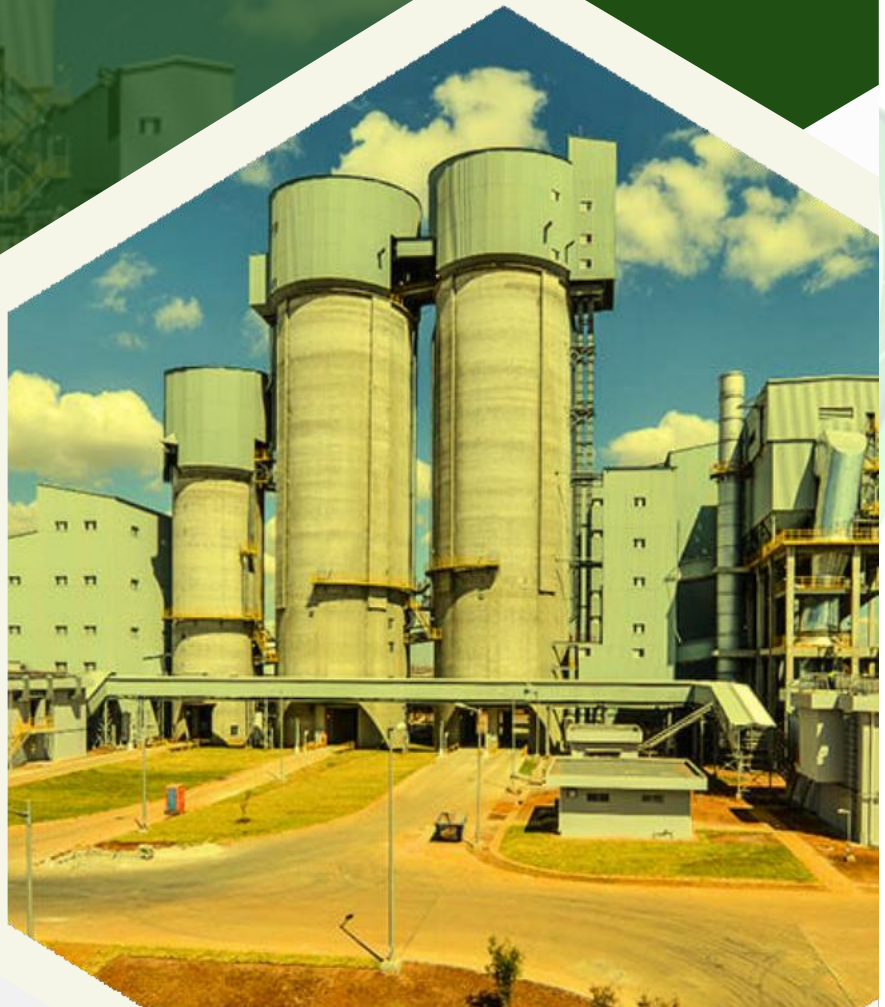
VICTOR KHANYE LOCAL MUNICIPALITY
PLAASLIKE MUNISIPALITEIT UHULUMENI WASEKHAYA

DRAFT INTEGRATED DEVELOPMENT PLAN 2026-2027 FINANCIAL YEAR



INTEGRATED DEVELOPMENT PLAN

VICTOR KHANYE LOCAL MUNICIPALITY IS PLEASED TO PRESENT THE DRAFT INTEGRATED DEVELOPMENT PLAN FOR 2026/2027 FINANCIAL YEAR

The preparation of Integrated Development Plan (IDP) is a legislative requirement as entailed in terms of Section 25 of the Municipal Systems Act (MSA) Act (No 32) of 2000. An IDP is one of the key tools for Local Government to cope with its new developmental role. It seeks to facilitate strategic decisions on issues of Municipal budgets, Land Use Management Systems, Local Economic Development and Institutional transformation in a consultative, transparent and systematic manner.

The report focuses on the financial and operational plans for 2026/2027, documenting our milestones against the 2024/2025 performance and our progress against our Five-Year Delivery Plan. This report includes a shot of our performance and an overview of our outlook for the future, including our plans to ensure the sustainable delivery of services to our people. Reflecting on Council's commitment to social, economic, environmental and sound governance principles that are important to our community.

The Municipality would never achieve this alone, hence it strives in maintaining strong relationships with state agencies, businesses and key stakeholders, to plan and shape the Municipal future. Thus, remaining in focus during 2026/2027 will be the primary objective.

This report intends to provide important information to a broad range of stakeholders including Victor Khanye residents and ratepayers, local businesses, non-governmental organizations, our partners and other government departments and agencies. It also provides information on how well we have performed over the year and what to expect in the next coming year.

ACCESSING THIS REPORT

This report is available on the Municipal Website at:

www.vklm.gov.za.

You can also access copies of this document at our Municipal Offices located at Corner: Samuel Road and Van Der Walt Street.

Tell us what you think!

