financial resources for Youth Development Programmes

STRATEGIC OBJECTIVES:

To address these challenges, we aim to:

- Mainstream youth development across all municipal departments
- Strengthen public-private partnerships to maximize youth participation in the economy

YOUTH DEVELOPMENT DEFINITION:

Youth development encompasses the ongoing growth process where young people strive to:

- Meet basic personal and social needs (safety, care, value, usefulness, spiritual grounding)
- Build skills, talents, and competencies for daily life functioning and contribution
- Access guidance on educational, economic, developmental, art & cultural, and sports development, including income generation and wealth creation activities

TARGET YOUTH:

As per the National Youth Policy, our focus is on individuals aged 14-35.

KEY FOCUS AREAS:

- Education and skills development
- Healthcare, well-being, and combating substance abuse
- Sports, recreation, art & culture
- Economic participation and transformation
- Moral regeneration, social cohesion, and nation-building

3.19. YOUTH EDUCATION AND SKILLS DEVELOPMENT INITIATIVES

Table 34: Youth Skills and Education Initiatives 2024/25

PROGRAMME	DATE
1. The Youth Development Unit, in collaboration with LIMCO, facilitate an internship opportunity for 20 young individuals from Victor Khanye, providing them with a chance to participate in an ICT internship program. The internship is to provide young people with a work experience and work exposure within ICT. The students have been placed in different work placements.	Ongoing
2. The Youth Development Unit, in collaboration with BICSA, facilitated a learnership opportunity for 25 young individuals from Victor Khanye, providing them with a chance to participate in a programme based in Pretoria, Gauteng. Throughout the duration of the programme, learners received a monthly stipend of R3,000 Notably, all 30 learners successfully completed and graduated from the programme, achieving a significant milestone in their personal and professional development.	Ended June 2025
3. The Youth Development unit, in collaboration with Ithemba Lomphakathi, facilitated a learnership opportunity for 60 young individuals from VKLM, providing them with a chance to participate in Plant production learnership. Learners receive a monthly stipend of R3,000.	Ongoing
4. The Youth Development Unit, in partnership with Nkangala District and LGSETA, implemented a 12-month learnership programme in Roadworks, Building, Civil Construction, and Plumbing, developing young people's skills and employability.	Ended March 2025
5. The Victor Khanye Local Municipality and MTN partnered to deliver the Digital Skills Program, empowering 120 young people with essential digital skills, all of whom successfully completed the program.	Ended August 2025
6. The Victor Khanye Local Municipality partnered with Nkangala TVET College to train 20 young people in Bricklaying, equipping them with practical skills and enhancing their employability receiving stipend of R2500.	Ongoing
7. The BankSETA-funded Learnership Programme, hosted at the Delmas Development Centre in partnership with the Victor Khanye Local Municipality Youth Development Unit and the LED Unit, supports 38 young entrepreneurs from the tuckshop and informal retail sector. Through the accredited New Venture Creation (NVC) qualification, learners are equipped with business management and financial literacy skills to strengthen their enterprises and contribute meaningfully to the township economy. To further support their participation, each learner receives a monthly stipend of R2,000	Ongoing

PROGRAMME	DATE
8. The Youth Development Unit, in partnership with Amos Kgapamadi and the National Youth Development Agency (NYDA), successfully hosted the Career Guidance Exhibition and Teacher Capacitation Program on 20 September 2024 at Mafa Max Motloung Secondary School. The event brought together 500 participants from five secondary schools within Victor Khanye Local Municipality, providing Grade 12 learners with valuable insights into career opportunities, higher education, and skills development, while equipping teachers with enhanced knowledge in career guidance and counselling.	20 Sept 2024
9. The Youth Development Unit, in partnership with the Department of Social Development, the Local Drug Action Committee, and Hope of Hopeless Youth Centre, successfully hosted a Drug Awareness Educational Programme on 6 December 2024 at Delpark Vukuzenzele (Ematshotshombeni) Soccer Field. The programme targeted young drug addicts across Victor Khanye Local Municipality, providing education on the risks and consequences of substance abuse, the signs and symptoms of addiction, and pathways to recovery and rehabilitation.	6 Dec 2024
10. On 7 February 2025, the Youth Development Unit, in partnership with the Mayor's Office, successfully hosted the Matric Class of 2024 Excellence Awards at Mafa Max Motloung Secondary School. The event recognized and celebrated the outstanding achievements of the 2024 matriculants, while promoting youth empowerment, education, and community development in line with the municipality's KPAs and Youth Development KPIs.	7 Feb 2025
11. On 11 February 2025, the Youth Development Unit, in collaboration with the Local Drug Action Committee and the Department of Social Services, conducted a drug awareness programme at Botleng Secondary School targeting Grade 8 and 9 learners. The initiative focused on educating learners about the dangers and consequences of substance abuse, while equipping them with strategies to resist peer pressure, manage stress, and make healthier lifestyle choices. Through interactive discussions and presentations, the programme promoted resilience, encouraged help-seeking behaviour, and fostered a supportive school environment.	11 Feb 2025
12. The Youth Development Unit, in partnership with the Premier's Office, successfully hosted an educational roadshow on the Youth Premier's Fund. The programme was rolled out across multiple community halls, including Extension 3, Sinethemba, Waaikraal Farm, and Ellof, reaching young people from diverse communities within Victor Khanye Local Municipality. The roadshow aimed to educate youth about available funding opportunities, application processes, and support mechanisms to encourage entrepreneurship, skills development, and active participation in the local economy.	5 March 2025

PROGRAMME	DATE
13. Life-skills workshop with NYDA	15 June 2025
14. Hosted 3 Youth Imbizo in 2024/2025	20 Sep 2024 13 Mar 2025 23 May 2025
15. The Youth Development Summit, held from 27 to 28 June 2025 at Zithabiseni Holiday Resort, was successfully hosted by Victor Khanye Local Municipality as a strategic platform to engage young people and stakeholders in shaping the future of youth development. Initiated in response to the need to review and update the municipal Youth Development Policy and Strategy, the summit brought together youth representatives, government departments, civil society, training institutions, NGOs, and private sector partners. Coordinated by the appointed committee, the summit was well-organized, inclusive, and outcomes-driven, providing a space for meaningful dialogue on challenges and opportunities facing local youth, while ensuring active participation from its target audience of young people (18–35), youth-led organizations, and key development stakeholders	27 to 28 June 2025
16. Hosted 4 Sports and Arts and Culture events 2024/2025	16 - 31 Dec 2024 20 Dec 2024 14 - 29 May 2025 29 June 2025

COMPONENT E: ENVIRONMENTAL PROTECTION

3.20. ENVIRONMENTAL PROTECTION

Section 24 of the Constitution states that everyone has the constitutional right to have an environment that is not harmful to his or her health and to have the environment protected for the benefit of the present and future generations through reasonable legislative and other measures that:

A) prevent pollution and ecological degradation
B) promote conservation and,
C) to secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

Section 14 (iii) read together with Section 58 of the NEM: Air Quality Act 39 of 2004 provides that "Each Municipality must designate an Air Quality Officer from its administration to be responsible for coordinating matters pertaining to air quality management in the municipality.

The priorities of the environmental management services section are to ensure a safe and healthy environment for the community through the following:

- Ensure compliance with environmental legislation through monitoring and enforcement.
- Give technical input on environmental issues with regard to new and existing developments.
- Water monitoring.
- Environmental pollution control.
- Air quality monitoring
- Auditing of council disposal facilities and development projects.
- Enforcement of environmental legislation.
- Monitoring and protection of wetlands.
- Investigation of complaints and addressing nuisance control.

An Environmental Officer must co-ordinate the activities in such a manner as may be set out in the National Environmental Management Framework. Both a Waste Management Officer (2016) and an Environmental Officer (2023) were appointed by the Municipality and designated in 2024. 03 Environmental Awareness and Education Campaigns on Air Quality (Air Pollution and Climate Change) were conducted.

3.21. POLLUTION CONTROL

The top service delivery priority for the Environmental Management Unit to manage pollution control, are the analyses of contributing factors regarding chronic pollution. As a result of this, the department analyses test samples in estuary catchments and overseas a river clean-up EPWP programme and participates in various forums to address the main causes of environmental pollution and, in particular, estuarine pollution.

The unit also works in conjunction with the Technical Services Directorate who also have pollution control interventions. The new organizational structure, approved by Council, incorporated the Environmental officer and Waste Management Officer resides within the Social Services Directorate. The majority of the environmental Health functions are performed by Environmental Health Practitioners operating under Nkangala District Municipality.

3.22. AIR QUALITY MONITORING

The Municipality has one Air Quality Monitoring Station or Air Quality Monitoring Network (AQMN), at Delpark Primary School, installed by the Mpumalanga Province in 2015. The Criteria Pollutant Data are reported live to South African Air Quality Inventory System (SAAQIS) and information pertaining to the state of ambient air quality within municipality jurisdiction area is reported to Council monthly.

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Pollution Control Activities:

- Air Quality Management Plan be developed and implemented since the Municipality falls under High priority area.
- Municipality developed Air Quality Management By-laws to manage air quality in the municipality.
- Biodiversity and conservation functions be developed and be budgeted for these programmes.
- Municipality must develop and implement the Climate Change Response Strategy/Plan (Mitigation and Adaptation).
- Climate Change must be mainstreamed into all municipal plans, strategies, projects, procedures and systems.

3.23. BIO-DIVERSITY

The municipality appointed an Environmental Officer and an Assistant Manager: Environmental Management in 2023 whom are currently busy with the development of biodiversity plans which include the monitoring of wetlands, commenting on EIA’s and education on biodiversity matters. The development of biodiversity systems remains a priority for the municipality to build capacity and foster implementation.

COMPONENT F: TRAFFIC, SECURITY, AND SAFETY

3.24. TRAFFIC

The National Traffic legislation, Act 93 of 1996 sets out the main function of the Traffic Services is to make the roads safe, maintain law and order, and ensure free flow of traffic at all times. This is done through visible law enforcement, road safety campaigns and awareness programmes. Selective law enforcement is done at all accident zones where different law enforcement duties are conducted.

The Public Safety unit consists of four (3) sections namely. The Traffic Department, Fire / Rescue and Disaster risk management services and internal security services..
Amongst the measures that are implemented by the municipality to improve road safety is the construction of traffic calming measures at different streets to reduce the speed of vehicles.
The unit provides road safety awareness campaigns, traffic law enforcement to control, street trading and public transport control, funeral and VIP escorts.

Accident rate has significantly decreased this can be attributed to:

- Awareness safety campaigns
- Visibility of traffic law enforcement officers
- Implementation of speed cameras at high risk zones
- Appointment of a service provider who is managing traffic management systems.

3.24.1. CHALLENGES:

Traffic congestion remains a major challenge on main road intersections (R42 and R50) within Victor Khanye. This projects seeks to identify necessary interventions such as road expansion in order to address the congestion challenge. Partnership with Mpumalanga Department of Public Works needs to be expedited to realize this intervention.
Bad state of provincial and municipal roads.
Lack of road signs, traffic lights and weigh bridge.

3.25.2. TRAFFIC ENFORCEMENT

The Municipality in the previous financial year of 2023/24 appointed 14 new traffic officers. This totals the number of traffic officers to 20. This attests to the municipality's attempts at ensuring that the people of Victor Khanye Local Municipality have adequate personnel enforcing public safety and traffic regulations.

3.25. SAFETY AND SECURITY

The Municipality is only responsible for traffic enforcement, Disaster Management and Security of municipal assets. General public safety such as crime management resides with South Police Services.

3.26. FIRE SERVICES AND DISASTER MANAGEMENT

3.26.1. FIRE SERVICES

Fire Services are an important public service. It forms part of the social fabric of all our communities. The services it provides are critical to preventing fires and responding quickly and effectively to incidents. In terms of the Fire Brigade Services Act, No 99 of 1987, the service are responsible for;

- Preventing the outbreak or spread of a fire;
- Fighting or extinguishing a fire;
- The protection of life or property against a fire or other threating danger;
- The rescue of life or property from a fire or other danger;
- Subject to the provisions of the Health Act, 1997, the rendering of an ambulance service as an integral part of the fire brigade service.

The Municipality performs firefighting in respect of formal structures, informal settlements, wildland fires as well as vehicle and other fires. The department also responds to vehicle accidents, hazardous material incidents and specialised rescue services inclusive of rope, water, high-angle, structural and trench rescue.

Fire prevention also forms an integral part of the daily functions of the service, not only fire safety but also disaster management activities to ensure a safer community. The department also makes use of a 24-hour emergency control centre to manage distress calls received.

Dangers surrounding veld fires resulted in the establishment of a Fire Protection Association of which Victor Khanye Local Municipality is an active member, supporting land owners by providing support with the maintenance of fire breaks and combat fires between the municipal boundaries and private land. These services are made available to land owners within the Municipal jurisdiction on an as-and-when required basis.

Average turnout times are determined by logging the times from the receipt of an emergency and the time the first appliance leaves the Fire Station and analysing the record. The target set by Victor Khanye Local Municipality is an average of 85% and these calls must be within this range. The national standard according to SANS 10090:2018 *"Community Protection against Fire"* the average response is an 80% compliance requirement.

- The Fire and Rescue Services have personnel strength of a Chief Fire Officer, a Station Officer, Senior fire fighter and fifteen (19) fire-fighters, as well as six (5) Control Room Operators.
- The service is operational on a 24-hour basis.
- The Unit respond to all Emergency incidents, which include Fires, vehicle collisions, entrapments/Rescues and various other related special, and humanitarian services.

- ❖ The service strives to respond to all emergency calls within a ten (10) minute after hours and 5 min during office hours' timeframe from receipt of call to dispatch of the vehicles; currently the goal is to have an 80% response for 5 minutes and 85% for 10 minutes compliance as a benchmark.
- ❖ The service has averaged an 85% response time for the 10 minutes response times after hours of which the target was 85%, and with an average of 81% within a five (5) minutes response range during office hours of which the target was at 80%.
- ❖ The focus of fire services is changing from a response outlook to that of a preventative nature. During this year various school talks were conducted by the fire fighters and additional education programs were included to encompass rural settlements.

3.26.2. DISASTER MANAGEMENT

The Disaster Management Act states that "Disaster Management is a continuous and integrated, multi-sectoral and multi-disciplinary process of planning and implementation of measures aimed at disaster prevention, mitigation, preparedness, Response, recovery, and rehabilitation." Disaster Management is defined as "a continuous and integrated multi-sectoral and multi- disciplinary process of planning and implementation of measures aimed at disaster prevention, mitigation, preparedness, response, recovery, and rehabilitation"

Disaster Management and its objectives:

a) Building of institutional capacity within the Victor Khanye Local Municipality;
b) Perform disaster risk reduction initiatives to ensure safer and resilient communities;
c) Ensure implementation of community safety programmes and campaigns to promote safe resilient sustainable communities;
d) Establishing of efficient early warning systems;
e) Improving emergency preparedness in vulnerable communities; and
f) Ensure appropriate response by relevant services to emergencies and disasters within the Victor Khanye Local Municipality.

As per Section 1 of the Disaster Management Act, 57 of 2002.The Disaster Management function is, by legislation, at the District Municipal level. At the local Municipal level, the function is at the Directorate Social Services, in the Office of the Chief Fire Officer who is also appointed as the Head for Disaster Management. The Municipality is generally spared in terms of disasters during this financial year but the continued climate-related risk from the effects of climate change is affecting the general weather patterns in that the continued ENSO (El Nino Southern Oscillation) effect caused below normal rainfall, and isolated severe windstorms during the summer months and higher general winter temperatures that increased the severity of wildland fires to fire department responded to.

COMPONENT G: SPORT AND RECREATION

The people in the Victor Khanye Local Municipal Area are very passionate about sport in general and the discussion of this topic was particularly prevalent during the public participation process of the IDP review where communities in nearly all wards demonstrated clearly the high priority they put on sport facilities and sport development programmes.

Sport and recreation is a vital developmental tool to maximize social development through the provision of facilities and programmes for all members of society. Investment into sport development programmes can facilitate personal, social and economic benefit. Sport & recreation activities are a very effective vehicle for social cohesion and integration of communities across the spectrum of society.

The Victor Khanye Local Municipality is responsible for the management and maintenance of sports grounds in its municipal area urban and rural areas. It is the Municipality's goal to create active, healthy communities and to provide a sporting hub for all its residents and visitors by offering a wide range of well-maintained and well-managed sporting facilities.

The Municipality provides a wide range of services to the community. This reaches from the administration of sports and recreational facilities to the maintenance of all parks and recreational facilities. The service delivery priorities are to provide and maintain sports facilities, parks and public open spaces as well as the seasonal maintenance of sidewalks and all council owned open areas.

Where necessary, pesticides, herbicides and arboriculture applied to problem areas. These priorities were met through maintaining all facilities by cutting grass, removal of weeds, planting of trees etc, pruning of trees and selectively applying chemicals. Seasonal employees were appointed and EPWP projects introduced to ensure job creation and a safe environment.

The predominant Sport Activities in Victor Khanye Local Municipality are:

- Rugby
- Football
- Netball
- Basketball
- Bowling
- Athletics
- Schools sport
- Darts
- Dance
- Golf

The municipality has upgraded a number of township soccer fields and allow community members and schools to utilise them. The municipality is in the process of ensuring that all fields have the necessary services such as ablution blocks, water, and electricity. The municipality has created a number of parks according to the greening project in 2020 communities use these facilities as picnic, braai, and general recreation areas and playing grounds for children.

Local teams that are playing in the regional and provincial leagues:

- Botleng United Ladies FC – Sasol League Mpumalanga
- Botleng United FC – Nkangala regional league
- Botleng United FC – Nkangala regional league
- Young Guns FC – Nkangala regional league
- MJ True Lovers FC – Nkangala regional league
- Botleng Classic FC – Nkangala regional league
- Victor Khanye Darts Club – Mpumalanga darts association

However there is a need for a recreational swimming pool as for many years the children of Botleng have gone swimming at a local small river fondly known as deep level. VKLM In the light of the government commitment to expanded access to services has prioritized the provision of services to the communities who are located in the peripheral areas. The Simon Gondwe Sports Centre at Delmas provides the communities of the municipality with access to sport facilities.
However, it should be extended in order to accommodate communities in the periphery, particularly communities from areas such as Botleng who have limited access to sport facilities. The need for sport facilities for soccer, netball etc. (ward 6) has been highlighted by the communities.

COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes corporate policy offices, financial services, human resource services, ICT services, and property services.

3.27. ORGANIZATIONAL DEVELOPMENT

3.27.1. MUNICIPAL WORKFORCE

Victor Khanye Local Municipality, as at 30 June 2025, employed 422 officials (excl. Councillors) (excluding non-permanent positions), who individually and collectively contribute to the achievement of the municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative functions.

3.27.2. EMPLOYMENT EQUITY

The Employment Equity Act (1998), Chapter 3, section 15 (1), states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer.

The national performance indicator also refers to the "number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan".

3.28. CORPORATE POLICY OFFICE

The Corporate Services directorate executes procurement and dissemination of information, messenger services, and safe custody of documents and registers of Council. All policies have to serve at Council, and procedure manuals serve at Management Committees for their endorsement.

Section 11 of the MSA gives municipal councils the executive and legislative authority to pass and implement by-laws and policies. Municipal policies and by-laws approved and/or reviewed in the 2024/25 financial year are listed below;

Table 36: List of By-Laws and Policies (2024/25)

No.	Policy Name	Policy No.	Approval Date	Review Date	Responsible Department	Status (Active/Under Review)
SOCIAL SERVICES						
1.	Security Management Policy	A031/05/2017	06/06/2017	31/10/2024	Social Services	Active
2.	Security Management Plan	A013/10/2024	31/10/2024	As and when legislation changes	Social Services	Active
3.	Waste Management By-law	A029/05/2017	06/06/2017	06/06/2027	Social Services	Active
4.	Cemeteries and Crematoria By-law	A028/05/2013	30/04/2013	As in when legislation changes	Social Services	Active
5.	Parks and Public Open Space Policy	A026/06/2019	02/07/2019	As in when legislation changes	Social Services	Active
6.	Indigent and Pauper Burial Policy	A001/06/2023	29/06/2023	As in when legislation changes	Social Services	Active
7.	Air Quality Management By-law	A008/07/2018	17/07/2018	31/01/2026	Social Services	Active
8.	Air quality Management Plan	A014/10/2023	26/10/2023	26/10/2028	Social Services	Active

CORPORATE SERVICES						
1.	Employment Equity	A53/07/2013	01/08/2013	28/03/2024	Corporate Services	Active
2.	Employment Practice	A37/07/2012	07/10/2012	30/11/2023	Corporate Services	Active
3.	Human Resource Strategy	A46/07/2013	01/08/2023	01/06/2021	Corporate Services	Active
4.	Language Policy	S23/08/2016	30/08/2016	01/06/2021	Corporate Services	Active
5.	Bereavement Policy	A50/07/2013	01/08/2013	01/06/2021	Corporate Services	Active
7.	Bursary Scheme Policy	A35/07/2013	01/08/2013	03/12/2019	Corporate Services	Active
8.	Employees & Councillors Wellness Programme	S06/08/2012	07/10/2012	As in when legislation changes	Corporate Services	Active
9.	Attraction and Retention Policy	A47/07/2013	01/06/2013	01/06/2021	Corporate Services	Active
10.	Smoking Policy	A05/10/2010	01/11/2010	01/06/2021	Corporate Services	Active
11.	External Study Bursary Policy	A05/10/2010	01/11/2010	As in when legislation changes	Corporate Services	Active
12.	Exit Policy	A52/07/2013	01/08/2013	03/11/2020	Corporate Services	Active
13.	Overtime Policy	S04/08/2012	07/10/2012	29/06/2023	Corporate Services	Active
14.	Dress Code Policy	A48/07/2013	01/08/2013	06/06/2017	Corporate Services	Active
15.	Danger Allowance, Risk Assessment matrix Policy	A026/09/2022	04/11/2022	As in when legislation changes	Corporate Services	Active
16.	Transport Allowance Policy	A43/05/2014	05/06/2014	03/11/2020	Corporate Services	Active
17.	Succession Planning and Career Pathing Policy	A45/07/2013	01/08/2013	01/06/2021	Corporate Services	Active
18.	Hospitality, Gifts, Appreciation and Staff Farewell Function Policy	A28/09/2012	31/10/2012	01/06/2021	Corporate Services	Active
19.	Municipal Property Policy	A039/09/2022	04/10/2022	As in when legislation changes	Corporate Services	Active
20.	Occupational health and Safety Policy	A37/07/2013	01/08/2013	04/10/2022	Corporate Services	Active
21.	Termination of Service Policy	A001/10/2020	03/11/2020	As in when legislation changes	Corporate Services	Active

22.	Internship Policy	A037/09/2022	04/10/2022	As in when legislation changes	Corporate Services	Active
23.	Incapacity: Due to poor work performance policy	A36/07/2013	01/08/2013	01/06/2021	Corporate Services	Active
24.	Subsistence and travel Policy	A46/05/2014	05/06/2014	As in when legislation changes	Corporate Services	Active
25.	Job Evaluation Policy	A001/11/2022	08/12/2022	As in when legislation changes	Corporate Services	Active
26.	Leave Policy	A001/10/2020	03/11/2020	29/06/2023	Corporate Services	Active
27.	Placement, Transfer and Deployment Policy	A001/10/2020	03/11/2020	04/10/2022	Corporate Services	Active
28.	Acting Allowance Policy	A001/10/2020	03/11/2020	04/10/2022	Corporate Services	Active
29.	Private work and Declaration of interest Policy	A001/10/2020	03/11/2020	As in when legislation changes	Corporate Services	Active
30.	Employee Assistance Programme	A001/10/2020	03/11/2020	As in when legislation changes	Corporate Services	Active
31.	Attendance and Punctuality Policy	A001/10/2020	03/11/2020	As in when legislation changes	Corporate Services	Active
32.	Records Management Policy	A41/10/2013	31/10/2013	28/03/2024	Corporate Services	Under review
33	Records Management Procedure Manual	A21/01/2015	29/01/2015	28/03/2024	Corporate Services	Under review
OFFICE OF THE MUNICIPAL MANAGER						
1.	ICT Firewall Policy	A46/06/2015	23/06/2015	08/12/2022	OMM	Active
2.	ICT Business continuity Plan	A44/06/2015	23/06/2015	17/12/2020	OMM	Active
3.	ICT Access Policy	A18/01/2014	23/01/2014	17/12/2020	OMM	Active
4.	Disaster Recovery Plan	A43/06/2015	23/06/2015	17/12/2020	OMM	Active
5.	Key Performance Indicators	A009/10/2024	31/10/2024	As in when legislation changes	OMM	Active

6.	Business Continuity Management framework	A008/10/2024	31/10/2024	As in when legislation changes	OMM	Active
7.	Business Continuity Management Policy	A007/10/2024	31/10/2024	As in when legislation changes	OMM	Active
8.	Risk Management Strategy	A002/10/2024	31/10/2024	As in when legislation changes	OMM	Active
9.	Risk Management Anti-fraud & Anti-corruption committee charter	A005/10/2024	31/10/2024	As in when legislation changes	OMM	Active
10.	Risk Appetite and tolerance framework	A010/10/2024	31/10/2024	As in when legislation changes	OMM	Active
11.	Risk Management Policy	A001/10/2024	31/10/2024	As in when legislation changes	OMM	Active
12.	Fraud prevention Policy	A003/10/2024	31/10/2024	As in when legislation changes	OMM	Active
13.	Fraud Prevention Strategy	A004/10/2024	31/10/2024	As in when legislation changes	OMM	Active
14.	Whistleblowing Policy	A006/10/2024	31/10/2024	As in when legislation changes	OMM	Active
15.	Compliance Management Charter	A006/03/2024	28/03/2024	31/10/2024	OMM	Active
16.	Compliance Management Policy	A004/03/2024	28/03/2024	31/10/2024	OMM	Active
17.	Standard Operating Procedure for Compliance Management & Governance	A005/03/2024	28/03/2024	31/10/2024	OMM	Active
18.	Audit and Performance Committee Charter	A019/10/2024	31/10/2024	As in when legislation changes	OMM	Active
19.	Combined Assurance Framework	A018/10/2024	31/10/2024	As in when legislation changes	OMM	Active

20.	Internal Audit Charter	A016/10/2024	31/10/2024	As in when legislation changes	OMM	Active
21.	Performance Management System Policy	A008/06/2023	01/06/2021	29/06/2023	OMM	Active
22.	Performance Management & Development System Framework	A008/06/2023	01/06/2021	29/06/2023	OMM	Active
23.	Victor Khanye land Use Management Scheme 2020		2020	2025	OMM	Active
24.	By-law on Spatial Planning and Land use Management: the Victor Khanye Local Municipality 2015		2015	TBC	OMM	
25.	Victor Khanye Local Municipality Spatial Development framework		2015	Under review	OMM	Under review
26.	VKLM Trading By-law	A006/11/2018	27/11/2018	Under review	OMM	Under review
27.	Public Participation Strategy	A020/10/2024	31/10/2024	As in when legislation changes	OMM (Service Delivery)	Active
TECHNICAL SERVICES						
1.	Fleet management Policy	A012/10/2024	31/10/2024	As in when legislation changes	Technical Services	Active
BUDGET & TREASURY						
1.	Supply Chain Management Policy	S01/05/2012	28/05/2012	28/03/2024	B&T	Active
2.	Contract Management Policy	S002/05/2017	31/05/2017	31/05/2024	B&T	Active
3.	Debt Collection and Credit Control Management Policy	S01/05/2012	28/05/2012	31/05/2024	B&T	Active
4.	Creditors and Staff Payment Policy- Payday	S002/05/2017	31/005/2017	28/03/2024	B&T	Active

5.	Rates Policy	S01/05/2012	28/05/2012	31/05/2024	B&T	Active
6.	Tariff Policy	S01/05/2012	28/05/2012	31/05/2024	B&T	Active
7.	Tariff By-law	A01/05/2014	29/05/2014	31/05/2024	B&T	Active
8.	Credit Control & Debt Collection By-law	A01/05/2014	29/05/2014	31/05/2024	B&T	Active
9.	Petty Cash Policy	S002/05/2024	31/05/2024	Annually	B&T	Active
10.	Asset Management Policy	S0/05/2012	28/05/2012	31/05/2024	B&T	Active
11.	Unauthorized, Irregular, Fruitless and Wasteful Expenditure	S018/11/2021	23/11/2021	Annually	B&T	Active
12.	Cash Management & Investment Policy	S01/05/2012	28/05/2012	31/05/2024	B&T	Active
13.	Indigent Policy	S01/05/2012	28/05/2012	28/03/2024	B&T	Active
14.	Inventory Management Policy	S02/05/2015	28/05/2015	31/05/2024	B&T	Active
15.	Loss Control Policy	S02/04/2016	28/04/2016	31/05/2024	B&T	Active
16.	Provision for Doubtful Debt and Debt write off Policy	S002/05/2020	05/05/2020	31/05/2024	B&T	Active

3.29. FINANCIAL SERVICES

The Directorate is responsible for the function of budgetary and accounting, expenditure and revenue management, and maintenance of the financial system. Financial management strategies are important to guide the Municipality to maximise the available financial resources to ensure long-term financial viability through the following strategies:

- To manage revenue, expenditure, assets, and liabilities in a responsible manner.
- A Well throughout budget and financial planning processes in line with budget and reporting regulations.
- Effective supply chain management.
- Effective cash flow management.

Table 37: Financial Performance

CURRENT YEAR 2024/25			
ITEM	**ORIGINAL BUDGET**	**ADJUSTED BUDGET**	**YTD Actual**
Employee-related costs	201 439 000	201 841 000	207 328 203
CURRENT YEAR 2024/25			
ITEM	**ORIGINAL BUDGET**	**ADJUSTED BUDGET**	**ACTUAL**
Repairs and Maintenance	26 052 000	50 258 000	70 797 440
CURRENT YEAR 2024/25			
ITEM	**ORIGINAL BUDGET**	**ADJUSTED BUDGET**	**ACTUAL**
Total Capital Funding	65 740 000	81 572 000	43 276 650

3.30. HUMAN RESOURCE SERVICES

Victor Khanye Local Municipality views the Human Resources Management component as the governance of the organisation's employees. More commonly, human resources per se refers to the people or human capital appointed or employed by the organisation whose skills are used to reduce risk and maximise return on investment.

The purpose of the Human Resources Unit is undoubtedly to build partnerships with management at all levels of the organisation, to create a culture or working environment where employees are valued or appreciated and to ensure a diverse, qualified, healthy and highly motivated workforce focused on achieving the critical outcomes, through the development and administration of cost-effective and results-oriented human resources.

In addition other responsibilities include the drafting of items, compilation and distribution of agendas, keeping of minutes of the proceedings and the finalization of resolutions in respect of the Local Labour Forum Meetings. The Directorate of Corporate Services comprises of seven (7) divisions and plays a pivotal role in municipal governance and is responsible for the following functions:

The Human Resources Management Department objectives for Victor Khanye Local Municipality include but are not limited to:

- Helping the organisation achieve its goals;
- Ensuring effective utilisation and maximum development of human resources;
- Ensuring respect for human beings;
- Identifying and satisfying the needs of individuals;
- Ensuring reconciliation of individual goals with those of the organisation;
- Achieving and maintaining high morale among employees;
- Providing the organisation with well-trained and well-motivated employees;
- Increasing employee's job satisfaction and self- actualisation;
- Developing and maintaining quality of work life;
- Being ethically and socially responsive to the needs of the community;
- Developing overall personality of each employee in its multidimensional aspect;
- Enhancing employee's capabilities to perform the present job; and
- Ensuring service excellence for the broader VKLM community.

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The Human Resources services include:

- Strategic Human Resources Management,
- Labour Relations; Legal Advice and Support
- Recruitment and Selection;
- Training and Development;
- Employee Assistance and Wellness
- Occupational Health and Safety;

- ❖ Employment Equity; and
- ❖ All Human Resources Administration.

Each Executive Director, manager, assistant manager, departmental head, superintendent, assistant superintendent and foreman are responsible for setting objectives, delegating responsibilities and tasks, motivating staff, disciplining staff, developing skills and career paths, measuring performance and generally guiding their staff.
In these endeavours, management and line management are assisted by the Human Resource Department, who provides policies, guidelines, support, systems and specialised inputs.

3.30.1. GENERAL ADMINISTRATION

The tasks involved in the execution of this function includes amongst other procurement and dissemination of information, messenger services, safe custody of documents and registers of Council.

3.30.2. SECRETARIAT OF MEETINGS

This function involves the drafting of items, compilation and distribution of agendas, keeping of minutes of the proceedings in respect of meetings of Council, Mayoral Committee, (Section 79&80) and Portfolio Committees of Council through the Electronic Development Management System (EDMS).

3.30.3. PROPERTY ADMINISTRATION

Drafting of Leases and Contracts, and Management of Old Age Homes.

3.30.4. ARCHIVES AND RECORD MANAGEMENT

All documents of this council are kept in this section which is referred to as Records. . The original documents are filed as hard copy in the filling system kept in the section.

3.31. INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The ICT services provide an advisory, strategic, developmental and management service in order to maintain and control the information systems, communication network and technology resources for the Municipality. Thus to ensure compliance, availability, continuity, integrity and security of the Municipality's data and services.

The Municipality has identified ICT as an enabler to the delivery of the IDP delivering on its mandate and a new website implemented as part create a room for all devices to be able to access without any challenges. Information communication technology services unit provides platform to support ICT system and ICT services to the end-users of Victor Khanye Local Municipality and to the community by extension.

The priority has been an enabler for information communication technology. Setting systems and providing services that enables the various departments in the Municipality to provide their products and services to the community by hosting such system on ICT infrastructure. We have continued to host financial, human resources, electrical, civil engineering, planning, traffic, call centre etc. To enable the departments to provide efficient and reliable products and services. We have improved our server infrastructure and networking through the provision of backup.

Retention services, introduction new buildings to Municipal network infrastructure, improved the wireless network capacity, provided tools of trade to the users, implemented a DR (Disaster Recovery Centre) & Replication Services, Continued the use of sms's to communicated with the community, provision of telecommunication services, data services and enabling platform for users.

We have continued to host financial, human resources, water service, civil engineering, planning, audit, records, communication, traffic and call centre systems to enable departments to provide efficient and reliable products and services. We have improved our server infrastructure and networking through the provision of backup and retentions services, introducing new buildings to Municipal network infrastructure.

We have also improved our wireless network capacity, provided tools of trade to our users, introduced a mobile app to improve communication, continued the use of SMSs to communicate with the community, provision of telecommunication services and data services, and enabling a platform for our users. Highlights of the 2024/25 ICT performance are explained here below:

The objective of ICT is to ensure that ICT services are delivered timeously through technology mediums and ensuring that service delivery objectives of each department and the Council are met. The continuous system evaluation will be done to recommend usage of new technology innovations, implementation of less costly technology and ensuring the optimal usage of ICT resources.

The Municipality invests in the development and training of staff to provide a workforce capable of obtaining the best results from the technological investment.

The Municipal leadership plays a role in the ICT space by participating actively in the IT Steering committee meetings, which takes place quarterly. The committee provides

strategic advice, guidance and direction to Municipal Council on technology requirements and initiatives.

In addition to the internally defined objectives, the ICT Department gets additional support from the Nkangala District Municipality ICT Department on key initiatives, projects and critical infrastructure requirements. The change in strategic position is the key pre-requisite for the ICT department to be able to deliver on the following key drivers.

Driver	Description
1. Disruptive New Technologies	Responding to new, on demand services, Cyber security requirements, as well as integrating social and mobile technologies
2. Digital Transformation	Digitisation of business process, and Business Intelligence driving predictive analytics and blurring any distinction between ICT and the business
3. Focus on Business Outcomes	Delivery of end-to-end, outcome-based services driven and enabled by ICT focusing on creating and maintaining business value
4. Speed of Delivery	Delivering better, more innovative and intuitive technology and services faster and cheaper than ever before

In its new role as a strategic partner, the ICT Department therefore has to improve access to services through **principles** that underpin the chosen approach and focus areas which at a minimum would be:

1. Improving the Municipality's Customer Experience
2. Enabling improved access to Municipality services
3. Enabling operational excellence within the Municipality
4. Enhance the understanding of internal and external customers

In executing its mandate, the ICT Department will utilise **Enterprise Architecture** as a blueprint to guide the controlled evolution of ICT in a way that delivers business benefit in a cost-effective way. This will reduce redundancy, complexity and information silos, and business risks associated with ICT Investments. The domains that are key in Enterprise Architecture are:

- **Business Architecture**
- **Information Systems Architecture (Data and Applications Architecture).**
- **Technology Architecture**

The chosen strategic direction will ensure that ICT is aligned to business with the ability to respond appropriately to the continuous changes in the operating environment and

the capability to manage the myriad challenges and demands placed on the “new” Victor Khanye ICT Department.

Table 38: ICT Performance

PROGRAMMES BEING IMPLEMENTED BY INFORMATION	
1) VICTOR KHANYE LOCAL MUNICIPALITY – OPTEIC FIBER ROLLOUT, BOTLENG. 2) PUBLIC WIFI IN PROGRESS IN TERMS DATA ANAYLSIS THROUGH NKANGALA DISTRICT MUNICIPALITY. 3) ICT HAS MANAGED TO ATTRACT THE MAJOR INTERNET SERVICE PROVIDER (ISP) AND UGRADE OF THE ICT INGRASFRUCTURE COMPANIES IN THE 2024/25 FINANCIAL YEAR THROUGH TENDER PROCESSES BELOW AN OVERVIEW SCOPE TO PROVIDE A ROBUST ICT ENVIRONMENT.	
OFFICE	**SCOPE**
VKLM HEAD OF MUNICIPALITY.	The fibre internet speed 250Mbps.
FC DUMAT/TECHNICAL OFFICE.	The fibre internet speed 100Mbps.
WATER TREAMENT PLANT/DRP AND SEWAGE WATER TREAMENT.	The fibre internet speed 100Mbps.
MUNICIPAL WORKSHOP/STORES.	The fibre internet speed 100Mbps.
LICENSING DEPARTMENT	The fibre internet speed 100Mbps.

3.32. PROPERTY, LEGAL, RISK MANAGEMENT, AND PROCUREMENT SERVICES

This Corporate Service Directorate is responsible for the management of municipal-owned land and buildings, i.e. acquisition, awarding of rights and disposal thereof, excluding any housing rental stock and housing projects. The management of office accommodation is also done by this department.

This function involves alienation (sale, purchasing, leasing and rental) of the fixed properties of Council and the management of the municipal valuation roll. This function is done in consultation with Technical Services, office of the Municipal Manager and Budget & Treasury Office. This directorate is also responsible for the maintenance of all Council-owned buildings.

Legal Services:. The Legal Services Department in conjunction with user departments ensures and manages the implementation, monitoring, evaluation and reporting on sequences of outcomes associated with programmes designed to accomplish key service delivery objectives with respect to Legal Services.

The main objectives are the following:

Advice and manage litigations instituted by the municipality and against it;
Provide legal advice, opinions and input on policies, contracts, agreements, memorandums, legislation, by-laws and authorities;
Advising Council on items submitted to meetings;
To ensure by-laws are promulgated after consultation with user departments and approval by Council; and
attend to new legislation and proclamations for comment as and when required.

Property Valuation: The tender process has been finalized and Lutendo group has been appointed as the new municipal valuers, the municipality has received a draft valuation roll which will be effected in the new financial year 2025/2026, the Municipality is however still utilizing the 2019 Valuation.

The Corporate Property Admin Archive Housekeeping unit is fully complying with the aim of ensuring Good Governance. The unit provides records management, secretariat services and alienation of Council's properties. This Corporate Service Directorate will therefore continue to provide a high quality of administrative support and to ensure legal compliance.

Risk Management Services: The unit is responsible for providing guidance on risk mitigation strategies in line with the approved risk management strategy and policy. On an annual basis, the risk workshop is held to review organisational risk and new emerging risks to develop strategic and operational risk plans.

In addition the appointment of the Chief Risk Officer (CRO) continues to assist the Municipality in managing both the strategic and operational risks. This responsibility was delegated to the Chief Risk Officer. During this current financial year, the following were done:

- Continuous awareness raising throughout the municipality;
- The Chief Audit Executive has a seat on the Risk Management Committee where all risk and fraud management related activities are reported;
- the Risk Management Committee reports into the Audit Committee;
- risk registers have also been completed at an operational level;
- The previous year's strategic registers were revisited and an acceptable risk appetite was determined;
- The revised risk register was adopted by Council;
- risks were also identified which could prevent the achievement of the predetermined objectives,
- and were noted in the SDBIP; and
- the Risk Management Policy was reviewed and adopted by Council;

Supply Chain Services: The unit is responsible for the acquisition of supplies and services in support of the Municipality's business. It ensures that all procurement processes are fair, equitable, competitive and cost effective and that it complies with the regulatory framework and consistent with all applicable legislation.

COMPONENT J: ORGANISATIONAL PERFOMANCE SCORECARD

3.33. ORGANISATIONAL PERFOMANCE SCORECARD

Municipal Performance Management is the process which measures the implementation of the Councils strategy as set out and approved in the Integrated Development Plan, hereafter referred to as the IDP. It also serves as a management tool to plan, monitor, and measure and review the impact of service delivery by the Municipality.

As with most local government processes performance management is institutionalized by means of legislative and policy requirements. The report covers a specific financial year of the Five Year 2022/2026 IDP, the 2024/25 reviewed IDP, which confirms six strategic objectives and its focus areas as:

To improve and maintain current basic service delivery through specific infrastructural development projects.

- *Sanitation*
- *Electricity*
- *Streets and Storm Water Management*
- *Water Supply*
- *Integrated Human Settlements*

To promote a safe and healthy environment through the protection of our natural resources

- *Environmental Conservation*
- *Disaster management*

To create an enabling environment for social development and economic growth

- *Decent employment opportunities and job creation*
- *Rural development*
- *Youth development*
- *Care for the elderly*
- *Opportunities for women and people living with disability*
- *HIV – Human Immunodeficiency Virus/Aids – Acquired Immune Deficiency Syndrome awareness*

To grow the revenue base of the municipality

- *Sound Financial Planning*

To structure and manage the municipal administration to ensure efficient service delivery

- *Institutional capacity building*

To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication

- *Ward committees System*

- *Communication*
- *Responsive and accountable system of Local Government*

The 2024/25 Annual Performance Report and Financial Statements provide the basis for the 2024/25 Annual Report. Therefore, the Oversight Report as adopted by Council for the prior reporting period is taken into consideration during the drafting of the Annual Performance Report.

3.33.1. PURPOSE

The 2024/25 Annual Performance Report is submitted to Victor Khanye Municipal Council in terms of the Municipal Systems Act, Act 32 of 2000, section 46(1) & (2). This report reflects performance information for the period 01 July 2024 to 30 June 2025 with specific focus on implementation of the Service Delivery and Budget Implementation Plan (SDBIP), linked to the objectives entrenched as in the Municipality's Integrated Development Plan (IDP) for the year under review.

The report reflects the actual performance of the Municipality as measured against the performance indicators and targets set in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2024/2025. The format of the report will reflect Victor Khanye Local Municipality's Key Performance Indicators (KPI's) per:

- Overall Performance of the organisation;
- Performance per Directorate;
- Performance per Strategic Objective; and
- Performance per Focus Area

Victor Khanye Local Municipality is committed to enhancing the characteristics of a developmental state. The strategic objectives are linked to service areas and departmental objectives and the information were used to develop the following predetermined objectives (PDO) and align them with the municipal budget and performance management system.

Performance management is focussed on benefiting employees, the organisation, the community as well as external service providers. In order to improve performance planning, implementation, measurement and reporting, the Municipality implemented the following actions:

- An electronic performance management system which serves as a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.
- Workshops with Councillors and Directors on the Draft Service Delivery and Budget Implementation Plan, before submission to the Executive Mayor.

Performance management is a procedure that assesses how well an organization's strategy is being implemented as outlined in its Integrated Development Plan (IDP). It is also a management tool for planning, monitoring, measuring, and reviewing performance indicators to assure the municipality's efficiency, effectiveness, and influence on service delivery.

Performance management is institutionalised at the local government level through the statutory requirements of the performance management process. Performance management offers a system for determining if targets are accomplished in accordance with the organization's strategic goals.

Section 152 of the Republic of South Africa's Constitution of 1996 addresses the objectives of local government and lays the groundwork for performance management. To address the demands of Victor Khanye, a responsible government is essential. According to Section 195(1), democratic ideals and principles are also associated with the notion of performance management, with reference to the principles of, among others, the following:

- promote the efficient, economic and effective use of resources,
- ensure accountable public administration,
- be transparent by providing information,
- be responsive to the needs of the community, and
- facilitate a culture of public service and accountability amongst staff.

Municipalities are required by the MSA to implement a performance management system. Furthermore, the MSA and MFMA mandate that the Integrated Development Plan (IDP) be in sync with the municipal budget. The Service Delivery and Budget Implementation Plan must be used to track organizational budget performance versus the IDP on a quarterly basis (SDBIP). The report is made public when the council has been notified of quarterly progress toward stated goals.

Performance management is important not only for the organization as a whole, but also for the individuals who work there, as well as for external service providers and municipal organizations. This framework, among other things, represents the relationship between the IDP, the Budget, and the SDBIP.

3.33.2. LEGISLATIVE REQUIREMENTS

This 2024/25 Annual Performance Report was compiled in compliance with the requirements of section 46(1) of the Local Government: Municipal Systems Act, No. 32 of 2000; stipulating the following:

(1) A municipality must prepare for each financial year an annual report consisting of -
a performance report reflecting -
the municipality's and any service provider's performance during that financial year, also in comparison with targets of and with performance in the previous financial year;
the development and service delivery priorities and the performance targets set by the municipality for the following financial year, and
measures that were or are to be taken to improve performance.

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that *"A Municipality's Performance Management System entails a framework that describes and represents how the Municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players."*

3.33.3. ORGANISATIONAL PERFORMANCE

The assessment of strategic performance demonstrates how effectively the municipality is fulfilling its objectives and whether policies and processes are effective. To guarantee that service delivery is efficient, effective, and cost-effective, all government institutions must report on strategic performance. Municipalities must create strategic plans and devote resources to carry them out.

The implementation must be monitored on an ongoing basis, and the findings must be communicated to various stakeholders throughout the fiscal year so that remedial actions may be implemented as soon as possible as necessary. This report highlights the municipality's strategic performance in terms of the Top-Layer Service Delivery and Budget Implementation Plan (SDBIP), high-level performance in terms of the municipality's strategic objectives, and performance on the National Key Performance Indicators prescribed in terms of Section 43 of MSA.

3.33.4. ADOPTION OF A PERFORMANCE MANAGEMENT POLICY FRAMEWORK

The Performance Management Framework System and Policy was reviewed and submitted to Council for approval in June 2022. The framework is still effective as per the adoption and will be reviewed as/when there are changes to be effected.

3.33.5. GOVERNANCE FRAMEWORK FOR THE IDP, BUDGET AND PERFORMANCE MANAGEMENT

The draft review of the Fifth generation IDP was tabled in March 2022 and then publicized for public feedback. In May 2022, Resolution Number: A012/05/2020. The IDP is the primary planning tool used to steer and inform the municipal budget. Each municipality in South Africa is required by the MSA to establish such a strategic plan to guide all development and management within the municipal territory.

The IDP outlines the municipality of Victor Khanye Local Municipality's development goals for the next five years. Municipal planning and project implementation must be guided and determined by the IDP. The budget for 2024/25 was based on the IDP as well as other domains of government and service providers.

The MSA mandates municipalities to consult with their residence and other institutions, which produced a favourable response and participation from the public. The IDP is a strategic framework that directs all local government initiatives in conjunction with people and stakeholders. In keeping with the IDP's more matured and strategic approach, the implementation plan focuses solely on the important strategic programs, projects, and initiatives that will support the attainment of the goals throughout the five-year term of office. Its focus is on development in general, and it is a structured plan that influences budget priorities, decision making, and resource allocation.

The IDP has a wide range of objectives, including the provision of basic municipal services, measures to build and transform municipal capacity, measures to assist in expanded livelihood opportunities for citizens, enterprise development, building dignified and safe living environments, and, most importantly, exploring new ways of working and living together.

It directs and is informed by various aspects of the municipality's work, such as how the municipality is structured politically and administratively, the Municipal budget, sector plans, and service delivery and budget implementation plans for various municipal services, and how the municipality manages its performance.

The three-year budget outlines the municipality's revenue and expenditure plans for approval by Council in conformity with the MFMA. Funding must be allocated in accordance with the priorities outlined in the IDP. The IDP must be represented in the appropriate staff's performance agreements, as well as in the budget, service delivery, and budget implementation plans (SDBIP).

The SDBIP is the municipality's primary performance management tool. The SDBIP, which is linked to the IDP, serves as the foundation for director performance contracts as well as quarterly, mid-year, and yearly performance assessments of senior management, directorates, and the municipality.

3.33.6. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

A municipal scorecard is used to assess organizational performance (Top-Layer SDBIP). Performance targets must be practical, quantifiable, and based on key performance indicators, as represented in the municipal scorecard. The SDBIP is a mechanism that translates the IDP and budget into quantifiable criteria for how, where, and when the municipality's strategy, objectives, and typical business activities are implemented.

It also delegated authority to directorates to offer services in accordance with the IDP and budget. The Municipal Budget and Reporting Regulations, Schedule A 1, GenN 393 in GG32141 of 2009, are clarified in MFMA Circular No. 13 and prescribes that the:

- IDP and budget must be aligned;
- Budget must address the strategic priorities;
- SDBIP should indicate what the municipality is going to do during the next 12 months; and
- SDBIP should form the basis for measuring the performance against goals set during the budget / IDP processes.

The Top-Layer SDBIP 2024/25 was approved by the Executive Mayor, in terms of section 53(1)(c)(ii) of the MFMA on the 28th of June 2024.

3.33.7. THE MUNICIPAL SCORECARD (TOP-LAYER SDBIP)

The Municipal scorecard (Top-Layer SDBIP) consolidates service delivery objectives established by Council / senior management and offers an overall picture of the municipality's performance, indicating performance in its strategic priorities for the 2024/25 fiscal year. The scorecard is a performance evaluation instrument that is used during senior managers' informal and formal performance evaluations.

Components of the Top-Layer SDBIP include:

- One-year detailed plan with the following components:
- Monthly projections of revenue to be collected for each source;
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Ward information for expenditure and service delivery; and
- Detailed capital works plan broken down by ward over three years.

Top-Layer KPIs were prepared based on the following:

- Key performance indicators (KPIs) for the programmes / activities identified to address the strategic objectives as documented in the IDP in co-operation with the community who identifies developmental priorities;
- KPIs identified during the IDP and KPIs that need to be reported to key municipal stakeholders; and
- KPIs to address the required national minimum reporting requirements.

3.33.8. AMENDMENT OF THE TOP-LAYER SDBIP

The Top Layer SDBIP 2024/25 was reviewed once during the 2024/25 financial year and submitted to Council for approval on 28 February 2025.

3.33.9. ACTUAL PERFORMANCE

The Municipality uses an electronic web-based, real-time performance-based system, which KPI owners update on a monthly basis. KPI owners document the following information on the performance system to report on the KPI's results:

The actual result in terms of the target set;
A performance comment; and
Actions to improve the performance by the submission of corrective measures to meet the set target for the reporting interval in question, if the target was not achieved.

Every KPI owner is responsible for keeping an updated portfolio of evidence to support real performance outcomes and providing it to the Internal Auditor and Auditor General upon request during quarterly and yearly audit testing.

3.33.10. MONITORING OF THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

Municipal performance is measured as follows:

Mid-year assessment and submission of the mid-year report to the Mayor in terms of section 72(1)(a). In terms of section 72(1(a) of the MFMA, the Accounting Officer must by 25 January of each year assess the performance of the municipality during the first half of the financial year.

A report on such an assessment must, in terms of Section 72(1(b) of the MFMA, be submitted to the Mayor, Provincial and National Treasury. Once the Mayor has considered the report, it must be submitted to Council by 31 January in terms of Section 54 of the MFMA.

Quarterly assessment i.t.o. section 52(d) of the MFMA to assess the performance of the municipality during the first half of the financial year.

Section 52(d) of the MFMA requires the Executive Mayor, who must provide general political guidance over the fiscal and financial affairs of the municipality, to submit to the Council a report on the implementation of the budget and the financial state of affairs of the municipality within 30 days after the end of each quarter.

Actual performance was audited by the Internal Audit Unit and the results of their findings were submitted to the Audit and Performance Audit Committee (APAC).

- Quarter 1 (July to September 2024);
- Quarter 2 (October to December 2024);
- Quarter 3 (January to March 2025); and
- Quarter 4 (April to June 2025).

Municipal Manager and Managers that report directly to the Municipal Manager in terms of Section 56 of the MSA they are required to engage into performance-based agreements with the Municipal Manager and managers directly reporting to the Municipal Manager. Performance agreements must be evaluated and disclosed on a yearly basis for the public's benefit.

This procedure and format are further governed by MSA Regulation 805 (August 2006). The performance agreements for the Municipal Manager and section 56 appointments for the 2024/2025 fiscal year were signed on the mandated date of July 30, 2024. They contain performance contracts for the following:

- Municipal Manager;
- Chief Financial Officer;
- Executive Director: Community and Social Services.
- Executive Director: Technical Services.
- Executive Director: Corporate Services;

Actual performance in terms of agreed-upon agreements shall be assessed twice a year, as stipulated.

3.33.11. SERVICE DELIVERY PERFORMANCE

This section provides an overview of the key service achievements of the municipality that came to completion during 2024/25 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP. In order to improve on performance planning, implementation, measurement and reporting, the Municipality implemented the following actions:

Departmental operational plans were created in order to monitor and report on operational programs. The municipality has an electronic performance management system in place. The same system serves as the foundation for performance assessments of the Executive Directors and the Municipal Manager.

The municipality worked hard to ensure that the "SMART" principle was followed in the construction of the Top Layer SDBIP as well as the development of the Departmental SDBIP. The emphasis was on ensuring that aims were defined and time-bound, making them quantifiable.

Table 39: Performance Management System Checklist

	Performance Management Framework	All MSA s56/57 Performance Contracts Signed	Audit Committee	Municipal Public Accounts Committee (MPAC)	Quarterly Performance Reporting to Council	Annual Performance Reporting to Council
In place	√	√	√	√	√	√

3.33.12. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (TOP-LAYER)

The goal of performance reporting is to provide information about the implementation and accomplishment of IDP outcomes. This section should offer a summary of a municipality's accomplishments in terms of strategic objective and deliverables as outlined in the IDP. The Top-Layer (Strategy) SDBIP is the municipality's strategic plan, and it demonstrates the strategic alignment of the various documents (IDP, Budget and Performance Agreements).

A Municipal Scorecard (Top Layer SDBIP) at the organizational level and the Service Delivery and Budget Implementation Plan (SDBIP) at the departmental level are used to evaluate organizational performance. The SDBIP is a plan that translates the IDP and Budget into quantitative indications of how, where, and when the municipality's plans, objectives, and routine business activities are implemented. It also assigns directorates duties for delivering services in accordance with the IDP and budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next the 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget / IDP processes.

The Top Layer SDBIP was created in the manner outlined below and authorized by the Executive Mayor on June 28, 2024. The Top Layer SDBIP 2024/25, on the other hand, was amended on the 28th of February 2025. These changes were made in accordance with the adjustment budget, internal audit results, and recommendations provided by the South African Auditor General (AGSA). The performance obtained against the Top-Layer SDBIP according to the IDP strategic objectives is highlighted in the paragraphs below. The table below describes how the overall evaluation of actual performance versus objectives established for the SDBIP's key performance indicators (KPIs) is measured:

3.33.13. OVERALL PERFORMANCE PER MUNICIPAL KEY PERFORMANCE AREA

The following table and graph illustrates the municipality's overall performance per Municipal Key Performance Area (KPA).

Table 40: Performance per KPA 2024/25

KEY PERFORMANCE AREAS	2023/2024			2024/25		
	Total KPI's Assessed	Targets Achieved	% Targets Achieved	Total KPI's Assessed	Targets Achieved	% Targets Achieved
1. Infrastructure and Basic Service Delivery	40	33	**83%**	38	32	**84%**
2. Financial viability and Finance Management	37	29	**78%**	37	28	**76%**
3. Institutional Development and Transformation	27	23	**85%**	27	25	**93%**
4. Good Governance and Public Participation	48	32	**67%**	51	41	**80%**
5. Spatial Rationale	06	05	**83%**	09	08	**89%**
6. Local Economic Development	08	07	**88%**	11	11	**100%**
Total	**166**	**129**	**78%**	**173**	**145**	**84%**

The table above indicates that Victor Khanye Local Municipality recorded an overall improvement in terms of achieving KPIs set within the 6 KPAs; with an increase of an overall achievement of 84% of the total KPAs, as opposed to the 78% achieved in 2023/24.

The best performing KPA in the 2024/25 financial year was Local Economic Development, followed by Institutional Development and Transformation, with 100% and 93% respectively, both having improved from the achieved percentages in the 2023/24 FY.

TOGETHER FOR GROWTH AND DEVELOPMENT

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

4.1. ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM (OPMS)

In terms of the Municipal Systems Act and the Municipal Performance Regulations, Victor Khanye Local Municipality has developed a Performance Management System to measure and assess the Performance of the Organisation and its Section 57 employees known as Executive Directors reporting directly to the Municipal Manager.

The organisational performance is based on the programmes in the IDP, Budget and is being implemented through the use of the Top layer of the Service Delivery Budget Implementation Plan (SDBIP) to monitor performance that is in the Organisational Scorecard and the Performance Agreements of the Municipal Manager and the Heads of Departments. Their performance is monitored quarterly by the Performance Evaluation Committee set up by Council and internally audited by the Internal Audit. A report is sent to Audit Committee, Performance Audit Committee and Council.

4.2. LEGISLATIVE REQUIREMENTS

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows:

A municipality must prepare for each financial year a performance report reflecting—

- The performance of the Municipality and each external service provider during that financial year;
- A comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and
- Measures taken to improve performance.

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 addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players." Performance management is not only relevant to the organization as a whole, but also to the Municipality Local Municipality | 196 individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

4.3. LEGISLATIVE PERFORMANCE REPORTING FRAMEWORK

Table 41: Legislative Reporting Framework

FREQUENCY AND NATURE OF REPORT	MANDATE	RECIPIENTS
Monthly reporting on actual revenue targets and spending against budget no later than 10 working days after the end of each month	Section 71 of the MFMA	National Treasury
Quarterly progress report	Section 41 (1) (e) of the Systems Act, Section 166 (2) (a) (v) and (vii) of the Municipal Management Finance Act (MFMA) Regulation 7 of Municipal Planning and Performance Management Regulations	1. Municipal Manager 2. Mayor 3. Mayoral Committee 4. Audit Committee 5. National Treasury
Mid-year performance assessment	Section 72 of the MFMA. Section 13 (2) (a) of Municipal Planning and Performance Management Regulations 2001.	1. Municipal Manager 2. Mayor 3. Mayoral Committee 4. Council 5. Audit Committee 6. National Treasury 7.Provincial Government
Annual report (to be tabled before Council by 31 January (draft and approved / published by 31 March each year)	Sections 121 and 127 of the MFMA, as read with Section 46 of the Systems Act and Section 6 of the Systems Amendment Act.	1. Mayor 2. Mayoral Committee 3. MPAC 4. Council 5. Audit Committee 6. Auditor-General 7. National Treasury 8. Provincial Government 9. Local Community

4.4. OPERATING PROCEDURES AND OVERVIEW

In the 2024/25 Financial year, every attempt was made to ensure that the municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is corresponding to the institutional service delivery objectives captured in the IDP. The municipality has continued to maintain the effective operation of the following mechanisms:

- The 2024/25 IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- The budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003;
- After approval of the budget, the 2024/25 SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the organisational strategies;

- Performance agreements with performance plans were developed, signed and approved by the Honourable and the Accounting Officer as required by the Municipal Performance Regulations, 2006;
- Quarterly performance reports with supporting Portfolio of Evidence Files were prepared by managers directly reporting to the Municipal Manager. These reports were used in the quarterly performance assessments.
- Quarterly performance reports were verified by the Monitoring and Evaluation Unit and audited by the Internal Audit unit to test the credibility and reliability;
- The performance assessments for 2023/24 Annual and mid-term 2024/25 were concluded as per the regulated timeframes.

4.5. PERFORMANCE / AUDIT COMMITTEE

The Performance Audit Committee for the 2024/25 financial year was re-affirmed in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 members are as follow:

During the year under review, the Performance and Audit Committee met quarterly to consider the performance reports. The deliberations and resolutions taken by the PAC are encapsulated in the minutes of the committee

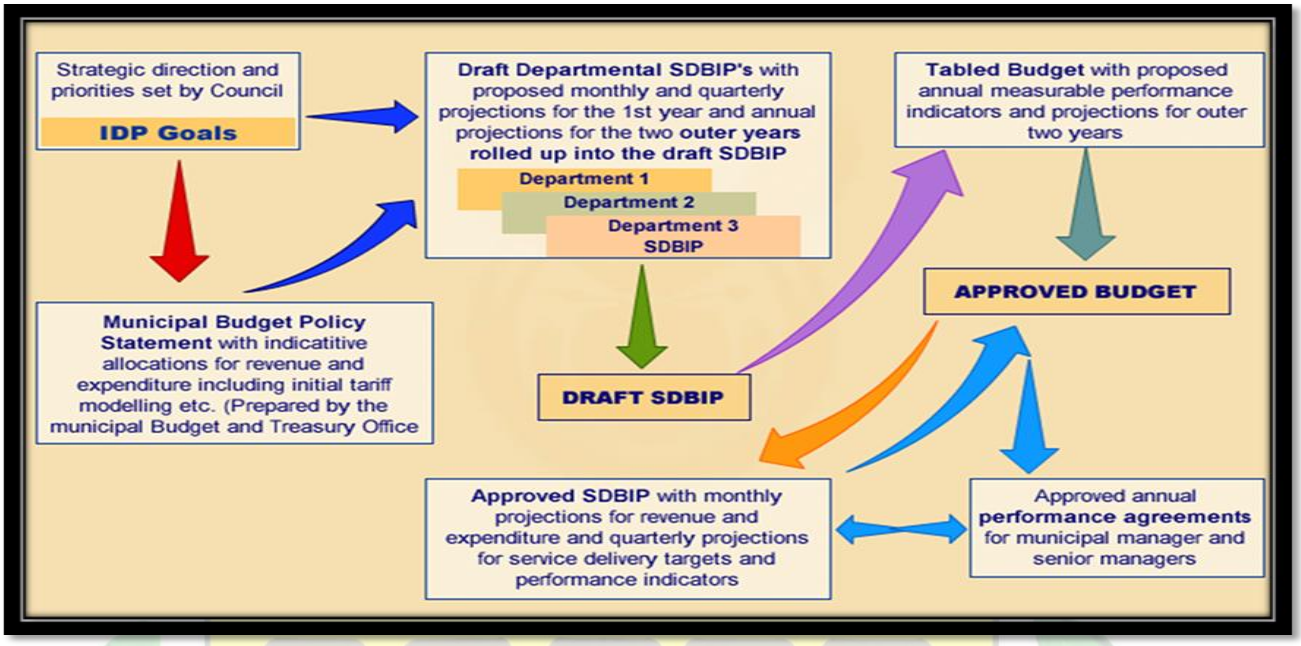
4.6. ORGANISATIONAL SCORECARD/TOP LAYER SDBIP

The municipal scorecard (Top Layer SDBIP) consolidates service delivery targets set by Council and Senior Management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. This is a **one-year** detailed plan, but includes **a three-year** capital plan. The necessary components include:

- Monthly projections of revenue to be collected for each source;
- Expected revenue to be collected NOT billed;
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Non-financial measurable performance objectives in the form of targets and indicators;
- Detailed capital project plan broken down by ward over three years.'

The process for preparing and approving the SDBIP, as depicted in the MFMA Circular No.13, is diagrammatically summarized as follows:

Figure 02: SDBIP Process



SDBIP Adjustments are prepared in the context of the following critical facets:

- To deal decisively with indicators that departments are required to report on, on a monthly basis that are not reflective of their core business, or which cannot be accurately measured;
- To appropriately accommodate and plan for the amendments that are necessitated by external funding increases and/or decreases;
- With a view to evaluate the amount of target capability that will not be realised as a result of the reduced funds;
- To evaluate if funds can be diverted from another source internally within agreed financial transfer mechanisms;
- To address the findings raised by the Auditor-General SA during the 2023/24 financial year through the implementation of the approved Audit Action Plan.

In Conclusion, the report captures changes that must be implemented during the next 2 Quarters (3rd and 4th) of the year. It highlights areas where targets have been adjusted and the budget adjustment as well as any adjustment to the SDBIP. This is done in total alignment to the goals of the municipality as set out in the IDP. Any unavoidable deviation from this document will be dealt with during the revision of the IDP, taking into consideration all necessary legislative requirements.

4.7. PROCESSES IN AMENDING 2024/25 TOP LAYER SDBIP

The process was consultative and included the following key milestones:

a) Amending the SDBIP to the strategic framework in the IDP to achieve alignment;
b) Meeting with the Head of Departments (HOD);
c) Submitted proposed amendments to the Audit Committee;
d) Submitted proposed amendments to council for adoption;
e) Submitted the Revised SDBIP 2024/25 to be signed by the Mayor and tabled to council for the acquiring of council resolution
f) Public advert was posted on the Amended SDBIP 2024/25 and on the website.

4.8. DEPARTMENTAL SCORECARD/LOWER LAYER SDBIP

The Departmental Scorecards (detail Top Layer SDBIP) capture the performance of each Department. Unlike the Organisational Scorecard, which reflects on the strategic performance of the municipality, the Departmental SDBIP provides a comprehensive picture of the performance of that Department/sub-department/branch. It was compiled by Senior Managers for their Departments and consists of objectives, indicators and targets derived from the approved Top Layer SDBIP, the approved budget and measurable service delivery indicators related to each functional area.

The SDBIP contains the objectives and indicators as per the Municipal IDP as well as National indicators. The SDBIP for 2024/25 was developed to reflect cumulative performance, therefore the status of indicators reflects the overall performance level achieved in the 2024/25 Financial Year.

On a quarterly basis, departmental performance reports as per the approved SDBIP are compiled. These quarterly reports include the following:

- Measures taken to improve performance;
- Corrective action is included for each KPI;
- Comparison of performance against set targets;
- Calculations to calculate the variance between actual quarterly performances;
- Calculations to calculate the variance between actual quarterly performances;
- Comparisons of performance against quarterly targets are highlighted in the form of colours based on scores, which were calculated manually by the Monitoring and Evaluation Unit.

The scoring method utilized is in line with the assessment-rating calculator prescribed by the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, Regulation 805 of 2006. The purpose of including these ratings and colour coding is to serve as early warning indicators so that Council can easily distinguish under performance.

4.9. ORGANISATIONAL PERFORMANCE HIGHLIGHTS AGAINST PREDERTEMINED OBJECTIVES (KPI)

The organizational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organizational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The municipality in formulating and reviewing its Integrated Development Plan (IDP) developed and adopted Strategic Goals, Strategic Objectives and Strategies which are key instruments to drive or facilitate implementation of both, the IDP and Budget in service delivery.

These Key instruments are considered as enablers to justify an organization's activities and existence, define performance standards as well as the specific tasks that must be accomplished for the municipal goals to be met.

The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

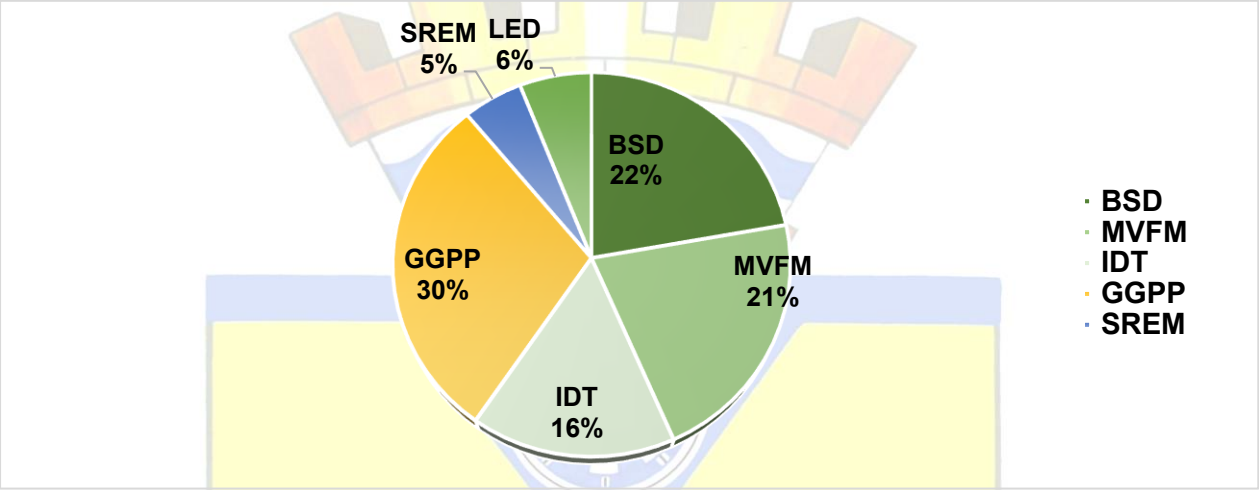
COLOUR CATEGORY	COLOUR CATEGORY
	TOTAL NUMBER OF KPI's
	KPI'S NOT ACHIEVED
	KPI's ACHIEVED

The Service Delivery Performance Report is divided according to the National Key Performance Areas (KPA) of Local Government namely;

NO	NATIONAL KEY PERFORMANCE AREA	ACRONYM
1.	Basic Service Delivery	BSD
2.	Good Governance and Public Participation	GGPP
3.	Municipal Financial Viability and Management	MFVM
4.	Local Economic Development	LED
5.	Municipal Transformation and Institutional Development	MTID
6.	Spatial Rationale Environmental Management	SREM

This pie chart below depicts the distribution of key performance indicator (KPI) to each national key performance area (NKPA). It is helpful to highlight the number of KPI's contributing to the NKPA because; it gives an indication where the municipality's focus is in terms of contributions towards the NKPA's.

Chart 02: Distribution of KPAs

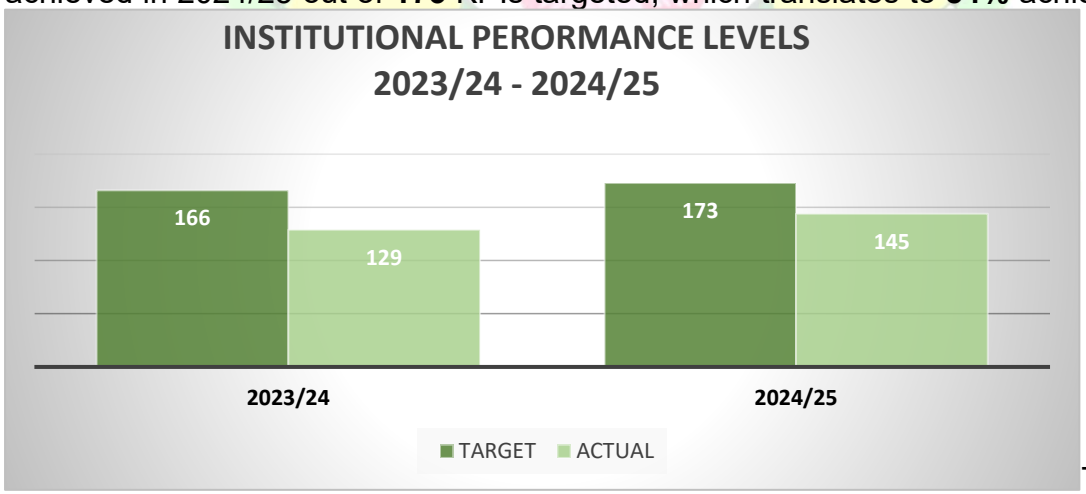


Evidently, the pie chart shows that the municipality has most of its KPI's in the top three dedicated to; Good Governance and Public Participation at **30%,** Infrastructure and Basic Service Delivery at **22%** and Municipal Financial Viability Management was at **21%,** followed by Institutional Development and Transformation at **16%**, Local Economic Development at **06%** and Spatial Rational and Environmental Management takes **05%**.

The following graphs illustrate the overall performance of the Municipality measured in terms of the Top Layer (Strategic) SDBIP as at the end of the 2024/2025 FY in comparison to that of the 2023/24 FY.

Graph 04: Institutional Performance Levels

The chart illustrates an improvement in the 2024/25 FY in the number of KPIs achieved, as opposed to those achieved in the 2023/24. A total of **145** KPIs were achieved in 2024/25 out of **173** KPIs targeted, which translates to **84%** achievement.



The **129**

KPIs achieved in 2023/24 against **166** targeted KPIs, translates to **78%** total achievement.

COMPONENT A: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

The overall score for this KPA is **84%** for the year under review. The greatest contributors to this KPA are the Technical and Community & Social Services Departments. This is one of the key KPA's for the municipality as a result of its direct impact to community development e.g. the construction of road infrastructure, water provision, electricity supply, etc. The performance is a regression of 4% in achievement compared to the previous financial year.

KPI Status	KPA 1: Infrastructure and Basic Service Delivery
Target Met (as planned and exceeded)	32
Target Not Met (below planned)	6
Total	38
% Targets met	84%
% Targets not met	16%

Performance Highlights for 2024/25

- The water & sanitation and electricity master plans were finally developed and adopted by Council with the assistance of DBSA.
- Refuse was collected as per the approved schedule in all municipal areas to promote clean and healthy environment.
- 118 learners were provided with financial assistance to register at institutions of higher learning.

COMPONENT B: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The overall score for this KPA is **76%** for the year under review. This represents a regress from the 78% achieved in the previous financial year. The greatest contributor to this KPA is the Budget and Treasury Department as this KPA deals with financial management performance indicators and IDP indicators

KPI Status	KPA 2: Financial viability and Finance Management
Target Met (as planned and exceeded)	28
Target Not Met (below planned)	9
Total	37
% Targets met	76%
% Targets not met	24%

Performance Highlights for the 2023/24

- 88% of all amount of businesses billed was collected.
- 61 business licence verifications were conducted

COMPONENT C: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

The overall score for this KPA is **93%** for the year under review. This represents an improvement from the 85% achieved during the previous financial year. The greatest contributor to this KPA is the Corporate Services Department as this KPA deals with Human Resources indicators, performance indicators and IDP indicators.

Driving institutional growth, our municipality's performance surged. From 85% in 2023/2024 to an impressive 93% in 2024/2025, our commitment to transformational progress is evident and poised for further success.

KPI Status	KPA 3: Institutional Development and Transformation
Target Met (as planned and exceeded)	25
Target Not Met (below planned)	2
Total	27
% Targets met	93%
% Targets not met	7%

Performance Highlights for 2024/25

- Performance assessments were conducted for all section 56 managers and the section 54A manager (both annual and mid-year).
- Local Labour Forum meetings met as per the approved schedule thereby ensuring better working relations between the municipality and organized labour.
- The Workplace Skills Plan (WSP) and Annual Training Report (ATR) were submitted to LGSETA within the legislated timeframe (30 April 2024) and subsequently 73 employees were trained in line with the said plan.

TOGETHER FOR GROWTH AND DEVELOPMENT

COMPONENT D: GOOD GOVERNANCE & PUBLIC PARTICIPATION

The overall score for this KPA is **80%** for the year under review. This represents an impressive improvement from the 67% achieved during the previous financial year. The greatest contributor to this KPA is the Office of the Municipal Manager Department.

KPI Status	KPA 4: Good Governance and Public Participation
Target Met (as planned and exceeded)	41
Target Not Met (below planned)	10
Total	51
% Targets met	80%
% Targets not met	20%

Performance Highlights for 2024/25

- All MPAC meetings were held in accordance to the approved calendar of events.
- All ward committees were functional. The committees play the role of being a link between the municipality and its communities.
- All Council committees were functional and all planned meetings were held in accordance to the approved schedule.
- 85% of all identified risks were mitigated.

COMPONENT E: SPATIAL RATIONALE & ENVIRONEMNTAL MANAGEMENT

The overall score for this KPA is **89%** for the year under review. This performance represents a slight improvement from the 83% achieved during the previous financial year.

KPI Status	KPA 5: Spatial Rationale
Target Met (as planned and exceeded)	8
Target Not Met (below planned)	1
Total	9
% Targets met	89%
% Targets not met	11%

Performance Highlights for 2024/25

- The Spatial Development Framework (SDF) has been reviewed and adopted by Council. This will ensure that there is proper alignment in terms of municipal planning.

COMPONENT F: LOCAL ECONOMIC DEVELOPMENT

The overall score for this KPA is **100%** for the year under review. This represents an improvement of 12% compared to the 88% achieved in the previous financial year.

KPI Status	KPA 6: Local Economic Development
Target Met (as planned and exceeded)	11
Target Not Met (below planned)	0
Total	11
% Targets met	100%
% Targets not met	0%

Performance Highlights for 2024/25

- The municipality was able to launch the LED Forum which we have been trying with no success for numerous years. The forum will assist in terms of attracting

new investments into the local economy thereby creating the much needed job opportunities especially for the youth.

4.10. INTRODUCTION TO MUNICIPAL PERFORMANCE PREDETERMINED OBJECTIVES

4.10.1. DEPARTMENTAL SDBIP

The SDBIP serves to focus both the administration and Council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and Senior Managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as Municipal Entities, Public-Private Partnerships and service contracts. The SDBIP Template is therefore included in the report for each department as follows;

- Department: Office of the Municipal Manager
- Department: Budget and Treasury Office
- Department: Corporate Services
- Department: Technical Services and Infrastructure Development
- Department: Community Services and Social Services

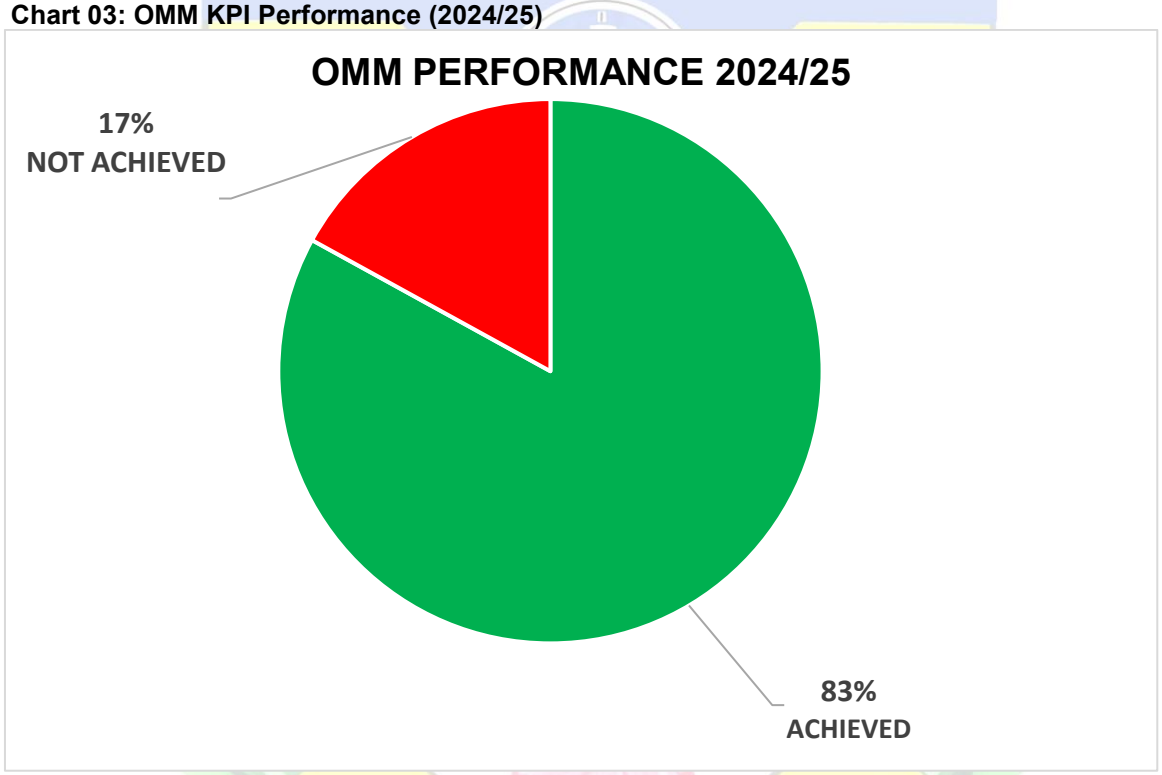
The Municipality had a total of 174 KPIs in the 2024/25 financial year of which 173 were assessed; and achieved **145** of these set KPIs, which means 28 were not achieved; the Municipal performance towards achieving these set KPIs is further broken down departmentally as follows;

4.11. OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager is responsible for a total of **66 KPI's,** of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards.

The statistics for the Department are as follows:

Chart 03: OMM KPI Performance (2024/25)



The office of the Municipal Manager achieved a total of 55 KPIs under the year in review, out of a total of 66 KPIs that were targeted at the start of the financial year. This totals to an **83%** achievement.

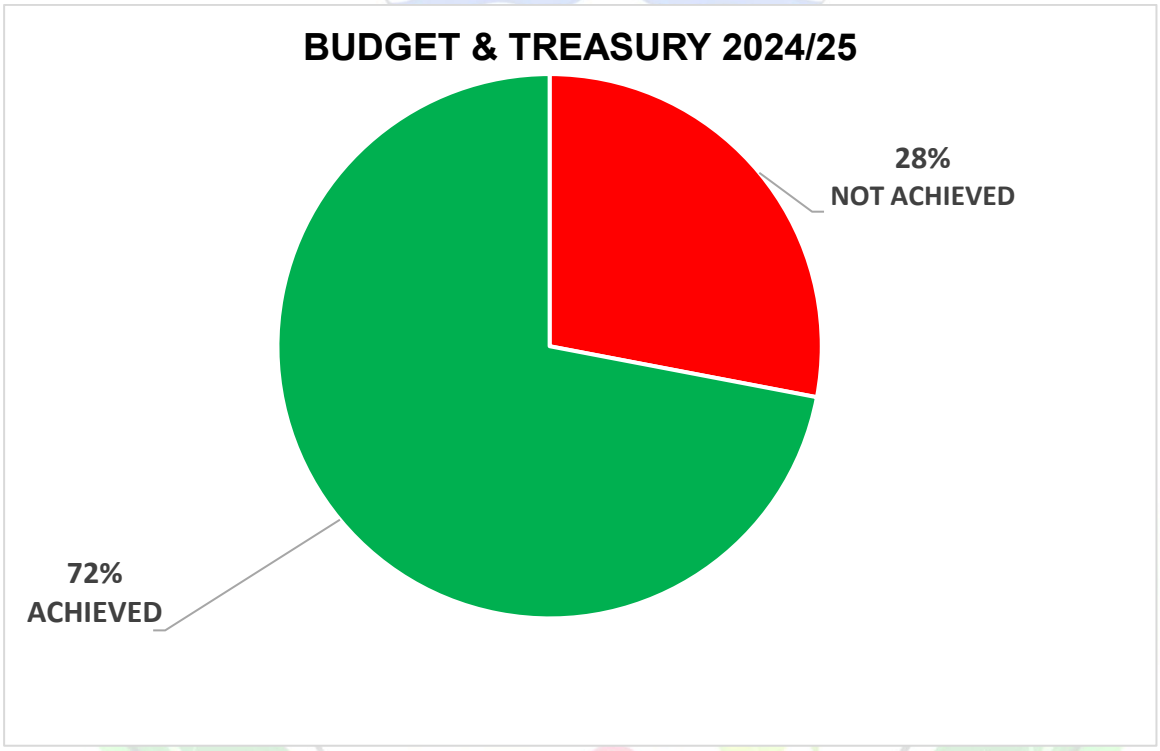
TOGETHER FOR GROWTH AND DEVELOPMENT

4.12. BUDGET AND TREASURY OFFICE

The Budget and Treasury Department is responsible for a total of **32 KPI's** of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards.

The statistics for the Department are as follows:

Chart 04: BTO KPI Performance (2024/25)



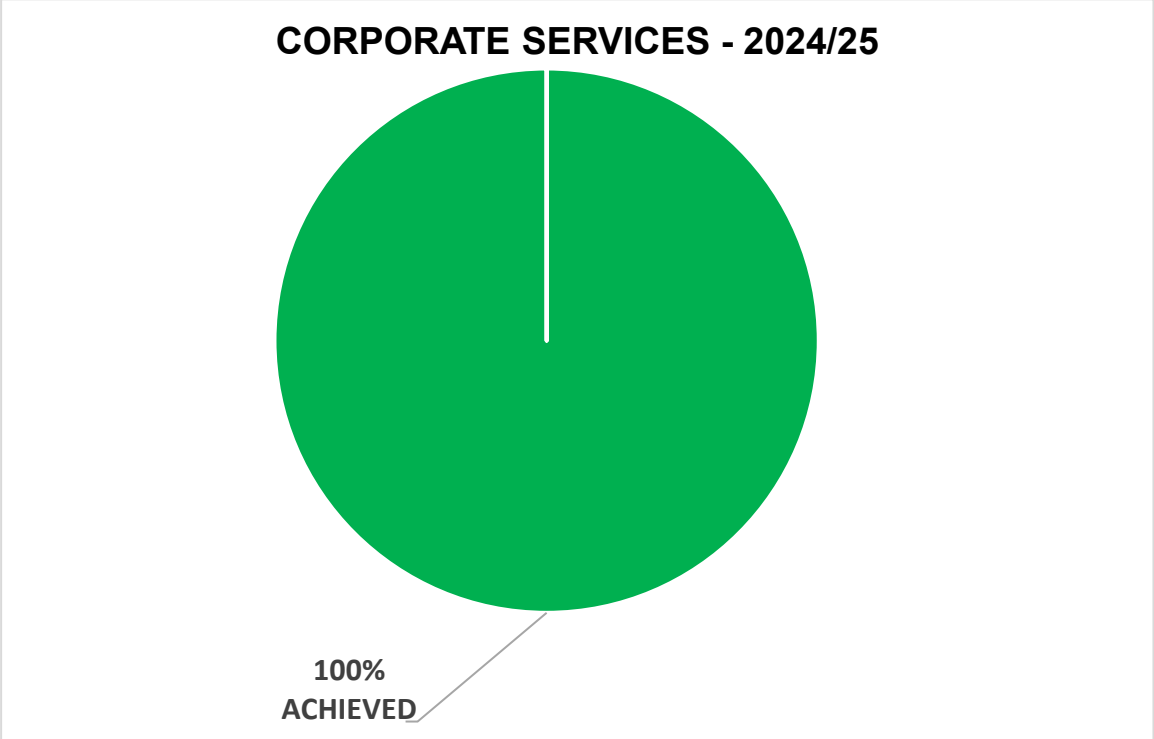
The Budget and Treasury office achieved 23 KPIs, and 9 were not achieved; this translates to a total of 72% achievement in the 2024/25 FY.

4.13. CORPORATE SERVICES

The Corporate Services Department is responsible for a total of **24 KPI's,** of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards.

The statistics for the Department are as follows:

Chart 05: Corporate Services KPI Performance (2024/25)

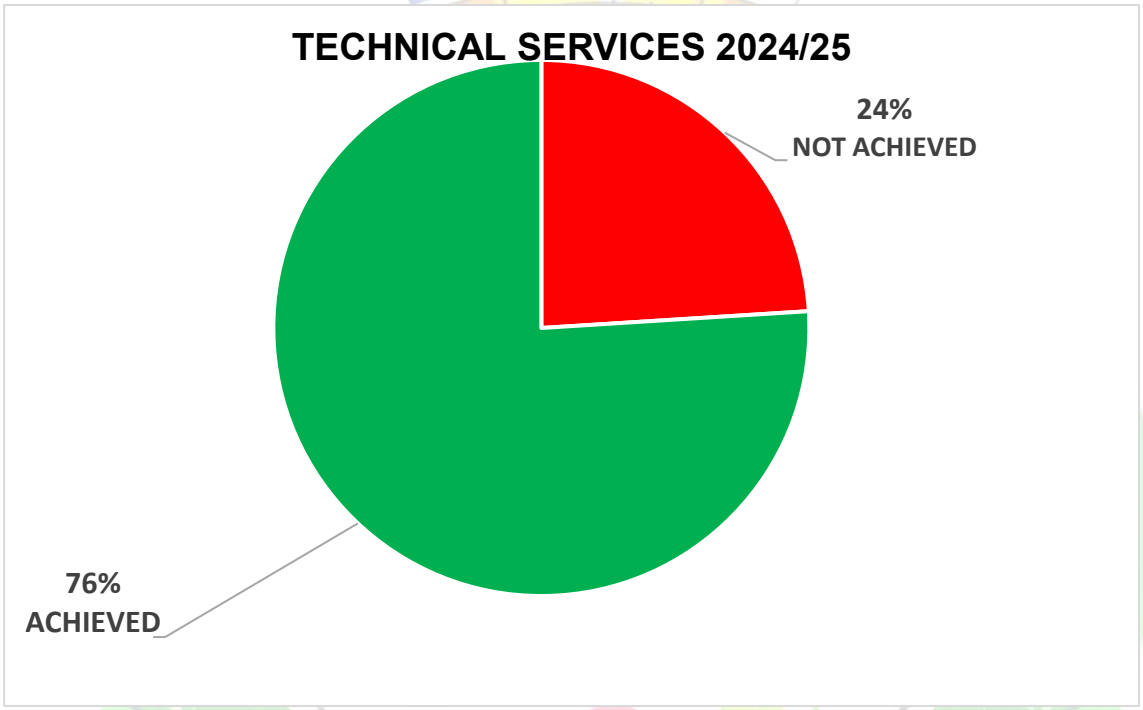


Corporate Services had 24 KPIs in the 2023/24 and all were eligible for assessment, 24 of which were impressively achieved and none were not, this equals a **100%** achievement.