Telephone
Call the IDP Manager on **013-004-1354**

Or

Post
P.O. Box 6
DELMAS
2210

For the Attention of Municipal Manager

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TABLE OF CONTENTS

INTEGRATED DEVELOPMENT PLAN 1

ACCESSING THIS REPORT 2
CONTACT DETAILS 3
TABLE OF CONTENTS 4
LIST OF FIGURES 15
LIST OF TABLES 17
FOREWORD BY EXECUTIVE MAYOR, COUNCILLOR KV BUDA 19
OVERVIEW BY MUNICIPAL MANAGER, TM MASHABELA 20
ACRONYMS 21
CHAPTER 1: AN OVERVIEW OF THE IDP PROCESS 26
1.1 INTRODUCTION 26
1.2 THE SCOPE OF THE IDP 27
1.3 THE IDP PROCESS 29
1.3.1 PHASE 1: ANALYSIS 30
1.3.2 PHASE 2: STRATEGIES 31
1.3.3 PHASE 3: PROJECTS 32
1.3.4 PHASE 4: INTEGRATION 32
1.3.5 PHASE 5: APPROVAL 32
1.4 THE IDP GOVERNANCE & INSTITUTIONAL ARRANGEMENT 33
CHAPTER 2: MUNICIPAL ENVIRONMENTAL PROFILE 36
2.1 INTRODUCTION 36
2.2 ENVIRONMENTAL PROFILE 36
2.2.1 Geographical Location 37
2.3. PHYSICAL ENVIRONMENT SPACE 38

2.3.1. Topology and Climate 38
2.3.2. Geology 38
2.3.3.Biodiversity & Vegetation 41
2.3.4 Soil & Air Quality 41
2.4 DEMOGRAPHIC INDICATORS 42
2.4.1 Population ..... **Error! Bookmark not defined.**
2.4.2 Gender and Age 52
2.4.3 Early Childhood Development ..... **Error! Bookmark not defined.**
2.4.4 Level of Education 54
2.4.5 Household Index 63
2.3.6. Housing ..... **Error! Bookmark not defined.**
2.4 ENVIRONMENTAL AND WASTE MANAGEMENT 73
2.4.1. Public Facilities: Cultural, Sports and Recreation Centre 73
2.4.2. Primary Health Care and HIV and AIDS 74
2.4.3. Traffic, Safety and Law Enforcement 75
2.4.4. Emergency Services 79
2.4.5. Cemeteries and Crematoria 79
2.4.6 Land Invasions 38
2.5 RURAL DEVELOPMENT STRATEGIC FRAMEWORK 80
2.6 DIFFERENT PROJECTS AND PRIORITIES ON LED ..... **Error! Bookmark not defined.**
2.7 TRANSVERSAL PROGRAMMES TO BE IMPLEMENTED 80
2.8 INSTITUTIONAL PROFILE 6
2.81 Legislative Arm 7

2.8.2 Executive Arm 7
2.8.3 Key Roles & Responsibilities of Council Committees 7
2.8.4 Establishment and Functionality of Ward Committees 9
2.8.5 Administrative Arrangement/Structure 10
2.6 EXECUTIVE OVERVIEW ..... **Error! Bookmark not defined.**
2.6.1 Senior Management: Strategic Team ..... **Error! Bookmark not defined.**
2.6.2 Municipal Manager Office: Service Delivery ..... **Error! Bookmark not defined.**
2.6.3 Municipal Manager Office: Strategic Support Structures ..... **Error! Bookmark not defined.**
2.6.4 Municipal Manager Office: Internal Audit Unit ..... **Error! Bookmark not defined.**
2.6.5 Municipal Manager Office: Risk Unit ..... **Error! Bookmark not defined.**
2.6.6 Municipal Manager Office: Compliance and Governance ..... **Error! Bookmark not defined.**
2.7 FINANCE DEPARTMENT ..... **Error! Bookmark not defined.**
2.7.1 Department of Finance: Executive Structure ..... **Error! Bookmark not defined.**
2.7.2 Department of Finance: Revenue Section ..... **Error! Bookmark not defined.**
2.7.3 Finance: Expenditure ..... **Error! Bookmark not defined.**
2.7.4 Financial Reporting ..... **Error! Bookmark not defined.**
2.7.5 Finance: Assets Section ..... **Error! Bookmark not defined.**
2.7.6 Finance: Supply Chain Section ..... **Error! Bookmark not defined.**
2.8 CORPORATE SERVICES ..... **Error! Bookmark not defined.**
2.8.1 Corporate Executive Structure ..... **Error! Bookmark not defined.**
2.8.2 Corporate Services: Legal Section ..... **Error! Bookmark not defined.**
2.8.3 Corporate Services: Human Resource Management ..... **Error! Bookmark not defined.**
2.8.4 Corporate Services: Secretariat, Administration And Housekeeping ..... **Error! Bookmark not defined.**

2.8.5 Corporate Services: Corporate Archives Admin and Community Facilities ..... **Error! Bookmark not defined.**
2.8.6 Corporate Services: Corporate Archives Admin and Community Facilities (Continued) ..... **Error! Bookmark not defined.**
2.8.7 Corporate Services: Communications ..... **Error! Bookmark not defined.**
2.9 SOCIAL SERVICES ..... **Error! Bookmark not defined.**
2.9.1 Social Services: Executive Structure ..... **Error! Bookmark not defined.**
2.9.2 Social Services: Public Safety and Security Management ..... **Error! Bookmark not defined.**
2.9.3 Emergency and Disaster Management ..... **Error! Bookmark not defined.**
2.9.4 Social Services: Waste Management Services ..... **Error! Bookmark not defined.**
2.9.5 Social Services: Parks and Cemeteries Services ..... **Error! Bookmark not defined.**
2.9.6 Social Services: Special Programmes ..... **Error! Bookmark not defined.**
2.9.7 Social Services: Library Services ..... **Error! Bookmark not defined.**
2.10 TECHNICAL SERVICES ..... **Error! Bookmark not defined.**
2.10.1 Technical Services: Executive Structure ..... **Error! Bookmark not defined.**
2.10.2 Technical Services: Housing Section ..... **Error! Bookmark not defined.**
2.10.3 Technical Services: Roads & Stormwater ..... **Error! Bookmark not defined.**
2.10.4 Technical Services: Electrical and Energy ..... **Error! Bookmark not defined.**
2.10.5 Project Management Unit ..... **Error! Bookmark not defined.**
2.10.6 Fleet Management ..... **Error! Bookmark not defined.**
2.11 WATER SERVICES ..... **Error! Bookmark not defined.**
2.12 SANITATION SERVICES ..... **Error! Bookmark not defined.**
2.13 VACANCIES AND SKILLS DEVELOPMENT 10
2.13.1 Vacancy Rate 10
2.13.2 Skills Development Planning 11