4.14. TECHNICAL SERVICES & INFRASTRUCTURE DEVELOPMENT

The Technical Services Department is responsible for a total of **22 KPI's,** of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.

Chart 06: Technical Services KPI Performance (2024/25)



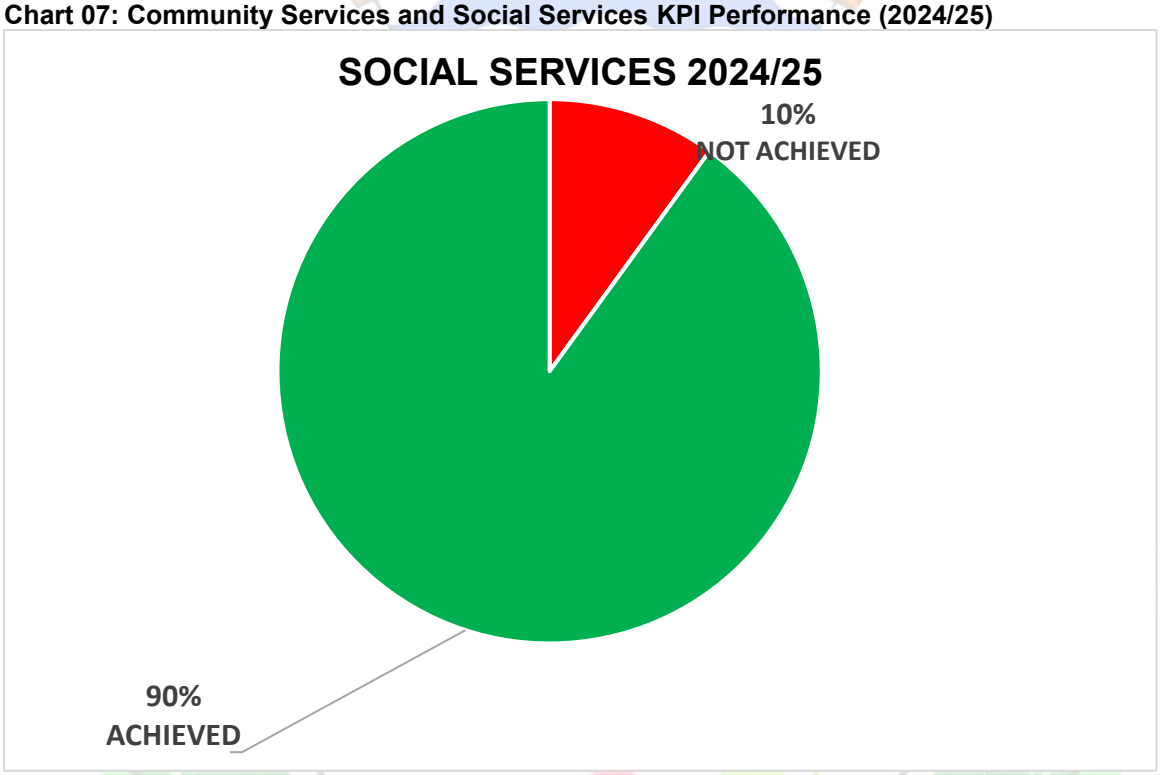
Technical Services and Infrastructure Development department had 22 KPIs but only 21 were assessed and 16 were achieved, leaving 05 KPIs unachieved. This translate to **76%** achievement under the TSID department in the 2024/25 financial year.

4.15. COMMUNITY SERVICES AND SOCIAL SERVICES

The Community and Social Services Department is responsible for a total of **30 KPI's,** of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards.

The statistics for the Department are as follows:

Chart 07: Community Services and Social Services KPI Performance (2024/25)



Community Services and Social Services had a total of 30 KPIs and 27 of which were achieved, this equals to an achievement of **90%** of the KPIs set in the 2024/25 financial year.

COMPONENT B: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.16. EMPLOYEE TOTALS, TURNOVER, AND VACANCIES

To ensure that the organization's effectiveness is increased, the Municipality conducts a personnel needs analysis and makes the necessary provision in the Municipal Budget on an annual basis. To ensure effectiveness and efficiency within the organisation, the Municipality annually develops a Workplace Skills Plan, after conducting a training needs analysis. The necessary training is then provided depending on available financial resources.

Employees are also provided with all the necessary tools including, but not limited to, ICT tools, furniture, and machinery. Necessary policies, systems, procedures, and mechanisms are put in place to ensure organizational development. These include, but are not limited to, recruitment, selection, training, discipline, and the retention of staff. Employees are developed as far as possible to assist them to function effectively as human beings and to reach their full potential.

Positions at the entry level are posted in local media and on municipal notice boards, whereas vacancies at the management, skilled, and professional levels are advertised in both local and national media in accordance with the recruitment policies to ensure adequate coverage. Changes in business process and changing environment requires the organization to review its organizational structure on a regular basis.

Internal employees are free to apply for promotional jobs if they meet the qualifications, abilities, and experience requirements.

When making appointments, the Employment Equity Plan is always taken into consideration. The time it takes to replace a vacant position depends on the scarcity of skills in the labour market, as well as the credentials and experience required. Three (03) months is the target turnaround time for filling a position.

Filling vacancies has been prioritized in order to reduce the vacancy rate, but the overall cost of the Operational Budget (OPEX) is being continuously watched to ensure that it does not exceed prescriptive levels or have a negative impact on service delivery funding. Resignations, retirement, death, and, to a lesser extent, dismissals are the main causes of turnover. Employees typically depart as a result of advancement in their careers. We have an active Employee Assistance Program in place, as well as wellness events for our employees throughout the year.

In addition, there is a long-term service recognition system in place that is applied in terms of service conditions and internal policies. Scarcity allowances and other retention measures have been imposed for selected positions. However, it is not always possible to keep scarce and skilled staff since rival institutions offer greater perks than we can pay.

Table 48: Status quo of the Organogram 2024/25

VICTOR KHANYE: MP311			
DIRECTORATE	**TOTAL # Posts**	**Filled**	**Vacant**
			Budgeted
Office of the Municipal Manager	47	41	6
Corporate Services	50	36	14
Budget & Treasury	74	64	10
Social Services	210	160	50
Technical Services	186	141	45
Total	**567**	**442**	**125**

As at the end of June 2025, the Municipality had a vacancy rate of **22.04%**

COMPONENT C: MANAGING THE MUNICIPAL WORKFORCE

4.17. MUNICIPAL WORKFORCE MANAGEMENT

The municipality works to meet its IDP objectives by ensuring timely human resource provisioning through a thorough recruitment procedure. Employees are considered as assets to the municipality, and procedures are in place to guarantee that employees' capacity is built to support their career goals.

Short courses and long-term interventions in the form of study bursaries with reputable institutions of higher learning are offered for employee training and development. An Employment Equity Plan was designed and executed, and it is reviewed on a yearly basis. As mandated by the Employment Equity Act, annual updates on the plan's implementation are provided to the Department of Labour at the end of September.

Although most policies are in place and approved by council, compliance with policies and the ability of management to enforce compliance with policies remains a challenge and requires attention. Knowledge and understanding of policies by all staff also remain an issue of concern and therefore it becomes crucial to improve and accelerate awareness activities amongst staff. Workplace policies are developed and reviewed as and when necessary in consultation with labour as prescribed by the relevant pieces of labour legislation and signed collective agreements.

Special sick leave is taken in the case of injury on duty. An Occupational Health and Safety (OHS) Policy is in place and displayed at all workplaces. All departments are required to comply with this policy. Regular OHS inspections and safety audits are carried out during the year to identify any new health and safety risks.

Accidents and injuries on duty were investigated in terms of relevant legislation. Sick leave was monitored by HODs, and proper record was kept of all leave and sick leave taken. Where necessary, officials may be sent to medical practitioners appointed by Council for second opinions in cases of extended sick leave.

COMPONENT D: CAPACITATING THE MUNICIPAL WORKFORCE

4.18. WORKFORCE CAPACITY DEVELOPMENT

Employees are encouraged to pursue studies that will benefit their personal growth (PDP), individual performance, and ability to contribute successfully to the attainment of organizational goals using the Skills Needs Analysis forms to identify skills needs and also assess the skills constraints on service delivery in the Municipality as a whole and in each department of function. The municipality is also utilizing the bursary program to subsidize employee skill development in areas where they are in short supply. The Training and Development programs include Leaderships, Skills Program, Workshop and Seminars that will benefit the municipality by expanding workers' sets and empowering staff in leadership qualities. The Workplace Skills Plan describes the skills needs and the range of skills development interventions that an organization will use to address these needs. A Workplace Skills Plan is developed annually and is submitted to Local Government Sector Education Training Authority (LGSETA) on the 30th of April every year. The Municipality is required to provide Annually Training Report (ATR) as to how needs are addressed as defined in the Workplace Skills Plan also provides sector information to the LGSETA specifically. The Training Budget was R2 000 000.00 for the 2024/2025 Financial Year, which covered learnership, skills programmes and bursaries. 73 employees trained per quarter in line with the approved 2024/25 Work Skills Plan.

The Municipality in the 2024/25 financial year implemented the following trainings:

Training Intervention 2024/25	Number of Participate
1. Water and Waste Water Process Control NQF Level 3	5
2. Water and Waste Water Process Control NQF Level 4	10
3. Municipal Finance Management Programme	10
4. Customer Care	34
5. Chemical Engineering N5	1
6. Prolapse speed machine	15
7. Millwright Certificate	1
8. Electrical Engineering N2	1
9. Electrical Engineering N4	1
10. Pump Operator	2
11. Bursaries Holders	5

PICTURE: EMPLOYYEES WHO SUCCESSFULLY COMPLETED THEIR QUALIFICATIONS IN 2024/25

COMPONENT E: MANAGING THE WORKFORCE EXPENDITURE

4.19. WORKFORCE EXPENDITURE

Workforce expenditures are managed by our finance department as part of the municipal operational expenditure budget. Salary, donations to medical aids, pension funds, housing scheme, UIF, group life insurance, travel, mobile, and data allowances are all part of it. All expenses should be in accordance with the agreed budget.

When the staffing plan is approved, money is set aside in the budget for all of the positions that can be filled, as well as the timelines for doing so. There are no unfunded positions that can be filled. The municipality guarantees that it hires people who are capable of providing high-quality service in order to meet its strategic objectives.

Expenditure in this regard has been stable compared to previous years considering the fact that VKLM has not yet implemented Task Job Evaluation which has the potential of increasing workforce expenditure**. Total employee related cost is at R184 940 000 and this expenditure is equivalent to 23% of the total municipal operational expenditure.**

4.20. DISCLOSURES OF FINANCIAL INTERESTS

Officials declared their financial interests for 2024/25 financial year and declarations are done annually by all staff and councillors in order to foster a culture of integrity and accountability and to give high priority towards the needs of communities as per the code of conduct for both officials and councillors in terms of the Municipal Systems Act.

CHAPTER 5 – FINANCIAL PERFORMANCE

5. FINANCIAL OVERVIEW

This chapter contains information regarding financial performance and highlights specific accomplishments. The chapter comprises FOUR components:

- Component A: Statement of Financial Performance
- Component B: Spending against Capital Budget
- Component C: Cash Flow Management and Investment
- Component D: Other Financial Matters

The total revenue of the Municipality is sitting at **R728 246 000** and the expenditure for 2024/25 accounts for **R884 360 000** which indicates an overspending of expenditure level of **101%.** It should be taken note that the budget was compiled on the assumption that the payment rate will be **75%.** In respect of council's employee cost expenditure is at **100.7%** of the Year-to-date (YTD) budgeted amount. In respect of Councillor Allowances, the expenditure is at **97%**. Council's and Officials travelling costs is at **85.7%** of the Year-to-date (YTD), the cost containment measures should be adhered to in order to reduce the travelling costs.

With reference to council's overall cash flow situation, it can be reported that it is managed carefully to ensure financial viability. Council is grant dependent and expenditure has to be strict monitored. The cash flow analysis for the twelve month reflects that Council will not be in the position to fulfil its obligations, this have resulted in non-payment of creditors such as Eskom and Rand water.

The cash flow has reached critical levels due to the over spending that occurred during the financial year, it could result in fruitless and wasteful expenditure being incurred due to insufficient cash flow to pay creditors on time. Eskom and Rand water debt has reached sky high total amount of R1 billion. **Debtor's payment rate is at 62% for June 2025**. Sufficient provision was made for debt impairment, however additional controls need to be implemented. The biggest portion of council's debtor's balance is older than 120 days. Council total debt for the year that ended on 30 June 2025 is **R869 398 345.**

Capital expenditure as at June 2025 was at **R42 288 733** (1% increase). The cashbook balance (cash on hand) at **month-end was R12.3 Million rand** which excludes the Equitable Share and other Grants that were received in 2025.

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	383 996 280	332 466 245
Rental of facilities and equipment	21	2 307 282	1 639 760
Administration and management fees received	22	1 454 842	314 248
Merchandising and Jobbing	22	78 308	24 439
Fire Services	22	1 083 451	1 266 911
Cemetry and Burial	22	546 700	354 796
Town Planning and Servitudes	22	597 603	643 139
Interest Income	23	70 113 273	52 412 316
Actuarial gains		6 260 052	-
Total revenue from exchange transactions		**466 437 791**	**389 121 854**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	16	108 695 561	109 834 380
Property rates - penalties imposed	16	13 717 832	34 213 459
Debt written off	57	-	59 138 988
Transfer revenue			
Government grants & subsidies	19	196 561 649	201 019 000
Public contributions and donations	18	15 063 048	15 778 563
Fines, Penalties and Forfeits	17	6 801 020	11 239 410
Total revenue from non-exchange transactions		**340 839 110**	**431 223 800**
Total revenue		**807 276 901**	**820 345 654**
Expenditure			
Employee related costs	25	(207 328 203)	(192 678 699)
Remuneration of councilors	24	(9 790 467)	(9 363 717)
Depreciation and amortization	27	(57 682 528)	(58 222 199)
Finance costs	28	(97 555 310)	(92 950 921)
Lease rentals on operating lease	32	(1 047 979)	(995 249)
Impairment	26	(110 666 133)	(230 564 275)
Bad debts written off	54	(73 709 349)	(8 884 558)
Bulk purchases	29	(227 563 476)	(202 461 064)
Contracted services	31	(129 801 976)	(123 328 765)
Loss on disposal of assets and liabilities	4	(9 057 643)	(1 247 392)
Actuarial losses	12	-	(671 979)
Inventory consumed	30	(110 098 147)	(97 931 288)
Operational costs	33	(49 924 623)	(63 645 960)
Total expenditure		**(1 084 225 834)**	**(1 082 946 066)**
Deficit for the year		**(276 948 933)**	**(262 600 412)**

Victor Khanye Local Municipality tat the end financial year **2024/2025**, generated a revenue of **R 807 276 901** and the expenditure of **R 1 084 225 834** this reflect the deficit of **R 276 948 933.**

STATEMENT OF BUDGET COMPARISON: BUDGET VS ACTUAL

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustment	Final Budget	Actual amounts on comparable basis	Difference between	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	328 584 000	70 000	**328 654 000**	383 996 280	**55 342 280**	Note 52
Rendering of services	6 926 000	-	**6 926 000**	-	**(6 926 000)**	Note 52
Rental of facilities and equipment	1 572 000	-	**1 572 000**	2 307 282	**735 282**	Note 52
Administration and management fees received	772 000	-	**772 000**	1 454 842	**682 842**	Note 52
Merchandising and jobbing	-	-	**-**	78 308	**78 308**	Note 52
Fire services	-	-	**-**	1 083 451	**1 083 451**	Note 52
Cemetry and Burial	-	-	**-**	546 700	**546 700**	Note 52
Town planning and Servitude	-	-	**-**	597 603	**597 603**	Note 52
Interest received - investment	90 454 000	67 836 000	**158 290 000**	70 113 273	**(88 176 727)**	Note 52
Total revenue from exchange transactions	**428 308 000**	**67 906 000**	**496 214 000**	**460 177 739**	**(36 036 261)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	123 486 000	-	**123 486 000**	108 695 561	**(14 790 439)**	Note 52
Property rates - penalties imposed	32 795 000	-	**32 795 000**	13 717 832	**(19 077 168)**	Note 52
Surcharges and Taxes	33 486 000	36 707 000	**70 193 000**	-	**(70 193 000)**	Note 52
Transfer revenue						
Government grants & subsidies: Operational	152 985 000	-	**152 985 000**	196 561 649	**43 576 649**	Note 52
Public contributions and donations	-	-	**-**	15 063 048	**15 063 048**	Note 52
Fines, Penalties and Forfeits	2 141 000	-	**2 141 000**	6 801 020	**4 660 020**	Note 52
Total revenue from non-exchange transactions	**344 893 000**	**36 707 000**	**381 600 000**	**340 839 110**	**(40 760 890)**	
Total revenue	**773 201 000**	**104 613 000**	**877 814 000**	**801 016 849**	**(76 797 151)**	
Expenditure						
Personnel	(201 439 000)	(402 000)	**(201 841 000)**	(207 328 203)	**(5 487 203)**	Note 52
Remuneration of councillors	(10 101 000)	(1 533 000)	**(11 634 000)**	(9 790 467)	**1 843 533**	Note 52
Depreciation and amortisation	(52 446 000)	1 413 000	**(51 033 000)**	(57 682 528)	**(6 649 528)**	Note 52
Finance costs	(30 000 000)	(20 005 000)	**(50 005 000)**	(97 555 310)	**(47 550 310)**	Note 52
Lease rentals on operating lease	-	-	**-**	(1 047 979)	**(1 047 979)**	Note 52
Debt Impairment	(108 336 000)	20 000 000	**(88 336 000)**	(110 666 133)	**(22 330 133)**	Note 52
Bad debts written off	(29 800 000)	-	**(29 800 000)**	(73 709 349)	**(43 909 349)**	Note 52
Bulk purchases	(203 854 000)	(30 000 000)	**(233 854 000)**	(227 563 476)	**6 290 524**	Note 52
Contracted Services	(92 062 000)	(41 055 000)	**(133 117 000)**	(129 801 976)	**3 315 024**	Note 52
Sale of goods/Inventory	(92 124 000)	(38 118 000)	**(130 242 000)**	(110 098 147)	**20 143 853**	Note 52
General Expenses	(58 413 000)	(11 065 000)	**(69 478 000)**	(49 924 623)	**19 553 377**	Note 52
Total expenditure	**(878 575 000)**	**(120 765 000)**	**(999 340 000)**	**(1 075 168 191)**	**(75 828 191)**	
Operating deficit	**(105 374 000)**	**(16 152 000)**	**(121 526 000)**	**(274 151 342)**	**(152 625 342)**	

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.1. CAPITAL EXPENDITURE

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
19. Government grants & subsidies		
Operating grants		
Equitable share	149 823 999	140 606 000
Financial Management Grant(FMG)	1 800 000	1 850 000
Expanded public works programme (EPWP)	1 661 000	1 434 000
	153 284 999	**143 890 000**
Capital grants		
Water service infrastructure grant(WSIG)	14 939 650	30 000 000
Municipal infrastructure grant(MIG)	28 337 000	27 129 000
	43 276 650	**57 129 000**
	196 561 649	**201 019 000**
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	35 911 145	60 413 000
Unconditional grants received	149 823 999	140 606 000
	185 735 144	**201 019 000**

Equitable Share

In terms of the Constitution, this grant is used to subsidize the provision of basic services to indigent community members.

Finance management grant

Current-year receipts	1 800 000	1 850 000
Conditions met - transferred to revenue	(1 800 000)	(1 850 000)
	-	-

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. All conditions of the grant were met.

EPWP grant

Current-year receipts	1 661 000	1 434 000
Conditions met - transferred to revenue	(1 661 000)	(1 434 000)
		-

The grant is used for extended public works programmes. All conditions of the grant were met.

Municipal infrastructure grant

Current-year receipts	28 337 000	27 129 000
Conditions met - transferred to revenue	(28 337 000)	(27 129 000)
	-	-

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of households. All conditions of the grant were met. Integrated national electrification grant (INEP) This grant is used for the electrification of households. All conditions of the grant were met.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

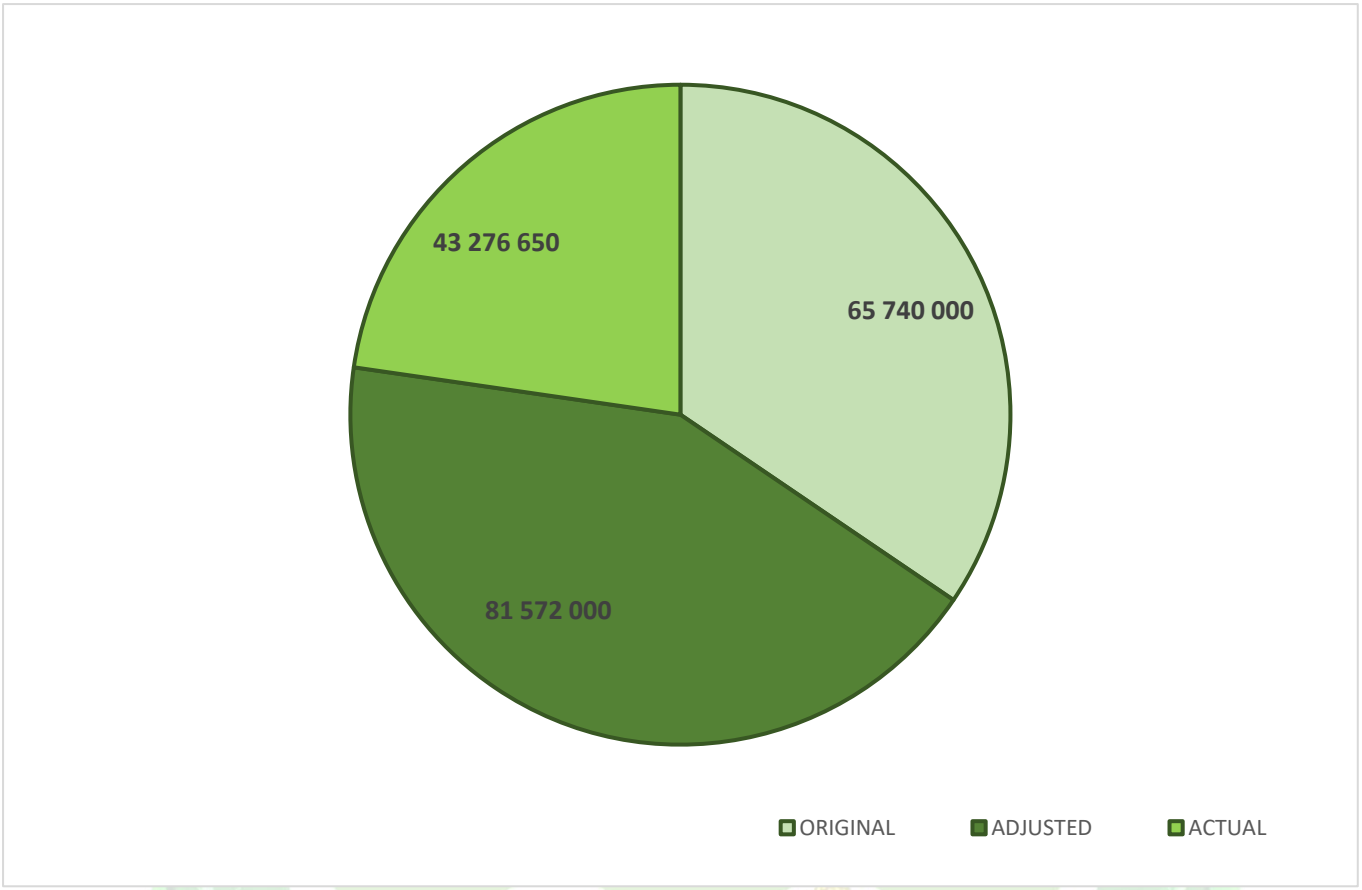
19. Government grants & subsidies (continued)

Water Services Infrastructure Grant

Current-year receipts	18 911 000	30 000 000
Conditions met - transferred to revenue	(14 939 650)	(30 000 000)
	3 971 350	**-**

Water Services Infrastructure Grant supports water service authorities in developing interim and intermediate water supply to reduce water and sanitation backlogs. All conditions of the grant were met

Chart 08: TOTAL CAPITAL FUNDING 2024/25



TOGETHER FOR GROWTH AND DEVELOPMENT

5.2. SPENDING ON CAPITAL PROJECTS

The largest capital expenditure projects for 2024/25 financial year(s) are depicted in the table below.

Table 49: Spending on Largest Projects (2024/25)

ITEM	PROJECT NAME	BUDGET	Total Expenditute To Date
1	Reconstruction of paved roads in Victor Khanye	R 19 443 175.00	**R19 400 646.96**
2	Provision of security boundary fencing for all municipal infrastructures	R 2 720 150.00	**R0.00**
3	Development of the 2nd Phase of the Landfill Site in Delmas	R 0.00	**R325 975.60**
4	Drilling of Boreholes in rural areas and provision of elevated steel tanks	R 400 000.00	**R4 532 351.46**
5	Installation of High Mast Light at Victor Khanye Municipality	R 4 356 825.00	**R2 661 175.98**
6	Project Management Unit (PMU)	R 1 416 850.00	**R1 416 850.00**
	MIG	**R 28 337 000.00**	**R 28 337 000.00**
	Total Expenditure (%)	**R 28 337 000.00**	**100%**
8	Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing The Non-Revenue Water in Botleng Township	**R14 618 853.09**	**R11 905 742.78**
9	Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing The Non-Revenue Water in Botleng Township	**R4 292 146.91**	**R4 292 146.25**
	WSIG	**R 18 911 000.00**	**R 16 197 889.03**
	Total Expenditure (%)	**R 18 911 000.00**	**86%**
TOTAL EXPENDITURE		**R 47 248 000.00**	**R 44 534 889.03**

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.3. CASH FLOW STATEMENT

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Services charges		151 134 357	264 569 507
Grants		196 561 649	201 019 000
Rate and fines		62 621 430	93 263 547
Interest income		70 113 273	2 895 750
Other receipts		6 068 186	4 218 854
		486 498 895	565 966 658
Payments			
Compensation of employees and councilors,		(180 757 387)	(195 061 931)
Suppliers, service providers and others		(231 479 050)	(253 744 056)
Finance costs		(89 609 745)	(23 020 001)
Tax paid		(14 953 183)	(26 423 966)
		(516 799 365)	(498 249 954)
Net cash flows from operating activities	34	**(30 300 470)**	**67 716 704**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(48 625 369)	(63 955 423)
Cash flows from financing activities			
Repayment of other financial liabilities		6 486 177	-
Finance lease payments		(3 649 904)	(3 984 750)
Interest income		82 053 688	-
Net cash flows from financing activities		**84 889 961**	**(3 984 750)**
Net increase/(decrease) in cash and cash equivalents		**5 964 122**	**(223 469)**
Cash and cash equivalents at the beginning of the year		6 397 313	6 653 289
Cash and cash equivalents at the end of the year	7	**12 361 435**	**6 429 820**

Cash flow is of vital importance to the financial health of a municipality. The net cash inflows from operating activities (Sub-total A) generated a positive cash *inflow of* ***R30 million.*** The net cash outflows of investing activities (Sub-total B*) resulted in a* ***cash outflow of minus (R 48) million.*** The net cash inflows from financing activities generated ***a positive cash inflow of R 84 million***. Overall the Municipality had ended the financial year with cash and cash equivalents to the amount of ***R 12.3 million.***

5.4. BORROWING AND INVESTMENTS

5.4.1. EXTERNAL BORROWINGS

The municipality does not have any external borrowings for the 2024/2025 financial year.

5.4.2. PUBLIC PRIVATE PARTNERSHIPS

The municipality had no public private partnerships as per the municipal public-private partnership regulations for the year under review.

5.4.3. GRANTS

Victor Khanye Local Municipality received R 191 million in 2024/2025 which is decrease from the R201 million in 2023/2024 allocated from Government (National and Provincial). These include both capital and operational revenue.

Table 50: Grant Allocation 2024/25

Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
19. Government grants & subsidies		
Operating grants		
Equitable share	149 823 999	140 606 000
Financial Management Grant(FMG)	1 800 000	1 850 000
Expanded public works programme (EPWP)	1 661 000	1 434 000
	153 284 999	**143 890 000**
Capital grants		
Water service infrastructure grant(WSIG)	14 939 650	30 000 000
Municipal infrastructure grant(MIG)	28 337 000	27 129 000
	43 276 650	**57 129 000**
	196 561 649	**201 019 000**

5.5. ASSET MANAGEMENT

Victor Khanye Local Municipality has a total carrying value of **R 964 672 411** at end of the 2024/25 financial year.

Table 51: Asset Register

4. Property, plant and equipment	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	214 852 269	(4 811 756)	210 040 513	214 852 269	(4 811 756)	210 040 513
Plant and machinery	1 245 531	(187 891)	1 057 640	1 551 847	(275 309)	1 276 538
Furniture and fixtures	2 403 275	(303 100)	2 100 175	2 322 905	(215 729)	2 107 176
Motor vehicles	16 200 838	(2 252 763)	13 948 075	11 387 718	(181 446)	11 206 272
IT equipment	4 664 686	(946 474)	3 718 212	1 463 809	(84 486)	1 379 323
Community	134 619 159	(75 115 471)	59 503 688	125 430 748	(72 764 508)	52 666 240
Fire equipment	1 548 590	(1 280 852)	267 738	1 587 803	(1 278 791)	309 012
Water infrastructure	464 550 818	(277 283 948)	187 266 870	472 574 801	(274 040 487)	198 534 314
Solid Waste infrastructure	11 818 389	(4 714 120)	7 104 269	11 854 372	(4 288 790)	7 565 582
Road infrastructure	543 784 176	(416 483 870)	127 300 306	544 306 022	(392 431 880)	151 874 142
Electrical infrastructure	284 477 660	(150 116 746)	134 360 914	267 542 487	(153 478 742)	114 063 745
Work-in-Progress	78 980 008	-	78 980 008	49 899 189	-	49 899 189
Sanitation infrastructure	373 774 885	(234 750 882)	139 024 003	379 079 192	(231 923 100)	147 156 092
Total	**2 132 920 284**	**(1 168 247 873)**	**964 672 411**	**2 083 853 162**	**(1 135 775 024)**	**948 078 138**

TOGETHER FOR GROWTH AND DEVELOPMENT

5.6. DEBTOR'S AGE ANALYSIS

Debtor's Age Analysis for the month ended 30 June 2025, outstanding debtors comprise of consumer and sundry debtors. The total outstanding debtors amounts to **R1.2 billion**.

Table 52: Debtor's Age Analysis

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
10. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	202 976 637	244 871 836
Consumer debtors - Electricity	117 134 695	39 249 083
Consumer debtors - Water	330 571 860	298 245 588
Consumer debtors - Waste water	31 655 908	28 493 386
Consumer debtors - Refuse	36 841 323	30 935 587
Merchandising, Jobbing and Contracts	163 016 694	172 238 454
Flat rate charges	308 955 851	256 580 334
Other debtors	20 983 520	20 980 503
Traffic fines debtors	64 467 376	59 654 739
	1 276 603 864	**1 151 249 510**

COMPONENT D: OTHER FINANCIAL MATTERS

Victor Khanye Local Municipality has ensured that it improves its financial management through the implementation of relevant internal controls and adhering to legislation. Financial reporting – finance reports are presented to the Finance Portfolio Committee on a monthly basis. All statutory returns have been submitted to National Treasury on a monthly, quarterly, bi-annually and annually basis. S71, S52 (d) & S72 reports are compiled and submitted to National Treasury

5.7. SUPPLY CHAIN MANAGEMENT

The SCM Policy was reviewed during the 2024/2025 financial year. Certain amendments to the SCM Policy were tabled before Council in order to improve operational efficiency. Victor Khanye Local Municipality's SCM Policy complies with the regulatory framework.

The SCM function cuts across all departments. Although governance is at its core, supply chain management plays a vital role in contributing towards service delivery ina manner that is fair, equitable, transparent, competitive and cost-effective. The Municipality applies the bid committee system for procurement above R 200,000 and for the procurement of long term contracts.

The bid committees namely the Bid Specification Committee, the Bid Evaluation Committee and the Bid Adjudication Committee are all functioning effectively. The bid committee members are appointed by the Municipal Manager in line with the relevant legislation.

5.8. GRAP COMPLIANCE

The Municipality has fully implemented the Standards of GRAP (Generally Recognized Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from the standards.

The adoption of the standards and interpretation thereof did not have a significant impact on the financial position, financial performance or cash flows of the Municipalityexcept for the disclosures in Note 48 of the 2023/2024 Annual Financial Statements.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

In the tables below the Auditor-General's opinion on the last two financial years' annual Financial statements and annual performance report is discussed.

6.1. AUDITOR GENERAL REPORT 2023/24FY

Report of the auditor-general to Mpumalanga Provincial Legislature and Council on Victor Khanye Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Victor Khanye Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets. Cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Victor Khanye Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not account for some items of property plant and equipment in accordance with GRAP 17, property plant and equipment in the prior year. This is due to the municipality not assessing whether there were any indications that the useful lives of property, plant and equipment had changed. Additionally, some assets were not depreciated in line with the assets management policy. I was unable to quantify the full extent of the misstatement of property, plant and equipment of R943,5 million (2022-23: R920,5 million) as disclosed in note 4 to the financial statements as it was impracticable to do so.
4. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for community assets due to the status of accounting records. I was unable to confirm the restatement of community assets by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the community assets stated at R52,7 million (2022-23 R55,2 million) in note 4 to the financial statements. This also had an impact on the prior period error note disclosed in note 39 to the financial statements.

Bulk Purchases

5. In the prior year, I was unable to obtain sufficient appropriate audit evidence for bulk purchases as the municipality did not maintain proper accounting records. I could not confirm bulk purchase expenses by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to corresponding amounts for bulk purchases stated at R167,2 million in note 29 to the financial statements and trade payables stated at R1,1 billion in note 15 to the financial statements. This also had an impact on the deficit and the accumulated surplus for the period.

Irregular expenditure

6. The municipality did not have adequate controls to identify and disclose all irregular expenditures incurred in the previous years, as required by section 125(2)(d) of the MFMA. This resulted in the understatement of irregular expenditure. I was unable to quantify the full extent of the understatement to the irregular expenditure of R176,2 million (2022-23: R259,3 million) as disclosed in note 37 to the financial statements as it was impracticable to do so.

Context for opinion

7. 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.

8. 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.

9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to ongoing concern

10. I draw attention to the matter below. My opinion is not modified with respect of this matter.

11. I draw attention to note 45 to the financial statements, which indicate that the municipality has a deficit of R 259,6 million (2022-23: R 135,7 million). The municipality's liabilities exceed its assets by R177,1 million (2022-23: R 82,5 million net asset position). The municipality had a net cash outflow position for the current year of R0,3million (2022-23: R1,0 million cash inflow). This may cast significant doubt on the municipality's ability to continue as a going concern. As stated in note 45, these events or conditions, along with other matters as outlined in note 45, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

12. I draw attention to the matters below. My opinion is not modified in respect to these matters.

Bulk purchases - Electricity losses

13. As disclosed in note 29 to the financial statements, material electricity losses of 40,4 million units (2022-23: 33,7 million units) were incurred, which represents 37% (2022-23: 32%) of total electricity purchased. Technical losses amounted to 40,4 million units (2022-23: 33,7 million units) and were due to energy that is lost in the transportation of the electricity from the point of supply to the point of distribution through evaporation.

Inventory consumed – Water losses

14. As disclosed in note 30 to the financial statements, material water losses of R46,5 million (2022-23: R42 million) were incurred, which represents 58% (2022-23: 60%) of total water purchased. Technical losses amounted to R46,5 million (2022-23: R42 million).

Material losses/impairments – consumer debtors

15. As disclosed in note 10 to the financial statements, the consumer debtors' balance was significantly impaired. The total impairment of consumer debtors was R1,0 billion (2022-23: R783,0 million), which represented 89,5% (2022-23: 83,9%) of the total consumer debtors.

Restatement of corresponding figures

16. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Other matter

17. I draw attention to the matter below. My opinion is not modified in respect to this matter.

Unaudited disclosure notes

18. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA 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

19. The municipality is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and for such internal control as the municipality determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

20. In preparing the financial statements, the municipality 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

21. 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

22. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the annual performance report

23. 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The municipality is responsible for the preparation of the annual performance report.

24. I selected the following material performance indicators related to KPA 1 – basic services delivery and infrastructure development presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- % of new households with access to basic levels of sanitation as per received applications by 30 June 2024_(GKPI)
- % of new households with access to basic levels of water as per received applications by 30 June 2024 - (GKPI).
- Number of water samples tested per month.
- Number of times refuse collection services rendered per week at wards 1,2,3,4,5,6,8 and 9(GKI)
- % of new households with access to basic levels of electricity by 30 June 2024(GKPI) (excluding Eskom licensed areas)
- Number of Km of surfaced roads constructed by 30 June 2024.
- % availability of emergency response vehicles per quarter to comply with the codes of practice (SANS 10090).

- % response time normal hours (5 min) with respect to the request for emergency services received per month to vehicles out the gate.

- % response time after hours (10 min) with respect to the request for emergency services received per month to vehicles out the gate.

- Number of households earning less than R4220 per month provided with access to free basic services by 30 June 2024 (GKPI).

25. I evaluated the reported performance information for the selected material performance indicators 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 of its mandate and objectives.

26. 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 municipality'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 presented in the annual performance report in the prescribed manner

- there is adequate supporting evidence for the achievements reported measures taken to improve performance.

27. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

28. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

29. I draw attention to the matter below.

Achievement of planned targets

30. The annual performance report includes information on reported achievements against planned targets and provides explanations for over or under-achievements and measures taken to improve performance.

31. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets and measures taken to improve performance are included in the annual performance report on pages 11 to 23.

KPA 1: Basic service delivery and infrastructure development.

Targets achieved: 80% *Budget spent 100%*		
Key service delivery indicator not achieved	**Planned target**	**Reported achievement**
% of new households with access to basic levels of sanitation as per received applications by 30 June 2024 (GKPI)	100%	0%
Water Services Master Plan and SDP developed and submitted to Council by 30 June 2024	1	0
% of new Capital projects started on time in terms of the appointment of consultants/contractors excluding NDM-funded projects by 30 Sept 2023	100%	0%
Electricity Master Plan developed and submitted to Council by 30 June 2024	1	0
Number of Kms of surfaced roads constructed by 30 June 2024	1 KM	0
% availability of emergency response vehicles per quarter to comply with the codes of practice (SANS 10090)	80%	58%
Number of households earning less than R4220 per month provided with access to free basic services by 30 June 2024 (GKPI)	500	277
Number of Sports and Arts and Culture events held by 30 June 2024	4	2

Report on compliance with legislation

32. 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.

33. 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.

34. 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.

35. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance reports, and annual reports

36. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current liabilities, and disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

Asset Management

37. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Expenditure Management

38. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph.

39. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R252,9,2 million, as disclosed in note 38 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

40. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R85,14 million, as disclosed in note 36 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditures were caused by interest charged due to over accounts.

41. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e)

of the MFMA.

Consequence Management

42. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

43. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Human Resources Management

44. Appropriate systems and procedures to monitor, measure and evaluate the performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations.

Procurement and Contract Management

45. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).

Conditional Grants

46. Performance in respect of programmes funded by the Municipal Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 5 of 2023).

Other information in the annual report

47. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statemen3ts, the auditor's report and those selected material indicators in the scoped-in development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.

48. My opinion on the financial statements, the report on the audit of the annual performance report and the report on 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.

49. 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 material indicators in the scoped-in development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

50. 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 reissue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

51. 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.

52. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.

53. The controls designed by management are not operating as intended to promptly detect and correct material misstatements.

54. Management did not prepare accurate and complete financial reports that are supported and evidenced by reliable information resulting in material misstatements in the financial statements.

Material irregularities

55. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularity in progress

56. I identified a material irregularity during the prior year audit and notified the accounting officer as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the responses from the accounting officer. This material irregularity will be included in next year's auditor's report.

Mbombela

Auditor-General

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

16 January 2025

6.2. AUDITOR GENERAL REPORT 2024/25FY

Report of the auditor-general to Mpumalanga Provincial Legislature and the council on the Victor Khanye Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Victor Khanye Local Municipality (the municipality) set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, 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.

2. In my opinion, except for the effects and possible effects of the matter described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of Victor Khanye Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the South African 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 qualified opinion

Property, plant and equipment

3. The municipality did not document how the assumptions made to determine the revised useful lives of property, plant and equipment were applied as required by GRAP 17, *property, plant and equipment*. The reasonableness of useful lives used to depreciate assets could not be confirmed. I was unable to quantify the full extent of the misstatement of property, plant and equipment stated at R958,87 million (2023-24: R940,60 million) as disclosed in note 4 to the financial statements as it was impracticable to do so. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

Context for opinion

4. 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.

5. 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.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

7. I draw attention to the matters below. My opinion is not modified in respect of this matter.

8. We draw attention to note 46 to the financial statements, which indicate that the municipality has a deficit of R296,11 million (2023-24: R260,05 million). The municipality's liabilities exceed its assets by R406,30 million (2023-24: R114,42 million). As stated in note 46, these events or conditions, along with other matters as outlined in note 46, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern. Management has also described how they plan to deal with these events and circumstances. Our opinion is not modified with respect to this matter.

Emphasis of matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

10. As disclosed in note 10 to the financial statements, material losses of R1 202,21 million were incurred as a result of material impairment.

11. As disclosed in note 29 to the financial statements, material electricity losses on water and electricity were incurred, which represents 34% (2023-24: 37%) of total electricity and 52% (2023-24: 58%) of total water purchased.

Other matter

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.

13. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA 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

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and Dora; 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.

15. 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

16. 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.

17. 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 at page xx, forms part of my auditor's report.

Report on the annual performance report

18. 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

19. I selected the following material performance indicators related to the key performance area (KPA) 1 – Basic services delivery and infrastructure development presented in the annual performance report for the year ended 30 June 2025. I selected those material indicators that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- Percentage of household's sanitation connections made for all new paid-up applications by 30 June 2025 (government key performance indicator (GKPI)).
- Number of capital projects (infrastructure) completed in terms of the agreed water services infrastructure grant (WSIG) funding by 30 June 2025.
- Number of capital projects (infrastructure) completed in terms of the agreed municipal infrastructure grant (MIG) funding
- Percentage of new capital projects started on time in terms of the appointment of consultants/contractors excluding NDM-funded projects by 30 September 2024
- Number of the state of ambient air quality reports submitted to HHS Portfolio committee per quarter
- Percentage of households' water connections made for all new paid-up applications by 30 June 2025 (GKPI)
- Percentage of water samples compliant with the South African National Standards (Sans) 241 drinking water quality standards
- Percentage spent on conditional MIG grant by 30 June 2025

- Percentage spent on conditional WSIG by 30 June 2025.
- Number of times refuse collection services rendered per week at Ward 1,2,3,4,5,6,7,8 and 9 (GKPI)
- Percentage of new household's connections with basic levels of electricity as per received applications by 30 June 2025 (GKPI) (excluding Eskom licenced areas)
- Number of kilometres of surfaced roads constructed by 30 June 2025
- Number of metres of potholes repaired and maintained in all wards by 30 June 2025
- Number of kilometres of gravel roads graded by 30 June 2025.
- Number of metres of stormwater drainage systems cleaned by 30 June 2025.
- Percentage availability of emergency response vehicles per quarter to comply to the codes of practice (Sans 10090)
- Percentage response time normal hours (five minutes) with respect to the request for emergency services received per month to vehicles out the gate
- Percentage response time after hours (10 minutes) with respect to the request for emergency services received per month to vehicles out the gate
- Number of new households earning less than R4 220 per month provided with access to free basic services by 30 June 2025 (GKPI)
- Number of learners provided with financial support (mayoral community programme) by 31 March 2025
- Number of educational initiatives implemented in terms of the youth by 30 June 2025
- Number of community members utilising the library facilities monthly
- Number of youth imbizos held by 30 June 2025
- Number of events scheduled and held in terms of mainstreaming of gender (men, women and LGBTQI+ community), persons with disabilities, elderly and children by 30 June 2025.

20. I evaluated the reported performance information for the selected material performance indicators 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.

21. 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 municipality'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
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets / measures taken to improve performance.

22. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

23. I did not identify any material findings on the reported performance information for the selected indicators.

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 explanations for over- or under- achievements and measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

26. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets and measures taken to improve performance are included in the annual performance report on pages xx to xx.

KPA 1: Basic service delivery and infrastructure development.

Targets achieved: 89% *Budget spent 100%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of capital projects (infrastructure) completed in terms of agreed WSIG funding by 30 June 2025.	Two capital projects (infrastructure) completed in terms of agreed WSIG funding by 30 June 2025.	One capital project
Number of capital projects (infrastructure) completed in terms of agreed MIG funding.	Six capital projects (infrastructure) completed in terms of agreed MIG Funding.	Four capital projects
% spent on conditional WSIG grant by 30 June 2025.	100% spent on conditional WSIG grant	86%
% of new capital projects started on time in terms of the appointment of consultants/ contractors excluding NDM funded projects by 30 September 2024	100% new Capital projects started on time in terms of the appointment of consultants / contractors excluding NDM funded projects	50%
Number of kilometres of gravel roads graded by 30 June 2025.	120km of gravel roads graded	98km
% availability of emergency response vehicles per quarter to comply to the codes of practice (Sans 10090)	80% availability of emergency response vehicles quarter to comply to the codes of practice (SANS 10090)	72%
Number of the state of ambient air quality reports submitted to HHS Portfolio Committee per quarter	Four state of ambient air quality reports submitted to HHS Portfolio Committee	Three

Report on compliance with legislation

27. 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.

28. 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.

29. 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.

30. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance reports, and annual reports

31. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosure notes, non-current and current assets identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

32. The oversight report adopted by the council on the 2023-24 annual report was not made public, as required by section 129(3) of the MFMA.

Asset management

33. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Expenditure management

34. Reasonable steps were not taken to prevent irregular expenditure amounting to R169,45 million as disclosed in note 37 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by invitation for quotations not stating preferential point system to be used, and selection criteria for panel were not specific.

35. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R156,67 million, as disclosed in note 38 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by the municipality exceeding the approve budget to cover its operations.

36. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R89,26 million, as disclosed in note 36 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by the interest charged on overdue account.

37. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.

Consequence management

38. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

39. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

40. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Procurement and contract management

41. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).

42. The performance of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. This non-compliance was identified in the procurement processes for the provision of civil engineering and construction of water related infrastructure in reducing the non-revenue water. No similar finding was identified in prior year.

Other information in the annual report

43. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

44. 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.

45. 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 material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

46. 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

47. 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.

48. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified and the material findings on compliance with legislation included in this report.

49. Management did not implement a financial reporting process to enable them to prepare regular, accurate financial statements which are supported and evidenced by reliable information. This resulted in repeat material misstatements in the financial statements and non-compliance with laws and regulations.

50. Management did not implement proper record-keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting. Several findings were resolved after significant time due to lack of readily retrievable information.
51. Management did not monitor the implementation of action plans to address internal control deficiencies reported in prior years.
52. Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.
53. Management did not prevent water and electricity losses which led to inability to recoup the cost of water and electricity through sale and resulting to inability to pay the service providers in time. This resulted in incurring the interest on overdue accounts and contributed to incurring unauthorised expenditure.
54. Leadership did not perform investigation to some transgressions of the unauthorised, irregular and fruitless and wasteful expenditure reported in previous years and it led to not addressing the root causes of these transgressions which were then repeated in the current year.
55. Management did not ensure that supply chain management laws and regulations are adequately implemented by the municipality.

Material irregularities

56. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities in progress

57. I identified material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the responses of the accounting officer were not yet due. These material irregularities will be included in next year's auditor's report.

Auditor-General
Mbombela

30 November 2025

AUDITOR-GENERAL
SOUTH AFRICA

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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 ISAs, 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 material performance indicators 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 a 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.

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	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
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), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)

Legislation	Sections or regulations
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)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(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), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)

APPENDICES

APPENDIX A

COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

APPENDIX A: COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

VICTOR KHANYE LOCAL MUNICIPALITY - COUNCIL STRUCTURE

Established in terms of Municipal Structures Act, section 80. Portfolio Committees meet on monthly basis to discuss service delivery issues and ways to improve service delivery where needed. The Council continues with its role as a strong and effective advocate, lobbying on behalf of our community for action on important local issues and continues to receive grants from other spheres of government and external bodies.

The following Councillors formed part of Victor Khanye Local Municipality's Council Structure.

NAMES OF COUNCILLORS	POLITICAL PARTY	WARD REPRESENTED	PLANNED MEETINGS	TOTAL PRESENT
1. Councillor HM Ngoma; **Speaker**	ANC	WARD 5	5	**5**
2. Councillor KV Buda **Executive Mayor**	ANC	PR	5	**4**
3. Councillor EM Masilela; MMC – **Fin and Corp**	ANC	WARD 9	5	**4**
4. Councillor BD Yeko; MMC – **HSS**	ANC	WARD 2	5	**5**
5. Councillor TG Malomane; MMC – **PITS**	ANC	WARD 3	5	**5**
6. Councillor NS Ngcobo **Council Whip**	ANC	WARD 6	5	**5**
7. Councillor DJ Bath	DA	WARD 8	5	**5**
8. Councillor NE Mohoadibe	EFF	PR	5	**2**
9. Councillor BL Mbalati	ANC	WARD 1	5	**4**
10. Councillor SG Mkhawane **R: Replaced by Cllr A Smith on 28 Feb 2023**	AVPP	PR	5	**2**
Councillor A Smith **28 Feb 2023**	AVPP	PR	5	**3**
11.Councillor M Mofomme **D: Deceased replaced by LS Lebatse on 06 April 2023** 1 July 2022- 18 Dec 2022	ANC	WARD 4	5	**1**
Councillor LS Lebatse **06 April 2023**	ANC	WARD 4	5	**2**
12.Councillor ZJ Ndlovu	ANC	WARD 7	5	**5**
13. Councillor M Rautenbach	DA	PR	5	**5**
14. Councillor RK Segone **R: Replaced by Cllr ST Segone on 28 Feb 2023.**	AVPP	PR	5	**2**
Councillor ST Segone **28 Feb 2023**	AVPP	PR	5	**2**
15. Councillor P Senekal	VFP	PR	5	**5**
16. Councillor MM Sepenyane	AVPP	PR	5	**3**

17. Councillor SM Skosana	DA	PR	5	**4**

APPENDIX B

COMMITTEES AND COMMITTEE PURPOSES

PURPOSE OF THE PORTFOLIO COMMITTEES

Victor Khanye Local Municipality has a total of 12 Portfolio Committees, 09 of which are Section 79 and 3 are Section 80. Portfolio Committees meet on monthly basis to discuss service delivery issues and ways to improve service delivery where needed.

A section 79 committee reports to the council while a section 80 committee reports to the executive mayor in the manner prescribed by the Mayoral Committee or the Executive Mayor.

SECTION 79 COMMITTEES

Section 79 Committees are usually temporal and appointed by the Mayoral Committee as and when needed. They are usually set up to investigate a particular issue and do not have any decision-making powers. They make recommendations to Council.

POLICY DEVELOPMENT COMMITTEE	
1. Councillor ES Lebatse	Chairperson
2. Councillor KV Buda	Executive Mayor
3. Councillor NE Mohoadibe	Member
4. Councillor NS Ngcobo	Member
5. Councillor MM Sepenyane	Member
6. Councillor HM Ngoma	Member
7. Councillor BL Mbalati	Member

LOCAL GEOGRAPHIC NAMES CHANGE COMMITTEE	
1. Councillor NE Mohoadibe	Chairperson
2. Councillor NS Ngcobo	Member
3. Councillor BL Mbalati	Member
4. Councillor SM Skosana	Member
5. Councillor ES Lebatse	Member

LOCAL LABOUR FORUM	
1. Councillor EM Masilela	Chairperson
2. Councillor A Smith	Member
3. Councillor BL Mbalati	Member

RULES AND ETHICS COMMITTEE (Speaker is the chairperson of this committee in terms of delegated powers)	
1. Councillor HM Ngoma	Chairperson
2. Councillor NS Ngcobo	Member
3. Councillor MM Sepenyane	Member
4. Councillor NE Mohoadibe	Member

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	
1. Councillor JZ Ndlovu	Chairperson
2. Councillor DJ Bath	Member
3. Councillor BL Mbalati	Member
4. Councillor ES Lebatse	Member

5. Councillor TS Segone	Member
6. Councillor NE Mohoadibe	Member
7. Councillor P Senekal	Member

FINANCE AND CORPORATE SERVICES PORTFOLIO COMMITTEE	
1. Councillor BL Mbalati	Chairperson
2. Councillor EM Masilela	Member
3. Councillor TS Segone	Member
4. Councillor NS Ngcobo	Member
5. Councillor SM Skosana	Member

PLANNING, INFRASTRUCTURE, TRANSPORT AND SAFETY PORTFOLIO COMMITTEE:	
1. Councillor DJ Bath	Chairperson
2. Councillor JZ Ndlovu	Member
3. Councillor P Senekal	Member
4. Councillor BL Mbalati	Member

HEALTH, SOCIAL SERVICES AND DEVELOPMENT PORTFOLIO COMMITTEE	
1. Councillor M Rautenbach	Chairperson
2. Councillor NS Ngcobo	Member
3. Councillor NE Mohoadibe	Member
4. Councillor M Mofomme	Member

BUDGET STEERING COMMITTEE	
1. Councillor KV Buda	Chairperson
2. Councillor EM Masilela	Member
3. Councillor TG Malomane	Member
4. Councillor DJ Bath	Member
5. Councillor BL Mbalati	Member

SECTION 80 COMMITTEES

Section 80 committees are usually permanent committees that specialise in one area of work and sometimes are given the right to make decisions over small issues. Section 80 committees will also advise executive committees on policy matters and make recommendations to council.

FINANCE AND CORPORATE SERVICES PORTFOLIO COMMITTEE	
1. Councillor EM Masilela	Chairperson
2. Councillor M Rautenbach	Member
3. Councillor NS Ngcobo	Member
4. Councillor NE Mohoadibe	Member

5. Councillor M Mofomme	Member

PLANNING, INFRASTRUCTURE, TRANSPORT AND SAFETY PORTFOLIO COMMITTEE	
1. Councillor TG Malomane	Chairperson
2. Councillor BL Mbalati	Member
3. Councillor RK Segone	Member
4. Councillor NS Ngcobo	Member
5. Councillor SM Skosana	Member
HEALTH, SOCIAL SERVICES AND DEVELOPMENT PORTFOLIO COMMITTEE	
1. Councillor BD Yeko : Chairperson	Chairperson
2. Councillor DJ Bath	Member
3. Councillor ZJ Ndlovu	Member
4. Councillor P Senekal	Member
5. Councillor BL Mbalati	Member

PURPOSE OF THE MAYORAL COMMITTEE

MAYORAL COMMITTEE

Members of the Mayoral Committee are appointed by the Mayor from among Councillors. The duties of the Mayoral Committee are to assist the Mayor in the execution of his/her duties. The Mayor may delegate specific responsibilities to each member of the Mayoral Committee. The following Councillors are the members of the Mayoral Committee of Victor Khanye Local Municipality.

MAYORAL COMMITTEE	
Executive Mayor	Cllr K.V Buda
MMC	Cllr E.M Masilela
MMC	Cllr T.G Malomane
MMC	Cllr B.D Yeko

TOGETHER FOR GROWTH AND DEVELOPMENT

APPENDIX C

THIRD TIER ADMINISTRATIVE STRUCTURE

VICTOR KHANYE LOCAL MUNICIPALITY 2024/25 FY

CTI
MUNICIPAL MANAGER
TM MASHABELA 0071

CTI EXECUTIVE DIRECTOR CORPORATE SERVICE LM MAHLANGU PAGE 3	CTI CHIEF FINANCIAL OFFICER TP MAHLANGU 0338 PAGE 4	MANAGER: OFFICE OF MM MJ DUMA 0498 PAGE 2	CTI EXECUTIVE DIRECTOR TECHNICAL SERVICE GM MATLALA PAGES 5 - 8	CTI EXECUTIVE DIRECTOR SOCIAL SERVICE NB MOKOENA PAGES 9 - 12
ARCHIVES **FACILITY MANAGEMENT** **HR DEVELOPMENT** **HR MANAGEMENT** **PROPERTY ADMIN** **SECRETARIAT SERVICES** **SECURITY SERVICES** **SUPPORT SERVICES**	**ACCOUNT ADMIN** **ASSET MANAGEMENT** **DEBT COLLECTION** **EXPENDITURE** **FINANCIAL MANAGEMENT** **FINANCIAL SYSTEMS** **PAYROLL** **REVENUE** **STORES** **SUPPLY CHAIN MANAGEMENT**	**POLITICAL OFFICE** **PMS: INSTITUTIONAL** **IDP** **LED** **EPWP** **MONITORING & EVALUATION** **PUBLIC PARTICIPATION** **INTERNAL AUDIT** **YOUTH DEVELOPMENT** **RISK MANAGEMENT** **ICT** **COMMUNICATION** **CUSTOMER CARE** **LEGAL SERVICES & IR**	**BUILDING CONTROL** **CIVIL ENGINEERING** **ELECTRICITY** **MECHANICAL W/S** **FLEET MANAGEMENT** **BLACKSMITH W/S** **LAND & HOUSING** **PROJECT MANAGEMENT** **SANITATION** **TOWN PLANNING** **WATER**	**CEMETERIES** **ENVIRONMENTAL HEALTH** **FIRE SERVICE** **LAW ENFORCEMENT** **LIBRARY SERVICE** **PARKS** **SOCIAL SERVICES** **SPORT & RECREATION**
1. Departmental Management 2. Budget Process & Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Photocopying 9. Archives 10. Administration: EDMS 11. Official Notices 12. HR Management & Development 13. Leave Administration 14. Skills Development 15. Occupational Health & Safety 16. Employee Wellness 17. Injury on Duty 18. Property Admin 19. Estate Management 20. Support Service 21. Postal & Messenger Service	1. Departmental Management 2. Budget Process & Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Financial System Man 9. Financial Planning & Statistics 10. Financial Reporting 11. Financial Year-end 12. Investment Management 13. Insurance Admin & Management 14. Loan Management & Admin 15. Asset Management 16. Liaison: External Auditors 17. Creditors Administration 18. Debtors Administration 19. Credit Control: 20. Indigent Policy: 21. Meter Reading Function 22. Municipal Stores 23. Pay Office 24. SCM 25. Contract Management	1. Departmental Management 2. Budget Process & Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Integrated Development Planning 9. Performance Management 10. EPWP 11. Transversal Affairs 12. LED 13. Internal Audit 14. Risk Management 15. Youth Development 16. Public Participation 17. Legal Compliance 18. Gazettes: Govern / Prov 19. Policies & Bylaws 20. ICT 21. Legal Matters 22. Communication	1. Departmental Management 2. Budget Process & Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Building control 9. Land Use Management 10. Fleet management 11. Mechanical Workshop 12. Town Planning 13. Repair & Maintenance Elec Reticulation Network 14. Repair & Maintenance: Elec Installations & Equipment 15. Repair & Maintenance: Sewerage Network 16. Repair & Maintenance: Waste Water Care works 17. Repair & Maintenance: Water Care works 18. Repair & Maintenance: Water Reticulation Network	1. Departmental Management 2. Budget Process & Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Estate Management 9. Cleansing 10. Landfill Sites 11. Environmental Health 12. Traffic Services 13. Fire Services 14. Licenses: Drivers & Vehicles 15. Library Service 16. Manage and control : a) Parks division b) Cemeteries c) Sport fields d) Open spaces e) Pavements f) Municipal gardens

TOGETHER FOR GROWTH AND DEVELOPMENT

APPENDIX D

FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal Function	Yes / No
Constitution Schedule 4, Part B functions:	
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

APPENDIX E

WARD REPORTING

WARD COMMITTEE ALLOCATION (2024/25)

Ward committees are crucial in the local government system as they are the link between the councillor and the community. The ward committee system is also said to play a critical role in giving meaning to the notion of "the people shall govern". This is so because local government is regarded as the level of government closest to the people and ward committees are just one way to ensure that citizens give input to the decisions that local councils make.

The South African Local Government Association, which is the sole representative of all municipalities, says ward committees are also important in fostering relations between ward councillors and key stakeholders at ward level, such as traditional councils and community development workers.

The terms of office of ward committees are aligned to that of municipal councils and the municipality must, as soon as possible after the results of the elections have been declared, arrange ward meetings in order for the interest groups in the ward to be identified and subsequently for the ward committees to be elected, according to the system applicable in each respective municipality.

The following are the ward allocation for the 17 Ward Committees of Victor Khanye Local Municipality for the 2024/25 financial year;

Table: Ward Committee Members Per Ward

WARD 1	WARD 2	WARD 3
S Manamela	NP Phakathi	N Nxuza
M Khoza	JK Mokotong	NE Zwane
V Mabena	BS Nkabinde	CN Masilela
L Buda	SL Ngema	DM Mbatha
S Nkwanyane	JB Simelani	SS Mkhondo
Z Ntuli	TJ Mohwadiba	LF Ramufhi
J Manyara	MN Masuku	SL Makua
B Mnisi	AC Mbonani	AB Mzobe
M Mncina	NE Kgabo	C Msiza
		DO Ntini

WARD 4	WARD 5	WARD 6
ET Mtshweni	RV Mtshali	SP Moyane
E Malopi	SV Sibanyoni	VL Zwane
ZC Masango	MP Nhlebi	MP Masombuka
SD Mahlangu	M Segone	NM Makoala
MS Nageng	SB Hlumbane	BA Mnathe
DF Hlongwane	EG Moyo	BP Dhlomo
PM Sekati	NM Mthembu	TM Mabuza
JJ Mashego	ML Msiza	MN Mashiyane
BJ Mlangeni	HM Mvakali	JM Mkhonza
BJ Mhlongo		SM Mosia

WARD 7	WARD 8	WARD 9
TC Tshiba	JG Vorster	TT Sibanyoni
LM Nkosi	SL Mokone	ML Makuwa
SJ Mbonani	CS Boschoff	AD Mdzipa
P Mahlangu		CN Mahamba
JS Mbatha	SJ Mavuso	TL Radebe
HM Mgcina	T Mathe	TP Manana
BW Masombuka	ML Khumalo	S Mthimunye
MW Mabena	IM Mbonani	B Tsotetsi
S Mabaso	CN Von Mo	A Tyumbu
MC Mtshweni		T Mahlabe

APPENDIX F

WARD INFORMATION

WARD INFORMATION

Progress on functionality of ward committees as at end of 2024/25 financial year:

The functionality of ward committees has a greater impact on how members of the community sees the municipality. It is of great importance for ward committees to do execute their duties to their best abilities to ensure that the community are satisfied with the municipality.

The following table illustrates that the Victor Khanye Local Municipality's Ward Committees are functional, as out of the 108 planned meetings, all the planned meetings sat.

This represents a total of 100% of meeting sittings:

QUARTER	PLANNED	ACTUAL
QTR 1	27	27
QTR 2	27	27
QTR 3	27	27
QTR 4	27	27
TOTAL	**108**	**108**

APPENDIX G

AUDIT COMMITTEE RECOMMENDATION

PLEASE REFER TO THE AUDITOR GENERAL'S REPORT ON CHAPTER 06 OF THIS DOCUMENT

ANNUAL REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE (REPORT FROM THE CHAIRPERSON OF THE AUDIT AND PERFORMANCE COMMITTEE)

We are pleased to submit the report of the Audit and Performance Committee **(APC)** for the year ended 30 June 2025

1. Background

Nkangala District Municipality and some of its local municipalities namely Steve Tshwete Local Municipality, Emakhazeni Local Municipality, Victor Khanye Local Municipality and Thembisile Hani Local Municipality have opted for the shared APC Services. The APC was established in terms of section 166 of the Municipal Finance Management Act (MFMA), Act 56 of 2003. The Audit committee has adopted its terms of reference.

Statutory requirements

Section 166 of the MFMA stipulates that each municipality must establish an Audit committee.
The Audit committee is an independent advisory body that advises council, political office bearers, accounting officer, and the staff of the municipality on the following:

- Internal financial control and internal audit;
- Risk and risk management;
- Accounting policies
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective governance;
- Compliance with the MFMA, the annual Division of Revenue Act (DORA) and any other applicable legislation;
- Performance evaluation
- Any other issues referred to it by the municipality;
- Review annual financial statements in order to provide authoritative and credible view of the financial position, on overall compliance with MFMA, DORA and other prescripts
- Respond to Council on any matter raised by the Auditor- General (AGSA); and
- Carry out such investigations into financial affairs of the municipality as may be prescribed from time to time.

2. Attendance of meetings

Name of the member	Ordinary meetings	Performance meetings	Special meetings
Adv. JL Thubakgale (Chairperson)	4	4	5
Mr. L Monama	4	4	4
Ms. P Ntuli	4	4	5
Mr. A Ntuli	4	4	3
Mr. M Mathabathe	4	4	4

The following although not members of the APC, have standing invitation to our meetings:

- The Accounting Officer;
- The Chief Financial Officer;
- The Chairperson of the Risk committee
- The Section 56 Managers/Departmental Heads
- Chief Risk Officer
- The Auditor- General
- The National Treasury
- Mpumalanga Provincial Treasury
- Mpumalanga Department of Cooperative Governance
- South African Local Government Association (SALGA)
- Internal Audit (Secretariat function)

3. Governance

The APC acknowledges and commends the Municipality for the recent appointment of the Executive Directors: Corporate Service and Technical Services. This appointment is a significant step towards ensuring greater stability and consistency within the department, which is crucial for effective decision-making and the smooth delivery of services to the community.

In line with our commitment to transparency and accountability, the APC will maintain an ongoing dialogue with the Mayoral Committee and will continue to report to Council on a quarterly basis. Regular updates will provide insight into the progress of various initiatives and highlight areas that may require additional attention or intervention.

Furthermore, it is essential that all resolutions passed by the APC be closely monitored to ensure their successful implementation. The Council must take responsibility for tracking these actions and ensuring that they are carried out in a timely and effective manner. By doing so, we can guarantee that the decisions made contribute to meaningful progress and the overall well-being of our community.

We remain dedicated to supporting the Municipality in achieving its goals and fostering positive outcomes for all residents.

4. Internal Audit

The APC is satisfied that the Internal Audit unit (IAU) during the period under review. IAU effectively focused its available resources towards identified critical risk areas in accordance with the approved Risk Based Annual Audit plan for 2024/25. The APC also believes that Internal Audit has effectively carried out its mandate and responsibility in accordance with the MFMA and approved Internal Audit Charter.

The internal audit staff has been going through various trainings and it is expected these initiatives to contribute to the internal audit function becoming more efficient, more responsive to challenges and better able to provide audit reports of a high quality to management and the committee on a timely basis. The APC supports the direction that the internal audit function is adopting in providing the necessary skills and agility required for the function to respond quickly and effectively to the demands for internal audit across the municipalities' various locations.

The APC is pleased to report that the Internal Audit Unit has successfully undergone an independent quality assurance assessment, which has resulted in a General Conformance opinion. This assessment, conducted in accordance with established professional standards, confirmed that the internal audit activities of the unit are operating in full alignment with the International Standards for the Professional Practice of Internal Auditing (IPPF) and best practice guidelines.

This positive assessment underscores the dedication of the Internal Audit Unit to maintaining high standards of professionalism, transparency, and effectiveness in its audit processes. Moreover, it reflects the unit's ongoing commitment to continuously improving its performance through the implementation of a robust Quality Assurance and Improvement Programme (QAIP), aimed at enhancing the reliability and value of the internal audit function to the organization.

The APC would like to acknowledge the significant efforts of the Internal Audit Unit in adhering to

these rigorous standards and ensuring the integrity of the audit process. We remain confident in the unit's ability to effectively support the organization's governance, risk management, and internal controls, as well as to contribute meaningfully to the achievement of organizational objectives.

We will continue to monitor the progress of the Quality Assurance and Improvement Programme and provide oversight to ensure the continued delivery of high-quality audit services.

The following policies were approved by the APC and recommended to Council for adoption:

- Internal Audit Charter
- Internal Audit Methodology
- Three Year Rolling Strategic and Annual Audit Plan
- Combined Assurance Framework
- Audit and Performance Committee Charter

5. Effectiveness of Internal controls

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the municipality revealed certain weaknesses, which were then raised with the municipality. There were several deficiencies in the system of internal control and/or deviations, governance and risk management processes which were reported by the internal auditors during the year under review. In certain instances, the matters reported previously have not been fully and satisfactorily addressed.

The APC noted management's commitment to correct the deficiencies; however, during the related year under review there was inconsistent monitoring of action plans, implementation and progress.

The APC has also urged management to draw up action plan to address issues raised by the Auditor- General in the management letter and audit report and to ensure that all matters have been raised by the Auditor General are resolved by Management.

The APC has further recommended that a Combined Assurance approach should be followed by the Municipality in order to ensure that there are no risks that fall within the gaps.

6. Risk Management

Risk Management, Anti-Fraud and Anti-Corruption Committee is a management committee chaired by an independent Chairperson (Mr. R Tshimomola) to guide and advice management while providing with the Audit Committee oversight.

The municipality has an effective risk unit that consist of one staff member and Risk management, anti-fraud and anti-corruption committee.

Efforts should be made to that all indicated risks be mitigated, including cash-flow risk, water provision services and debt management.

Four (5) risk committee meetings were held for the year under review and the following policies were reviewed by the APC:

- Risk Prevention Strategy
- Risk Prevention Policy
- Whistle blowing Policy
- Fraud Prevention Strategy
- Risk Management, Anti-Fraud and Anti-Corruption Committee Implementation Plan
- Fraud Prevention Policy
- Risk Management, Anti-Fraud and Anti-Corruption Committee Charter
- Business Continuity Management Framework
- Business Continuity Management Policy
- Risk appetite and Tolerance Framework
- Key Performance Indicators for the Risk Management, Anti-Fraud and Anti-Corruption Committee
- Business Continuity Management Plan and Disaster Recovery As A Service (DRAAS) Requirements

7. Performance Management

Part of the responsibilities of the APC includes the review of performance management. The Committee has in terms of the performance of the municipality conducted the following functions:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on the alignment of the integrated development plan, budget, service delivery and budget implementation plan and performance agreements
- Review and comment on the relevance of indicators to ensure that they are measurable and relate to services performed by the municipality and its entities.
- Review of compliance with in-year reporting requirements.
- Review of the quarterly performance reports submitted by the internal audit function.
  Review and comment on the municipality's performance management system and making recommendations for its improvement.

The APC has reviewed and given consideration to the in-year performance reports and performance results reported by management. Considerable improvements were noted in the effectiveness of the processes and the quality of information reported, however challenges are still experienced with the reliability of information reported. The APC is pleased that resources to drive and monitor the process for planning, monitoring and reporting of predetermined objectives have been allocated

8. Compliance with laws and regulations

Internal Audit and the Compliance unit revealed a number of non-compliances with the enabling laws and regulations during the year. Improvement is required as far as establishing an effective system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

9. Information Systems

The Municipality has made notable progress in enhancing control over its IT systems, particularly in areas such as user access, security management, and disaster recovery. While these advancements are commendable, there remain certain areas that require further attention and intervention from management to ensure continued improvement.

Audit findings, both from Internal and External Auditors, have highlighted the need for more robust systems and processes. Specifically, it is recommended that a comprehensive change management plan, along with clearly defined processes and a System Development Life Cycle (SDLC) plan, be developed and implemented. These frameworks will play a crucial role in setting clear objectives, ensuring the effective deployment of ICT systems, and aligning those systems with the Municipality's organizational needs.

By establishing these structured plans, the Municipality will not only safeguard and ensure the integrity of its information but also add significant value to the organization. Properly managed ICT systems will contribute to achieving the Municipality's goals by improving the efficiency, effectiveness, and economy of service delivery. Ultimately, this will enhance the Municipality's ability to meet its objectives and support sustainable value creation for the community.

10. The quality of in year management and quarterly reports submitted in terms of the MFMA

We reviewed the in-year quarterly reports submitted together with internal audit comments thereon. We noted improvement in the content and quality of reports prepared and submitted by management.

11. Evaluation of unaudited annual financial statements

The APC reviewed and discussed the unaudited annual financial statements and the unaudited annual performance report before submitting to the Auditor General.

The APC wishes to indicate that it performed a review on the financial statements focusing among

others:

- Significant financial reporting adjustments and estimates contained in the Annual Financial Statements;
- Clarity and completeness of disclosures has been set properly;
- Changes in GRAP standards;
- Quality and acceptability of and any changes in accounting policies and practice;
- Significant adjustments arising from the audit; and
- Reasons for major year to year fluctuations

The APC has further:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa and Senior Management of the Municipality.
- Reviewed the Auditor-General of South Africa's management letter and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the municipality compliance with legal and regulatory provision and;
- Reviewed significant adjustments resulting from the audit.

The APC concurs and accepts the conclusions of the Auditor General South Africa (AGSA) on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the Report of the AGSA.

It is recommended that:

- There be an assessment of the capacity in terms of applying management responsibilities and leadership within the Budget and Treasury department.
- That management ensure that the financial management system used assists in improving reporting.
- That the quarterly financial statements be prepared and reviewed by Internal Audit and the APC.
- That the use of external consultants aiming to be build capacity in all department must be monitored.

12. Audit Outcome

A meeting was held with the AGSA whereby summary of the AG audit opinion was presented. The APC has noted a qualified opinion with concern and urges Accounting Officer and Management to:

- Improve systems of internal controls and prioritize the proper implementation Post Audit Action Plan that will address the Audit findings root causes.
- Implement adequate consequence management regarding compliance legislation.
- Review the over reliance on the usage and dependency on consultants and strengthen the oversight controls regarding work performed by the consultants.
- On quarterly basis report on the implementation plan for the audit issues raised by the Auditor General.

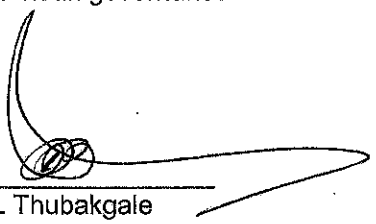
13. Conclusion

The audit committee notes the qualified audit opinion outcome and that the municipality has remained stagnant and ineffective controls to be addressed by management. The Audit and Performance Committee wishes to acknowledge and encourage commitment from Council, management and staff of the municipality to:

- enhance service delivery;
- implement effective controls with relation to financial processes and reporting,
- performance reporting and compliance with laws and regulations;

14. Appreciation

The Committee would also like to thank the Speaker, Executive Mayor, MPAC, and Councillors for the support, Municipal Manager and Senior Management for their efforts towards clean audit processes and Auditor General and internal audit for their contribution
towards clean governance.



p.p
Adv. JL Thubakgale
Chairperson of Audit and Performance committee

30/01/2026
Date

APPENDIX H

LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

2024/25 LONG TERM CONTRACT R'000					
Name of Service Provider (Entity or Municipal Department)	**Description of Services Rendered by Service Provider**	**Start Date of Contract**	**Expiry date of Contract**	**Project Manager**	**Contract Value**
None					
The Municipality does not have contracts that are longer than three (3) years					
PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO DURING 2022/23					
Name and Description of Project	**Name of Partner (s)**	**Initiation Date**	**Expiry Date**	**Project Manager**	**Value**
None					
The Municipality does not have an entity					

TOGETHER FOR GROWTH AND DEVELOPMENT

APPENDIX I

MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

TOGETHER FOR GROWTH AND DEVELOPMENT

CURRENT OPERATIONAL TENDER REGISTER

MIG & WSIG - LIST OF PROJECTS (2024/2025)

NO	PROJECT NAME	VILLAGE NAME	FUNDER	PROJECT VALUE	PROJECT STATUS
1.	Reconstruction of paved roads in Victor Khanye	Delpark	MIG	R19 400 646.96	Work in progress Construction 90.0%
2.	Installation of High Mast Lights at Victor Khanye Local Municipality	Botleng Ext 3-7	MIG	R4 532 351.46	Practical Complete
3.	Drilling, Refurbishment of boreholes in rural areas and provision of elevated steel tanks	Waaikral,Groenfontein and Brakfontein	MIG	R325 975.60	Practical Completed
4.	Provision of security boundary fencing for all municipal infrastructures	Botleng Ext 3	MIG	R2 61 175.98	Work in progress Construction 70.0%
5.	Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing the Non-Revenue Water in Delpark-Project 2	Delpark, Delmas Town & Botleng Extension 2	WSIG	R4 292 146,91	Practical Completed
6.	Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing the Non-Revenue Water in Sundra and Eloff - Project 3	Sundra & Ellof	WSIG	R14 698 853,09	Work In Progress Construction 53.0%

TOGETHER FOR GROWTH AND DEVELOPMENT

APPENDIX J

DISCLOSURES OF FINANCIAL INTERESTS 2024/25

DISCLOSURES OF FINANCIAL INTERESTS BY:-

POLITICAL LEADERSHIP

1. EXECUTIVE MAYOR: CLLR VK BUDA
2. SPEAKER: CLLR H.M NGOMA
3. CHIEF WHIP: CLLR N.S NGCOBO
4. MMC: CLLR E.M MASILELA
5. MMC: CLLR T.G MALOMANE
6. MMC: CLLR B.D YEKO

TOP MANAGEMENT

MUNICIPAL MANAGER - TM MASHABELA

CHIEF FINANCIAL OFFICER: TP MAHLANGU

EXECUTIVE DIRECTOR SOCIAL SERVICES - BN MOKOENA

EXECUTIVE DIRECTOR TECHNICAL SERVICES – GM MATLALA

EXECUTIVE DIRECTOR CORPORATE SERVICES – LM MAHLANGU

All other Councillors and officials of the Municipality were also required to submit the declaration forms available in the Office of the Municipal Manager.

TOGETHER FOR GROWTH AND DEVELOPMENT

APPENDIX K (i)

REVENUE COLLECTION PERFORMANCE BY VOTE

MP311 Victor Khanye - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 - June

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited	Original	Adjusted	Monthly actual	YearTD actual	YearTD	YTD	YTD	Full Year
R thousands									%	
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-		-
Vote 2 - Budget and Treasury		248 096	359 314	382 748	19 733	312 253	382 748	(70 495)	-18.4%	382 748
Vote 3 - Corporate Services		-	-	-	-	-	-	-		-
Vote 4 - Community and Social Services		2 602	2 292	2 060	45	1 789	2 060	(271)	-13.2%	2 060
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-		-
Vote 6 - Public Safety		12 879	2 623	2 311	676	1 600	2 311	(712)	-30.8%	2 311
Vote 7 - Housing		2 654	2 094	1 934	79	1 624	1 934	(309)	-16.0%	1 934
Vote 8 - Health Services		-	-	-	-	-	-	-		-
Vote 9 - Planning and Development		-	1 572	1 572	-	-	1 572	(1 572)	-100.0%	1 572
Vote 10 - Roads Transport		29 826	-	-	-	-	-	-		-
Vote 11 - Electricity Services		131 296	314 370	250 877	13 886	178 524	250 877	(72 353)	-28.8%	250 877
Vote 12 - Water Services		99 124	144 924	137 664	6 823	57 697	137 664	(79 966)	-58.1%	137 664
Vote 13 - Waste Water Management		22 513	66 580	63 220	1 058	11 909	63 220	(51 311)	-81.2%	63 220
Vote 14 - Solid Waste Management		115 846	18 686	75 113	1 127	97 438	75 113	22 325	29.7%	75 113
Vote 15 -		-	-	-	-	-	-	-		-
Total Revenue by Vote	2	**664 836**	**912 454**	**917 499**	**43 427**	**662 834**	**917 499**	**(254 665)**	**-27.8%**	**917 499**
Expenditure by Vote	1									
Vote 1 - Office of the Municipal Manager		59 937	54 596	69 269	5 844	58 063	69 269	(11 206)	-16.2%	69 269
Vote 2 - Budget and Treasury		222 125	256 722	263 526	49 249	234 880	263 526	(28 646)	-10.9%	263 526
Vote 3 - Corporate Services		410	137	5 011	1 016	8 940	5 011	3 929	78.4%	5 011
Vote 4 - Community and Social Services		13 587	9 186	19 778	2 548	27 975	19 778	8 197	41.4%	19 778
Vote 5 - Sport and Recreation		553	1 537	2 492	31	2 300	2 492	(192)	-7.7%	2 492
Vote 6 - Public Safety		18 906	44 860	50 061	3 296	38 648	50 061	(11 413)	-22.8%	50 061
Vote 7 - Housing		-	-	748	167	1 299	748	551	73.7%	748
Vote 8 - Health Services		1 648	200	835	2	520	835	(315)	-37.8%	835
Vote 9 - Planning and Development		3 564	6 277	8 263	560	7 746	8 263	(517)	-6.3%	8 263
Vote 10 - Roads Transport		63 769	41 741	40 881	2 422	25 612	40 881	(15 268)	-37.3%	40 881
Vote 11 - Electricity Services		248 345	220 122	262 667	40 716	262 678	262 667	11	0.0%	262 667
Vote 12 - Water Services		92 078	113 796	113 653	16 043	107 799	113 653	(5 854)	-5.2%	113 653
Vote 13 - Waste Water Management		32 678	36 008	32 514	3 154	35 738	32 514	3 224	9.9%	32 514
Vote 14 - Solid Waste Management		31 200	25 534	11 428	725	8 970	11 428	(2 458)	-21.5%	11 428
Vote 15 -		-	-	-	-	-	-	-		-
Total Expenditure by Vote	2	**788 799**	**810 716**	**881 126**	**125 773**	**821 170**	**881 126**	**(59 956)**	**-6.8%**	**881 126**
Surplus/ (Deficit) for the year	2	**(123 963)**	**101 738**	**36 374**	**(82 346)**	**(158 335)**	**36 374**	**(194 709)**	**-535.3%**	**36 374**

APPENDIX K (ii)

REVENUE COLLECTION PERFORMANCE BY SOURCE

Description R thousands	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		155 582	347 266	291 085	13 924	184 431	291 085	(106 653)	(0)	291 085
Service charges - Water		48 880	67 794	60 702	6 823	56 595	60 702	(4 107)	(0)	60 702
Service charges - Waste Water Management		22 354	15 635	12 275	1 058	11 909	12 275	(366)	(0)	12 275
Service charges - Waste management		20 525	14 257	12 597	1 127	12 494	12 597	(103)	(0)	12 597
Sale of Goods and Rendering of Services		1 486	3 137	3 698	182	2 266	3 698	(1 432)	(0)	3 698
Agency services		–	–	–	–	–	–	–		–
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		37 799	59 387	103 610	6 389	85 315	103 610	(18 295)	(0)	103 610
Interest from Current and Non Current Assets		763	–	15	–	1 037	15	1 023	0	15
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		2 709	2 532	2 007	79	1 624	2 007	(383)	(0)	2 007
Licence and permits		–	–	–	–	–	–	–		–
Operational Revenue		1 237	392	422	31	337	422	(85)	(0)	422
Non-Exchange Revenue								–		
Property rates		93 307	97 467	139 457	9 031	109 807	139 457	(29 650)	(0)	139 457
Surcharges and Taxes		32 885	54 884	49 371	4 222	49 204	49 371	(167)	(0)	49 371
Fines, penalties and forfeits		12 124	1 686	1 095	559	744	1 095	(350)	(0)	1 095
Licence and permits		–	–	–	–	–	–	–		–
Transfers and subsidies - Operational		131 228	144 142	144 142	–	143 890	144 142	(252)	(0)	144 142
Interest		17 377	–	–	–	–	–	–		–
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	–	–	–		–
Gains on disposal of Assets		–	–	–	–	–	–	–		–
Other Gains		2 381	–	(5 198)	–	3 179	(5 198)	8 377	(0)	(5 198)
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		**580 638**	**808 580**	**815 277**	**43 427**	**662 834**	**815 277**	**(152 443)**	**-19%**	**815 277**
Expenditure By Type										
Employee related costs		176 955	201 504	202 059	16 001	186 893	202 059	(15 166)	(0)	202 059
Remuneration of councillors		8 522	9 101	9 131	673	9 364	9 131	233	0	9 131
Bulk purchases - electricity		167 220	185 000	195 505	39 097	203 040	195 505	7 535	0	195 505
Inventory consumed		40 189	79 205	90 252	26 594	129 362	90 252	39 110	0	90 252
Debt impairment		61 064	103 571	88 571	–	–	88 571	(88 571)	(0)	88 571
Depreciation and amortisation		64 174	52 046	50 102	–	29 000	50 102	(21 103)	(0)	50 102
Interest		94 766	33 352	57 601	11 288	85 022	57 601	27 420	0	57 601
Contracted services		90 057	71 449	111 191	14 559	115 261	111 191	4 070	0	111 191
Transfers and subsidies		–	7 336	5 936	–	–	5 936	(5 936)	(0)	5 936
Irrecoverable debts written off		–	30 000	29 800	–	–	29 800	(29 800)	(0)	29 800
Operational costs		67 416	38 153	50 975	18 443	61 482	50 975	10 507	0	50 975
Losses on Disposal of Assets		6 374	–	–	–	–	–	–		–
Other Losses		12 064	–	–	–	10 507	–	10 507	#DIV/0!	–
Total Expenditure		**788 799**	**810 716**	**891 123**	**126 654**	**829 929**	**891 123**	**(61 194)**	**-7%**	**891 123**
Surplus/(Deficit)		**(208 162)**	**(2 136)**	**(75 847)**	**(83 227)**	**(167 095)**	**(75 847)**	**(91 249)**	**0**	**(75 847)**
Transfers and subsidies - capital (monetary allocations) Transfers and subsidies - capital (in-kind)		52 976 31 223	59 174 44 700	57 522 44 700	– –	– –	57 522 44 700	(57 522) (44 700)	(0) (0)	57 522 44 700
Surplus/(Deficit) after capital transfers & contributions		**(123 963)**	**101 738**	**26 376**	**(83 227)**	**(167 095)**	**26 376**			**26 376**
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		**(123 963)**	**101 738**	**26 376**	**(83 227)**	**(167 095)**	**26 376**			**26 376**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–		–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality		**(123 963)**	**101 738**	**26 376**	**(83 227)**	**(167 095)**	**26 376**			**26 376**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–		–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		**(123 963)**	**101 738**	**26 376**	**(83 227)**	**(167 095)**	**26 376**			**26 376**

APPENDIX L

CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

TRANSFERS RECOGNISED – CONDITIONAL GRANTS

GRANTS	GAZZETTED AMOUNT	TOTAL RECEIVED	YTD SPENDING
Finance Management Grant	R1 850 000	R1 850 000	100%
Expended Public Works Programme	R1 434 000	R1 434 000	100%
Water Services Infrastructure Grant	R30 000 000	R30 000 000	100%
Municipal Infrastructure Grant	R27 129 000	R27 129 000	100%

APPENDIX M (i)

CAPITAL EXPENDITURE NEW ASSETS PROGRAMME

NONE

APPENDIX M (ii)

CAPITAL EXPENDITURE UPGRADE/RENEWAL PROGRAMME

NONE

APPENDIX N

CAPITAL PROGRAMME BY PROJECT CURRENT YEAR

NONE

APPENDIX O

CAPITAL EXPENDITURE NEW ASSETS PROGRAMME

CAPITAL PROJECTS – 2023/2024				
Project Name	Project Location			
	Ward	Settlement/village	Amount	Progress
Reconstruction of paved roads in Victor Khanye	Ward 3,4 & 5	Botleng Extension 2,3,4,5,7, Sundra & Eloff	R12 271.937.55	Construction 95%
Development of 5000 stands on Portion 6 of the farm Middelburg 231 ER: Water Services	Ward 3 & 8	Botleng Extension 7 & Eloff	R3 697 231.92	Construction 96,0%
Development of Portion 6 of the Farm Middelburg 231 ER -Sanitation Services	Ward 3 & 8	Botleng Extension 7 & Eloff	R3 757 124.83	Construction 94,0%
Development of the 2nd Phase of the Landfill Site in Delmas	Ward 3	Botleng Extension 7	R421 705.00	Design & Tender
Drilling of Boreholes in rural areas and provision of elevated steel tanks	Ward 7 & 9	Groenfontein & Brakfontein	R2 763 703.69	Construction 66%
Installation of High Mast Light at Victor Khanye Municipality	Ward 3	Botleng Extension 7	R2 863 121.82	Construction 95%
Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing The Non-Revenue Water in Botleng Township	Ward 3,4,5	Botleng Township Extensions	R30 000 000,00	Construction 95%
Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing The Non-Revenue Water in Botleng Township	Ward 3,4,5	Delmas, Delpark and Botleng	R20 000 000,00	Construction 55%

APPENDIX P

SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

NONE

APPENDIX Q

SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

NONE

APPENDIX R

DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

NONE

APPENDIX S

DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

THERE ARE NO RETURNS OUTSTANDING

APPENDIX T

NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

THE FUNCTIONS OF THE MUNICIPALITY HAVE BEEN DETAILED IN THE ANNUAL REPORT UNDER THE DEPARTMENTAL FUNCTIONS ON PAGE 40 AS WELL AS THE SHARING OF FUNCTIONS WITH OTHER SECTOR DEPARTMENTS ON PAGES 43 TO 48 OF THIS REPORT.