2.14 BY-LAWS & POLICIES 13
2.15 INFORMATION COMMUNICATION AND TECHNOLOGY (ICT) 22
2.15.1 Key Functions 23
2.15.2 Strategy Development Initiative 23
2.15.3 Victor Khanye Local Municipality ICT Strategy 24
2.15.4 Challenges 24
2.16 RISK MANAGEMENT AND FRAUD PREVENTION 26
2.17 FRAUD AND CORRUPTION 27
2.18 BUSINESS CONTINUITY MANAGEMENT 28
CHAPTER 3: MUNICIPAL DEVELOPMENT STRATEGIES AND IDP ACTIVITIES 28
3.1 INTRODUCTION 29
3.2 STRATEGIC POSITIONING 29
3.2.1 Vision 29
3.2.2 Mission Statement 29
3.2.3 Core Values 29
3.3 IDP PROCESS PLAN 30
3.4 ASSESSING THE LEVEL OF DEVELOPMENT 31
3.5 DEVELOPMENT PRIORITIES 31
3.6 STRATEGIC FOCUS AREAS 32
3.7 DEVELOPMENT OF INDICATORS, OBJECTIVES, STRATEGIES AND TARGETS FOR 2023-2027 32
3.7.1 Adherence to the Adopted Process Plan 32
3.7.2 Evaluation of Responses to Key Service Delivery Priorities ..... **Error! Bookmark not defined.**
3.7.3 Implementation of Municipal Staff Regulations and Public Participation (PMS, HR & MM) 5

3.7.4 Core Components - Key Performance Areas ..... **Error! Bookmark not defined.**
3.8 KPA 1 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT ..... **Error! Bookmark not defined.**
Table A: Basic Service Delivery and Infrastructure Development 7
Table B: Basic Services Delivery and Infrastructure Delivery 13
3.8.1 Provision of Water Services 0
3.8.2 Provision of Access to Sanitation 1
3.8.3 Provision of Access to Energy Services 2
3.8.4 Roads and Storm Water 4
3.8.5 Housing 6
3.8.6 Fleet Management Services 0
3.9. KPA 2 - FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT 0
Table A: Financial Viability and Financial Management 0
Table B: Financial Viability and Financial Management 1
Table C: Service Delivery and Budget Implementation Plan 3
3.10 KPA 3 - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT 6
Table A: Municipal Transformation and Organisational Development 6
Table A: Municipal Transformation and Organisational Development 7
Table B: Municipal Transformation and Organisational Development 12
Table C: Municipal Transformation and Organisational Development Plan 14
3.11 KPA 4 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION - 16
Table A: Good Governance and Public Participation Development Plan 16
Table B: Good Governance and Public Participation 20
Table C: Good Governance and Public Participation Implementation Plan 22

3.12 KPA 5: SPATIAL DEVELOPMENT 24
Table A: Spatial Development 24
Table B: Spatial Development Integrated Plan 32
Table C: Spatial Development Implementation Plan 34
3.12.1 Spatial Rationale Vision 35
3.12.1 Spatial Objectives 36
3.12.3 Key Elements for Victor Khanye Local Municipality – SDF 38
3.12.3 Land Use Management 38
3.12.4 Spatial Development Framework 40
3.12.5 Mpumalanga Provincial Spatial Development Framework 44
3.12.6 District Development Model 45
3.12.7 District Rural Development Plan 48
3.12.8 Objectives of the Victor Khanye Housing Sector Plan 49
3.12.9 Informal Settlements Resource Team 51
3.12.10 Upgrading of Informal Settlements 51
3.13 KPA 6: LOCAL ECONOMIC DEVELOPMENT 53
Table A: Local Economic Development Strategic Goals 53
Table B: Local Economic Development Integrated Development Plan 58
Table C: Service Delivery and Budget Implementation Plan Table 60
CHAPTER 4: AUDITOR GENERAL (AG) REPORT AND MEC'S COMMENTS 62
4.1 INTRODUCTION ..... **Error! Bookmark not defined.**
4.2 MANAGEMENT REPORT ..... **Error! Bookmark not defined.**
4.2.1 Section 1: Audit Outcomes And Material Irregularities ..... **Error! Bookmark not defined.**