VICTOR KHANYE LOCAL MUNICIPALITY

"A repositioned municipality for a better and sustainable service delivery for all"

2024/2025 Institutional (Non-Financial) Annual Performance Report

1 Purpose

The purpose of this report is to give feedback regarding the performance of the Victor Khanye Local Municipality as required through The Municipal Systems Act No 32 of 2000, section 41(e) and the Municipal Finance Management Act 56 of 2003, section 52(d). The information included in this report is based on the IDP and SDBIP as developed for the financial year 2024/2025.

This report is based on information received from each department for assessment of performance for the accumulated **Annual Performance for 2024/2025, ending 30 June 2025.** This is a high-level report based on a process whereby actual information per Key Performance Area (KPA), Strategic Objective, Programme and the aligned Key Performance Indicators are compared to the approved 2024/2025 IDP and Original SDBIP scorecards.

The overall performance for the the Victor Khanye Local Municipality is based on the Departmental Performance scorecards as detailed below, which is inclusive of the IDP and Original SDBIP KPI's applicable to each department in terms of their respective contribution.

2 Executive Summary

This report serves as the **Annual Institutional Performance Report** for the **2024/25** financial year **ending 30 June 2025.** It provides effective and informative feedback on the performance level achieved (accumulative reporting) against the targets as laid out in the IDP and Original SDBIP Scorecards. In the case of under-performance, the respective concerns or mitigating reasons are highlighted and detail pertaining to the relevant measures taken to address these challenges are included thereto.

The overall performance for the Victor Khanye Local Municipality is based on a composite Performance Scorecard of each Department comprising of all indicators inclusive of the IDP and Original SDBIP. The institution is responsible for a **total of 174 KPI's, of which all were assessed.**

N.B: Of the 174 indicators that were assessed, one is reported as N/A on the APR due to the fact that its achievement was dependant on community members to apply for the connection of sanitation services. For the entire financial year, there were no applications received. The indicator in question is ***"% of households sanitation connections made for all new paid-up applications by 30 June 2025 (GKPI)".*** **This therefore meant that 173 indicators were reported on the APR**

All these KPI's combine to contribute to the overall performance level of the IDP and Original SDBIP Scorecards.

The overall accumulative Institutional performance score achieved for the **Annual Performance Report of 2024/25, ending 30 June 2025** was **84%,** based on **145** of **173 KPI's** assessed achieving their respective quarterly targets.

3 Key Performance Areas and Organisational Strategic Goals

The following Strategic Goals and Key Performance Areas have been adopted by the municipality for the purpose of reporting on the attainment of the Institutional performance indicators and targets

KPA 1: Infrastructure and Basic Service Delivery

Goal 1: Improved provision of basic services to the residents of VKLM
Goal 2: Improved social protection and education outcomes

KPA 2: Financial viability and Finance Management

Goal 3: Improved Compliance to MFMA and VKLM Policy Framework

KPA 3: Institutional Development and Transformation

Goal 4: Improved efficiency and effective of the Municipal Administration

KPA 4: Good Governance and Public Participation

Goal 5: Improve community confidence in the system of local government

KPA 5: Spatial Rationale

Goal 6: Increase regularization of built environment

KPA 6: Local Economic Development

Goal 7: Increased economic activity and job creation

The traffic light system used in the report of performance is as follows:

GREEN	ACHIEVED
RED	NOT ACHIEVED
BLUE	NOT APPLICABLE

1 4 Comparison of Institutional Performance Levels 2023/24 – 2024/25

2

Table 1: Annual Performance Comparison

Key Performance Areas	2023/24			2024/25		
	Total KPI's Assessed	Targets Achieved	% Targets Achieved	Total KPI's Assessed	Targets Achieved	% Targets Achieved
KPA 1: Infrastructure and Basic Service Delivery	40	33	83%	38	32	84%
KPA 2: Financial viability and Finance Management	37	29	78%	37	28	76%
KPA 3: Institutional Development and Transformation	27	23	85%	27	25	93%
KPA 4: Good Governance and Public Participation	48	32	67%	51	41	80%
KPA 5: Spatial Rationale	6	5	83%	9	8	89%
KPA 6: Local Economic Development	8	7	88%	11	11	100%
Overall	166	129	78%	173	145	84%

5 Institutional and Departmental Performance

Below is a summary of the overall combined KPI and Project performance level achieved by each Department, depicting both the individual departmental performance and the achievement per KPA.

Comparison of Institutional KPI's per KPA Versus Departments - 2024/25

Table 1: KPI's Attaining Target

Department	KPA 1: Infrastructure and Basic Service Delivery	KPA 2: Financial viability and Finance Management	KPA 3: Institutional Development and Transformation	KPA 4: Good Governance and Public Participation	KPA 5: Spatial Rationale	KPA 6: Local Economic Development	Total	Dept. %
Financial Services	1/1	19/26	0/0	3/5	0/0	0/0	23/32	72%
	100%	73%	N/A	60%	N/A	N/A		
Technical Services	12/15	0/2	1/1	2/2	0/0	1/1	16/21	76%
	80%	0%	100%	100%	N/A	100%		
Community and Social Services	16/18	4/4	0/0	5/6	0/0	2/2	27/30	90%
	89%	100%	N/A	83%	N/A	100%		
Corporate Services	0/0	2/2	17/17	5/5	0/0	0/0	24/24	100%
	N/A	100%	100%	100%	N/A	N/A		
Office of the Municipal Manager	3/4	3/3	7/9	26/33	8/9	8/8	55/66	83%
	75%	100%	78%	79%	89%	100%		
Total Achieved	32	28	25	41	8	11	145	
Total Assessed	38	37	27	51	9	11	173	
Percentage %	84%	76%	93%	80%	89%	100%	84%	

TOGETHER FOR GROWTH AND DEVELOPMENT

The following section contains a comprehensive breakdown of the **individual Departmental performance**. The results highlight the progress with respect to performance not only at a departmental level, but also represents the **progress made within each Key Performance Area (KPA).**

The individual performance of each KPI per KPA is highlighted in the following departmental scorecard.

5.1. Office of the Municipal Manager

The Office of the Municipal Manager is responsible for a total of **66 KPI's,** of which **66** were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows

Table 2: Office of the Municipal Manager Statistics

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
SDBIP & IDP	66	55	83%	11	17%
Total	66	55	83%	11	17%

5.2. Budget & Treasury

The Budget and Treasury Department is responsible for a total of **32 KPI's** of which **32** were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.

Table 3: Budget & Treasury Statistics

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
SDBIP & IDP	32	23	72%	9	28%
Total	32	23	72%	9	28%

5.3. Corporate Services

The Corporate Services Department is responsible for a total of **24 KPI's,** of which **24** were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.

Table 4: Corporate Services Statistics

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
SDBIP & IDP	24	24	100%	0	0%
Total	24	24	100%	0	0%

TOGETHER FOR GROWTH AND DEVELOPMENT

5.4. Community & Social Services

The Community and Social Services Department is responsible for a total of **30 KPI's,** of which **30** were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.

Table 5: Community and Social Services Statistics

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
SDBIP & IDP	30	27	90%	3	10%
Total	30	27	90%	3	10%

5.5. Technical Services

The Technical Services Department is responsible for a total of **22 KPI's,** of which **21** were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.

Table 6: Technical Services Statistics

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
SDBIP & IDP	21	16	76%	5	24%
Total	21	16	76%	5	24%

KEY PERFORMANCE AREA 1: Basic Service Delivery and Infrastructure Development

The overall score for this KPA is **84%** for the year under review. The greatest contributors to this KPA are the Technical and Community & Social Services Departments. This is one of the key KPA's for the municipality as a result of its direct impact to community development e.g. the construction of road infrastructure, water provision, electricity supply, etc.

KPI Status	KPA 1: Infrastructure and Basic Service Delivery
Target Met (as planned and exceeded)	32
Target Not Met (below planned)	6
Total	38
% Targets met	84%
% Targets not met	16%

Performance Highlights for 2024/25

- DBSA has finally appointed a service provider to assist the municipality with the development of the water & sanitation and electricity master plans.
- Refuse was collected as per the approved schedule in all municipal areas to promote clean and healthy environment.
- 118 learners were provided with financial assistance to register at institutions of higher learning.

Challenges	Measures taken to improve performance
1. There were no new household sanitation connections The indicator is dependent on applications from community members and no new applications were received for the year under review	- The Municipality to ensure that development compliance inspections are conducted before the occupation certificate is issued for new housing developments, to ensure that there is a valid connection of electricity, water and sanitation.
2. 1 of 2 Capital projects (infrastructure) in terms of WSIG funding were completed in terms of agreed timeframe (30 June 2025) The delays in the appointment of the contractor resulted in the 2nd project commencing after the anticipated time, resulting to an 86% completion.	- Ensuring that the commencement and appointment of contractors is implemented as per plan to ensure 100% completion of projects.

	- An application to DWS for a rollover amounting to R2 714,110,30, will be made
3. 86% of the planned 100% of the conditional WSIG funding was spent The delays in the appointment of the contractor resulted in the 2nd project commencing after the anticipated time, resulting to an 86% completion.	- An application to the Department of Water and Sanitation for a rollover amounting to R2 714,110,30, will be made
4. 72% of emergency response vehicles that comply to the codes of practice (SANS 10090) were available Interdepartmental deficiencies resulted in delays in the repairs of emergency response vehicle.	- Improvement of collaborations between departments to ensure timely finalization of processes e.g. SCM
5. Only 3 of the planned 4 of the state of ambient air quality reports were submitted to HHS Portfolio Committee The air quality station was non-functional in the 1st quarter of the financial year	- Engagements with the South African Weather Service led to the fixing of the station hence from Q2 to Q4, the data was received
6. 4 of 6 Capital projects (infrastructure) in terms of agreed MIG were completed There were delays in the approval of business plans and issuing of ROD (Record of Decisions)	- The municipality will ensure that projects committed are only those that are ready for implementation in terms of designs and construction and will be included in the SDBIP

2.1 KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Strategic Goal 1: Improved provision of basic services to the residents of VKLM
Strategic Goal 2: Improved social protection and education outcomes

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Service Delivery	Sanitation	% of households sanitation connections made for all new paid-up applications by 30 June 2025 (GKPI)	Rw23-2022	ED: TS	1.1	In house	0%	100% of households sanitation connections made for all new paid-up applications by 30 June 2025 (GKPI)	0%	N/A	No applications were received for new sewer connections	The Municipality to ensure that development compliance inspections are conducted before the occupation certificate is issued for new housing developments, to ensure that there is a valid new connection of electricity, water and sanitation.	Register of Paid-up Applications and Connection Booklets
	Water	% of households water connections made for all new paid-up applications by 30 June 2025 (GKPI)		ED: TS	1.2	In house	100%	100% of households water connections made for all new paid-up applications by 30 June 2025 (GKPI)	100%	Achieved	None	None	Register of Work-Orders and Connection Booklets
Service Delivery	Water	Percentage of water samples compliant with SANS 241 drinking water quality standards	Rw23-2022	ED: TS	1.3	In house	New	95% of water samples compliant with SANS 241 drinking water quality standards	97%	Achieved	None	None	Copy of water quality reports

TOGETHER FOR GROWTH AND DEVELOPMENT

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Service Delivery	Water/ Sanitation	Progress report on the development of the Water Services Master Plan and WSDP submitted to the MM by 30 June 2025.	Rw 30-202 2	ED:T S	1.4	DBSA	0	1 Progress report on the development of the Water Services Master Plan and WSDP submitted to the MM	1	Achieved	None	None	Copies of the progress report signed by the MM.
	Housing	Number of monthly progress reports submitted to the MM with respect to the # of new RDP Housing units provided by the PDoHS	Hs 01-2022	ED:T S	1.5	In house	12	12 progress reports submitted to the MM with respect to the # of new RDP Housing units provided by the PDoHS	12	Achieved	None	None	Copies of monthly progress reports submitted to the MM
Service Delivery	Project Management	Number of Capital projects (infrastructure) completed in terms of agreed WSIG funding by 30 June 2025.	Rw 25-2022	ED:T S	1.6	Incl.	New	2 Capital projects (infrastructure) completed in terms of agreed WSIG funding by 30 June 2025.	1	Not Achieved	The delays in the appointment of the contractor resulted in the 2nd project commencing after the anticipated time, resulting to a 86% completion.	Ensuring that the commencement and appointment of contractors is implemented as per plan to ensure 100% completion of projects. An application to DWS for a rollover amounting to R2 714,110,30, will be made	Copies of practical completion certificates
		Number of Capital projects (infrastructure) completed in terms of agreed MIG Funding.		ED:T S	1.7	Incl.	6	6 Capital projects (infrastructure) completed in terms of agreed MIG Funding.	4	Not Achieved	There were delays in the approval of business plans and issuing of ROD (Record of Decisions)	The municipality will ensure that projects committed are only those that are ready for implementation in terms of designs and construction and will be included in the SDBIP	Copies of practical completion certificates

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Service Delivery	Project Management	% spent on conditional MIG grant by 30 June 2025	Rw 25-2022	ED:T S	1.9	Incl.	100%	100% spent on conditional MIG grant	100%	Achieved	None	None	MIG expenditure report
Service Delivery	Project Management	% spent on conditional WSIG grant by 30 June 2025.		ED:T S	1.1.0	Incl.	New	100% spent on conditional WSIG grant	86%	Not Achieved	The delays in the appointment of the contractor resulted in the 2nd project commencing after the anticipated time, resulting to an 86% completion.	An application to DWS for a rollover amounting to R2 714,110,30, will be made	WSIG expenditure Report
		% of new Capital projects started on time In terms of the appointment of consultants / contractors excluding NDM funded projects by 30 Sept 2024		MM	1.1.1	Incl.	0%	100% new Capital projects started on time In terms of the appointment of consultants / contractors excluding NDM funded projects	50%	Not Achieved	Delays in the finalization of bid processes led to the late appointment of contractors	A schedule of meetings for all bid committees was developed to ensure that meetings are held as per the schedule (proper planning)	Copies of the individual project appointment letters in terms of consultants /contractors
Service Delivery	Improved community awareness	Number of community awareness campaigns held in terms of waste management per quarter	Wr0 2-2022	ED:S S	1.1.2	In house	3	3 community awareness campaigns held in terms of waste management	3	Achieved	None	None	close-out report for each campaign, pictures and attendance registers
	Waste removal	Number of times refuse collection services rendered per week at Ward 1,2,3,4,5,6,7,8 and 9 (GKPI)	Wr0 1-2022	ED:S S	1.1.3	14 672	52	52 weekly reports on refuse collection services rendered per week at Ward 1, 2, 3, 4, 5, 6, 7, 8 and 9	52	Achieved	None	None	Refuse collection schedule and signed refuse collection monthly reports

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Service Delivery	Electricity	% of new households connections with basic levels of electricity as per received applications by 30 June 2025 (GKPI) (excluding Eskom licenced areas)	Es0 2-2022	ED:TS	1.1.4	In house	100%	100% of new households connections with basic levels of electricity as per received applications	100%	Achieved	None	None	Register of Work-Orders and Connection Booklets
		Progress report on the development of the Electricity Master Plan submitted to the MM by 30 June 2025.	Es1 0-2022	ED:TS	1.1.5	DBSA	0	1 Progress report on the development of the Electricity Master Plan submitted to the MM	1	Achieved	None	None	Copy of the progress report signed by the MM.
Service Delivery	Electricity	Number of monthly reports on customer disconnections conducted due to electricity tempering submitted to MM	Es1 0-2022	ED:TS	1.1.6	In house	4	12 monthly reports on customer disconnection s conducted due to electricity tempering submitted to MM	12	Achieved	None	None	Monthly Reports submitted to the MM
Service Delivery	Roads	Number of KMs of surfaced roads constructed by 30 June 2025	Rs w02 - 2022	ED:TS	1.1.7	Incl.	0km	1,2KM of surfaced roads constructed by 30 June 2025.	1.2km	Achieved	None	None	Completion /practical completion certificates
	Roads and Storm Water	Number of m² of potholes repaired and maintained in all wards by 30 June 2025	Rs w07 - 2022	ED:TS	1.1.8	In house	12 Reports	180m² of potholes repaired and maintained in all wards by 30 June 2025	985.2m²	Achieved	The overachievement is because of many potholes that were patched during the rainy season i.e. quarter 3. The NDM and Provincial Public Works assisted with a Jet Patcher and materials to assist the municipality	Refurbishment of all roads as a permanent solution to potholes	Monthly pothole patching report submitted to the MM with Photograph

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Service Delivery	Roads and Storm Water	Number of kilometres of gravel roads graded by 30 June 2025.	Rs w06 - 2022	ED:TS	1.1.9	In house	12 Reports	120KM of gravel roads graded	171km	Achieved	Heavy rainfalls necessitated frequent grading of roads so that they can be usable especially at rural areas	None	Road Maintenance Report signed by the MM
		Number of meters of storm-water drainage systems cleaned by 30 June 2025.	Rs w10 - 2022	ED:TS	1.2.0	In house	12 Reports	120M of storm-water drainage systems cleaned per quarter.	147m	Achieved	The overachievement is as a result of the cleaning of stormwater drainage systems that were blocked during the rainy season	The target will be amended to 360m in the 2025/2026 financial year	Monthly storm water draining systems cleaned reports submitted to the MM
	Disaster Management	% availability of emergency response vehicles per quarter to comply to the codes of practice (SANS 10090)	Dm 02-2022	ED:SS	1.2.1	1 400	58%	80% availability of emergency response vehicles quarter to comply to the codes of practice (SANS 10090)	72%	Not Achieved	Interdepartmental deficiencies resulted in delays in the repairs of emergency response vehicle.	Improvement of collaborations between departments to ensure timely finalization of processes e.g. SCM	Copies of quarterly statistics register
Service Delivery	Disaster Management	% response time normal hours (5 min) with respect to the request for emergency services received per month to vehicles out the gate	Dm 07-2022	ED:SS	1.2.2	In house	81%	80% response time normal hours (5 min) with respect to the request for emergency services received	87%	Achieved	Calls responded to within 5 min was reached 87% over all emergency calls responded to where the SANS 10090 guideline is 80%	The 80% target is a SANS 10090 compliance minimum. The municipality's response is better than the national standards	Copies of monthly statistics register

TOGETHER FOR GROWTH AND DEVELOPME

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Service Delivery	Disaster Management	% response time after hours (10 min) with respect to the request for emergency services received per month to vehicles out the gate	Dm 07-2022	ED:SS	1.2.3	In house	85%	85% response time after hours (10 min) with respect to the request for emergency services received	87%	Achieved	Emergency calls responded to within 10 min was reached 87% over all emergency calls responded to where the SANS 10090 guideline is 80%	The 80% target is a SANS 10090 compliance minimum. The municipality's response is better than the national standard. The 5% extra caters for the after-hours response.	Copies of monthly statistics register
Service Delivery	Disaster Management	Number of community awareness programmes conducted per quarter with respect to emergency / disaster risk awareness	Dm 07-2022	ED:SS	1.2.4	0	4	4 community awareness programmes conducted with respect to emergency / disaster risk	4	Achieved	None	None	Copy of close-out report with photographs and attendance registers.
	Indigent	Number of new households earning less than R4220 per month provided with access to free basic services by 30 June 2025 (GKPI)	Rw 04-2022	CFO	1.2.5	0	277	500 new households earning less than R4220 per month provided with access to free basic services	2566	Achieved	At the start of the financial year the municipality had quite a number of customers whose indigent status expired and from that majority of the customers came to apply as they were being affected by the implementation of the credit control policy	To implement a proactive renewal and notification system. This could notify beneficiaries 60 to 90 days prior to the expiration of their indigent status allowing them ample time to reapply without disruption to the services	Copy of a list of households provided with FBS
Service Delivery	Community Upliftment	Number of initiatives focused on improving the life of designated groups by 30 June 2025	Vg03 - 2022	MM	1.2.6	5 000	3	3 initiatives focused on improving the life of designated groups	5	Achieved	More requests for assistance were received from stakeholders and the available budget was enough to cater for the additional initiatives	None	Copy of close-out reports for each initiative

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Service Delivery	Community Upliftment	Number of learners provided with financial support (Mayoral community programme) by 31 March 2025	Led 34-2022	MM	1.2.7	600	142	80 learners provided with financial support (Mayoral community programme)	118	Achieved	More applications were received from the students and the available budget was enough to cater for the additional applications	The assistance is dependent on the number of applications received as well as the matric pass rate	Copies of successful learner applications and report on Registration Fee Assistance Fund allocation and Copy of close-out reports
	Community Upliftment	Number of Matric Excellence Awards held by 31 March 2025	Led 34-2022	MM	1.2.8	700	1	1 Matric Excellence Awards held	1	Achieved	None	None	Copy of a closeout report for the awards inclusive of photographs and attendance registers.
Service Delivery	Environmental Protection	Number of trees planted in public and private spaces per quarter	Wr13 - 2020	ED:S S	1.2.9	75	1570	50 trees planted in public and private spaces	50	Achieved	None	None	Copy of close out reports, inclusive of photographs
	Parks	Number of main municipal intersections with ornamental structures maintained per month	Cs 03-2022	ED:S S	1.3.0	In house	12	12 main municipal intersections with ornamental structures maintained	12	Achieved	None	None	Copy of close out reports, inclusive of photographs

TOGETHER FOR GROWTH AND DEVELOPMENT

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Service Delivery	Youth	Number of Youth Imbizo held by 30 June 2025	Pa27 - 2022	ED:S S	1.3.1	1 200	2	3 Youth Imbizo held	3	Achieved	None	None	Copy of close-out reports for each Imbizo held inclusive of the pictures and attendance registers
Service Delivery	Mainstream Disability and Gender	Number of events scheduled and held in terms of mainstreaming of gender (man and woman & LGBTQI+), disabled, elderly and children by 30 June 2025	Vg 01-05 2022	ED:S S	1.3.2	550	9	6 events scheduled and held in terms of mainstreaming ng of gender (man and woman & LGBTQI+), disabled, elderly and children	9	Achieved	3 of 9 events were a collaboration with Department of Social Development.	Proper planning in the new financial year to ensure there is alignment	Copy of close-out reports for each event inclusive of the, photographs and attendance registers.
	Youth	Number of educational initiatives implemented in terms of the Youth by 30 June 2025	Led3 5-2022	ED:S S	1.3.3	600	6	6 educational initiatives implemented in terms of the Youth	6	Achieved	None	None	Copy of close-out reports for each initiative inclusive of photographs and Attendance Registers

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Service Delivery	Youth	Number of Sports and Arts and Culture events held by 30 June 2025	Ts07-2022	ED:S S	1.3.4	900	2	4 Sports and Arts and Culture events held	4	Achieved	None	None	Copy of close-out reports for each event, inclusive of photographs and attendance Registers.
Service Delivery	Libraries	Number of community members utilizing the library facilities monthly	Ls03-2022	ED:S S	1.3.5	In house	33404	20 000 community members utilizing the library facilities	32650	Achieved	Libraries received lots of users using the internet for research, applying for jobs, sending emails, making photocopies etc. Many learners also came to the library for school projects	The department has no direct control on the number of people using the library.	Copies of monthly summary of the statistics register
		Number of library awareness campaigns conducted per quarter		ED:S S	1.3.6	0	5	4 library awareness campaigns conducted	5	Achieved	There was a TLP (Taking Legislature to the People) at the Simon Gondwe Stadium and libraries as stakeholders were invited to exhibit their services.	Any opportunity given to market the library is used, regardless of how many times, unless we plan it ourselves.	Copy of close-out report for each campaign conducted, inclusive of attendance registers
	Environmental Protection	Number of air quality education and awareness campaigns conducted by 30 June 2025	Wr10 - 2020	ED:S S	1.3.7	In house	2	3 air quality education and awareness campaigns conducted	3	Achieved	None	None	Copy of close-out reports for each campaign conducted, inclusive of Attendance Registers.

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Service Delivery	Environmental Protection (Air Quality Management Plan)	Number of compliance inspections conducted to monitor facility performance in terms of Air Quality Act by 30 June 2025	Wr10 - 2020	ED:S S	1.3.8	In house	2	4 compliance inspections conducted to monitor facility performance in terms of Air Quality Act	4	Achieved	None	None	Copy of inspections report and Attendance Registers
		Number of the state of ambient air quality reports submitted to HHS Portfolio Committee per quarter		ED:S S	1.3.9	In house	4	4 state of ambient air quality reports submitted to HHS Portfolio Committee	3	Not Achieved	The air quality station was non-functional in the 1st quarter of the financial year	Engagements with the South African Weather Service led to the fixing of the station hence from Q2 to Q4 the data was received	An extract of a copy of HSS Monthly Report
	Mainstream HIV/AIDS	Number of HIV/AID's educational awareness campaigns held each quarter	Vg06 - 2022	ED:S S	1.4.0	In house	5	4 HIV/AID's educational awareness campaigns held	6	Achieved	2 of the 6 events were a collaboration with the Department of Health	Proper planning in the new financial year to ensure there is alignment	Copy of close-out report of each campaign held, inclusive of Attendance Registers

KEY PERFORMANCE AREA 2: Financial Viability and Finance Management

The overall score for this KPA is **76%** for the year under review. This represents a regress from the 78% achieved in the previous financial year. The greatest contributor to this KPA is the Budget and Treasury Department as this KPA deals with financial management performance indicators and IDP indicators

KPI Status	KPA 2: Financial viability and Finance Management
Target Met (as planned and exceeded)	28
Target Not Met (below planned)	9
Total	37
% Targets met	76%
% Targets not met	24%

Performance Highlights for 2024/25

- 88% of all businesses billed were collected
- 61 business licence verifications were conducted

Challenges	Measures taken to improve performance
1. 29% of amounts of households billed was collected Non-payment of services by residential customers, more especially customers in ESKOM licensed areas, being ward 4,5 and 8 is where more than half of the municipal debt book resides	- The municipality has installed DCUs to monitor customers who tamper with their meters to ensure the proper enforcement of the credit control policy, the municipality is also installing prepaid water meters in the ESKOM licensed areas to ensure that credit control is also enforced in those areas
2. 85% of approved (compliant) invoices were paid within the legislated 30 days This was due to the financial constraints that the municipality is facing.	- Full implementation of credit control policy and revenue enhancement policy. Reduction of contracted services
3. The municipality's debt coverage ratio is sitting at 1.65% The municipality is facing financial constraints as a result of poor revenue collection	- The implementation of credit control & debt collection must be enforced on a monthly basis

4. 65% of outstanding service debtors to revenue was achieved due to: The municipality is facing financial constraints as a result of poor revenue collection	- The implementation of credit control & debt collection must be enforced on a monthly basis
5. Six monthly budget funding plan reports were not submitted to council. Lack of implementation of budget funding plan by various department	- Ensure that the budget funding plan is adhered to by all departments and submit to council
6. Technical services department exceeded the legislated overtime levels by 23% on 40 hours and 20% on 45 hours (essential services) The ageing infrastructure was the main contributor to overtime being worked for repairs and maintenance. Lack of proper supervision	- Prioritize the refurbishment of the ageing infrastructure. - Close monitoring of overtime by HoD and compulsory usage of pre-approval forms before overtime is worked. Assessment of the work to be done by supervisor so as to allocate adequate resources not to send the entire team that is on standby - Full implementation of the ministerial determination on earnings threshold (overtime)
7. 1 of the 2 planned asset verifications reports were submitted to council The first verification was conducted and submitted to council. Then second verification was conducted however it was completed past the deadline that was the 31st March 2025 hence no submission to Council.	- Verifications will be divided into two, one for movable assets and the other for immovable assets - The submission of the report to Council will be included in the approved calendar of events of Council

2.2 KPA 2: FINANCIAL VIABILITY AND FINANCE MANAGEMENT

Strategic Goal 3: Improved compliance to MFMA and VKLM policy Framework

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Financial Viability	Financial Management	Approval of MTREF Budget by 31 May 2025	Mf22-2022	CFO	2.1	In house	1	1 Approval of MTREF Budget	1	Achieved	None	None	Copy of the approved Final Annual budget
		% of amounts of households billed collected per quarter	Mf05-2022	CFO	2.2	In house	27%	75% amounts of households billed collected	29%	Not Achieved	Non-payment of services by residential customers, more especially customers in ESKOM licensed areas, being ward 4,5 and *8 where more than half of the municipal debt book resides	The municipality has installed Data Central Unit (DCU's) to monitor customers who tamper with their meters to ensure the proper enforcement of the credit control policy, the municipality is also installing prepaid water meters in the ESKOM licensed areas to ensure that credit control is also enforced in those areas	Copies of the Credit Control and debt collection report
		% of amounts of businesses billed collected per quarter		CFO	2.3	In house	90%	85% amounts of businesses billed collected	88%	Achieved	Collection on businesses for the year has been achieved. Strict credit control measures resulted in the achievement of the target.	None	Copies of the Credit Control and debt collection report
		Unaudited Annual Financial Statements (AFS) submitted on or before 31 Aug 2024	Mf19-2022	CFO	2.4	3 000	1	1 Unaudited Annual Financial Statements (AFS) submitted to AGSA	1	Achieved	None	None	Copy of the Unaudited AFS & Proof of submission to AG

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Financial Management	Financial Management	Number of interim financial statements prepared and submitted to the MM by 28 February 2025	Mf19-2022	CFO	2.5	3 000	1	1 interim financial statements prepared and submitted to the MM	1	Achieved	None	None	Interim financial statements & acknowledgement of receipt by the MM
		Number of monthly section 71 MFMA reports submitted to Mayoral committee within legislative timeframes	Mf16-2022	CFO	2.6	In house	12	12 section 71 MFMA reports submitted to Mayoral committee	12	Achieved	None	None	Copy of monthly section 71 report
Financial Management	Financial Management	Midyear section 72 MFMA report submitted to Executive Mayor within legislative timeframes by 25 January 2025	Mf 17-20 22	CFO	2.7	In house	1	1 Midyear section 72 MFMA report submitted to Executive Mayor	1	Achieved	None	None	Copy of the Section 72 Report
		Number of quarterly section 52(d) MFMA reports submitted to Mayoral committee within legislative timeframes		CFO	2.8	In house	4	4 section 52(d) MFMA reports submitted to Mayoral committee	4	Achieved	None	None	Copy of the quarterly section 52(d) report
		% of approved (compliant) invoices paid within 30 days		CFO	2.9	In house	16%	100% approved (compliant) invoices paid	85%	Not Achieved	Only 85% of the approved compliant invoices were paid within 30 days due financial constraints.	Full implementation of credit control policy and revenue enhancement policy Reduction of contracted services	Copy of the monthly creditors reconciliation report
Financial Management	Financial Management	% spent on conditional FMG grant per quarter	Mf15-2022	CFO	2.1.0	1 800	100%	100% spent on conditional FMG grant	100%	Achieved	None	None	Copies of the monthly FMG Report
Financial Management	Financial Management	% Debt coverage ratio (GKPI) by 30 September 2024	Mf15-2022	CFO	2.1.1	In house	0%	45% Debt coverage ratio	1.65%	Not Achieved	The municipality is facing financial constraints as a	The implementation of credit control & debt collection must be	Statement of financial position and

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
											result of poor revenue collection	enforced on a monthly basis	statement of financial performance
		% outstanding service debtors to revenue (GKPI) by 30 September 2024		CFO	2.1.2	In house	67%	68% Outstanding service debtors to revenue	65%	Not Achieved	The municipality is facing financial constraints as a result of poor revenue collection	The implementation of credit control & debt collection must be enforced on a monthly basis	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS
		Cost coverage ratio (GKPI) by 30 September 2024		CFO	2.1.3	In house	0	1:3 Cost coverage ratio	0.29	Not Achieved	The municipality is facing financial constraints as a result of poor revenue collection	The implementation of credit control & debt collection must be enforced on a monthly basis	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS
Financial Management	Supply Chain Management	Number of days taken to conclude and award tenders above R300 000 by 30 June 2025	SC04 - 2022	CFO	2.1.4	In house	90	<90 days taken to conclude and award tenders above R300 000	90	Achieved	None	None	Copy of the SCM Register
		Number of monthly deviation reports submitted to the Council (Total organisation)	SC04-2022	CFO	2.1.5	In house	12	12 deviation reports submitted to Council	12	Achieved	None	None	Copy of the quarterly SCM deviation report and Council Resolution.
Financial management	Supply Chain Management	Number of monthly SCM reports submitted to Council	SC01 - 2022	CFO	2.1.6	In house	12	12 SCM reports submitted to Council	12	Achieved	None	None	Copy of the monthly SCM report and Council Resolution

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
		Number of monthly UIFW reports submitted to the Council		CFO	2.1.7	In house	12	12 UIFW reports submitted to Council	12	Achieved	None	None	Copy of UIFW Report and Council Resolution
Financial Management	Asset Management	Number of Asset verification reports submitted to Council by 31 March 2025.	As02-2022	CFO	2.1.8	In house	1	2 Asset verification reports submitted to Council by 31 March 2025.	1	Not Achieved	The first verification was conducted and submitted to council. Then second verification was conducted however, it was completed past the deadline that was the 31st March 2025 hence no submission to Council.	Verifications will be divided into two, one for movable assets and the other for immovable assets The submission of the report to Council will be included in the approved calendar of events of Council	Copy of the asset verification reports and Council Resolution.
		Fixed Asset Register updated per month.		CFO	2.1.9	In house	12	12 Monthly update of the Fixed Asset Register	12	Achieved	None	None	Copy of the Fixed Assets Register
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% spent of the total operational Budget per quarter	Mf15 - 2022	CFO	2.2.0	In house	123%	95% spent of the total operational Budget	88%	Achieved	None	None	Copy of the quarterly section 52(d) report
		% spent on employee costs in terms of the total operational Budget per quarter		CFO	2.2.1	In house	27%	<34% spent on employee costs in terms of the total operational Budget	26%	Achieved	None	None	Copy of the quarterly section 52(d) report
		Number of monthly reports submitted to Council in terms of legislated overtime levels (Total Organisation)		ED:C S	2.2.2	In house	12	12 reports submitted to Council in terms of legislated overtime levels	12	Achieved	None	None	Copies of monthly overtime report submitted to Council
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per	Mf15 - 2022	MM	2.2.3	In house	0%	0% employees exceeding legislated overtime levels	0%	Achieved	None	None	Copies of approved financial overtime schedule

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
		month per employee (OMM)						stipulated as not more than (40) hours per month					
		% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per month per employee (CS only)		ED:C S	2.2.4	In house	0%	0% employees exceeding legislated overtime levels stipulated as not more than (40) hours per month	0%	Achieved	None	None	Copies of approved financial overtime schedule
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per month per employee (Finance only)	Mf15 - 2022	CFO	2.2.5	In house	0%	0% employees exceeding legislated overtime levels stipulated as not more than (40) hours per month	0%	Achieved	None	None	Copies of approved financial overtime schedule
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per month per employee (SS only) (excl., essential services)	Mf15-2022	ED:S S	2.2.6	In house	0%	0% employees exceeding legislated overtime levels stipulated as not more than (40) hours per month	0%	Achieved	None	None	Copies of approved financial overtime schedule
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% of employees exceeding legislated overtime levels stipulated as not more than (45) hours per month per employee	Mf 15-20 22	ED:S S	2.2.7	In house	0%	0% employees exceeding legislated overtime levels	0%	Achieved	None	None	Copies of approved financial overtime schedule

TOGETHER FOR GROWTH AND DEVELOP

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
		(SS only) (essential services)						stipulated as not more than (45) hours per month (essential services)					
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per month per employee (TS) (excl., essential services)	Mf15 – 2022	ED:T S	2.2.8	In house	9%	0% employees exceeding legislated overtime levels stipulated as not more than (40) hours per month	23%	Not Achieved	The ageing infrastructure was the main contributor to overtime being worked for repairs and maintenance. Lack of proper supervision	Only essential services units will be allowed to work overtime Close monitoring of overtime by HoD and compulsory usage of pre-approval forms before overtime is worked. Assessment of the work to be done by supervisor so as to allocate adequate resources not to send the entire team that is on standby Full implementation of the ministerial determination on earnings threshold (overtime)	Copies of approved financial overtime schedule
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% of employees exceeding legislated overtime levels stipulated as not more than (45) hours per month per employee (TS) (essential services)	Mf15 - 2022	ED:T S	2.2.9	In house	7%	0% employees exceeding legislated overtime levels stipulated as not more than (45) hours	20%	Not Achieved	The ageing infrastructure was the main contributor to overtime being worked for repairs and maintenance. Lack of proper supervision	Only essential services units will be allowed to work overtime Close monitoring of overtime by HoD and compulsory usage of pre-approval forms before overtime is worked.	Copies of approved financial overtime schedule

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
								per month (essential services)				Assessment of the work to be done by supervisor so as to allocate adequate resources not to send the entire team that is on standby Full implementation of the ministerial determination on earnings threshold (overtime)	
Financial Management	Financial Management & Revenue Enhancement	Number of road traffic safety operations conducted per month	Tp02-2022	ED:S S	2.3.0	In house	15	12 road traffic safety operations conducted	12	Achieved	None	None	Copy of close up report for road traffic safety operations conducted inclusive of photographs
Financial Management	Financial Management & Revenue Enhancement	Number of flammable liquids permits issued by 30 June 2025	Mf02-2022	ED:S S	2.3.1	In house	48	34 flammable liquids permits issued	52	Achieved	34 Applications was renewed from the previous year 12 renewals were done from companies that renewed late or did not renew from the 2023/2024 year	The totals will be adjusted in the new financial year to reflect current registered premises	Copy of permits register

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
											6 New / First time applications were received from companies.		
		% of trade licenses issued as per approved applications by 30 June 2025		MM	2.3.2	In house	7	100% trade licenses issued as per approved applications.	100%	Achieved	None	None	Copies of application register and copy of Trade license issued.
Financial Management	Financial Management & Revenue Enhancement	Number of monthly reports on the implementation of credit control and debt collection policy submitted to Council	SCM01 -2022	CFO	2.3.3	In house	12	12 reports on the implementation of credit control and debt collection policy submitted to Council	12	Achieved	None	None	Copy of Monthly Credit Control Report and Council Resolution
	Financial Management & Revenue collection	Number of monthly reports submitted to Council on budget funding plan		CFO	2.3.4	In house	4	12 reports submitted to Council on budget funding plan	6	Not Achieved	Lack of implementation of budget funding plan by various departments which was not submitted for the third quarter to council.	Ensure that the budget funding plan is adhered by all departments and submit to council	Copies of quarterly budget funding plan reports.
Financial Management		Number of business licences verifications conducted bi- annually	Mf02 - 2022	MM	2.3.5	In house	34	20 business licences verifications conducted	61	Achieved	High application turnout in response to the call by the State President for Spaza Shops to register their businesses.	None	Register of businesses verified and a copy of a close-out report
	Improved Compliance to Legislation & Policies (Financial	Number of Bank reconciliation submitted to the Municipal Manager within 10 days after the end of the month'	Mf15-2022	CFO	2.3.6	In house	12	12 Bank reconciliations submitted to the Municipal Manager	12	Achieved	None	None	Bank reconciliation and proof of submission
	Financial Management	Number of monthly reports produced and submitted to the MM on the usage of fuel	SC01 - 2022	CFO	2.3.7	In house	12	12 reports produced and submitted to the MM on	12	Achieved	None	None	Copy of signed fuel usage report

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
								the usage of fuel					

KEY PERFORMANCE AREA 3: Institutional Development and Transformation

The overall score for this KPA is **93%** for the year under review. This represents an improvement from the 85% achieved during the previous financial year. The greatest contributor to this KPA is the Corporate Services Department as this KPA deals with Human Resources indicators, performance indicators and IDP indicators.

Driving institutional growth, our municipality's performance surged. From 85% in 2023/2024 to an impressive 93% in 2024/2025, our commitment to transformational progress is evident and poised for further success.

KPI Status	KPA 3: Institutional Development and Transformation
Target Met (as planned and exceeded)	25
Target Not Met (below planned)	2
Total	27
% Targets met	93%
% Targets not met	7%

Performance Highlights for 2024/25

- Performance assessments were conducted for all section 56 managers and the section 54A manager (both annual and mid-year).
- Local Labour Forum meetings met as per the approved schedule thereby ensuring better working relations between the municipality and organized labour.
- The Workplace Skills Plan (WSP) and Annual Training Report (ATR) were submitted to LGSETA within the legislated timeframe (30 April 2024) and subsequently 73 employees were trained in line with the said plan.

Challenges	Measures taken to improve performance
1. The Microsoft 365 programme was not installed and implemented by 31 May 2025 This was due to the delays on procurement processes.	- The indicator has been added to the 2025/26 SDBIP and will be achieved before end of September 2025.