4.2.2 Compliance with Legislation ..... **Error! Bookmark not defined.**
4.2.3 Material Irregularities ..... **Error! Bookmark not defined.**
4.2.4 Section 2: Significant Matters: Financial Statements ..... **Error! Bookmark not defined.**
4.2.5. Internal Control and Recommendations ..... **Error! Bookmark not defined.**
4.3 FINANCIAL MANAGEMENT AND PERFORMANCE ..... **Error! Bookmark not defined.**
4.3.1 Budget Management ..... **Error! Bookmark not defined.**
4.3.2 Financial Assessment and Compliance ..... **Error! Bookmark not defined.**
4.3.3 Losses ..... **Error! Bookmark not defined.**
4.3.4 Grant Management ..... **Error! Bookmark not defined.**
4.4 PERFORMANCE PLANNING, MANAGEMENT AND REPORTING ..... **Error! Bookmark not defined.**
4.4.1 Overall Performance Planning and Management ..... **Error! Bookmark not defined.**
4.4.2 Audit of Annual Performance Report ..... **Error! Bookmark not defined.**
4.4.3 Internal Control and Recommendations ..... **Error! Bookmark not defined.**
4.3.4 Planned Targets Not Achieved ..... **Error! Bookmark not defined.**
4.5 OTHER INFORMATION IN THE ANNUAL REPORT ..... **Error! Bookmark not defined.**
4.6 DELIVERY OF KEY SERVICE DELIVERABLES ..... **Error! Bookmark not defined.**
4.6.1 Delivery of Waste Treatment ..... **Error! Bookmark not defined.**
4.6.2 Recommendations ..... **Error! Bookmark not defined.**
4.7 HUMAN RESOURCE MANAGEMENT ..... **Error! Bookmark not defined.**
4.7.1 Skills and Capacity ..... **Error! Bookmark not defined.**
4.7.2 Use of Consultants ..... **Error! Bookmark not defined.**
4.7.3 Co-Ordinating Ministries and Their Impact on Local Government. ..... **Error! Bookmark not defined.**
4.7.4 Financial Management and Support ..... **Error! Bookmark not defined.**

4.7.5 Municipal Council and Oversight Mechanisms ..... **Error! Bookmark not defined.**
4.7.6 Provincial Oversight, Transparency, Institutional Integrity, Performance, and Accountability ..... **Error! Bookmark not defined.**
4.7.7 Positive Insights on Co-Ordinating Ministries Support ..... **Error! Bookmark not defined.**
4.7.8 Services to Indigent Households ..... **Error! Bookmark not defined.**
4.7.9 Delivery Process Recommendations ..... **Error! Bookmark not defined.**
4.8: OVERALL RECOMMENDATIONS ..... **Error! Bookmark not defined.**
4.9 AUDIT ACTION PLAN 2023-2024 ..... **Error! Bookmark not defined.**
4.10 REPORT OF THE AUDITOR-GENERAL TO MPUMALANGA PROVINCIAL LEGISLATURE AND COUNCIL 0N VICTOR KHANYE LOCAL MUNICIPALITY ..... **Error! Bookmark not defined.**
4.10.1 Property, Plant and Equipment ..... **Error! Bookmark not defined.**
4.10.2 Bulk Purchases ..... **Error! Bookmark not defined.**
4.10.3 Irregular Expenditure ..... **Error! Bookmark not defined.**
4.11 MEC COMMENTS ON THE IDP 73
4.12 EVALUATION OF RESPONSES TO KEY SERVICE DELIVERY PRIORITIES ..... **Error! Bookmark not defined.**
4.13 CORE COMPONENTS- KEY PERFORMANCE AREAS ..... **Error! Bookmark not defined.**
4.14 SERVICE DELIVERY UNITS ..... **Error! Bookmark not defined.**
CHAPTER 5: FINANCIAL PLAN 78
5.1 INTRODUCTION 78
5.2 BUDGET ASSUMPTIONS AND OBJECTIVES 78
5.3 BUDGET PREPARATION FOCUS AREAS 78
5.4 BUDGET ASSUMPTIONS- MACRO ECONOMIC INDICATORS ..... **Error! Bookmark not defined.**
5.5 REVENUE ASSUMPTION: COLLECTIONS RATE (PAYMENT LEVEL) ..... **Error! Bookmark not defined.**
5.6 BUDGET OPERATING REVENUE (TARIFFS) ..... **Error! Bookmark not defined.**

5.7 FINAL 2024/2025 – 2026/2027 BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK .... Error! Bookmark not defined.
5.8 DETAILED FINAL OPERATING REVENUE BUDGET ..... Error! Bookmark not defined.
5.9 DETAILED CASHFLOW STATEMENT ..... Error! Bookmark not defined.
5.10 DETAILED FINAL CAPITAL BUDGET ..... Error! Bookmark not defined.
5.11 BUDGETED FINANCIAL POSITION ..... Error! Bookmark not defined.
5.11.1 Budget Related Policies ..... Error! Bookmark not defined.
5.11.2 Budget Policy ..... Error! Bookmark not defined.
5.12 VIREMENT POLICY ..... Error! Bookmark not defined.
5.12.1 Credit Control and Debt Collection Policy ..... Error! Bookmark not defined.
5.12.2 Tariff Policy ..... Error! Bookmark not defined.
5.12.3 Rates Policy ..... Error! Bookmark not defined.
5.12.4 Supply Chain Management Policy ..... Error! Bookmark not defined.
5.12.5 Performance Management ..... Error! Bookmark not defined.
CHAPTER 6: PERFORMANCE MONITORING AND EVALUATION ..... Error! Bookmark not defined.
6.1 INTRODUCTION ..... Error! Bookmark not defined.
6.2 LEGISLATIVE FRAMEWORK FOR PERFORMANCE MANAGEMENT 368
6.3 SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN 368
6.4 MONITORING AND EVALUATION OF THE MUNICIPAL AND INDIVIDUAL PERFORMANCE 369
6.5 ROLE PLAYERS IN THE MANAGEMENT OF PERFORMANCE MANAGEMENT 371
6.5.1 Internal Audit 371
6.5.2 Performance Audit Committee 371
6.5.3 Evaluation Panel 371