2.3 KPA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

Strategic Goal 4: Improved efficiency and effectiveness of the Municipal Administration

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Operational Efficiency	Performance Management	% of KPIs attaining organisational targets by 30 June 2025 (Total organisation)	Pm02 - 2022	MM	3.1	In house	78%	100% KPIs attaining organisational targets	83%	Not Achieved	See respective departmental comments	See respective departmental comments	Copies of the quarterly consolidated performance report
	Organisational Development	Submit a final report to the MM after conducting an employee satisfaction survey by 30 June 2025	Eq1-2022	ED:CS	3.2	In house	0	1 final report submitted the MM after conducting an employee satisfaction	1	Achieved	None	None	Copy of final satisfaction survey evaluation report acknowledged by MM
		2024/25 Calendar of events developed and approved by Council by 30 June 2025	Pa18-2022	MM	3.3	In house	1	1 Calendar of events developed and approved by Council	1	Achieved	None	None	Approved calendar of events and Council Resolution
Operational Efficiency	Organisational Development	% of employees from previously disadvantaged groups appointed in the three highest Task Grades of management as per the approved 2023-25 EE plan (GKPI) by 30 June 2025.	Eq2-2022	ED:CS	3.4	In house	85%	85% employees from previously disadvantaged groups appointed in the three highest Task Grades of management	85%	Achieved	None	None	Copies of appointment letters

TOGETHER FOR GROWTH AND DEVELOPMENT

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Organisational Development	Organisational Development	% of budget spent implementing the Workplace Skills Plan (GKPI) by 30 June 2025	Ts06-2022	ED:CS	3.5	1 300	100%	100% budget spent implementing the Workplace Skills Plan	100%	Achieved	None	None	Copy of an extract from a Section 52 (d) report
Operational Efficiency	Organisational Development	Number of bi-annual reports submitted to the MM on disciplinary matters reported and finalized by 30 June 2025.	Pa36-2022	ED:CS	3.6	In house	2	2 reports submitted to the MM on disciplinary matters reported and finalized by 30 June 2025.	2	Achieved	None	None	Reports submitted to the MM on disciplinary matters reported and finalized
		% of Internal Audit findings in terms of ICT resolved by 30 June 2025.	Pa13-2022	MM	3.7	In house	79%	100% Internal Audit findings in terms of ICT resolved	100%	Achieved	None	None	Copy of a follow-up on Internal Audit Report
Operational Efficiency	ICT	Microsoft 365 programme installed and implemented by 31 May 2025.	It 02-08 2022	MM	3.8	In house	New	1 Microsoft 365 programme installed and implemented by 31 May 2025.	0	Not Achieved	Due to the delays on procurement processes. The Microsoft 365 was not achieved in the 2024/25 Financial Year.	The indicator has been added to the 2025/26 SDBIP and will be achieved before end of September 2025.	Copy Software License
		Number of ICT Steering Committee reports submitted to the MM per quarter		MM	3.9	In house	4	4 ICT Steering Committee reports submitted to the MM per quarter	4	Achieved	None.	None.	ICT Steering Committee reports signed by the MM per Quarter
	Legal Services	Number of quarterly reports on the status of	SCM 01-2022	ED: CS	3.1.0	In house	4	4 quarterly reports on the	4	Achieved	None	None	Quarterly Reports on

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Operational Efficiency		municipal service level agreements approved by the MM by 30 June 2025						status of municipal service level agreements approved by the MM					the status of municipal service level agreements approved by the MM
Operational Efficiency	Legal Services	Number of quarterly reports on the status of municipal legal cases that the municipality is involved in approved by the MM by 30 June 2025	Mf15-2022	ED: CS	3.1.1	In house	4	4 quarterly reports on the status of municipal legal cases that the municipality is involved in approved by the MM	4	Achieved	None	None	Quarterly reports on the status of municipal legal cases that the municipality is involved in approved by the MM
Organisational Development	Organisational Development	Review and submit organisational structure (aligned to the IDP and Budget) to Council for approval before June 2025	Eq9-2022	ED:CS	3.1.2	In house	1	1 Review and submit organisational structure (aligned to the IDP and Budget) to Council for approval	1	Achieved	None	None	Copy of an approved annual organogram by Council and Council Resolution
		Number of monthly Human Capital reports submitted to Council by 30 June 2025.	Eq10 - 2022	ED:CS	3.1.3	In house	12	12 staff Human Capital reports submitted to Council	12	Achieved	None	None	Copies of Human Capital reports submitted to Council
Organisational	Fleet Management	Number of quarterly fleet management reports	Pa36 - 2022	ED:TS	3.1.4	In house	4	4 fleet management report	4	Achieved	None	None	Fleet management reports

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Development		submitted and approved by the MM						submitted and approved by the MM					approved by the MM
	Organisational Development	Number of job descriptions report submitted and approved by the MM by 30 June 2025	Eq12 - 2022	ED:CS	3.1.5	In house	2	2 job descriptions reports submitted and approved by the MM	2	Achieved	None	None	Copy of job descriptions report signed by the MM
Organisational Development	Workplace Skills Development	Workplace Skills Plan (WSP) and Annual Training Report (ATR) submitted to LGSETA on due date 30 April 2024	Ts04-2022	ED:CS	3.1.6	In house	1	1 Workplace Skills Plan (WSP) and Annual Training Report (ATR) submitted to LGSETA	1	Achieved	None	None	Copies of WSP and ATR submitted to the LG SETA
		Number of quarterly training status reports submitted to the District		ED:CS	3.1.7	In house	4	4 Training status reports submitted to the District	4	Achieved	None	None	Copy of quarterly training status report submitted to the District
		Number of skills audit conducted by 31 December 2024.	Pa 12-2023	ED:CS	3.1.8	COGT A	New	1 Skills Audit conducted by the 31 of December 2024	1	Achieved	None	None	Skills Audit Report
Organisational Development	Workplace Skills Development	Number of employees trained per quarter in line with the approved 2024/25 WSP	Ts04-2022	ED:CS	3.1.9	2 000	7	68 employees trained per quarter in line with the approved 2024/25 WSP	73	Achieved	The budget accommodated for more staff to be trained.	The target to be increased in the 2025/2026	Copies of the quarterly training report. submitted to the District
Organisational Development	Workplace Health and Safety	Number of monthly workplace inspections conducted and submitted to the MM	Oh06 - 2022	ED:C S	3.2.0	In house	12	12 workplace inspections conducted and	12	Achieved	None	None	Copies of monthly inspection reports

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
								submitted to the MM					submitted to the MM
		Number of quarterly SHE related reports submitted to the MM		ED:C S	3.2.1	In house	4	4 SHE related reports submitted to the MM	4	Achieved	None	None	Copy of the quarterly SHE related reports submitted to the MM
		Number of employee wellness reports submitted to the MM per quarter	Oh05 - 2022	ED:CS	3.2.2	900	3	4 employee wellness reports submitted to the MM	4	Achieved	None	None	Copy of the close-out report
	Labour Relations	Number of Local Labour Forum (LLF) meetings agendas processed every quarter as per approved Calendar of Events	Pa36 - 2022	ED:CS	3.2.3	In house	4	4 Local Labour Forum (LLF) meetings agendas processed	4	Achieved	None	None	Copy of the agenda signed by the Chairperson
Operational Efficiency	Performance Management	2024/25 Mid- year and 2023/24 Annual Performance Reviews of Section 56 & 54A employees conducted by the 31 of March 2025.	Pm06 - 2022	MM	3.2.4	50	2	2024/25 Mid-year and 2023/24 Annual Performance Reviews of Section 56 & 54A employees conducted by the 31 of March 2025.	1	Achieved	None	None	Performance Assessment Reports and attendance registers
Operational Efficiency	Performance Management	Performance Agreements of Senior Managers signed by 31 July. 2024	Pm05 - 2022	MM	3.2.5	In house	5	5 Performance Agreements of Senior	5	Achieved	None	None	Signed Performance Agreements and proof

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
								Managers signed					of submission to CoGTA
		Compilation of the Annual Performance Report (2023/24 FY) and submitted to AG by 31 Aug 2024	Pm02 - 2022	MM	3.2.6	In house	1	1 Annual Performance Report (2023/24 FY) submitted to AG	1	Achieved	None	None	Copy of APR and proof of submission to AG
		Number of quarterly SDBIP performance reports submitted to Council		MM	3.2.7	In house	4	4 SDBIP performance reports submitted to Council	4	Achieved	None	None	Quarterly SDBIP performance report and Council Resolution.

KEY PERFORMANCE AREA 4: Good Governance and Public Participation

The overall score for this KPA is **80%** for the year under review. This represents an impressive improvement from the 67% achieved during the previous financial year. The greatest contributor to this KPA is the Office of the Municipal Manager Department.

KPI Status	KPA 4: Good Governance and Public Participation
Target Met (as planned and exceeded)	41
Target Not Met (below planned)	10
Total	51
% Targets met	80%
% Targets not met	20%

Performance Highlights for 2024/25

- All MPAC meetings were held in accordance to the approved calendar of events.
- All ward committees were functional. The committees play the role of being a link between the municipality and its communities.
- All Council committees were functional and all planned meetings were held in accordance to the approved schedule.
- 85% of all identified risks were mitigated.

Challenges	Measures taken to improve performance
1. The municipality obtained a qualified audit opinion from AGSA The findings were on the following: Expenditure, bulk purchases, Property Plant and Equipment and UIFW	- Management will need to resolve all recurring AGSA matters and strengthen the implementation of the Audit Action Plan.
2. 74% of the planned 100% Council meetings resolutions resolved were implemented Some council resolutions are interlinked between two or three departments, therefore making successful implementation a challenge. Some resolutions require funds, and budgetary constraints make it difficult to achieve	- Better collaborations amongst departments and improvements of budgetary processes

Challenges	Measures taken to improve performance
3. The Customer Complaints reports were not submitted to Council The customer care reports were not sent to council due to non-compliance from council resolution to have conclusive comprehensive report by the Muncomp admin system	- The report will be submitted to council in the first quarter with the adjustments requested by council
4. 17 % of the planned 100% of Internal Audit Findings resolved as per the Audit Plan were implemented The inter dependencies between the departments resulted in the effectiveness of action plans committed.	- The departments to prioritize the deadlocked issues and Internal Audit also to close issues that have been long outstanding with the management consent
5. The Youth Development Strategy was not reviewed and adopted by Council The delay on the finalization of the strategy was the late hosting of the Youth Development Summit.	- The reviewed strategy will be submitted to Council for adoption in the first quarter of the 2025/2026 financial year
6. 2 of the planned 4 radio slots were secured for the Executive Mayor Final bookings with the radio station were not confirmed	- GCIS and the District have committed to assist all the local municipalities with securing the slots from various radio stations and it has also been included in the municipal budget

2.4 KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Goal 5: Improve community confidence in the system of local government

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Good Governance	Good Governance	% of total MPAC resolutions raised and resolved per quarter	Pa29 - 2022	MM	4.1	In house	65%	80% MPAC resolutions raised and resolved	80%	Achieved	None	None	Copies of the quarterly MPAC resolutions raised and the respective managers response
	Risk Management	% execution per quarter of Risk Management Plan in line with detailed time schedule (total organisation)	Pa07 - 2022	MM	4.2	In house	85%	85% execution of Risk Management Plan in line with detailed time schedule	85%	Achieved	None.	None.	Copies of the Quarterly Risk Reports, and minutes of the Risk Management Meetings
Good Governance	Good Governance	Obtain an improved audit opinion from the annual audit outcome from AGSA	Pa08 - 2022	CFO	4.3	In house	Qualified Opinion	Unqualified Opinion	0	Not Achieved	The overall audit outcome of the municipality is qualified with findings. The matters include the Expenditure - bulk purchases, Property Plant and Equipment and UIFWs	Management will need to resolve all recurring AGSA matters and strengthen the implementation of the Audit Action Plan.	Copy of the Auditor General's final audit report
		% of AG Management Letter findings resolved (in terms of the Audit Action Plan) by 30 June 2025 (Total organization)	Pa11 - 2022	CFO	4.4	In house	72%	85% AG Management Letter findings resolved (in terms of the Audit Action Plan)	77%	Not Achieved	The matters include the Expenditure - bulk purchases, Property Plant and Equipment and UIFWs	Management will need to resolve all recurring AGSA matters and strengthen the implementation of the Audit Action Plan.	Copy of the quarterly AG Action Plan status report

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Good Governance	Good Governance	Draft Consolidated Annual Report submitted to AG on or before the 31 Aug 2024	Mf15-2022	MM	4.5	In house	1	1 Draft Annual Report compiled and submitted to the office of the Auditor General	1	Achieved	None	None	Copy of Annual Report and proof of submission to AG
		Number of Ward operational plans submitted to Council by 30 June 2025.	Pa24 - 2022	MM	4.6	1 000	0	9 Ward operational plans submitted to Council	9	Achieved	None	None	Copy of annual Ward operational reports submitted to Council and Council Resolution
Accountability	Community Participation	Number of Quarterly Ward Committee Functionality reports submitted to Council.	Pa22 - 2022	MM	4.7	In house	0	4 Ward Committee Functionality reports submitted to Council	4	Achieved	None	None	Copies of quarterly ward committee Functionality reports submitted to Council and Council Resolution.
		Number of Quarterly Community outreach meetings facilitated and attended	Pa21 - 2022	MM	4.8	320	2	4 Community outreach meetings facilitated and attended	4	Achieved	None	None	Copy of the quarterly outreach report, inclusive of the attendance register
Good Governance	Good Governance	Submission of final audited	Mf15-2022	MM	4.9	In house	1	1 Annual report tabled	1	Achieved	None	None	Copy of Final Annual

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
		consolidated Annual Report to Council by the 31 Jan 2025						before council					Report and Council Resolution.
		Submission of Oversight Report to Council by the 31 March 2025		MM	4.1.0	In house	1	1 Oversight report submitted to Council	1	Achieved	None	None	Annual Oversight Report and Council Resolution.
		2024/25 IDP Review Process Plan approved by Council by 31 Aug 2025	Mf20-2022	MM	4.1.1	In house	1	1 IDP process plan developed and approved by Council	1	Achieved	None	None	Copy of approved IDP review Process Plan and Council Resolution.
		Final IDP tabled and approved by Council by 31 May 2025	Mf20-2022	MM	4.1.2	In house	1	1 Final IDP tabled and approved by Council by 31 May 2025.	1	Achieved	None	None	Copy of Final IDP and Council resolution
Good Governance	Good Governance	Number of new/reviewed policies, strategies and By-Laws approved by Council by 30 June 2025 (OMM)	Pa37 - 2022	MM	4.1.3	In house	10	10 new/reviewed policies, strategies and By- Laws approved by Council	10	Achieved	None	None	Council Resolution of all approved policies, strategies and By-Laws.
		Number of monthly Section 80 Committee agendas generated as per the approved Calendar of Events	Pa33 - 2022	ED:CS	4.1.4	In house	30	33 Section 80 Committee agendas generated	33	Achieved	None	None	Copies of signed Section 80 Committee agendas
Good Governance	Good Governance	Final SDBIP approved by Executive Mayor	Pa32 - 2022	MM	4.1.5	In house	1	1 Final SDBIP approved by	1	Achieved	None	None	Copy of Final approved SDBIP and

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
		within 28 days after approval of Budget						Executive Mayor					Acknowledgement letter by the Mayor
		Adjusted Budget and SDBIP approved by Council by the end of February 2024	Pa32 - 2022	MM	4.1.6	In house	1	1 Adjusted Budget and SDBIP approved by Council	1	Achieved	None	None	Copy of Adjustment Budget and SDBIP and Council Resolution.
		% of Council meetings resolutions resolved per quarter (Total organisation)	Pa35 - 2022	MM	4.1.7	In house	54%	100% Council meetings resolutions resolved	74%	Not Achieved	Some council resolutions are interlinked between two or three departments, therefore making successful implementation a challenge. Some resolutions require funds, and budgetary constraints make it difficult to achieve.	Better collaborations amongst departments and improvements of budgetary processes	Copy of quarterly status report of Council resolutions resolved
		Number of monthly Ordinary Council meeting co-ordinated as per the approved Calendar of Events	Pa35 - 2022	ED:CS	4.1.8	In house	9	11 Ordinary Council meetings co-ordinated	11	Achieved	None	None	Copy of signed Council agendas and attendance register
Good Governance	Good Governance	Number of monthly ordinary MAYCO meetings co-ordinated per the approved Calendar of Events	Pa34 - 2022	ED:CS	4.1.9	In house	10	11 Ordinary MAYCO meetings co-ordinated	11	Achieved	None	None	Copy of signed Mayoral Committee agendas and attendance registers.
Good Governance	Good Governance	Number of quarterly Compliance Register Reports submitted to Council	Pa38 - 2021	MM	4.2.0	In House	New	4 Quarterly Compliance Register Report	4	Achieved	None	None	Copy of quarterly Compliance Register Report and

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
								submitted to Council					Council Resolution
		Number of MPAC committee reports submitted to Council per quarter	Pa29 - 2022	MM	4.2.1	In house	2	4 MPAC committee reports submitted to Council	4	Achieved	None	None	Copy of MPAC Report and Council Resolution.
Good Governance	Good Governance	Draft 2025/26 IDP tabled before Council for adoption by 31 March 2025	Mf20-2022	MM	4.2.2	In house	1	1 Draft 2024/25 IDP tabled before Council for adoption by 31 March 2025	1	Achieved	None	None	Copy of the Draft 2024/25 IDP and Council Resolution
	Risk Management	% execution per quarter of Risk Management Plan in line with detailed time schedule (OMM)	Pa17 - 2022	MM	4.2.3	In house	85%	85% execution per quarter of Risk Management Plan	77%	Not Achieved	The inter dependencies between the departments resulted in the ineffectiveness of action plans committed.	Better collaborations amongst departments and improvements of budgetary processes	Copy of the Risk Monitoring Report
Good Governance	Risk Management	% execution per quarter of Risk Management Plan in line with detailed time schedule (Finance only)	Pa 17-20 22	CFO	4.2.4	In house	93%	85% execution per quarter of Risk Management Plan	95%	Achieved	None	None	Copy of the Risk Monitoring Report
Good Governance	Risk Management	% execution per quarter of Risk Management Plan in line with detailed time schedule (SS only)	Pa 17-20 22	ED:SS	4.2.5	In house	8%	85% execution per quarter of Risk Management Plan	96%	Achieved	125 of 130 future action plans have been completed with 5 not achieved	None	Copy of the Risk Monitoring Report
		% execution per quarter of Risk Management Plan in line with detailed time schedule by (TS)	Pa 17-20 22	ED:TS	4.2.6	In house	89%	85% execution per quarter of Risk Management Plan	96%	Achieved	None	None	Copy of the Risk Monitoring Report

TOGETHER FOR GROWTH AND DEVELOPM

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
		Number of Risk Management reports submitted to the Risk Management Committee per quarter		MM	4.2.7	In house	4	4 Risk Management reports submitted to the Risk Management Committee	4	Achieved	None	None	Copy of quarterly Risk Management Committee report
Good Governance	Risk Management	Number of Risk Management Committee reports submitted to the Audit Committee per quarter	Pa 04-20 22	MM	4.2.8	In house	4	4 Risk Management Committee reports submitted to the Audit Committee	4	Achieved	None	None	Copies of Risk Management Committee reports
		% execution per quarter of Risk Management Plan in line with detailed time schedule (CS only)	Pa 17-20 22	ED:CS	4.2.9	In house	85%	85% execution per quarter of Risk Management Plan	94%	Achieved	None	None	Copy of the Risk Monitoring Report
		Number of Internal Audit reports submitted to the Audit Committee per quarter	Pa 10-20 22	MM	4.3.0	In house	4	4 Internal Audit reports submitted to the Audit Committee	4	Achieved	None	None	Copy of the quarterly IA progress report
Good Governance	Internal Audit	Number of Audit Committee reports submitted to Council per quarter	Pa10 - 2022	MM	4.3.1	In house	4	4 Audit Committee reports submitted to Council	4	Achieved	None	None	Copy of quarterly AC report submitted to Council and Council Resolution
Good Governance	Good Governance	Action Plan on issues raised by the Auditor General compiled and tabled to Council by 31 January 2025	Pa08 - 2022	CFO	4.3.2	In house	1	1 Action Plan on issues raised by the Auditor General compiled and tabled to Council	1	Achieved	No variance since its audit action after AGSA finished the audit	No measures however, issues raised by AGSA must be attended and when preparing IFS it should be prepared with intention to finalise other issues	Copy of approved Action Plan and Council Resolution.

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
	Internal Audit	Review Risk Based Internal Audit Plan and submit to Audit Committee by 31 July 2024	Pa08 - 2022	MM	4.3.3	In house	1	1 Review Risk Based Internal Audit Plan and submit to Audit Committee	0	Not Achieved	Delayed due to risk Management Processes to be finalised. The plan was subsequently finalised and approved by the audit committee.	Will streamline future planning to the risk management processes to reflect actual activity	Reviewed Risk Based Internal Audit Plan submitted to Audit Committee
Customer Relationship Management	Customer/ Stakeholder Relationship Management	Number of quarterly Customer Complaint reports submitted to Council (inclusive of Presidential Hotline)	Pa39 - 2022	MM	4.3.4	In house	3	4 Customer Complaint reports submitted to Council	2	Not Achieved	The customer care reports were not sent to council due to non-compliance from council resolution to have conclusive comprehensive report by the Muncomp admin system	The report will be submitted to council in the first quarter with the adjustments requested by council.	Copy of quarterly Customer Complaint reports and Council Resolution
Good Governance	Good Governance	% of Internal Audit Findings resolved per quarter as per the Audit Plan (Total Organization)	Pa10 - 2022	MM	4.3.5	In house	25%	100% Internal Audit Findings resolved as per the Audit Plan	31%	Not Achieved	The inter dependencies between the departments resulted in the ineffectiveness of action plans committed.	The departments to prioritize the deadlocked issues and Internal Audit also to close issues that have been long outstanding with the management consent.	Copy of the quarterly internal audit report
		Number of new/reviewed policies, strategies and By-Laws approved by Council by 30 June 2025 (B&T only)	Pa37 - 2022	CFO	4.3.6	In house	19	19 new/reviewed policies, strategies and By- Laws approved by Council	21	Achieved	Newly reviewed Tariff by laws and the credit control by laws.	None	Council Resolution of all approved policies, strategies and By-Laws.
Good Governance	Good Governance	Number of new/reviewed policies, strategies and By-Laws approved by Council by 30 June 2025 (CS only)	Pa37- 2022	ED:CS	4.3.7	In house	3	05 new/reviewed policies, strategies and By- Laws approved by Council	6	Achieved	The PAIA Manual was drafted in order to address the compliance with the PAIA Act and to be in line with Information Regulator Requirements	All policies that are required to be in line with the new and reviewed legislation have been reviewed for the financial year 2024/25, any other policy that requires to be reviewed in order to be in line with any legislation	Council Resolution of all approved policies, strategies and By-Laws

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
												amendments will be reviewed in the new financial year.	
Good Governance	Good Governance	Number of new/reviewed policies, strategies and By-Laws approved by Council by 30 June 2025 (SS only)	Pa37 - 2022	ED:SS	4.3.8	In House	0	5 Number of new/reviewed policies, strategies and By- Laws approved by Council	5	Achieved	None	None	Council Resolution of all approved policies, strategies and By-Laws.
		Number of new/reviewed policies, strategies and By-Laws approved by Council by 30 June 2024 (TS only)	Pa37 - 2022	ED:TS	4.3.9	In house	New	1 new/reviewed policies, strategies and By- Laws approved by Council by 30 June 2024 (TS only)	1	Achieved	None	None	Council Resolution of all approved policies, strategies and By-Laws.
	Youth Development	Review and Adoption of the Youth Development Strategy by 30 June 2025.		ED:SS	4.4.0	In-House	New	1 Youth Development Strategy reviewed and adopted by the 30 of June 2025	0	Not Achieved	The late hosting of the Youth Development Summit led to delay in the review of the strategy	The reviewed strategy will be submitted to Council in the first quarter of the new financial year	Copy of the reviewed and adopted Youth Development Strategy and the Council Resolution
Customer Relationship Management	Improved Compliance to Legislation & Policies(Public Safety)	Number of Municipal firearms inspections conducted per month	Tp03-2022	ED:SS	4.4.1	In house	12	12 Municipal firearms inspections conducted	12	Achieved	None	None	Copies of firearms inspections forms
		Number of Cemeteries Management Forum Meetings Scheduled & held per quarter	Cs01 - 2022	ED:SS	4.4.2	In house	4	4 Cemeteries Management Forum Meetings Scheduled & held	4	Achieved	None	None	Copy of close out report for each forum meeting inclusive of

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
													Attendance Registers
	Customer/ Stakeholder Relationship Management	Number of Customer satisfaction survey conducted by 30 June 2025	Pa20 - 2022	MM	4.4.3	In house	0	1 Customer satisfaction survey conducted	0	Not Achieved	The customer satisfaction survey was not conducted due to a lack of resources.	The ICT unit will assist through the website and facebook page The survey will be conducted through the Live Lomphakati app that was recently launched in the province for the 2025/2026 financial year	Report on Customer satisfaction survey submitted to the MM
		Number of monthly updates of the Municipal social media accounts .		MM	4.4.4	In house	100%	12 monthly updates of the Municipal social media accounts	12	Achieved	None	None	Copy of dated screenshots of social media accounts updates.
Customer Relationship Management	Customer/ Stakeholder Relationship Management	Number of quarterly newsletter(s) published		MM	4.4.5	600	2	4 newsletter(s) published	4	Achieved	None	None	Copy of quarterly newsletter(s) published
Customer Relationship Management	Customer/ Stakeholder Relationship Management	Number of radio slots secured for the Executive Mayor per quarter	Pa18 – 2022	MM	4.4.6	200	4	4 radio slots secured for the Executive Mayor	2	Not Achieved	The radio slots could not be secured	GCIS and the District have committed to assist all the local municipalities with securing the slots from various radio stations and it has also been included in the municipal budget	Copy of confirmation from the radio station
		Number of legislated notices approved by the		MM	4.4.7	500	5	5 legislated notices approved by	7	Achieved	The IDP and Annual Report notices were added in the fourth quarter	None	Copy of approved notices published

TOGETHER FOR GROWTH AND DEVELOPMENT

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
		MM and published per quarter						the MM and published					
		Number of monthly updates of the Municipal Website as per Section 75 of the MFMA.		MM	4.4.8	In house	98%	12 monthly updates of the Municipal Website as per Section 75 of the MFMA	23	Achieved	None.	None.	Dated Municipal Website screen shots.
Good Governance	Strategic Planning	Strategic Planning Lekgotla report Submitted to Council by 31 March 2025.	Mf20-2022	MM	4.4.9	In house	1	1 Strategic Planning Lekgotla report Submitted to Council by 31 March 2025	1	Achieved	None	None	Close-out report, attendance register and Council Resolution
	Security Services	Number of quarterly status reports on monitoring of Municipal security services submitted to the Municipal Manager per quarter	Tp03-2022	ED:SS	4.5.0	In house	4	4 status reports on monitoring of Municipal security services submitted to the Municipal Manager	4	Achieved	None	None	Quarterly Security Reports and Acknowledgement of receipt by MM
Service Delivery	All Services	Number of service delivery reports compiled and submitted to the MM per quarter	As01 - 2022	MM	4.5.1	In house	4	4 service delivery reports compiled and submitted to the MM	4	Achieved	None	None	Copy of signed service delivery reports

KEY PERFORMANCE AREA 5: Spatial Rationale

The overall score for this KPA is **89%** for the year under review. This performance represents a slight improvement from the 83% achieved during the previous financial year.

KPI Status	KPA 5: Spatial Rationale
Target Met (as planned and exceeded)	8
Target Not Met (below planned)	1
Total	9
% Targets met	89%
% Targets not met	11%

Performance Highlights for 2024/25

- The Spatial Development Framework (SDF) has been reviewed and adopted by Council. This will ensure that there is proper alignment in terms of municipal planning.

Challenges	Measures taken to improve performance
1. 158 of the planned 3800 property inspections in terms of compliance to the Land scheme and Building Regulations were conducted Insufficient human capacity due to unavailability of ward committee members as approved by Council	- Adjust set target for 2025/26 financial year to guarantee adequate internal human capacity

2.5 KPA 5: SPATIAL DEVELOPMENT

Strategic Goal 6: Increase regularisation of built environment

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Land Tenure and Spatial Development	Land Tenure and Spatial Development	% of new registered building plan applications received and approved (referred back) within agreed timeframes of 28 days.	Sd07 - 2022	MM	5.1	In house	100%	100% new registered building plan applications received and approved (referred back)	100%	Achieved	None	None	Copy of application Register
Land Tenure and Spatial Development	Land Tenure and Spatial Development	% of (category 2) land use applications received and processed within 90 days by authorised officer	Sd06 - 2022	MM	5.2	In house	100%	100% (category 2) land use applications received and processed	100%	Achieved	None	None	Copy of the land use applications report and register
		% of (category 1) land use applications received and referred to Nkangala District Tribunal within 90 days from VKLM	Sd06 - 2022	MM	5.3	In house	100%	100% (category 1) land use applications received and referred to Nkangala District Tribunal	100%	Achieved	None	None	The list of registered applications received and referred to NDM (Land tribunal)
Land Tenure and Spatial Development	Building Control	Number of quarterly reports on building contraventions notices issued submitted to the MM	Sd06 - 2022	MM	5.4	In house	100%	4 Quarterly Reports on building contraventions notices issued submitted to the MM	4	Achieved	None	None	Copy of quarterly reports submitted and signed by the MM.

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
		Number of property inspections conducted per quarter in terms of compliance to the Land scheme and Building Regulations		MM	5.5	In house	New	3800 property inspections conducted in terms of compliance to the Land scheme and Building Regulations	158	Not Achieved	Insufficient human capacity due to unavailability of ward committee members as approved by Council	Adjust set target for 2025/26 financial year to guarantee adequate internal human capacity	Close-out report with signed inspection forms
	Land Audit	Progress report on the development of the Land Audit report submitted to the MM by 30 June 2025	Sd06 - 2022	MM	5.6	In house	New	1 progress report on the development of the Land Audit report submitted to the MM	1	Achieved	None	None	Copy of progress report on development of the land audit signed by the MM.
Land Tenure and Spatial Development	Land Audit	Number of quarterly reports on cases of Land Invasion reported and resolved submitted to the MM	Sd09 - 2022	MM	5.7	In house	New	4 Quarterly Reports on cases of Land Invasion reported and resolved submitted to the MM	4	Achieved	None	None	Land invasion reports submitted and signed by the MM

TOGETHER FOR GROWTH AND DEVELOPMENT

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
		Number of Quarterly reports on Land Contraventions notices issued submitted to the MM by 30 June 2025.	Sd06 - 2022	MM	5.8	In house	New	4 Quarterly reports on Land Contraventions notices issued submitted to the MM	4	Achieved	None	None	Copy of quarterly report of building contravention notices issued signed by the MM.
		Spatial Development Framework (SDF) reviewed and adopted by Council by 30 June 2025.	Sd06 - 2022	MM	5.9	In house	New	1 Spatial Development Framework (SDF) reviewed and adopted by Council	1	Achieved	None	None	Copy of the SDF document submitted to Council and Council Resolution.

KEY PERFORMANCE AREA 6: Local Economic Development

The overall score for this KPA is **100%** for the year under review. This represents an improvement of 12% compared to the 88% achieved in the previous financial year.

KPI Status	KPA 6: Local Economic Development
Target Met (as planned and exceeded)	11
Target Not Met (below planned)	0
Total	11
% Targets met	100%
% Targets not met	0%

Performance Highlights for 2024/25

- The municipality was able to launch the LED Forum which we have been trying with no success for numerous years. The forum will assist in terms of attracting new investments into the local economy thereby creating the much needed job opportunities especially for the youth.

Challenges	Measures taken to improve performance
None	None

2.6 KPA 6: LOCAL ECONOMIC DEVELOPMENT

Strategic Goal 7: Increased economic activity and job creation

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
Economic Growth and Development	Economic Growth and Development	Number of MOU's signed with respect to external Social Responsibility Programmes by 30 June 2025	Led03-2022	MM	6.1	In house	2	2 MOU's signed with respect to external Social Responsibility Programmes	3	Achieved	None	None	Copy of the signed MOU's
		Number of bi- annual reports submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations by 30 June 2025.		MM	6.2	In house	5	2 CSI and SLP Programme of both Business and Mining organisations Report submitted to Council	2	Achieved	None	None	Copies of bi-annual reports submitted to Council
		Number of total work opportunities created through labour intensive programmes by 30 June 2025 (GKPI).	Led09-2022	ED:TS	6.3	In house	15	121 work opportunities created through labour intensive programme by 30 June 2025 (GKPI).	179	Achieved	The target was exceeded due to the inclusion of the municipal security services in the work opportunities created	None	Job opportunity report
Economic Growth and Development Economic Growth and Development	Economic Growth and Development Economic Growth and Development	Number of skills development initiatives scheduled and held in terms of the youth bi-annually	Led35-2022	ED:SS	6.4	400	2	2 skills development initiatives held for the youth	2	Achieved	None	None	Copy of close-out report inclusive pictures and Attendance Register.
		Number of SMME's and Cooperatives capacity	Led10-2022	MM	6.5	200	5	2 SMME's and Cooperatives	2	Achieved	None	None	Copy of close-out reports

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
		building skills workshops held by the 30 June 2025						skills workshop held					inclusive of Attendance Register.
		Number of EPWP Full Time Equivalent (FTE's) created through social, culture and environment initiatives per quarter	Led09-2022	MM	6.6	1 361	565	170 EPWP Full Time Equivalent (FTE's) created through social, culture and environment initiatives	443	Achieved	None	None	Copy of monthly DPW Summary report
Economic Growth and Development	Economic Growth and Development	Number of new investments attracted into the local economy by 30 June 2025.		MM	6.7	In house	New	2 Direct/Non-direct Investment into the local economy	2	Achieved	None	None	Copy of the signed MOUs
		Acquisition of an industrial site by 30 June 2025.		MM	6.8	Extern al	New	1 industrial site acquired by the 30 June 2025	1	Achieved	None	None	Report submitted to Council and a Council Resolution
		Launch of Local Economic Development (LED) Forum by 30 September 2024.		MM	6.9	In house	New	1 Local Economic Development (LED) Forum launched by 30 September 2024.	1	Achieved	None	None	Close-out report with pictures and attendance register
Economic Growth and Development	Economic Growth and Development	Launch of the Local Tourism Committee (LRC) by 30 June 2024	Led09-2022	MM	6.10	In house	New	1 Local Tourism Committee (LRC) launched by	1	Achieved	None	None	Close-out report with pictures and

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Annual Budget R'000 (Input Indicator)	2023/24 Baseline	Annual Target	Actual Performance Annual	Achievement	Challenges	Corrective Action	POE
								30 September 2024.					attendance register
Economic Growth and Development	Youth Development	Youth Development Summit held by 30 June 2025	Pa30 - 2022	ED:SS	6.1	650	0	1 Youth Development Summit held by 30 June 2025.	1	Achieved	None	None	Close-out report on the Summit with attendance register, photographs and Council resolution on the Summit.

I, _____ the Municipal Manager of the Victor Khanye Local Municipality, hereby certify that the Annual Performance Report (APR) and supporting documentation for the period July 2024 to June 2025 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

SIGNED BY THE MUNICIPAL MANAGER: MR TM MASHABELA

_____
SIGNATURE

VOLUME II

ANNUAL FINANCIAL STATEMENTS

Audited
By
2025 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

VICTOR KHANYE 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: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Legislation governing the municipality's operations:	Constitution of the Republic of south Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)
Grading of local authority	3
Accounting Officer	TM Mashabela
Chief Finance Officer (CFO)	TP Mahlangu
Members of council:	KV Buda (Executive Mayor) HM Ngoma (Speaker) NS Ngcobo (Chief Whip/Ward 6) TG Malomane (MMC PITS/ Cllr ward 3) ME Masilela (MMC Finance/ Cllr ward 9) BD Yeko (MMC Social/ Cllr ward 2) BLO Mbalati (Cllr ward 1) ES Lebatse (Cllr ward 4) DJ Bath (Cllr ward 8) JZ Ndlovu (Cllr ward 7) M Rautenbach (PR Cllr (DA)) SM Skosana (PR Cllr (DA)) NE Mohoadibe (PR Cllr (EFF)) P Senekal (PR Cllr (VF PLUS)) MM Sepenyane (PR Cllr (AVPP)) ST Segone (PR Cllr (AVPP)) A Smith (PR Cllr (AVPP))
Registered office	Cnr Samuel road and Van der Walt street Delmas 2210
Website:	www.vklm.gov.za
Postal address	P/.O BOX 6 Delmas 2210
Bankers	Standard Bank ABSA
Auditors	AGSA

Audited By
2025 -11- 3
Auditor General South Africa
Mpumalanga Business Unit

General Information

Attorneys	Nkgadima & Associates Toka Machabaphala Inc SM Sibeko Incorporated Attorneys Ntleru Inc Attorneys Buthelezi Vilakazi Inc L Guzana Inc Attorneys. Prince Mudau & Associates Inc. Mphoke PK Magane Inc HM Chaane Attorneys
Audit committee	Adv JL Thubakgale(Chairperson) Mr A Ntuli Mr M. Mathabathe Mr. L Monama Ms P Ntuli

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By
2025 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

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By
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Mpumalanga Business Unit

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Abbreviations used:

AO	Accounting Officer
UIF	Unemployment insurance fund
AGSA	Auditor-General of South Africa
MIG	Municipal Infrastructure Grant
VKLM	Victor Khanye Local Municipality
FMG	Financial Management Grant
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
INEP	Integrated National Electrification Programme (INEP)
PPE	Property, Plant and Equipment
SARS	South African Revenue Services
COGTA	Cooperative Governance and Traditional Affairs
CRR	Capital Replacement Reserve
CFO	Chief Financial Officer
COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IFRS	International Financial Reporting Standards
SDL	Skills Development Levy
NPV	Net Present Value
EPWP	Expanded Public Works Programme (EPWP)
SCM	Supply Chain Management

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2025 -11- 30
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Mpumalanga Business Unit

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 dependent on the municipality and national treasury for its 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.

As at June 30 2025, the municipality's total liabilities exceeded its total assets as indicated in the Statement of Financial Position.

The accounting officer certify that the salaries, allowances and benefits of councillors as disclosed in note 24 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditors are responsible for auditing and reporting on the municipality annual financial statement. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved and signed by the Accounting Officer.

Audited
2025 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

Accounting Officer
TM Mashabela
31 August 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	13	2 417 710	2 753 579
Receivables from exchange transactions	8&10	59 340 768	97 171 602
Receivables from non-exchange transactions	9&10	16 333 281	23 528 603
VAT receivable	41	486 688 781	407 442 308
Cash and cash equivalents	7	12 361 435	6 397 313
		577 141 975	**537 293 405**
Non-Current Assets			
Investment property	3	97 136 119	92 926 317
Property, plant and equipment	4	958 866 381	940 603 591
Intangible assets	5	63 840	63 840
Heritage assets	6	1 074 503	1 074 503
		1 057 140 843	**1 034 668 251**
Total Assets		**1 634 282 818**	**1 571 961 656**
Liabilities			
Current Liabilities			
Finance lease obligation	52	1 273 199	3 805 154
Payables from exchange transactions	15	1 679 969 113	1 388 760 201
VAT payable	42	344 822 166	281 356 867
Consumer deposits	14	1 710 129	1 688 113
Employee benefit obligation	12	2 051 779	2 571 674
Unspent conditional grants and receipts	53	2 910 893	-
Provisions	11	7 847 826	8 203 712
		2 040 585 105	**1 686 385 721**
Non-Current Liabilities			
Finance lease obligation	52	-	1 117 949
Employee benefit obligation	12	53 274 616	49 246 585
Provisions	11	11 984 940	10 666 025
		65 259 556	**61 030 559**
Total Liabilities		**2 105 844 661**	**1 747 416 280**
Net Assets		**(471 561 843)**	**(175 454 624)**
Accumulated surplus		(471 561 843)	(175 467 065)
Total Net Assets		**(471 561 843)**	**(175 467 065)**

* See Note 39

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	385 664 007	332 466 245
Rental of facilities and equipment	21	1 859 754	1 639 760
Administration and management fees received	22	1 454 842	314 248
Merchandising and Jobbing	22	78 308	24 439
Fire Services	22	1 083 451	1 266 911
Cemetery and Burial	22	546 700	354 796
Town Planning and Servitudes	22	597 603	643 139
Interest Income	23	70 113 273	52 412 316
Actuarial gains	12	6 260 052	-
Total revenue from exchange transactions		**467 657 990**	**389 121 854**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	16	108 695 561	109 834 380
Property rates - Interest	16	13 717 832	34 213 459
Debt written off		-	59 138 988
Transfer revenue			
Government grants & subsidies	19	197 622 106	201 019 000
Public contributions and donations	18	16 063 048	15 778 563
Fines, Penalties and Forfeits	17	6 801 020	11 239 410
Total revenue from non-exchange transactions		**342 899 567**	**431 223 800**
Total revenue		**810 557 557**	**820 345 654**
Expenditure			
Employee related costs	25	(207 328 203)	(192 678 699)
Remuneration of councillors	24	(9 790 467)	(9 363 717)
Depreciation and amortisation	27	(58 419 701)	(55 673 074)
Finance costs	28	(97 555 310)	(92 950 921)
Lease rentals on operating lease	32	(1 047 979)	(995 249)
Impairment	26	(151 426 611)	(230 564 275)
Bad debts written off		(73 709 349)	(8 884 558)
Bulk purchases	29	(227 563 476)	(202 461 064)
Contracted services	31	(110 395 407)	(123 328 765)
Loss on disposal of assets and liabilities	4	(9 065 381)	(1 247 392)
Actuarial losses	12	-	(671 979)
Inventory consumed	30	(110 261 136)	(97 931 288)
Operational costs	33	(50 101 750)	(63 645 960)
Total expenditure		**(1 106 664 770)**	**(1 080 396 941)**
Deficit for the year		**(296 107 213)**	**(260 051 287)**

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* See Note 39

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	82 528 278	82 528 278
Adjustments		
Prior year adjustments 39	2 055 944	2 055 944
Balance at 01 July 2023 as restated*	**84 584 222**	**84 584 222**
Changes in net assets		
Deficit for the year	(260 051 287)	(260 051 287)
Total changes	(260 051 287)	(260 051 287)
Restated* Balance at 01 July 2024	**(175 454 630)**	**(175 454 630)**
Changes in net assets		
Deficit for the year	(296 107 213)	(296 107 213)
Total changes	(296 107 213)	(296 107 213)
Balance at 30 June 2025	**(471 561 843)**	**(471 561 843)**

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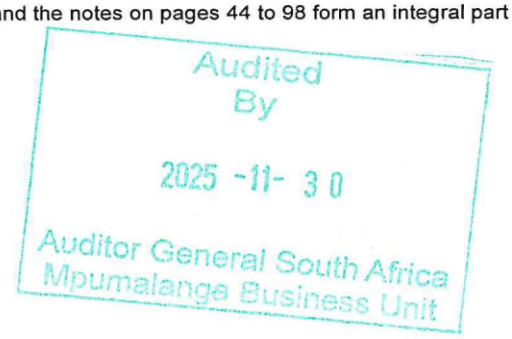
* See Note 39

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Services charges		216 895 887	216 188 529
Grants		200 532 999	201 019 000
Rate and fines		166 296 975	93 263 547
Interest income		1 264 771	1 636 689
Other receipts		5 620 658	4 243 293
Taxes received		29 481 220	23 673 677
		620 092 510	540 024 735
Payments			
Compensation of employees and councillors,		(218 060 145)	(195 683 819)
Suppliers, service providers and others		(381 058 981)	(269 804 922)
		(599 119 126)	(465 488 741)
Net cash flows from operating activities	34	**20 973 384**	**74 535 994**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(11 359 358)	(71 561 970)
Cash flows from financing activities			
Finance lease payments		(3 649 904)	(3 230 001)
Net increase/(decrease) in cash and cash equivalents		**5 964 122**	**(255 977)**
Cash and cash equivalents at the beginning of the year		6 397 313	6 653 289
Cash and cash equivalents at the end of the year	7	**12 361 435**	**6 397 312**

The accounting policies on pages 14 to 43 and the notes on pages 44 to 98 form an integral part of the annual financial statements.