6.5.4 Executive Mayor and Members of the Mayoral Committee 371
6.5.5 Council and Section 80 Committees 372
6.5.6 Community 372
6.6 PERFORMANCE MANAGEMENT REPORTING 372
6.7 ORGANIZATIONAL PERFORMANCE ..... **Error! Bookmark not defined.**
6.7.1 Overall Performance Per Municipal Key Performance Area ..... **Error! Bookmark not defined.**
CHAPTER 7: MUNICIPAL PROJECTS AND EXTERNAL 375
7.1 INTRODUCTION 375
7.2 NEW PROPOSED PROJECTS BY THE COMMUNITY 378
7.3 DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT PROJECTS FOR NDM 2024/2025 ..... **Error! Bookmark not defined.**
7.4 DEPARTMENT OF WATER AND SANITATION PROJECTS FOR VICTOR KHANYE LOCAL MUNICIPALITY 2024/2025 FY 381
7.5 DARDLEA INFRASTRUCTURE DEVELOPMENT PROJECTS 381
7.6 MASIBUYELE ESIBAYENI PROJECTS 382
7.7 PHEZUKOMKHONO MLIMI PROJECTS ..... **Error! Bookmark not defined.**
7.8 IDENTIFIED DDM CATALYTIC PROJECTS AND PROGRAMMES 2025-2026 FY 383
7.9 COMMUNITY NEEDS PER WARD 386

LIST OF FIGURES

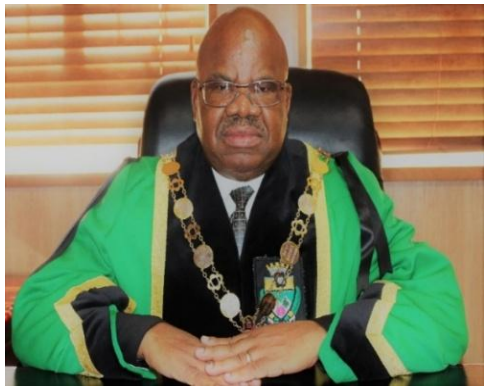
Map 2.1: Locality Map of the Municipality……..…37
Figure 2.1: Sustainable Development……40
Figure 2.2: Population number per municipal area, 2011 & 2022……..……42-43
Figure 2.3: Annual Population Growth Rate in VKLM, 1996-2022……44
Figure 2.4: Municipal Share to District Population…… 46
Figure 2.5: Municipal Share to Provincial Population……..47
Figure 2.6: Gender Composition in VKLM ……50
Figure 2.7: Proportion of Different Age Groups to Total Population, 2011 & 2022…….51
Figure 2.8: Age Composition in VKLM……...…52
Figure 2.9: ECD Attendance by Children 0-4 in VKLM……...53
Figure 2.10: Attendance at an Educational Institution……54
Figure 2.11: Grade 12 Performance by District Municipality, 2018 - 2024……...55
Figure 2.12: Grade 12 Performance by Local Municipality, 2020 - 2024…….56
Figure 2.13: Highest Level of Education……57
Figure 2.14: Attendance at an Educational Institution (9-24 years) ……60
Figure 2.15 Highest Level of Education (20+ plus years)……..…60
Figure 2.16: Share of Municipal Households to the District……..……..……..……....62
Figure 2.17: Annual Growth Rate of Households by Local Municipality in Nkangala ……..… 63
Figure 2.18: Average Household Sizes by Local Municipality in Nkangala District ……..64
Figure 2.19: Sex of Head of Households by Local Municipality in Nkangala District……65
Figure 2.20: HIV Prevalence by District Municipality in MP……83
Figure 2.21: HIV Prevalence amongst 15-24 Year Olds by LMs……...84
Figure 2.22: Teenage Deliveries in MP Health Facilities……85
Figure 2.23: Teenage Deliveries in MP Health Facilities……86
Figure 2.24: Teenage Deliveries in MP Health Facilities……... 87
Figure 2.25: Deliveries by Children aged 10-14 Years in MP Health Facilities by LM…… 88
Figure 2.26: Deliveries by Children aged 10-19 Years in Nkangala District……89
Figure 2.27: Organogram……96-97

LIST OF TABLES

Table 1.1: Public Consultation Meetings……31
Table 1.2: Composition and Roles of IDP Process within Victor Khanye Municipality…….33-35
Table 2.1: Ranking of Municipalities by Population Size…….....45
Table 2.2: Population Composition by Age and Gender ……48
Table 2.3: Population Growth Rate……49
Table 2.4: Basic education data & performance per municipal area ……57
Table 2.5: Household number per municipal area, 2011 & 2022……..58
Table 2.6: Local Municipality Grade 12 Pass Rate……....59
Table 2.7: Number of Households by Local Municipality in Nkangala District……61
Table 2.8: Age of Head of Households by Local Municipality in Nkangala District ……66
Table 2.9: Migration Status by Province/Area of Previous Residence……....67
Table 2.10: Type of Main Dwelling in Nkangala District by Local Municipality……....68
Table 2.11: Population Size Per Service: Sanitation ……68-69
Table 2.12: Type and Extent of Disability in VKLM……..90
Table 2.13 Use of Assistive Devices by People with Disabilities in VKLM……..91
Table 2.14: Key Roles & Responsibilities of Council Committees ……..93-94
Table 2.15: Status Quo Analysis of Organogram……133
Table 2.16: ICT Projects……149-150
Table 3.1: Adopted Process Plan Adherence ……158-159
Table 3.2: Evaluation of Responses to Key Service Delivery Priorities……..159-161
Table 3.3: Implementation of Municipal Staff Regulations ……..162
Table 3.4: Core Components – KPA……163-168
Table 3.5: Access to Water Services ……..169
Table 3.6: Access to Sanitation ……171
Table 3.7: Access to Energy Services…… 173
Table 3.8: Capacity and Demand of Electricity ……174
Table 3.9: Road Network Infrastructure within VKLM……..176
Table 3.10: Range of Housing found within VKLM……178
Table 3.11: List of Municipal Vehicles……180-184
Table 3.12: Municipal Transformation and Organizational Development Strategies……215
Table 3.13: Victor Khanye Formalisation Strategy Informal In Situ SDA's ……..246
Table 5.1: Medium Term Economic Indicator Projection……..340
Table 5.2: 2024-2027 Collection Rate…… 341
Table 5.3: Budget-Financial Performance……..342