* See Note 39

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	328 584 000	70 000	**328 654 000**	385 664 007	**57 010 007**	Note 54
Rendering of services	6 926 000	-	**6 926 000**	-	**(6 926 000)**	Note 54
Rental of facilities and equipment	1 572 000	-	**1 572 000**	1 859 754	**287 754**	Note 54
Administration and management fees received	772 000	-	**772 000**	1 454 842	**682 842**	Note 54
Merchandising and jobbing	-	-	**-**	78 308	**78 308**	Note 54
Fire services	-	-	**-**	1 083 451	**1 083 451**	Note 54
Cemetary and Burial	-	-	**-**	546 700	**546 700**	Note 54
Town planning and Servitude	-	-	**-**	597 603	**597 603**	Note 54
Interest received - investment	90 454 000	67 836 000	**158 290 000**	70 113 273	**(88 176 727)**	Note 54
Total revenue from exchange transactions	**428 308 000**	**67 906 000**	**496 214 000**	**461 397 938**	**(34 816 062)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	123 486 000	-	**123 486 000**	108 695 561	**(14 790 439)**	Note 54
Property rates - penalties imposed	32 795 000	-	**32 795 000**	13 717 832	**(19 077 168)**	Note 54
Surcharges and Taxes	33 486 000	36 707 000	**70 193 000**	-	**(70 193 000)**	Note 54
Transfer revenue						
Government grants & subsidies: Operational	152 985 000	-	**152 985 000**	197 622 106	**44 637 106**	Note 54
Public contributions and donations	-	-	**-**	16 063 048	**16 063 048**	Note 54
Fines, Penalties and Forfeits	2 141 000	-	**2 141 000**	6 801 020	**4 660 020**	Note 54
Total revenue from non-exchange transactions	**344 893 000**	**36 707 000**	**381 600 000**	**342 899 567**	**(38 700 433)**	
Total revenue	**773 201 000**	**104 613 000**	**877 814 000**	**804 297 505**	**(73 516 495)**	
Expenditure						
Personnel	(201 439 000)	(402 000)	**(201 841 000)**	(207 328 203)	**(5 487 203)**	Note 54
Remuneration of councillors	(10 101 000)	(1 533 000)	**(11 634 000)**	(9 790 467)	**1 843 533**	Note 54
Depreciation and amortisation	(52 446 000)	1 413 000	**(51 033 000)**	(58 419 701)	**(7 386 701)**	Note 54
Finance costs	(30 000 000)	(20 005 000)	**(50 005 000)**	(97 555 310)	**(47 550 310)**	Note 54
Lease rentals on operating lease	-	-	**-**	(1 047 979)	**(1 047 979)**	Note 54
Debt Impairment	(108 336 000)	20 000 000	**(88 336 000)**	(151 426 611)	**(63 090 611)**	Note 54
Bad debts written off	(29 800 000)	-	**(29 800 000)**	(73 709 349)	**(43 909 349)**	Note 54
Bulk purchases	(203 854 000)	(30 000 000)	**(233 854 000)**	(227 563 476)	**6 290 524**	Note 54
Contracted Services	(92 062 000)	(41 055 000)	**(133 117 000)**	(110 395 407)	**22 721 593**	Note 54
Sale of goods/Inventory	(92 124 000)	(38 118 000)	**(130 242 000)**	(110 261 136)	**19 980 864**	Note 54
General Expenses	(58 413 000)	(11 065 000)	**(69 478 000)**	(50 101 750)	**19 376 250**	Note 54
Total expenditure	**(878 575 000)**	**(120 765 000)**	**(999 340 000)**	**(1 097 599 389)**	**(98 259 389)**	
Operating deficit	**(105 374 000)**	**(16 152 000)**	**(121 526 000)**	**(293 301 884)**	**(171 775 884)**	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
Loss on disposal of assets and liabilities	-	-	-	(9 065 381)	**(9 065 381)**	Note 54
Actuarial gains/losses	-	-	-	6 260 052	**6 260 052**	Note 54
	-	**-**	**-**	**(2 805 329)**	**(2 805 329)**	
Deficit before taxation	**(105 374 000)**	**(16 152 000)**	**(121 526 000)**	**(296 107 213)**	**(174 581 213)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(105 374 000)**	**(16 152 000)**	**(121 526 000)**	**(296 107 213)**	**(174 581 213)**	
Reconciliation						

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
Statement of Financial Position						
Assets						
Current Assets						
Inventories	47 469 412	10 242 841	**57 712 253**	2 417 710	**(55 294 543)**	
Receivables from exchange transactions	66 959 000	51 133 000	**118 092 000**	59 340 768	**(58 751 232)**	
Receivables from non-exchange transactions	84 928 000	(31 075 000)	**53 853 000**	16 333 281	**(37 519 719)**	
Cash and cash equivalents	76 041 000	(53 911 000)	**22 130 000**	12 361 435	**(9 768 565)**	
	275 397 412	**(23 610 159)**	**251 787 253**	**90 453 194**	**(161 334 059)**	
Non-Current Assets						
Investment property	68 123 000	-	**68 123 000**	97 136 119	**29 013 119**	
Property, plant and equipment	927 495 000	17 245 000	**944 740 000**	958 866 381	**14 126 381**	
Intangible assets	155 000	-	**155 000**	63 840	**(91 160)**	
Heritage assets	1 074 503	-	**1 074 503**	1 074 503	**-**	
	996 847 503	**17 245 000**	**1 014 092 503**	**1 057 140 843**	**43 048 340**	
Total Assets	**1 272 244 915**	**(6 365 159)**	**1 265 879 756**	**1 147 594 037**	**(118 285 719)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	**-**	1 273 199	**1 273 199**	
Payables from exchange transactions	106 172 292	(38 633 656)	**67 538 636**	1 679 969 112	**1 612 430 476**	
Taxes and transfers payable (non-exchange)	-	-	**-**	344 822 166	**344 822 166**	
VAT payable	-	-	**-**	(486 688 781)	**(486 688 781)**	
Consumer deposits	1 781 202	-	**1 781 202**	1 710 129	**(71 073)**	
Employee benefit obligation	-	-	**-**	2 051 779	**2 051 779**	
Unspent conditional grants and receipts	-	-	**-**	2 910 893	**2 910 893**	
Provisions	11 546 202	-	**11 546 202**	7 847 826	**(3 698 376)**	
	119 499 696	**(38 633 656)**	**80 866 040**	**1 553 896 323**	**1 473 030 283**	
Non-Current Liabilities						
Other financial liabilities	7 527 976	-	**7 527 976**	-	**(7 527 976)**	
Employee benefit obligation	-	-	**-**	53 274 616	**53 274 616**	
Provisions	673 000 000	-	**673 000 000**	11 984 940	**(661 015 060)**	
	680 527 976	**-**	**680 527 976**	**65 259 556**	**(615 268 420)**	
Total Liabilities	**800 027 672**	**(38 633 656)**	**761 394 016**	**1 619 155 879**	**857 761 863**	
Net Assets	**472 217 243**	**32 268 497**	**504 485 740**	**(471 561 842)**	**(976 047 582)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	472 217 243	32 268 497	**504 485 740**	(471 561 843)	**(976 047 583)**	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	68 260 000	-	**68 260 000**	80 039 512	**11 779 512**	
Sale of goods and services	321 730 000	(85 834 000)	**235 896 000**	230 894 778	**(5 001 222)**	
Grants	-	-	**-**	2 188 653	**2 188 653**	
Interest income	-	-	**-**	402 128	**402 128**	
Transfers and subsidies - Operational	120 118 340	-	**120 118 340**	116 808 000	**(3 310 340)**	
Transfers and subsidies - Capital	85 570 671	-	**85 570 671**	26 134 000	**(59 436 671)**	
	595 679 011	**(85 834 000)**	**509 845 011**	**456 467 071**	**(53 377 940)**	
Payments						
Employee costs	(440 660 000)	-	**(440 660 000)**	(368 066 398)	**72 593 602**	
Transfers and subsidies	7 000 000	-	**7 000 000**	-	**(7 000 000)**	
	(433 660 000)	**-**	**(433 660 000)**	**(368 066 398)**	**65 593 602**	
Net cash flows from operating activities	**162 019 011**	**(85 834 000)**	**76 185 011**	**88 400 673**	**12 215 662**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(36 879 000)	-	**(36 879 000)**	(26 538 108)	**10 340 892**	
Cash flows from financing activities						
Repayment of other financial liabilities	-	-	**-**	(714 459)	**(714 459)**	
Net increase/(decrease) in cash and cash equivalents	125 140 011	(85 834 000)	**39 306 011**	61 148 106	**21 842 095**	
Cash and cash equivalents at the end of the year	**125 140 011**	**(85 834 000)**	**39 306 011**	**61 148 106**	**21 842 095**	

The accounting policies on pages 14 to 43 and the notes on pages 44 to 98 form an integral part of the annual financial statements.

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Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024

1. Significant accounting polices

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

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand rounded off to the nearest 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 Offsetting

Financial assets and liabilities are not offset and the net amount not reported on the Statement of Financial Position unless when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.5 Comparative figures and budget Informantion

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.6 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:

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as 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.

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.This includes doubtful debt provisions, post retirement benefits, useful life estimates and other provisions amongst others..

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Significant Accounting Policies

1.7 Prior period errors

The municipality corrects material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

(a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or

(b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

1.8 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.

1.9 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.

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Significant Accounting Policies

1.10 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.

Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30 year period. All useful lives of investment properties are reviewed annually on an indicator basis.

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.

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

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Land is considered to have an unlimited life; therefore, land is not depreciated

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate
.
Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value [or carrying amount if cost model is used] at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.11 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.

Significant Accounting Policies

1.11 Property, plant and equipment (continued)

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		Land is not depreciated
Buildings	Straight-line	50 years
Plant and machinery	Straight-line	5 years
Furniture and fixtures	Straight-line	7 years
Motor vehicles	Straight-line	5 to 10 years
Office equipment	Straight-line	3 to 5 years
IT equipment	Straight-line	5 to 60 years
Computer software	Straight-line	2 to 50 years
Landfill site	Straight-line	33 years
Electrical Infrastructure	Straight-line	5 to 60 years
Roads and stormwater infrastructure	Straight-line	2 to 50 years
Sanitation infrastructure	Straight-line	5 to 100 years
Water infrastructure	Straight-line	5 to 100 years
Emergency equipment	Straight-line	2 to 20 years

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

Significant Accounting Policies

1.11 Property, plant and equipment (continued)

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 4).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.12 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.

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1.12 Intangible assets (continued)

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.

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

Internally generated goodwill is not recognised as an intangible asset.

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
Licenses and franchises	Straight-line	Unlimited

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.13 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations

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

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.

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.

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1.13 Heritage assets (continued)

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.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 4).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

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.

Transfers

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

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

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1.13 Heritage assets (continued)

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).

1.14 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

1.15 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

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

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

1.16 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.

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.

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1.16 Financial instruments (continued)

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.

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;

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1.16 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. Financial assets are recognised through the application of trade date accounting.

Upon initial recognition the municipality classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

The municipality measures financial instruments that are designated at fair value on recognition at its fair value at the date of recognition. Financial Instruments designated at amortised cost and those designated at cost are initially measured, at the date of recognition, at its fair value plus transaction costs directly attributable to the acquisition or issue of the instrument.

The classification of financial assets depends on their nature and purpose, and is determined at the date of initial recognition. 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.

The municipality measures a financial asset and financial liability initially at its fair value.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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.
- Financial instruments at cost.

Financial assets

Financial assets at fair value

These comprise of financial assets held for trading, derivative financial assets, non-derivative financial assets designated at fair value and investments in residual interest for which fair value can be measured reliably. Subsequent to initial recognition all changes to fair value are recognised through the statement of financial performance.

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Financial assets at amortised cost

These comprise of non-derivative financial assets with fixed or determinable payments. Subsequent to initial recognition such assets are measured at amortised cost using the effective interest method less any impairment and/or plus reversal of impairment.

Financial assets at cost

These comprise of investments in residual interest that does not have a quoted market price in an active market and the fair value cannot be measured reliably. Subsequent to initial recognition such investments are measured at its carrying amount less any impairment.

Impairment of financial assets

Financial assets other than those held at fair value are assessed for impairment at the end of each reporting period.Additional text

Significant Accounting Policies

1.16 Financial instruments (continued)

Impairment is considered when there is objective evidence that, as a result of events occurred after initial recognition of the asset, the expected value to be derived from the asset have been materially reduced. The Municipality recognise impairment losses or impairment reversals in the statement of financial performance during the financial year in which the loss or reversal occurred.

Financial assets are derecognised when rights to receive cash flows from an asset have expired or have been transferred to another party or the Municipality loses control of contractual rights such that the Municipality no longer retain significant risks and rewards associated with ownership

Accounts receivables

Receivables are initially recognised at its fair value. Bad debts are written off in the year in which they are identified as irrecoverable, subject to approval by appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current. A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the initial terms receivables. The amount of the provision is that difference between the asset's carrying amount and its present value of estimated future cash flows, discounted at the initial effective interest rate. An estimate of doubtful debts is made at the end of each reporting period taking in to consideration past default experiences. Interest is charged on overdue amounts.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.
For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Financial liabilities

After initial recognition, the Municipality measures all financial liabilities, including payables at amortised cost using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities and payables and exclude provisions. Finance charges, including premiums payable, are accounted for on an accrual basis.

Gains and losses

The municipality recognise gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Derecognition

Financial assets

Financial assets are derecognised when rights to receive cash flows from an asset have expired or have been transferred to another party or the Municipality loses control of contractual rights such that the Municipality no longer retain significant risks and rewards associated with ownership.

Financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

1.17 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.

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1.17 Statutory receivables (continued)

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.

The municipality has the following major categories under the ambit of statutory receivables:
- VAT receivable
- Property rates debtors
- Traffic fines debtors

Recognition

The municipality recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

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.

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1.18 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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 47.

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1.18 Provisions and contingencies (continued)

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.

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.

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1.19 Employee benefits

Identification

Employee benefits

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

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

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

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

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Classification of plans

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Multi-employer plans are defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that: (a) pool the assets contributed by various entities that are not under common control; and (b) use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees.

State plans are plans established by legislation that operate as if they are multiemployer plans for all entities in economic categories laid down in legislation.

Net defined benefit liability (asset)

The net defined benefit liability (asset) is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The deficit or surplus is: (a) the present value of the defined benefit obligation; less (b) the fair value of plan assets (if any); plus (c) any liability that may arise as a result of a minimum funding requirement.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Plan assets comprise: (a) assets held by a long-term employee benefit fund; and (b) qualifying insurance policies.

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1.19 Employee benefits (continued)

Assets held by a long-term employee benefit fund are assets (other than nontransferable financial instruments issued by the reporting entity) that: (a) are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and (b) are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or (ii) the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in GRAP 20) of the reporting entity, if the proceeds of the policy: (a) can be used only to pay or fund employee benefits under a defined benefit plan; and (b) are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either: (i) the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or (ii) the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Defined benefit cost

Service cost comprises: (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and (c) any gain or loss on settlement.

Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less: (a) any costs of managing the plan assets; and (b) any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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

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

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Significant Accounting Policies

1.19 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Recognition and measurement

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

(a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are be discounted using the discount rate as specified.

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1.19 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Recognition and measurement

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

Accounting for the constructive obligation

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits.

Statement of financial position

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

(a) the surplus in the defined benefit plan; and

(b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

Asset recognition ceiling: When a minimum funding requirement may give rise to a liability

If the entity has an obligation under a minimum funding requirement to pay contributions to cover an existing shortfall on the minimum funding basis in respect of services already received, the entity determines whether the contributions payable will be available as a refund or reduction in future contributions after they are paid into the plan. To the extent that the contributions payable will not be available after they are paid into the plan, the entity recognises a liability when the obligation arises. The liability reduces the defined benefit asset or increases the defined benefit liability so that no gain or loss is expected to result when the contributions are paid.

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

Actuarial valuation method

The entity uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

Attributing benefit to periods of service

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity attributes benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

Actuarial assumptions: Mortality

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1.19 Employee benefits (continued)

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

Actuarial assumptions: Discount rate

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Actuarial assumptions: Salaries, benefits and medical costs

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

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

(b) any estimated future salary increases that affect the benefits payable;

(c) the effect of any limit on the employer's share of the cost of the future benefits;

(d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and

(e) estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:

(i) those changes were enacted before the end of the reporting period; or

(ii) historical data, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs takes account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Past service cost and gains and losses on settlement

When determining past service cost, or a gain or loss on settlement, the entity remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

(a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and

(b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

Past service cost

The entity recognises past service cost as an expense at the earlier of the following dates:

(a) when the plan amendment or curtailment occurs; and

(b) when the entity recognises related restructuring costs or termination benefits.

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1.19 Employee benefits (continued)

Termination benefits

Recognition

The entity recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

Measurement

The entity measures termination benefits on initial recognition, and measures and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post-employment benefits. Otherwise:

(a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.

(b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

1.20 Leases

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

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

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

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

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

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

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

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

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.

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1.20 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.21 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).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

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1.21 Revenue from exchange transactions (continued)

Interest earned

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised 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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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.

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1.22 Revenue from non-exchange transactions (continued)

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.

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.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Taxation revenue are not grossed up for the amount of tax expenditures.

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1.22 Revenue from non-exchange transactions (continued)

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.23 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

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1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure 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).

1.25 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).

1.26 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).

1.27 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.

1.28 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.

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1.28 Segment information (continued)

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.

1.29 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.

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1.29 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 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.

1.30 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.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.31 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.

1.32 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

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Significant Accounting Policies

1.32 Budget information (continued)

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

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. Budget variances of 10% is explained in note 52

1.33 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.

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.

1.34 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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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 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2099	Impact is currently being assessed
• GRAP 103 (as revised): Heritage Assets	01 April 2023	Impact is currently being assessed
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed

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3. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	145 272 573	(48 136 454)	97 136 119	139 929 590	(47 003 273)	92 926 317

Reconciliation of investment property - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Investment property	92 926 317	5 346 301	(3 318)	(1 133 181)	97 136 119

Reconciliation of investment property - 2024

	Opening balance	Depreciation	Total
Investment property	94 014 311	(1 087 994)	92 926 317

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.
There are no restrictions on the title and nor the disposal of the investment properties.
There are no investment properties pledged as securities for liabilities.

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4. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	205 970 006	(4 811 756)	201 158 250	205 970 006	(4 811 756)	201 158 250
Plant and machinery	5 206 087	(4 153 770)	1 052 317	5 237 095	(3 962 644)	1 274 451
Furniture and fixtures	7 239 047	(5 152 302)	2 086 745	6 943 405	(4 824 547)	2 118 858
Motor vehicles	40 286 553	(26 218 785)	14 067 768	35 297 174	(23 581 107)	11 716 067
IT equipment	8 678 098	(4 962 711)	3 715 387	5 602 911	(4 217 900)	1 385 011
Community	134 619 159	(74 939 226)	59 679 933	125 430 748	(72 546 276)	52 884 472
Fire equipment	1 548 638	(1 280 900)	267 738	1 587 803	(1 278 791)	309 012
Water infrastructure	464 550 818	(277 187 033)	187 363 785	472 574 801	(273 922 137)	198 652 664
Solid Waste infrastructure	11 818 389	(5 027 392)	6 790 997	11 854 372	(4 445 425)	7 408 947
Road infrastructure	543 785 028	(416 459 536)	127 325 492	544 306 115	(392 401 865)	151 904 250
Electrical infrastructure	284 611 481	(149 826 026)	134 785 455	267 561 036	(153 088 022)	114 473 014
Work-in-Progress	81 134 790	-	81 134 790	49 642 448	-	49 642 448
Sanitation infrastructure	372 830 426	(233 392 702)	139 437 724	379 077 140	(231 400 993)	147 676 147
Total	**2 162 278 520**	**(1 203 412 139)**	**958 866 381**	**2 111 085 054**	**(1 170 481 463)**	**940 603 591**

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers in/out	Cost adjustment	Depreciation	Impairment loss	Total
Land	201 158 250	-	-	-	-	-	-	201 158 250
Plant and machinery	1 274 451	586 151	(230 454)	-	-	(577 142)	(689)	1 052 317
Furniture and fixtures	2 118 858	487 514	(15 326)	-	-	(491 164)	(13 137)	2 086 745
Motor vehicles	11 716 067	5 253 741	(21 280)	-	-	(2 431 890)	(448 870)	14 067 768
IT equipment	1 385 012	3 415 693	(18 542)	-	-	(1 053 330)	(13 446)	3 715 387
Community	52 884 472	9 188 411	-	-	-	(2 360 124)	(32 826)	59 679 933
Fire equipment	309 012	-	(2 638)	-	-	(38 588)	(48)	267 738
Water Infrastructure	198 233 949	-	(590 597)	-	-	(9 611 544)	(668 023)	187 363 785
Solid Waste Infrastructure	7 408 946	-	-	-	(35 983)	(581 966)	-	6 790 997
Roads Infrastructure	151 904 249	-	(211 369)	-	-	(24 354 535)	(12 853)	127 325 492
Electricity Infrastructure	114 473 014	35 845 654	(7 218 207)	-	-	(8 040 145)	(274 860)	134 785 455
Work-in-Progress	50 061 164	37 678 464	-	(6 604 838)	-	-	-	81 134 790
Sanitation infrastructure	144 609 146	528 334	(716 959)	-	-	(4 715 781)	(267 016)	139 437 724
	937 536 590	**92 983 962**	**(9 025 372)**	**(6 604 838)**	**(35 983)**	**(54 256 209)**	**(1 731 768)**	**958 866 381**

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Cost adjustment	Depreciation	Impairment loss	Total
Land	201 158 250	-	-	-	-	-	-	201 158 250
Plant and machinery	1 739 061	-	(8 254)	-	-	(455 436)	(920)	1 274 451
Furniture and fixtures	2 146 169	504 327	(15 677)	-	-	(494 419)	(21 542)	2 118 858
Motor vehicles	14 384 286	160 000	(291 111)	-	-	(2 537 108)	-	11 716 067
IT equipment	1 285 762	677 590	(33 741)	-	-	(540 846)	(3 754)	1 385 011
Community	55 443 297	52 740	(210 408)	-	-	(2 401 157)	-	52 884 472
Fire equipment	409 107	-	-	-	-	(100 095)	-	309 012
Water infrastructure	165 651 577	41 867 659	(132 961)	-	-	(8 402 108)	(331 503)	198 652 664
Solid waste infrastructure	10 179 275	-	-	-	(621 930)	(547 092)	(1 601 306)	7 408 947
Roads infrastructure	166 072 139	10 808 512	(165 334)	-	-	(24 608 510)	(202 557)	151 904 250
Electricity infrastruscture	94 100 682	27 469 441	(328 866)	-	-	(6 608 782)	(159 461)	114 473 014
Work-in-Progress	42 969 469	48 540 638	-	(41 448 944)	-	-	-	50 061 163
Sanitation infrastructure	158 569 826	-	(39 709)	-	-	(7 888 024)	(2 965 946)	147 676 147
	914 108 900	**130 080 907**	**(1 226 061)**	**(41 448 944)**	**(621 930)**	**(54 583 577)**	**(5 286 989)**	**941 022 306**

Assets subject to finance lease (Net carrying amount)

Infrastructure	466 803	3 432 173

Delayed work in progress projects

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Development of portion 6 Middleburg Farm Sanitation (Rienzo &NKP) During construction a rock was dicovered that could not be remove using soft blasting requiring alternative design.	12 334 635	-
Refurbishment of sludge system WWT Due to budget constraints the project is currently unfunded	2 592 048	2 592 048
	14 926 683	**2 592 048**

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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	50 061 163	-	50 061 163
Additions/capital expenditure	35 364 386	2 314 080	37 678 466
Transferred to completed items	(6 604 838)	-	(6 604 838)
	78 820 711	**2 314 080**	**81 134 791**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Total
Opening balance	42 969 469	42 969 469
Additions/capital expenditure	48 540 638	48 540 638
Transferred to completed items	(41 448 944)	(41 448 944)
	50 061 163	**50 061 163**

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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	50 061 163	-	50 061 163
Additions/capital expenditure	35 364 386	2 314 080	37 678 466
Transferred to completed items	(6 604 838)	-	(6 604 838)
	78 820 711	**2 314 080**	**81 134 791**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Total
Opening balance	42 969 469	42 969 469
Additions/capital expenditure	48 540 638	48 540 638
Transferred to completed items	(41 448 944)	(41 448 944)
	50 061 163	**50 061 163**

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4. Property, plant and equipment (continued)

Maintenance of property, plant and equipment

Maintenance of property, plant and equipment by condition - 2025

	Preventative Maintenance Total	Corrective Maintenance Planned	Total	Total
Buildings	-	3 023 910	3 023 910	3 023 910
Plant and machinery	-	9 131 926	9 131 926	9 131 926
Infrastructure	-	61 124 631	61 124 631	61 124 631
	-	**73 280 467**	**73 280 467**	**73 280 467**

Maintenance of property, plant and equipment by condition - 2024

	Preventative Maintenance Total	Corrective Maintenance Emergency	Total	Total
Buildings	-	2 565 751	2 565 751	2 565 751
Plant and machinery	-	5 991 710	5 991 710	5 991 710
Infrastructure	-	35 719 935	35 719 935	35 719 935
	-	**44 277 396**	**44 277 396**	**44 277 396**

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.
There are no restriction to any of the municipality's property plant and equipment

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5. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	63 840	-	63 840	63 840	-	63 840

Reconciliation of intangible assets - 2025

	Opening balance	Total
Computer software, other	63 840	63 840

Reconciliation of intangible assets - 2024

	Opening balance	Total
Computer software, other	63 840	63 840

Other information

Assessment of indefinite useful life	63 841	63 841

The Municipality's Intangible Assets relate to four computer software systems, namely, a (i) Metering System, a (ii) Mechacronic electronic lock for pole boxes, an (iii) Asset Management System and a (iv) Geographical Information System (GIS). The Metering system and the Mechacronic electronic lock are no longer in use and the Municipality has fully impaired these assets. The asset management system and the GIS system are still in use. The Municipality has determined that these assets have an indefinite useful life and has therefore not amortised these assets. These assets have been assessed as having an indefinite useful life because there is no foreseeable limit to the economic benefits generated by these intangible assets. These assets were donated by National Treasury to the Municipality in the 2016/2017 financial year. Regular software updates occur to these assets which keep them relevant and in line with current regulations and accounting standards. These software updates ensure that the Municipality has relevant information at all times and there is no estimated nor remaining useful lives for these assets, and as such, management have determined that their useful lives are indefinite.

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6. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	1 102 112	(27 609)	1 074 503	1 102 112	(27 609)	1 074 503

Reconciliation of heritage assets 2025

	Opening balance	Total
Art Collections, antiquities and exhibits	1 074 503	1 074 503

Reconciliation of heritage assets 2024

	Opening balance	Total
Art Collections, antiquities and exhibits	1 074 503	1 074 503

Age and/or condition of heritage assets

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.
There are no restrictions on the title and nor the disposal of the heritage assets.
There are no heritage assets pledged as securities for liabilities.
Management has assessed whether there is an indication that the assets are impaired, and found no indication that the asset are impaired at year end.

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7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4 975	4 975
Bank balances	3 769 874	6 351 977
Short-term deposits	8 586 586	40 361
	12 361 435	**6 397 313**

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
STD BANK - MAIN ACCOUNT - 420-526-994	1 242 651	2 646 005	2 464 587	1 242 884	2 646 005	2 464 587
STD BANK - TRAFFIC FINES - 300-011-512	116 667	410	89 646	116 667	410	89 646
STD BANK - CURRENT ACCOUNT - 022-927-492	941 237	708 681	762 086	941 237	708 681	762 086
ABSA BANK - SECONDARY ACCOUNT - 850-000-026	581 445	2 996 880	883 668	581 445	2 996 880	883 668
STD BANK - CALL DEPOSIT-028-789-997	8 586 586	40 362	2 448 327	8 586 586	40 362	2 448 327
STD BANK - MONEY MARKET CALL - 308-715-48001	887 642	-	-	887 642	-	-
PETTY CASH	4 975	4 975	4 975	4 975	4 975	4 975
Total	**12 361 203**	**6 397 313**	**6 653 289**	**12 361 436**	**6 397 313**	**6 653 289**

Notes to the Annual Financial Statements

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8. Receivables from exchange transactions

VAT control receivable: Due from SARS	1 633 964	-
Consumer debtors - Electricity	20 742 010	21 420 095
Consumer debtors - Water	12 691 397	17 156 427
Consumer debtors - Waste water	2 197 082	3 651 546
Consumer debtors - Refuse	2 139 169	3 542 957
Merchandising Jobbing and Contracts	7 112 085	1 979 655
Flat rate charges	10 907 177	28 440 419
Other debtors	1 917 884	20 980 503
	59 340 768	**97 171 602**

Statutory receivables included in receivables from exchange transactions above are as follows:		
Vat receivable due from SARS	1 633 965	-
Financial asset receivables included in receivables from exchange transactions above	**57 706 803**	**97 171 602**
Total receivables from exchange transactions	59 340 768	97 171 602

Trade and other receivables past due but not impaired

Trade and other receivables that are past due as at the end of the reporting period and not impaired amounted to , R 120 766 462 (2024:R 89 910 160)

Refer to note 10 for ageing amounts

Trade and other receivables impaired

As of 30 June 2025, trade and other receivables of R 916 210 135 (2024:R 717 176 653) were impaired .

9. Receivables from non-exchange transactions (Statutory Receivables)

Consumer debtors - Rates	14 537 447	21 132 481
Traffic fines debtors	1 795 834	2 396 122
	16 333 281	**23 528 603**

Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Consumer debtor - Rates	14 537 447	21 132 481
Traffic fines debtors	1 795 834	2 396 122
	16 333 281	**23 528 603**
Total receivables from non-exchange transactions	16 333 281	23 528 603

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9. Receivables from non-exchange transactions (Statutory Receivables) (continued)

Statutory receivables general information

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. The Municipal Property Rate Act (MPRA) and the Administrative Adjudication of the Roads Traffic Offences (AARTO) give rise to the above mentioned statutory receivables

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.

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.

Interest or other charges levied/charged

Interest on rates is calculated on accounts that are overdue and payable after 30 days. The interest is charged daily on outstanding amounts after 30 days.

Basis used to assess and test whether a statutory receivable is impaired

Impairment of rates is done for outstanding accounts over 90 days.
Impairment of fines is done for all outstanding tickets over 90 days.

Reconciliation of provision for impairment for statutory receivables

Receivables from non-exchange (Statutory Receivables) transactions past due but not impaired

Other receivables from non-exchange transactions that are past due as at the end of the reporting period but not impaired amounted to , R 28 236 379 (2024: R 27 882 204). VAT receivable of R 141 150 019 has not been impaired.

Refer to note 10 ageing amounts

Receivables from non-exchange transactions impaired

As of 30 June 2025, other receivables from non-exchange transactions of R 246 995 105 (2024:R 216 177 355) were impaired.

Refer to note 10 for ageing amount.

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10. Consumer debtors disclosure

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Gross balances		
Consumer debtors - Rates	202 976 637	244 871 836
Consumer debtors - Electricity	117 134 695	39 249 083
Consumer debtors - Water	330 571 860	298 245 588
Consumer debtors - Waste water	31 930 021	28 493 386
Consumer debtors - Refuse	36 567 210	30 935 587
Merchandising, Jobbing and Contracts	164 859 048	172 238 454
Flat rate charges	308 955 851	258 870 216
Other debtors	22 901 405	20 980 503
Traffic fines debtors	64 467 376	59 654 739
	1 280 364 103	**1 153 539 392**
Less: Allowance for impairment		
Consumer debtors - Rates	(188 439 190)	(223 739 355)
Consumer debtors - Electricity	(96 392 685)	(17 828 988)
Consumer debtors - Water	(317 880 463)	(281 089 161)
Consumer debtors - Waste water	(29 732 939)	(24 841 840)
Consumer debtors - Refuse	(34 428 041)	(27 392 630)
Merchandising, Jobbing and Contracts	(157 746 963)	(170 258 799)
Flat rate charges	(296 646 950)	(230 429 797)
Other debtors	(20 983 520)	-
Traffic fines debtors	(62 671 542)	(57 258 617)
	(1 202 208 389)	**(1 032 839 187)**
Net balance		
Consumer debtors - Rates	14 537 447	21 132 481
Consumer debtors - Electricity	20 742 010	21 420 095
Consumer debtors - Water	12 691 397	17 156 427
Consumer debtors - Waste water	2 197 082	3 651 546
Consumer debtors - Refuse	2 139 169	3 542 957
Merchandising, Jobbing and Contracts	7 112 085	1 979 655
Flat rate charges	10 907 177	28 440 419
Other debtors	1 917 884	20 980 503
Traffic fines debtors	1 795 834	2 396 122
	74 040 085	**120 700 205**
Rates		
Current (0 -30 days)	16 921 965	11 970 972
31 - 60 days	4 997 301	7 411 783
61 - 90 days	4 701 357	6 267 050
> 365 days	176 355 838	219 222 031
Less: Provision for impairment	(188 439 014)	(223 739 355)
	14 537 447	**21 132 481**
Electricity		
Current (0 -30 days)	25 144 215	17 131 583
31 - 60 days	4 327 009	1 711 685
61 - 90 days	3 853 951	878 480
> 365 days	82 442 854	19 527 335
Less: Provision for impairment	(96 392 684)	(17 828 988)
	19 375 345	**21 420 095**
Water		
Current (0 -30 days)	17 968 437	10 072 558

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10. Consumer debtors disclosure (continued)		
31 - 60 days	7 850 257	4 701 215
61 - 90 days	7 897 528	4 137 217
> 365 days	293 531 354	279 334 598
Less: Provision for impairment	(317 880 463)	(281 089 161)
	9 367 113	**17 156 427**
Waste water		
Current (0 -30 days)	2 189 366	1 560 363
31 - 60 days	699 886	730 496
61 - 90 days	755 328	623 424
> 365 days	28 285 442	25 579 103
Less: Provision for impairment	(29 732 938)	(24 841 840)
	2 197 084	**3 651 546**
Refuse		
Current (0 -30 days)	2 603 180	1 773 944
31 - 60 days	881 184	826 797
61 - 90 days	900 387	644 093
> 365 days	32 182 459	27 694 753
Less: Provision for impairment	(34 428 041)	(27 396 630)
	2 139 169	**3 542 957**
Merchandising Jobbing and Contracts		
Current (0 -30 days)	1 579 805	984 024
31 - 60 days	785 348	992 668
61 - 90 days	794 213	993 572
> 365 days	155 491 833	169 268 191
Less: Provision for impairment	(157 746 963)	(170 258 799)
	904 236	**1 979 656**
Flat rate charges		
Current (0 -30 days)	17 594 721	22 014 225
31 - 60 days	8 165 208	6 858 891
61 - 90 days	9 907 828	6 441 835
> 365 days	271 691 245	223 555 265
Less: Provision for impairment	(296 646 950)	(230 429 797)
	10 712 052	**28 440 419**
Other debtors		
Current (0 -30 days)	-	608 407
31 - 60 days	-	251 585
61 - 90 days	1 917 884	933 172
> 365 days	20 983 520	19 187 339
Less: Provision for impairment	(20 983 520)	-
	1 917 884	**20 980 503**
Traffic fines (Net)		
Current (0 -30 days)	615 500	755 075
31 - 60 days	763 950	1 091 300
61 - 90 days	507 030	1 020 425
> 365 days	62 580 896	56 787 939
Less: Provision for impairment	(62 671 542)	(57 258 617)
	1 795 834	**2 396 122**

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Figures in Rand	2025	2024
10. Consumer debtors disclosure (continued)		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(1 032 839 187)	(783 030 180)
Contributions to allowance	(169 369 202)	(249 809 007)
	(1 202 208 389)	**(1 032 839 187)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Reversed during the year	Interest cost	Total
Environmental rehabilitation	12 112 225	-	(35 983)	1 446 200	13 522 442
Legal proceedings	6 757 512	2 702 812	(3 150 000)	-	6 310 324
	18 869 737	**2 702 812**	**(3 185 983)**	**1 446 200**	**19 832 766**

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11. Provisions (continued)

Reconciliation of provisions - 2024

	Opening Balance	Interest cost	Total
Environmental rehabilitation	12 112 225	-	12 112 225
Legal proceedings	6 757 512	-	6 757 512
	18 869 737	**-**	**18 869 737**

Non-current liabilities	11 984 940	10 666 025
Current liabilities	7 847 826	8 203 712
	19 832 766	**18 869 737**

Environmental rehabilitation provision

The landfill site to be rehabilitated is the Delmas disposal site. This site has an operational permit (permit number B33/2/220/9/P218) issued on 8 February 1996 in terms of Section 20 of the Environment Conservation Act, 1989.

The most recent engineer valuation of the estimated costs of rehabilitation and closure of the site was carried out on 30 June 2025 by One Pangea, the specialist
consulting engineers.

The provision is calculated as the net present value of future cash flows based on the expected remaining useful life of the landfill site and the size of the remaining available volume as at 30 June 2025 The remaining useful life of the landfill site is estimated at 18 years, and the current remaining available volume is 159,589 m3.

The key financial assumptions used for the purposes of the rehabilitation provision were as follows:

Discount Rate	11.37%	11.94%
Consumer price inflation	5.94%	6.51%
Net discount rate	5.13%	5.10%

Legal proceedings provisions

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11. Provisions (continued)

The provision for legal fees relates to estimates for all legal and advice costs for matters which have been finalised, however, have not yet been billed by the attorneys. These costs are expected to be invoiced and paid within the next financial period.

12. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Post- Retirement Medical Obligation	(45 086 090)	(42 380 778)
Long Service Awards	(10 240 305)	(9 437 481)
	(55 326 395)	**(51 818 259)**
Post- Retirement Medical Obligation		
Non-current assets	(43 983 755)	(41 007 872)
Current assets	(1 102 335)	(1 372 906)
Long service awards		
Non-current liabilities	(9 290 861)	(8 238 713)
Current liabilities	(949 446)	(1 198 768)
	(55 326 397)	**(51 818 259)**

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The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

(i) Bonitas
(ii) Keyhealth
(iii) LA Health
(iv) Samwumed
(v) Hosmed

The Current-service Cost for the year ended 30 June 2025 is estimated to be R3 249 590, whereas the cost for the ensuing year is estimated to be R 4 031 332.

Defined benefit plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by ONE PANGEA, a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	51 788 259	42 558 647
Current service cost	3 249 590	2 932 854
Interest cost	6 518 598	5 624 778
Actuarial gains/(loss)	6 260 049	671 980
	67 816 496	**51 788 259**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance are as follows:

Service cost	3 249 590	2 932 854
- Current service cost(Post-Retirement Medical Obligation)	2 424 513	2 289 735
- Current service cost(Long Service Awards)	825 077	643 119
Interest cost (Post-Retirement Medical Obligation)	5 610 237	4 870 846
Interest cost (Long Service Awards)	908 361	753 932
Actuarial (gains) losses	6 260 049	671 980
	16 028 237	**9 229 612**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Post-Retirement Medical Obligation	(5 329 437)	59 863
Actuarial (gains) losses – Long Service Awards	(930 612)	612 117
	(6 260 049)	**671 980**

Key assumptions used

Assumptions used at the reporting date:

Discount rates (Post-Retirement Medical Obligation)	12.19 %	13.46 %
Expected consumer price inflation based on duration of liability	6.13 %	7.36 %
Health Care Cost Inflation Rate	7.63 %	8.86 %
Net Effective Discount Rate	4.23 %	4.22 %
Expected increase in salaries	4.42 %	6.38 %
Discount rates (Long Service Awards)	8.97 %	10.73 %
Net discount rates (Long Service Awards)	4.35 %	4.09 %
Mortality rates (Years)	85	85
Normal retirement age (Years)	65	65
Proportion of employees opting for early retirement (Years)	60	60

13. Inventories

Consumable stores	833 709	765 055
Water for distribution	175 697	338 229
Stores, materials and fuels	1 408 304	1 650 295
	2 417 710	**2 753 579**

Water for distribution

System input volume	175 697	338 229

Inventory losses have been disclosed in Note 30.

14. Consumer deposits

Electricity	736 845	697 925
Water	973 284	990 188
	1 710 129	**1 688 113**

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15. Payables from exchange transactions

Trade payables	1 617 021 063	1 335 883 158
Advance payment	19 798 013	11 756 031
Retentions	16 793 272	14 300 357
Accrued leave pay	14 901 276	13 686 023
Unallocated deposits	2 065 349	1 587 764
Bonus accrual	3 722 414	3 737 868
Payroll third parties	5 667 726	7 809 000
	1 679 969 113	**1 388 760 201**

16. Property rates

Rates received

Property rates	108 695 561	109 834 380
	108 695 561	109 834 380
Property rates - penalties imposed	13 717 832	34 213 459
	122 413 393	**144 047 839**

Valuations

Residential	2 125 232 676	2 083 355 676
Commercial	1 501 748 456	1 501 748 456
State	360 601 380	360 601 380
Municipal	46 583 063	27 665 063
Small holdings and farms	5 029 031 507	5 029 031 507
Property rates	499 461 240	499 461 240
	9 562 658 322	**9 501 863 322**

Valuations on land and buildings are performed every 5 years. The general valuation came into effect on 1 July 2025. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

17. Fines, Penalties and Forfeits

Law Enforcement Fines	6 388 030	11 054 775
Disconnection Fees Penalties	412 990	184 635
	6 801 020	**11 239 410**

18. Public contributions and donations

Donation received	16 063 048	15 778 563

Nkangala District Municipality donated capital assets for waste water treatment works, electrical substation works and roads.
The Department of Co-operative,Human Settlement and Traditional Affairs donated two social and economic facilities (One Community Hall and one Child Care Centre) in Botleng Delmas.

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19. Government grants & subsidies

Operating grants		
Equitable share	149 823 999	140 606 000
Financial Management Grant(FMG)	1 800 000	1 850 000
Expanded public works programme(EPWP)	1 661 000	1 434 000
	153 284 999	**143 890 000**
Capital grants		
Water service infrastracture grant(WSIG)	16 000 106	30 000 000
Municipal infrastracture grant(MIG)	28 337 001	27 129 000
	44 337 107	**57 129 000**
	197 622 106	**201 019 000**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	47 798 107	60 413 000
Unconditional grants received	149 823 999	140 606 000
	197 622 106	**201 019 000**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Finance management grant

Current-year receipts	1 800 000	1 850 000
Conditions met - transferred to revenue	(1 800 000)	(1 850 000)
	-	-

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. All conditions of the grant were met.

EPWP grant

Current-year receipts	1 661 000	1 434 000
Conditions met - transferred to revenue	(1 661 000)	(1 434 000)
	-	-

The grant is used for extended public works programmes. All conditions of the grant were met.

Municipal infrastructure grant

Current-year receipts	28 337 000	27 129 000
Conditions met - transferred to revenue	(28 337 000)	(27 129 000)
	-	-

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of households. All conditions of the grant were met.

Water Services Infrastracture Grant

Current-year receipts	18 911 000	30 000 000

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Figures in Rand	2025	2024
19. Government grants & subsidies (continued)		
Conditions met - transferred to revenue	(16 000 106)	(30 000 000)
	2 910 894	-

The Water Services Infrastructure Grant supports water service authorities in developing interim and intermediate water supply to reduce water and sanitation backlogs. All conditions of the grant were met

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

20. Service charges

Sale of electricity - Conventional electricity	171 554 800	164 580 207
Sale of electricity - Prepaid electricity	42 347 057	31 483 027
Sale of conventional water and meter reading fees	71 455 504	60 650 617
Waste management (Refuse)	15 661 063	12 552 295
Waste water management (Sewerage and sanitation charges)	13 174 242	11 949 358
Sale of prepaid water	1 520 200	493 179
Flat rate charges	69 951 141	50 757 562
	385 664 007	**332 466 245**

21. Rental of facilities and equipment

Facilities and equipment		
Rental of facilities	1 859 754	1 639 760

Included in the above rentals are rental of property and community assets

22. Other revenue

Administration handling fees received	1 454 842	314 248
Merchandising Jobbing and Contracts	78 308	24 439
Fire services	1 083 451	1 266 911
Cemetary and burial	546 700	354 796
Town planning and servitudes	597 603	643 139
	3 760 904	**2 603 533**

23. Interest income

Interest revenue		
Bank	1 264 771	1 636 689
Interest charged on trade and other receivables	68 848 502	50 775 627
	70 113 273	**52 412 316**

24. Remuneration of councillors

Mayor	1 048 475	1 007 280
Speaker	848 616	818 379
Chief whip	814 542	768 764
Other councillors	7 078 834	6 769 294
	9 790 467	**9 363 717**

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Refer to note 50 for detailed councillors remuneration.

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25. Employee related costs		
Basic	120 998 209	114 750 042
Bonus	8 606 291	7 766 638
Medical aid - company contributions	11 134 509	9 727 519
UIF	906 102	888 985
Standby allowance	2 981 878	5 032 721
Increase in Leave Accrual	1 215 253	1 160 164
(Decrease)/Increase in Bonus Accrual	(15 454)	560 149
Post retirement benefit: Medical: current service cost	2 424 513	2 289 735
Travel, motor car, accommodation, subsistence and other allowances	10 174 690	8 978 167
Overtime payments	13 119 983	8 751 066
Housing benefits and allowances	1 292 057	1 052 547
Leave pay	1 486 395	1 145 483
Danger allowances	2 009 239	2 012 400
Post retirement benefits: Long service awards: current service cost	825 077	643 119
Bargaining council	58 161	53 008
Cellular and telephone allowances	41 800	42 000
Pension contributions	23 960 843	22 098 432
	201 219 546	**186 952 175**
Remuneration of municipal manager		
Annual Remuneration	1 337 296	1 114 200
Travel Allowance	139 819	109 899
Contributions to UIF, Medical and Pension Funds	122 396	108 864
Bargaining Council	143	136
	1 599 654	**1 333 099**
Remuneration of Chief Finance Officer		
Annual Remuneration	742 437	595 024
Car Allowance	187 619	189 991
Acting allowance	-	6 455
Contributions to UIF, Medical and Pension Funds	144 674	129 377
Bargaining Council	143	137
Bonus	82 952	70 225
Housing allowance	120 000	120 000
	1 277 825	**1 111 209**
Director : Technical Services		
Annual Remuneration	804 641	914 993
Travel allowance	-	30 000
Bargaining council	143	57
Contributions to UIF, Medical and Pension funds	95 891	49 405
Leave sold	-	32 465
	900 675	**1 026 920**
Director : Corporate Services		
Annual Remuneration	559 431	545 250
Bonus	41 960	-
Travel allowance	180 000	191 974
Acting allowance	33 262	60 174
Housing subsidy	120 000	66 398
Bargaining council	143	137

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Figures in Rand	2025	2024
25. Employee related costs (continued)		
Contributions to UIF, Medical and Pension funds	111 242	153 684
	1 046 038	**1 017 617**
Director : Community Services		
Annual Remuneration	741 076	721 230
Travel allowance	180 000	181 159
Housing subsidy	120 000	120 000
Bonus	92 909	87 331
Acting allowance	2 175	-
Bargaining council	143	137
Contribution to UIF, Medical and Pension funds	148 161	-
Leave sold	-	127 823
	1 284 464	**1 237 680**

All section 57 managers totals must be added to employee related cost total as per the note, to agree to the amount on the statement of financial performance

26. Impairment		
Debt impairment: contribution to debt impairment provision	149 694 840	225 292 221
Impairment loss on Property, Plant and Equipment	1 735 570	5 286 898
	151 430 410	**230 579 119**
27. Depreciation and amortisation		
Property, plant and equipment	57 286 520	54 585 080
Investment property	1 133 181	1 087 994
	58 419 701	**55 673 074**
28. Finance costs		
Non-current interest : Current cost	7 964 798	7 051 745
Trade and other payables	89 590 512	85 899 176
	97 555 310	**92 950 921**
29. Bulk purchases		
Electricity - Eskom	227 563 476	202 461 064

Water bulk purchases have been reclassified to inventory consumed.