Table 5.4: Operating Revenue and Expenditure Budget 2024/25- 2026/27……344
Table 5.5: TABLE A8 Budgeted Cash and Cash Equivalents……348
Table 5.6: TABLE A5 Final Capital Budget per funding source……349
Table 5.7: Capital Budget per funding……350
Table 6.1: Reports to be developed by the Municipality……360
Table 7.1: Agriculture, Land Reform and Rural Development Projects……372
Table 7.2: Water and Sanitation Projects……374
Table 7.3: Dardlea Infrastructure Development Projects……374
Table 7.4: Masibuyele Esibayeni Projects……375
Table 7.5: Phezukomkhono Mlimi Projects……375
Table 7.6: DDM Catalytic Projects and Programmes…….....376

FOREWORD BY EXECUTIVE MAYOR, COUNCILLOR KV BUDA



It is my pleasure to present the Draft Integrated Development Plan (IDP) for Victor Khanye Local Municipality for the 2026/2027 financial year. This document is compiled in terms of the Municipal Systems Act No. 32 of 2000, Chapter 4 and 5. It is a Strategic document for all planning, development and decisions by the Municipality in driving service delivery.

The document is compiled in accordance with the adopted process plan, which includes thorough public consultation with all Stakeholders to inform the final document that is before us.

The programmes and projects contained in this IDP document will only be possible if as a Municipality we are able to maximise our revenue collection rate. This can only be possible if our community members can fulfil their side of the bargain by paying their accounts monthly without a failure.

The Municipality will not be able to fulfil all the projects on its own hence we have to continue to engage sector departments and the private sector for their support in making sure that this document does not become a wish list but is implemented to the latter. From time to time, community priorities change as material conditions and the economy changes; we have aligned our planning to be able to respond to those changes. We take into consideration the rapid increase in the population of our town, which needs adequate planning and servicing, and maintenance of our infrastructure, which is taking strain.

This will be coupled by a very resourced administrative team that has the required skills and technical knowledge. The administration of the municipality will play a crucial role in making sure that all the programmes and projects that are on this document are implemented in an effective and efficient manner. Ours is to play an oversight role in the execution of the strategic plans of the institution and making sure that we full fil our constitutional mandate guided by the principles and policies of the Municipality. We hope that the views of the anticipated outcome of the implementation of this IDP represent all people of this wonderful town called Victor Khanye Local Municipality (Delmas), we will continue to give feedback to our communities concerning the milestones that we have achieved and the challenges we are facing. Through the budget consultation processes, we will also identify the programmes we have prioritised with our limited resources. Improving the lives of our communities for the better remains our main objective and we will never detour from this strategic and fundamental goal.

CLLR. KV BUDA
EXECUTIVE MAYOR

OVERVIEW BY MUNICIPAL MANAGER, TM MASHABELA



Firstly, I would like to thank the staff, Councillors, members of the communities and stakeholders for the support and commitment shown in the 2024/25 financial year. As we prepare for the 2026/27 financial year, it is my great pleasure to present the Municipality's Draft Integrated Development Plan (IDP) for the 2026/27 FY.

Section 34 of the Municipal Systems Act 32 of 2000 mandates that the Victor Khanye Local Municipality review and amend the Integrated Development Plan every year. The communities have reaffirmed their needs through public engagement activities, and these needs include access to facilities, employment opportunities, SMME support, water, roads, energy, health, and educational resources.

To ensure that the needs of local communities are met, the Municipality must ensure that its planning activities are appropriately coordinated and integrated with the provincial and national spheres of government.

To achieve the goal of attaining expediency in service delivery to our communities, the Integrated Development Plan should be viewed and, in fact, grow into the principal planning instrument for the three spheres of government.

Through this review, the Municipality will be tracking the projects included in this IDP attentively and evaluating each directorate's performance. The essential parties will work together to implement some of these projects. Our top priority will be to fortify our ties and alliances with the corporate community and other important Municipal stakeholders. The Municipality will investigate the economic prospects that might be unlocked in collaboration with the pertinent stakeholders as part of its duty to advance economic growth.

This document guides and provides information for all planning and development activities. It also forms the basis for the Medium-Term Revenue & Expenditure Framework (MTREF). This is to ensure that development is implemented in a coordinated manner. The IDP must provide guidance to the MTREF budget, which must be linked to specific Service Delivery & Budget Implementation Plan (SDBIP) objectives.

Section 26(h) of the Municipal Systems Act, No. 32 of 2000 (MSA), indicates that "*a financial plan, which must include a budget projection for at least the next three years*" is a core component of the IDP, hence the Municipality ensures that there is alignment between the IDP, Budget and SDBIPS at a Strategic level.

TM MASHABELA.
MUNICIPAL MANAGER

ACRONYMS

ABET	Adult Based Education and Training
AIDS	Acquired Immune Deficiency Syndrome
COGHSTA	Corporative Government and Human Settlement and Traditional Affairs
CBO's	Community Based Organisations
CETA	Construction Education and Training Authority
CHBC	Community Home Base Care
CIP	Comprehensive Infrastructure Plan
CMIP	Consolidated Municipal Infrastructure Programme
CPTR	Current Public Transport Record
DBSA	Development Bank of South Africa
DEAT	Department of Environmental Affairs and Tourism
DAC	District AIDS Council
DARDLA	Department of Agriculture, Rural Development and Land Administration
DDM	District Development Model
DRDLR	Department of Rural Development and Land Reform
DCOGTA	Department of Corporative Government and Traditional Affairs
DoH	Department of Health
DTI	Department of Trade and Industry
DM	District Municipality
DMA	District Management Area
DMRE	Department of Minerals Resources and Energy

DoE	Department of Education
DoE	Department of Energy
DPWR&T	Department of Public Works, Roads and Transport
DWS	Department of Water and Sanitation
ECA	Environmental Conservation Act
EIA	Environmental Impact Assessment
EIP	Environmental Implementation Plan
EHS	Environmental Health Services
EMP	Environmental Management Plan
EMS	Environmental Management System
EPWP	Expanded Public Works Programme
FBS	Free Basic Services
FBE	Free Basic Electricity
FPA	Fire Protection Association
GIS	Geographic Information System
HDI	Human Development Index
HOD	Head of Department
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
IEM	Integrated Environmental Management
IMEP	Integrated Municipal Environmental Programme
IWMP	Integrated Waste Management Plan

INEPBPU	Integrated National Electrification Programme Business Planning Unit
IS	Information System
IT	Information Technology
ITP	Integrated Transport Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LM	Local Municipality
LRAD	Land Redistribution for Agricultural Development
LTO	Local Tourism Organisation
LUMS	Land Use Management System
MAM	Multi-Agency Mechanism
MEC	Member of Executive Committee
MFMA	Municipal Finance Management Act
MHS	Municipal Health Services
MIG	Municipal Infrastructure Grant
MPCC	Multi-Purpose Community Centre
MSIG	Municipal Systems Improvement Grant

MSP	Master Systems Plan
NEMA	National Environmental Management Act
NEPAD	New Partnership for Africa Development
NERSA	National Energy Regulator of South Africa
NGO	Non-Governmental Organization
NSDP	National Spatial Development Perspective
NWMS	National Waste Management Strategy
OLS	Operating Licence Strategy
PGDS	Provincial Growth and Development Strategy
PHC	Primary Health Care
PMS	Performance Management System
PPP	Public Private Partnership
REDS	Regional Electricity Distribution System
RSC	Regional Service Council
RTO	Regional Tourism Organisation
SABS	South Africa Bureau of Standards
SACOB	South Africa Chamber of Business
SALGA	South Africa Local Government Association

SANAC	South African National AIDS Council
SANCO	South Africa National Civic Organization
SANRAL	South African National Roads Agency
SAPS	South African Police Service
SETA	Sector Education Training Authority
SDF	Spatial Development Framework
SLA	Service Level Agreement
SOER	State of the Environment Report
TSC	Thusong Services Centres
WSA	Water Services Authorities
IWSDP	Integrated Water Services Development Plan

CHAPTER 1: AN OVERVIEW OF THE IDP PROCESS

1.1 INTRODUCTION

Section 34 of the MSA prescribes that a municipality –

a) must review its integrated development plan-
   - annually in accordance with an assessment of its performance measurements in terms of section 41; and
   - to the extent that changing circumstances so demand.

b) may amend its IDP in accordance with a prescribed process.

The review process serves as an institutional learning process where stakeholders can meet to discuss the successes and frustrations of the previous year. It is not designed to interfere with the long-term Strategic objectives of the municipality. The review process is a strategic process to ensure the institution remains in touch with their intentions, informed of the varying needs of residents and up to date with the changing environment within which it functions.
The priorities and actions identified in this IDP will seek to better inform the municipality's budget and streamline service delivery initiatives. This will ensure that the Victor Khanye Local Municipality remains on course to attain its strategic objectives.

Local municipalities in South Africa must use "integrated development planning" as a method to plan future development in their areas. Apartheid planning left South Africa with cities and towns that:

- Have racially divided business and residential areas
- Are badly planned to cater for the poor - with long travelling distances to work and poor access to business and other services.
- Have great differences in level of services between rich and poor areas
- Have sprawling informal settlements and spread-out residential areas that make cheap service delivery difficult.

Rural areas were left underdeveloped and largely not serviced. The new approach to local government should be developmental and aims to overcome the poor planning of the past.

Integrated Development Planning is an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development.

1.2 THE SCOPE OF THE IDP

The 2026-2027 IDP comprised of seven (7) interlinked chapters that are mandatory for a credible IDP, in terms of the Department of Cooperative Governance and Traditional Affairs` (DCOG) IDP framework and guidelines.

CHAPTER 1

1. Provides an introductory overview of the process followed in compiling the IDP and the reviewing of the IDP annually.
2. The Process Plan will unfold in various phases which includes:

- the preparation phase,
- analysis,
- strategies,
- projects,
- integration; and
- Finally, approval phase of the IDP.

CHAPTER 2

1. The second chapter is a situational analysis, aiming to give the reader a better understanding of the context in which the IDP has been developed.
2. It outlines the municipal development profile in terms of the institutional and external environmental scan.
3. It captures the socio-economic indicators which comprises amongst others;
   - Demographics,
   - Social analysis,
   - Economic analysis, and
   - Spatial analysis.