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29. Bulk purchases (continued)

Electricity losses

Units purchased	109 470 372	109 701 323
Units sold	(71 571 167)	(69 300 117)
Total loss	**37 899 205**	**40 401 206**
Comprising of:		
Technical losses	37 899 205	40 401 206
Non-technical losses	-	-
Total	**37 899 205**	**40 401 206**

The electricity losses can be classified into technical losses and non-technical losses. Technical losses relate to energy that is lost in the transportation of the electricity from point of supply to point of distribution through evaporation. Non-technical losses are attributable mainly to theft, bypass of meters, illegal recalibration of meters, damaged meters, transformers etc.

Technical losses	- %	- %
Non-technical losses	34 %	37 %
Total	**34 %**	**37 %**

30. Inventory consumed

Inventory consumed		
Consumables	14 621 066	18 462 908
Materials and supplies	17 969 346	858 620
Water Consumed	37 337 119	32 155 647
Water losses	40 333 605	46 454 113
	110 261 136	**97 931 288**

Reconciliation of water consumed		
	36 890 891	**32 155 647**
Water purchased for the year	77 224 496	78 609 759
Water losses for the year - Presented under income statement	(40 333 605)	(46 454 112)
Water losses		
Physical losses	40 333 605	46 454 112
Water Losses %		
Physical losses	52	58

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31. Contracted services

Outsourced Services		
Burial Services	65 250	61 779
Business and Advisory	8 742 627	10 792 711
Catering Services	552 342	545 750
Clearing and Grass Cutting Services	717 178	448 587
Meter Management	256 400	746 149
Professional Staff	5 560 744	7 775 159
Security Services	20 533 952	18 679 386

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Figures in Rand	2025	2024
31. Contracted services (continued)		
Consultants and Professional Services		
Business and Advisory	8 285 151	8 443 338
Laboratory Services	5 125 391	3 155 559
Legal Cost	4 741 432	12 001 557
Contractors		
Employee Wellness	798 974	77 686
Maintenance of Buildings and Facilities	3 023 910	2 565 752
Maintenance of Equipment	9 131 926	5 991 710
Maintenance of Unspecified Assets	42 149 131	47 586 131
Management of Informal Settlements	110 300	1 792 300
Pest Control and Fumigation	189 913	505 175
Tracing Agents and Debt Collectors	410 786	2 160 036
	110 395 407	**123 328 765**
32. Lease rentals on operating lease		
Equipment		
Contractual amounts	1 047 979	995 249
33. Operational costs		
Advertising Publicity and Marketing	447 818	486 154
Auditors remuneration	8 483 225	8 949 439
Bank charges	1 057 354	1 442 753
Commission paid	6 039 341	6 039 910
Hire	6 605 649	4 723 304
Insurance	394 590	3 248 417
IT expenses	1 867 223	9 209 312
SDL	4 797 064	3 524 306
Printing and stationery	1 076 150	1 003 784
Protective clothing	1 531 365	1 658 932
Subscriptions and membership fees	2 259 496	4 175 925
Telephone and fax	2 419 959	2 851 772
Travel - local	3 730 997	1 222 279
Title deed search fees	80 195	92 489
Municipal services	4 916 197	10 639 486
Other expenses	4 395 127	4 377 698
	50 101 750	**63 645 960**

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34. Cash generated from operations		
Deficit	(296 107 213)	(259 559 357)
Adjustments for:		
Depreciation and amortisation	58 419 701	55 181 144
Loss on sale of assets and liabilities	9 065 381	1 247 392
Provision for legal fees	(447 188)	2 932 854
Movement inretirement benefit liabilities	9 768 188	5 634 778
Finance costs: rehabilitation provision	1 446 200	7 235 387
Impairment	151 426 611	230 564 275
Debt written off	(73 709 349)	8 884 558
Actuarial gains	(6 260 052)	-
Debt written off	-	(59 138 988)
Public contributions and donations	(16 063 048)	(15 788 563)
Actuarial losses	-	671 979
Changes in working capital:		
Inventories	335 869	(632 264)
Receivables from exchange transactions	(126 824 711)	(167 053 352)
Other receivables from non-exchange transactions	-	(62 023 702)
Payables from exchange transactions	291 208 912	301 078 654
VAT	15 781 174	25 265 377
Unspent conditional grants and receipts	2 910 893	-
Consumer deposits	22 016	35 822
	20 973 384	**74 535 994**

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35. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	26 121 444	42 896 312
Total capital commitments		
Already contracted for but not provided for	26 121 444	42 896 312

Authorised operational expenditure

Already contracted for but not provided for		
• Operational Commitment	67 009 978	75 735 453
Not yet contracted for and authorised by accounting officer		
• The Municipality has certain month to month commitments with no termination date. Management has estimated that these will be in use for next 12 months. The committed amount disclosed estimates the 12 month expenditure.	4 261 727	84 440 399
Total operational commitments		
Already contracted for but not provided for	67 009 978	75 735 453
Not yet contracted for and authorised by accounting officer	4 261 727	84 440 399
	71 271 705	**160 175 852**

Total commitments

Total commitments		
Authorised capital expenditure	26 121 444	42 896 312
Authorised operational expenditure	71 271 705	160 175 852
	97 393 149	**203 072 164**

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1 380 000	1 150 855
- in second to fifth year inclusive	-	2 109 900
	1 380 000	**3 260 755**

No contingent rent is payable.

Rental expenses relating to operating leases		
Minimum lease payments	1 380 000	3 260 755

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Restrictions imposed:

The Municipality may not sub-lease any of the lease arrangments entered into

Existence and terms of renewal or purchase options
The Municipality is entitled to renew the lease arrangements on terms and conditions agreed to with the supplier.

Escalation clauses:
The lease arrangements may have escalations clauses ranging between 0% and 10% per annum.

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Figures in Rand	2025	2024

36. Fruitless and wasteful expenditure

Opening balance as previously reported	215 220 615	130 076 189
Add: Fruitless and wasteful expenditure identified - current	89 255 666	85 144 426
Less: Amount written off - current	(215 220 615)	-
Closing balance	**89 255 666**	**215 220 615**

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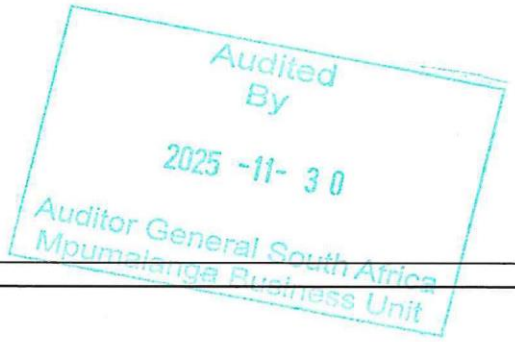

Notes to the Annual Financial Statements

Figures in Rand

36. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure breakdown

Eskom interest charges	39 271 417	42 303 599
Rand water interest charges	49 723 361	42 518 344
SARS interest and penalties	-	147
Other supplier interest charges	260 888	322 336
	-	-
	89 255 666	**85 144 426**

37. Irregular expenditure

Opening balance as previously reported	176 220 735	259 711 731
Add: Irregular expenditure - current	169 451 921	176 220 735
Add: Irregular expenditure - prior period	9 002 511	-
Less: Amount written off - current	-	(259 711 731)
Closing balance	**354 675 167**	**176 220 735**

38. Unauthorised expenditure

Opening balance as previously reported	338 441 798	49 406 965
Add: Unauthorised expenditure - current	156 670 000	289 034 833
Less: Amount authorised - current	(338 441 798)	-
Closing balance	**156 670 000**	**338 441 798**

The Unauthorised expenditure and Fruitless & Wasteful expenditure has been investigated and the council approved the write off on the meeting held on 28 August 2025, resolution no A026/08/2025.

39. Prior-year adjustments

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:

Figures in Rand	2025	2024

39. Prior-year adjustments (continued)

Statement of financial position

2024

	Note	As previously reported	Correction of error	Restated
Property,plant and equipment	4	943 476 752	2 055 944	945 532 696

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Depreciation	27	54 151 239	3 038 959	57 190 198
Loss on disposal assets and liabilities	4	1 221 864	25 528	1 247 392
Surplus for the year		**55 373 103**	**3 064 487**	**58 437 590**

Errors

The following prior period errors adjustments occurred:

Investment property
The investment property balance was restated to remove assets that do not belong to the municipality and subsequent impact on depreciation and impairment retrospective

Buildings
Restatement of depreciation and impairment of the 2022 - 2023 financial year after recalculation affected the opening carrying amount. Recalculation of depreciation for the 2023 - 2024 financial year after the initial submission.

Computer equipment
The Municipality identified computer equipment donated to the library not previously capitalised, accumulated depreciation and opening accumulated as a result of prior period restatements.t.

Furniture and office equipment
Restatement of furniture and office equipment donated to the library not previously capitalised,accumulated depreciation and opening accumulated as a result of prior year restatements.

Infrastructure Assets
Restatement with the inclusion of electricity meters previously not on the FAR, and twelve Kiosks in Botleng. The opening as well as correction of accumulated depreciation on infrastructure assets as a result of correction of prior year error.

Land
The land balance was restated to Include the Portion 5 of Middelburg farm 231 IR

Plant and machinery
The change in opening carrying amount as result of 2023 restatements

Motor vehicles
Change in opening carrying balances as result of 2023 restatements

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39. Prior-year adjustments (continued)

Errors

(a) Investment Property
The restatement to investment property is as a result of the following adjustments identified by auditors during the year relating to prior periods change in estimates

Investment Property		
Adjustment to accumulated depreciation	135 004	-
Depreciation adjustment as a result of above adjustments	(5 145)	-
	129 859	-

(b) Property, plant and equipment
The restatement to Property, plant and equipment is as a result of the following adjustments identified by management during the year relating to prior periods

Plant and machinery		
Adjustment to accumulated depreciation	(56 204)	-
Land		
Opening balance cost	109 226	-
Furniture and fixtures		
Adjustment to disposal	4 293	-
Opening balance depreciation adjustment	(15 153)	-
	(10 860)	-
Motor vehicles		
Adjustment to impairment losses	-	-
Opening balance depreciation adjustment	(155)	-
	(155)	-
IT equipment		
Adjustment to depreciation due to recalculation	(11 612)	-
Opening balance depreciation adjustment	(66 629)	-
	(78 241)	-
Community		
Adjustment to depreciation due to recalculation	(7 828)	-
Opening balance depreciation adjustment	42 932	-
	35 104	-
Fire equipment		
Adjustment to impairment losses	-	-
Work in progress		
WIP projects errors in prior year WIP register	(418 716)	-
Infrastructure		
Adjustment to depreciation due to recalculation	(3 083 057)	-
Adjustment to disposal	(103)	-

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39. Prior-year adjustments (continued)		
Opening balance depreciation adjustment	(83 646)	-
	(3 166 806)	**-**
Irregular expenditure		
Opening balance	176 220 735	214 280 671
Adjustments made	9 002 511	45 431 059
Restated opening balance	**185 223 246**	**259 711 730**

40. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	2 248 183	2 111 078
Current year subscription / fee	2 232 402	1 850 926
Amount paid - current year	(1 674 302)	(1 713 821)
	2 806 283	**2 248 183**

Audit fees

Opening balance	1 437 539	5 004 154
Current year subscription / fee	8 483 225	9 134 258
Amount paid - current year	(9 283 266)	(12 700 873)
	637 498	**1 437 539**

External audit fees AGSA

PAYE and UIF

Opening balance	4 371 064	2 185 532
Current year subscription / fee	28 451 084	27 778 781
Amount paid - current year	(24 080 020)	(25 593 249)
	8 742 128	**4 371 064**

The amount represent PAYE, SDL and UIF

Pension and Medical Aid Deductions

Opening balance	5 197 522	1 732 508
Current year subscription / fee	53 472 547	42 769 419
Amount paid - current year	(48 884 398)	(39 304 404)
	9 785 671	**5 197 523**

The amount represent pension and medical aid contributions deducted from employees

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40. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025:

30 June 2025	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Mahlangu (Ngoma) PE	15 366	33 510	48 876
Masilela EM(C)	6 610	125 585	132 195
Smith A	3 840	8 451	12 291
Smith A	2 674	7 573	10 247
Ndlovu JZ	1 349	-	1 349
	29 839	**175 119**	**204 958**

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Masilela EM(C)	4 598	141 167	145 765
Masilela & Mosae EM & MM	1 912	11 196	13 108
Smith A	3 210	15 360	18 570
Smith A	11 310	4 638	15 948
	21 030	**172 361**	**193 391**

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

41. VAT receivable

VAT receivables	486 688 781	407 442 308

These amounts are receivable as a result of transaction attracting value added tax (VAT) as legislated under the Value Added Tax Act 89 of 1991 from the South African Revenue Services.

VAT is paid over to SARS only once the payment is received from debtors and is receivable from SARS once the payment has been made to creditors. All VAT returns for the year have been submitted

No impairments against the Vat receivables

42. VAT payable

Tax refunds payables	344 822 166	281 356 867

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43. 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.

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.

Remuneration of management

Management class: Councillors

2025

	Basic salary	Other short-term employee benefits	Other benefits received	Total
Name				
Councillors	5 764 416	2 546 894	1 479 157	9 790 467

2024

	Basic salary	Other short-term employee benefits	Other benefits received	Total
Name				
Councillors	5 543 147	2 468 000	1 352 570	9 363 717

Refer to note "Remuneration of councillors"

Additional information

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43. Related parties (continued)

Management class: Executive management

2025

Name	Basic Salary	Bonus	Travel allowance	Bargaining council	Acting allowance	Contribution to UIF, Medical and Pension Funds	Housing allowance and contributions	Total
TM Mashabela	1 337 296	-	139 819	143	-	122 396	-	1 599 654
TP Mahlangu	742 437	82 952	187 619	143	-	144 674	120 000	1 277 825
GM Matlala	804 641	-	-	143	-	95 891	-	900 675
LM Mahlangu	559 431	41 960	180 000	143	33 262	111 242	120 000	1 046 038
B Mokoena	741 076	92 909	180 000	143	2 175	148 161	120 000	1 284 464
	4 184 881	**217 821**	**687 438**	**715**	**35 437**	**622 364**	**360 000**	**6 108 656**

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2024

Name	Basic salary	Bonus	Travel allowance	Bargaining council	Acting allowance	Contributions to UIF, Medical and Pension Funds	Leave sold	Housing subsidy	Total
TM Mashabela	1 114 200	-	109 899	137	-	108 864	-	-	1 333 100
TP Mahlangu	595 024	70 225	189 991	137	6 455	129 377	-	120 000	1 111 209
GM Matlala	133 072	-	-	23	-	11 144	-	-	144 239
TD Gogwane (Resigned)	263 560	-	30 000	34	-	37 198	-	-	330 792
T Gopane (Acting)	518 361	-	-	-	-	1 063	32 465	-	551 889
LM Mahlangu	545 250	-	191 974	137	60 174	153 684	-	66 398	1 017 617
B Mokoena	721 230	87 331	181 159	137	-	127 823	-	120 000	1 237 680
	3 890 697	**157 556**	**703 023**	**605**	**66 629**	**569 153**	**32 465**	**306 398**	**5 726 526**

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44. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	59 340 768	59 340 768
Cash and cash equivalents	12 361 435	-	12 361 435
	12 361 435	**59 340 768**	**71 702 203**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1 633 814 335	1 633 814 335
Consumer deposits	1 710 129	1 710 129
	1 635 524 464	**1 635 524 464**

2024

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	97 171 602	97 171 602
Cash and cash equivalents	6 397 131	-	6 397 131
	6 397 131	**97 171 602**	**103 568 733**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1 350 183 515	1 350 183 515
Consumer deposits	1 688 113	1 688 113
	1 351 871 628	**1 351 871 628**

45. Risk management

Financial risk management

Due to the nature of activities and the way in which they are financed, Municipalities are not exposed to the degree of financial risk faced by many entities. The Municipality's Finance department monitors and manages the financial risks relating to the operations of the Municipality. These risks include market risk (including, fair value and interest rate risk), credit risk and liquidity risk. The Municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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45. 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.

Assets as at 30 June 2025	<=1 Month	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Cash and cash equivalent	12 361 435	-	-	-
Trade and other receivables	59 340 768	-	-	-
	-	-	-	-

Liabilities as at 30 June 2025	<=1 Month	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1 633 814 331	-	-	-
Consumer Deposits	1 710 129	-	-	-

Assets as at 30 June 2024	<=1 Month	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Cash and cash equivalent	6 397 313	-	-	-
Trade and other receivables	97 171 602	-	-	-

Liabilities as at 30 June 2024	<=1 Month	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1 350 183 515	-	-	-
Consumer Deposits	1 688 113	-	-	-

Measurement and management of liquidity risk

Liquidity risk indicates the Municipality's ability to pay its current debts. The risk is that the Municipality will not have sufficient cash to meet its financial commitments in a timely manner. The majority of the gross exposure resides in the Municipality's Trade payables. Within the trade payables balance, approximately 95% relates to amounts owing for bulk purchases made by the Municipality. The Municipality measures liquidity risk by assessing the net exposure to the risk and calculating the applicable ratio's. The Municipality manages liquidity risk by prioritising certain payments according to the available cash flow. The Municipality further has debt collectors who are attempting to reduce the debtors book and generate cash flow for the Municipality in order for it to reduce the exposure to this risk.

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
Call Deposits	8 586 586	40 362
Current Accounts	3 769 874	6 351 976
Trade and other receivables	59 340 768	97 171 602

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Market risk

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45. Risk management (continued)

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.

Interest rate sensitivity anaylsis

In assessing the impaact of change in interest rates on the most impacting areas of the investment activities of the municipality, the effect of a 1% change in interest environment around receivables, cash and cash equivalents was considered as follows.

2025	Carrying amount	Interest earned	Sensitivity of 1% effective adjustment
Trade and other receivables	59 340 768	68 848 502	967 099
Cash and cash equivalent	12 361 435	1 264 771	123 614
	71 702 203	**70 113 273**	**1 090 713**

2024	Carrying amount	Interest earned	Sensitivity of 1% effective adjustment
Trade and other receivables	97 171 602	50 775 627	971 716
Cash and cash equivalent	6 397 313	1 636 689	63 973
	103 568 915	**52 412 316**	**1 035 689**

Municipality bank accounts	Credit ratings	2025	2024
Standard bank	Baa3	11 774 783	3 395 458
ABSA	Baa3	581 445	2 996 880
		12 356 228	**6 392 338**

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46. Going concern

Management would like to draw attention to the fact that as at 30 June 2025, the Municipality has a deficit. The Municipalities liabilities exceed its assets. The Municipality had a favauorable bank balance.
The financial statements have however been prepared on a going concern basis. The going concern 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.

It should also be noted that the municipality, in terms of legislation has the power to levy rates which guarantees continued generation of revenue, receives grant funding from Treasury and has implemented a budget funding plan to assist with going concern.

Furthermore, the Municipality has considered the following matters relating to going concern:

1. During May 2025 the council adopted the 2025/2026 Budget. This three-year Medium-Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services.

2. The municipality's Budget is subject to a very rigorous independent assessment process to assess its cash backing status before it is ultimately approved by council.

3. Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash flow forecast supporting the Budget. The cash management process is complemented by monthly reporting, highlighting the actual cash position, including the associated risk and remedial actions to be instituted.

4. As the municipality has the power to levy fees, tariffs and charges, this will result in on going inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratio's, such as liquidity, cost coverage, debtors collection rates and creditors payment terms are closely monitored and the necessary corrective actions instituted (such as payment arrangements etc.

5. The Municipality has a budget funding plan which seeks to address the unfunded portion of the budget and mitigate the going concern risk. The funding plan is looking into all the revenue streams in all the sections/department within the Municipality, i.e., all departments within the Municipality are enhancing their current revenue streams, and also looking at other potential revenue streams within their departments. The Budget funding plan also looks at the expenditure of the Municipality as a whole and how to significantly reduce this (specifically contracted services, legal fees and overtime expenditures).

6. Many of the Municipality's losses are also arising from bulk purchases not being adequately covered by its associated revenues and thus not being profitable. The Budget Funding plan also addresses the Water and Electricity Distribution Losses being incurred by the Municipality.

7. The Municipality also has revenue raising, credit control and debt collection strategies which are monitored on a regular basis.

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47. Contingent assets and liabilities

The matter disclosed below are possible litigation to be charged against/ for the municipality which are not yet been finalised

Contingent liabilities

L Pretorius & 13 others v. VKLM The applicants have instituted a civil claim against the municipality for damages arising out of an outbreak of the typhoid, the matter is at trial stage. There has not been movement on this case since it was instituted. Case is Dormant	4 300 000	4 300 000
Telkom SOC v. VKLM The matter began in 2015. The plaintiff instituted a civil claim against the Municipality arising out of damage to Telkom's property by municipal employees.	60 000	50 000
Trio Supplies v. VKLM The applicant instituted a civil claim against the municipality merits in this matter are that approximately half of the claims have already been settled. A portion of the claims have prescribed. There are other claims that the municipality cannot prove that have been settled and in respect of such claims.	5 000 000	5 000 000
Spank and Sons v. VKLM Civil claim for work performed but not paid. The applicant is seeking compensation for services rendered, however the Municipality's case is based on the fact that there was no contract for such works.	-	692 544
RF Du Toit v. VKLM The applicant was previously appointed by the Municipality as the Manager of Corporate Services. When his fixed term contract came to an in 2017, he indicated that he should be appointed on a permanent contract. He took the matter to the CCMA where the tribunal ruled in his favour. The municipality has filed opposing papers. The parties are awaiting a court date with the Labour Court	1 500 000	3 200 000
Francis Hendrik Minnaar v. VKLM Claimant is suing the Municipality for an amount of R18,295.28 for damages suffered. He claims that he hit potholes and his tyres burst on a road that was not appropriately maintained by the Municipality.	-	33 295
Barend Rademeyer v. VKLM Claimant is suing the Municipality for an amount of R17,177.55 for damages suffered. He claims that he hit potholes and his tyres burst on a road that was not appropriately maintained by the Municipality.	-	32 178
P Nkomane & 38 Others vs VKLM The 39 Traffic Learners took the municipality to the SALGBC for unfair labour practice after they demanded to be appointed on permanent basis. There are no financial implications in this matter apart from the fact that the respondent may have to increase the future salary costs if this matter is not successfully defended	-	1 000 000
Eskom vs VKLM The applicant took the respondent to court over outstanding short payments in the amount of R526,928,300.25. The debt has already been acknowledged by the Municipality. The contingent portion relates to the estimated legal fees.	-	600 000
Jurnic Properties & July Motors cc vs VKLM The applicant brought a high court review application in the land use change rights. Estimated financial implications of R1,500,000.	150 000	-
Inzalo Utility The service provided has laid a claim against the Municipality. The matter is still pending as the litigation is still at an early stage. No estimate has been given as the matter is still in its early stages.	-	1 500 000
David Themba vs The Minister of Police and VKLM The matter commenced in 2023, the plaintiff is suing the Municipality for the supposed assault he experienced during the 2020 lockdown, at his home by the Municipal traffic officers. The Municipality is cited as the employer of the traffic officers in Delmas, for wrongful and unlawful acts or omissions.	1 500 000	1 800 000

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47. Contingent assets and liabilities (continued)		
Ramathe MJ Inc v VKLM The matter began in 2023; the plaintiff is suing the Municipality for R68 117.17, which is a balance of unpaid statement of account for professional services rendered.	-	118 117
Mwalase Commercials transport v VKLM The matter began in 2023 Mwalase Commercials Transport is suing VKLM for R9,746,717 over a lease agreement entered over a vehicle testing station	10 746 717	10 746 717
Adv. DD Mosoma V Mohlala ED Attorney Inc and VKLM The Municipality is being sued by Adv. DD Mosoma for non-payment of his invoices pursuant to a brief by the municipality to act on its behalf in another matter.	202 000	-
Victor Khanye Local Municipality vs Inzalo Utility Services The Municipality was involved in arbitration proceeding with Inzalo Utility Services. Inzalo was successful and an award was issued to the value of R972 096.77. Inzalo approached the court to make the arbitration award an order court. The municipality has since appealed the decision.	570 000	-
	24 028 717	**29 072 851**

Contingent assets

Nkangala District Municipality		
Refurbishment & Upgrading Delmas WWTW	24 723 127	42 931 886

The above contingent assets from Nkangala District Municipality relate to work in progress project which are not yet completed at the year end and have been not handed over by the District

Other contingent assets

	800 001	**200 001**
VKLM v. SAMWU Members The municipality is seeking relief based on the fact that the SALGBC is leading a process of parity as far as post remuneration is concerned. The applicants want to be moved to a higher task grade and the grading process led by the SALGBC and which includes SAMWU, SALGA and IMATU has not been concluded. The Municipality has applied against the enforcement of the award. The matter number: MDP 081086 is filed with the labour court.	-	200 001
DBSA The Development Bank of South Africa has committed to preparing a Revenue Enhancement Project and Project Implementation Plan on behalf of the Municipality. The value of the project has not yet been finalised, and once complete, the plan will be treated as an operational donation.	1	-
Victor Khanye Local Municipality vs Maria Simphiwe Mbonani and Johannes Sissine Tholo The matter relates to a dispute related to the sale of stand described as Erf 8908, Botleng Ext 5, which was sold by the Municipality to two individuals. Both parties were instructed not to act on the property pending an investigation. One of the parties began to erect a structure on the property and the municipality has moved to interdict her.	800 000	-

The contigent liabilities are uncertain relably to the amount and timing of contingent liability as well as possibility of any reimburstment.

48. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

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48. Accounting by principals and agents (continued)

Details of the arrangement(s) are as follows:

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48. Accounting by principals and agents (continued)

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).

Description of the arrangement and transactions undertaken

The Municipality has a principal-agent arrangement with two(2) a service provider namely,

(a) Conlog Pty Ltd - Sale of prepaid electricity
(b) Mavambo ITS Pty Ltd - Traffic fine administration

which directs the service provider, through a binding agreement, to sell prepaid electricity(Conlog Pty Ltd) and traffic fine management(Mavambo ITS Pty Ltd) to the Municipality's customers and collect all cash and funds relating to the sale of the prepaid electricity and traffic fine collections in a bank account and remit all funds due to the Municipality after deduction of any application costs and fee

.

Significant judgements applied in making the principal-agent assessment

Under this arrangement, the Municipality is the principal and the service provider is the agent. No significant judgements were applied in making this assessment.

Significant terms, conditions and changes of the arrangement during the reporting period

Conlog Pty Ltd

The arrangment stipulates that the agent will sell and collect prepaid electricity revenue on behalf of the Municipality. All funds will be remitted to the Municipality after the agent has claimed their commission fee. There were no changes to this arrangment during the reporting period.

Mavambo Pty Ltd

The arrangment stipulates that the agent will admister the speed camera and red traffic signal offences, collect on the roadblocked outstanding traffic fines on behalf of the Municipality. All funds will be remitted to the Municipality after the agent has claimed their commission fee. There were no changes to this arrangment during the reporting period.

Purpose of the principal-agent relationship and significant risks and benefits associated with the relationship

Conlog Pty Ltd

The purpose of the arrangement is to seamlessly sell and collect all funds due to the Municipality for the sale of electricity. This can be established through the sale of prepaid electricity as the customer must buy electricity before they receive electricity. The agent then ensures that all prepaid electricity sold to customers is collected and paid over to the Municipality

Mavambo Pty Ltd

The purpose of the arrangement is to seamlessly collect all funds due to the Municipality for the traffic fine enfingement. This can be established through the issuing of traffic fine.

The agent then ensures that all traffic fine is collected and paid over to the Municipality

.

Significant risks

The agent may collect all the funds and not pay them over to the Municipality even though required to do so.

Risk mitigating strategies

The Municipality has access to the bank account used by the agent.

Significant benefits

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48. Accounting by principals and agents (continued)
The Municipality can reliably sell prepaid electricity without incurring the costs of establishing a system to be able to sell and collect prepaid electricity

Entity as principal

Revenue recognised

The resources have not been recognised by the agent in its financial statements.

The remittance of resources during the period was made to the Municipality.

The expected timing of remittance of remaining resources by the agent to the entity, are expected to be made within 30 days.

Resource or cost implications for the entity if the principal-agent arrangement is terminated, are not applicable.

Fee paid

Fee paid as compensation to the agent (Conlog Pty Ltd)	10 528 933	1 565 935
Fee paid as compensation to the agent (Mavambo Pty Ltd)	653 683	811 773

49. Segment information

General information

Identification of segments

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.

For management purposes, the municipality is organised and operates in four key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

The four key business units comprise of:
(i) Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services;
(ii) Economic and environmental services which includes planning and development, road transport and environmental protection services;
(iii) Trading services which includes energy sources, water management, waste water management and waste management services;
(iv) Municipal governance and administration which includes executive and council and finance and administration services.

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

No segments have been aggregated.
Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

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49. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Community and public safety	Economic and environmental services	Trading Services	Municipal governance & administration	Total
Revenue from exchange transactions					
Service charges	-	-	276 930 481	108 733 525	385 664 006
Rental of facilities and equipment	(4 149 636)	2 289 882	-	-	(1 859 754)
Administration and management fees received	-	-	-	1 454 842	1 454 842
Merchandising and Jobbing	-	-	-	78 308	78 308
Fire Services	1 083 451	-	-	-	1 083 451
Cemetery and Burial	546 700	-	-	-	546 700
Town Planning and Servitudes	-	-	-	597 820	597 820
Interest Income	-	-	-	70 113 273	70 113 273
Actuarial gains	-	-	-	6 260 052	6 260 052
Non-exchange Revenue					
Taxation revenue					
Property rates	-	-	-	108 695 561	108 695 561
Property rates - Interest	-	-	-	13 717 832	13 717 832
Transfer revenue					
Public contributions and donations	-	-	-	16 063 048	16 063 048
Government grants & subsidies	-	-	-	197 622 105	197 622 105
Fines, Penalties and Forfeits	-	6 388 030	-	412 990	6 801 020
Total segment revenue	**(2 519 485)**	**8 677 912**	**276 930 481**	**523 749 356**	**806 838 264**
Entity's revenue					**806 838 264**

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	Community and public safety	Economic and environmental services	Trading Services	Municipal governance & administration	Total
49. Segment information (continued)					
Expenditure					
Employee related costs	42 723 685	22 519 741	52 188 427	89 896 350	207 328 203
Remuneration of councillors	-	-	-	9 790 466	9 790 466
Finance cost	-	-	-	97 555 310	97 555 310
Depreciation & impairment	2 383 823	25 486 961	26 257 555	4 291 361	58 419 700
Bad debts write off	-	-	1 266 485	72 442 864	73 709 349
Bulk purchases	-	-	227 563 476	-	227 563 476
Lease rentals on operating lease	-	-	286 484	761 495	1 047 979
Contacted services	(4 928 324)	27 309 259	57 346 358	30 668 114	110 395 407
Inventory consumed	1 497 700	1 605 924	97 570 704	9 586 809	110 261 137
Loss on disposal assets and liabilities	17 963	466 422	8 562 455	18 542	9 065 382
Operational cost	1 140 971	1 657 027	4 854 309	42 449 444	50 101 751
Impairment loss	48	12 853	1 209 899	150 203 811	151 426 611
Total segment expenditure	**42 835 866**	**79 058 187**	**477 106 152**	**507 664 566**	**1 106 664 771**
Total segmental surplus/(deficit)	**(45 355 351)**	**(70 380 275)**	**(200 175 671)**	**16 084 790**	**(299 826 507)**
Assets					
Total assets as per Statement of financial position	196 999 550	399 867 278	1 938 548 323	(901 132 366)	1 634 282 785
Total assets as per Statement of financial Position					**1 634 282 785**
Liabilities					
Total liability as per Statement of financial position	(18 526 559)	(17 213 453)	(1 505 564 346)	(564 540 303)	(2 105 844 661)
Total liabilities as per Statement of financial Position					**(2 105 844 661)**

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49. Segment information (continued)

	Community and public safety	Economics and environment services	Trading services	Municipal governance & administration	Total
Revenue from exchange transactions					
Service charges	-	-	251 359 224	81 107 022	332 466 246
Rental of facilities and equipment	1 639 760	-	-	-	1 639 760
Administration and management fees received	-	-	-	314 248	314 248
Merchandising and Jobbing	-	-	-	24 439	24 439
Fire Services	1 266 911	-	-	-	1 266 911
Cemetery and Burial	354 796	-	-	-	354 796
Town Planning and Servitudes	-	-	-	643 139	643 139
Interest Income	-	(226 745)	-	52 639 061	52 412 316
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	-	-	-	109 834 380	109 834 380
Property rates - Interest	-	-	-	34 213 459	34 213 459
Debt written off	-	-	-	59 138 988	59 138 988
Transfer revenue					
Public contributions and donations	-	-	-	15 778 563	15 778 563
Government grants & subsidies	-	-	-	201 019 000	201 019 000
Fines, Penalties and Forfeits	-	11 054 775	-	184 635	11 239 410
Total segment revenue	**3 261 467**	**10 828 030**	**251 359 224**	**554 896 934**	**820 345 655**
Entity's revenue					**820 345 655**

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	Community and public safety	Economics and environment services	Trading services	Municipal governance & administration	Total
49. Segment information (continued)					
Expenditure					
Employee related costs	41 013 350	24 813 808	51 951 795	74 899 746	192 678 699
Remuneration of councillors	-	-	-	9 363 719	9 363 719
Interest; Dividends and Rent on land	-	-	-	92 950 921	92 950 921
Depreciation & impairment	3 969 321	28 065 499	24 571 532	(933 278)	55 673 074
Bulk purchases	-	-	202 461 063	-	202 461 063
Contracted services	3 792 340	27 371 864	55 496 817	36 667 744	123 328 765
Inventory consumed	985 101	(6 435 922)	83 714 894	19 667 216	97 931 289
Operational lease	-	-	-	995 249	995 249
Operational cost	6 413 432	1 850 203	3 877 340	51 504 983	63 645 958
Impairment loss	-	-	-	230 564 275	230 564 275
Actuarial gains	-	-	-	671 979	671 979
Disposal of Fixed and Intangible Assets	-	(2 972 272)	25 528	4 194 136	1 247 392
Irrecoverable Debts Written Off	-	-	-	8 884 558	8 884 558
Total segment expenditure	**56 173 544**	**72 693 180**	**422 098 969**	**529 431 248**	**1 080 396 941**
Total segmental surplus/(deficit)	**(52 912 077)**	**(61 865 150)**	**(170 739 745)**	**25 465 686**	**(260 051 286)**
Assets					
Total assets as per statement of financial position	171 720 152	451 428 491	1 718 690 457	(769 877 451)	1 571 961 649
Total assets as per Statement of financial Position					**1 571 961 649**
Liabilities					
Total liabilities as per Statement of financial position	(14 096 366)	(781 555)	(1 254 745 392)	(477 792 967)	(1 747 416 280)
Total liabilities as per Statement of financial Position					**(1 747 416 280)**

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50. Auditors' remuneration

Fees	8 483 225	8 949 439

51. Councillors Remuneration

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Executive

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	Basic Salaries	Other benefits*	In-Kind Benefits	Total
KV Buda (Executive Mayor)	537 608	236 870	273 997	1 048 475
HM Ngoma (Speaker)	494 060	198 935	155 659	848 654
NS Ngcobo (Chief Whip/Ward 6)	496 498	205 256	112 751	814 505
TG Malomane (MMC PITS/ Cllr ward 3)	525 988	210 611	83 263	819 862
ME Masilela (MMC Finance/ Cllr ward 9)	525 986	225 477	83 263	834 726
BD Yeko (MMC Social/ Cllr ward 2)	488 250	212 879	120 999	822 128
BLO Mbalati (Cllr ward 1)	280 806	136 810	49 104	466 720
ES Lebatse (Cllr ward 4)	280 806	129 949	49 104	459 859
DJ Bath (Cllr ward 8)	219 863	125 108	110 047	455 018
JZ Ndlovu (Cllr ward 7)	280 806	141 491	49 104	471 401
M Rautenbach (PR Cllr (DA))	280 806	125 108	49 104	455 018
SM Skosana (PR Cllr (DA))	219 592	109 364	37 938	366 894
NE Mohoadibe (PR Cllr (EFF))	281 391	132 487	48 519	462 397
P Senekal (PR Cllr (VF PLUS))	219 135	107 858	38 395	365 388
MM Sepenyane (PR Cllr (AVPP))	219 135	107 858	38 395	365 388
ST Segone (PR Cllr (AVPP))	194 555	111 117	62 975	368 647
A Smith (PR Cllr (AVPP))	219 135	107 858	38 395	365 388
	5 764 420	**2 625 036**	**1 401 012**	**9 790 468**

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	Basic salaries	Other benefits*	In-kind benefits	Total
KV Buda (Executive Mayor)	511 327	229 120	266 834	1 007 281
HM Ngoma (Speaker)	474 119	192 067	152 193	818 379
NS Ngcobo (Chief Whip/Ward 6)	474 477	183 203	111 085	768 765
TG Malomane (MMC PITS/ Cllr ward 3)	505 017	204 353	80 545	789 915
ME Masilela (MMC Finance/ Cllr ward 9)	505 017	195 100	80 545	780 662
BD Yeko (MMC Social/ Cllr ward 2)	460 914	190 635	124 647	776 196
BLO Mbalati (Cllr ward 1)	272 175	132 937	47 501	452 613
ES Lebatse (Cllr ward 4)	272 776	123 633	44 983	441 392
DJ Bath (Cllr ward 8)	215 791	121 007	103 885	440 683
JZ Ndlovu (Cllr ward 7)	272 175	132 302	47 501	451 978
M Rautenbach (PR Cllr (DA))	272 175	121 007	47 501	440 683
SM Skosana (PR Cllr (DA))	214 698	104 326	36 112	355 136
NE Mohoadibe (PR Cllr (EFF))	273 491	121 007	46 185	440 683
P Senekal (PR Cllr (VF PLUS))	213 669	104 326	37 142	355 137
MM Sepenyane (PR Cllr (AVPP))	213 669	104 326	37 142	355 137
ST Segone (PR Cllr (AVPP))	188 584	104 326	51 630	344 540
A Smith (PR Cllr (AVPP))	203 072	104 326	37 142	344 540
	5 543 146	**2 468 001**	**1 352 573**	**9 363 720**

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52. Finance lease obligation

Minimum lease payments due		
- within one year	1 380 000	4 140 000
- in second to fifth year inclusive	-	1 380 000
	1 380 000	5 520 000
less: future finance charges	(106 801)	(596 897)
Present value of minimum lease payments	**1 273 199**	**4 923 103**
Present value of minimum lease payments due		
- within one year	1 273 199	3 805 154
- in second to fifth year inclusive	-	1 117 949
	1 273 199	**4 923 103**
Non-current liabilities	-	1 117 949
Current liabilities	1 273 199	3 805 154
	1 273 199	**4 923 103**

The Municipality leases chemical toilets these are classified as finance leases.
The lease term of these assets is three years.
The Municipality has used the borrowing rate of prime to amortise these finance leases
The carrying values of the leased assets are included under property plant and equipment.
No contingent rents have been expensed during the period.
The leasing arrangement has terms of renewal or purchase options and escalation clauses.
There are restrictions imposed by lease arrangement (may not be sublet).
It is municipality policy to lease certain property and equipment under finance leases.

53. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
WSIG	2 910 894	-
Movement during the year		
Income recognition during the year	2 910 893	-

The unspent grant relates to Water System Infrastrature Grant, the condition was not met as at year end due to the reason outlined in the rollover application.

54. Budget differences

10% variance explanation on material differences between final budget and actual for the year ended 30 June 2025

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54. Budget differences (continued)

Rendering of services
The reason for the rendering of services budgeted amount to exceed the actuals amount is due to the decrease in actuals amounts of clearance certificates, fire services, cemetary and Burial as well as own planning and Servitude which was not budgeted for.

Rental of facilities and equipment
Rental of facilities and equipment was slightly higher than budgeted due to the increase in the hiring of halls and equipment.

Administration and management fees received
Administration and management fees received actuals is higher than budgeted amount due to a increase in administration collections.

Interest received - investment
The actual interest earned is significantly lower than budgeted interest because of the bad debt write off's impacted during the year. The debtors book has decreased as a result of these write off's and this has had a negative impact on the interest earned.

Property rates
Property rates have not met the budgeted figure to due changes in the supplementary valuation roll which occurs throughout the year.

Government grants & subsidies:
The government grants and subsidies actuals is more than budgeted amounts because the municipality budgeted less on equitable share as it is a unconditional grant.

Public contributions and donations
These donations relate to donations received from Nkangala district Municipality. Donations are not budgeted for as they are impracticable to estimate.

Fines, Penalties and Forfeits
Actual traffic fines income is significantly larger than budgeted fines income because of unexpected speeding fines.This was not budgeted for.

Depreciation and amortisation
The depreciation amount is larger than budgeted depreciation due to the donations made by Nkangala district which were not budgeted for. When these capital donations are received, they are depreciated from date of deemed acquisition. That depreciation was not taken into account.

Finance charges
Actual finance charges are significantly higher than budgeted due to the finance costs for late payment of suppliers (more specifically Eskom and Rand Water).

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Lease rentals on operating lease
The municipality budgeted for lease on rentals on operating lease on general expenses.

Debt Impairment
The reason the actual impairment exceeds budgeted impairment is due to the impairment of the traffic fines and Provision for Doubtful debt which was not budgeted for.

Bad debts written off
The reason for the budgeted amount of bad debts written off to exceeds the actual amount of bad debts written off is due to write off on 202324 audit adjustment and incentives write off which was not budgeted for.

Transfers and Subsidies
The municipality did not make any donation in the current financial year hence the amount budgeted for the transfer and subsidies was not spent.

Inventory consumed
Inventory consumed is significantly less than budgeted because of inventory water losses which was budgeted for.

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54. Budget differences (continued)

Service charges
Budgeted service charges revenue its lower than the actual revenue due to unexpected water and electricity losses incurred, during the year distribution losses were not taken into account when budgeting.

Merchandising and jobbing
The municipality budgeted for Merchandising and jobbing on rendering of services.

Fire services
The municipality budgeted for fire services on rendering of services.

Cemetary and Burial
The municipality budgeted for cemetary and burial on rendering of services.

Town planning and Servitude
The municipality budgeted for town planning and servitude on rendering of services.

Property rates - Interest
The budgeted amount is higher than actual due to the anticipated increased in debtor balances not materialising.

Surcharges and Taxes
The service charges actuals amounts includes the surcharges and taxes.

General expenses
The Municipality's budget was more than the actual amount as the Municipality was expecting reduced expenditure as the anticipated cost savings were not as much as the actual savings.

55. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Deviation Register SCMU 2024 July – 2025 June		
Internal audit software (team mate), in terms of scm reg- 36(1)(a)(ii) if such goods or services are produced by sole provider	1 655 827	-

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56. Change in estimate

Property, plant and equipment

The management of VKLM, during their annual assessment of useful lives and residual values, in the end of 2025 financial period that the pattern of service potential derived from depreciable assets has changed from that in previous periods. These depreciable assets are currently depreciated using the straight line method and had an average remaining useful life of 2.20 years but were still in use. As a result, management decided to change the remaining useful life of the depreciable assets to an average of 3.5 years.

The following information regarding the depreciable assets is available:

2024 Depreciation Before Adjustment	2 530 780	4 341 912
Adjustment as a result of change	(1 560 385)	(2 762 044)
2024 Depreciation After Adjustment	**970 395**	**1 579 868**

The 2025 financial statements reflect the new depreciation expense. No adjustment will be made to prior periods as this represents a change in accounting estimate which is applied prospectively.

It is impracticable to estimate the effect of the change in accounting estimates for future periods.