CHAPTER 3

1. The third chapter details the municipal Development Strategies that will be employed by the Municipality to respond to its legislative mandate and its developmental and transformation needs. In this chapter, the Municipality's vision, mission, development objectives, development priorities, development strategies and five-year performance targets are clearly articulated.
2. The alignment between the IDP and the municipal long-term strategy is explained, together with the Municipal Budget and SDBIPS. Included herewith, there will be a briefing on some of the policies and priorities at various governmental levels, which have a bearing on the implementation of the IDP.

CHAPTER 4

The fourth chapter provides a brief summary of the Auditor-General (AG) audit findings and Audit Action Plan. MEC Comments for the Department of Cooperative Governance and Human Settlement and Traditional Affairs (COGHSTA) IDP assessment findings, and subsequent remedial measures taken to address these findings in compliance with statutory obligations.

CHAPTER 5

The fifth chapter is the financial plan of the Municipality over the next Medium-Term Revenue and Expenditure Framework (MTREF).
Items covered under this chapter includes;

- *inter alia* estimate of revenue,
- capital expenditure,
- revenue enhancement,
- Cash-flow statement for the medium-term as well as a brief explanation of policies that support the municipal budget.
- It also includes how this MTREF is linked to the Municipality's IDP.

CHAPTER 6

The sixth chapter provides an outline of the performance management framework that guides how the municipality will monitor the progress made towards the achievement of the set IDP targets.

Topics covered in this chapter include;

- the legislative framework for performance management,

- role players in performance management,
- and the types of reports that are produced as a result of the performance management process.

CHAPTER 7

The last chapter (chapter seven) provides an outline of the Municipality's planned and budgeted projects to be implemented by the Municipality, and those that will be implemented by provincial and national sector departments.

It also include the projects that are implemented and funded by the private sector such as DMRE as part of their Social Labour Plans and Corporate Social Investment. Most of these projects span out for the duration of the medium-term period (3 years). The planned projects form part of the municipal strategy to respond to the five-year development priorities of the Municipality.

1.3 THE IDP PROCESS

According to the MSA, every new Council that comes into office after the local government elections has to prepare its own IDP that will be a Strategy to guide Council for a period of five years in office. The IDP is therefore linked to the five-year term of Councillors. This however, does not restrict all proposals in the IDP for five years.

Before starting the implementing IDP process, an **IDP Process Plan** must be drawn up. This plan is meant to ensure the proper management of the planning process.

This plan should outline:

- The structures that will manage the planning process
- How the public can participate and structures that will be created to ensure participation
- Time schedule for the planning process
- Who is responsible for what;
- How will the process be monitored.

A clear distinction must also be drawn between the main IDP which is compiled every five years (or if a new council comes into power within the five-year period and does not accept the previous council's IDP) and the annual review of the IDP. The annual review is not a replacement of the five-year IDP and its purpose is not to interfere long-term strategic orientation of the IDP. The annual review reflects and reports on progress made with respect to the five-year strategy (and strategic goals) and proposes adjustments to the strategy, if necessary, because of changing internal and external circumstances that affect the appropriateness of the IDP.

Once the IDP is drawn up all municipal planning and projects should happen in terms of the IDP. The annual council budget should be based on the IDP. Other government departments working in the area should consider the IDP when making their own plans. It should take 6 to 9 months to develop an IDP. During this period service delivery and development continue. The IDP has to be drawn up in consultation with forums and stakeholders. The Council must approve the final IDP document, which must be submitted on the 31 May of every year.

The process undertaken to produce the IDP`s five (5) phases which are all critical as mentioned above and they are further outline below:

1.3.1 PHASE 1: ANALYSIS

During this phase, information will be gathered on the existing conditions within the municipality from all Municipal Wards. It focuses on the types of problems faced by people of VKLM and the causes of these problems. Public Consultation meetings, assist the municipality to draw up situational analysis.

Local Government: Municipal Systems Act (Act 32 of 2000) states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose encourage, and create conditions for the local community to participate in the affairs of the municipality, including in the preparation, implementation and review of its integrated development plan. The participation of communities is driven through a Ward Committee System managed by the Public Participation Unit located in the Office of the Speaker.

Public Participation Consultations were held as per the following schedule:

Table 1.1: Public Consultation Meetings

WARD	COUNCILLOR	DATE OF MEETING
WARD 01	Cllr B Mbalati	08 May 2025
WARD 02	Cllr BD Yeko	22 May 2025
WARD 03	Cllr T Malomane	09 April 2025
WARD 04	Cllr ES Lebatse	11 April 2025
WARD 05	Cllr. HM Ngoma	20 May 2025
WARD 06	Cllr S Ngcobo	21 May 2025
WARD 07	Cllr Z Ndlovu	10 May 2025
WARD 08	Cllr D Bath	24 May 2025
WARD 09	Cllr E Masilela	25 May 2025

1.3.2 PHASE 2: STRATEGIES

During this phase, the municipality worked on finding solutions to the problems assessed in Phase One.

- **Defining development objectives**

Development objectives are clear statements of what the municipality would like to achieve in the medium term to deal with the problems outlined in Phase One.

For example: *Provide access to clean water for all residents including those living in the informal settlement.*

- **Development strategies**

Once the municipality has worked out where it wants to go and what it needs to do to get there, it needs to work out how to get there. A development strategy is about finding the best strategies for the municipality to meet developmental objectives.

- **Project Identification**

Once the municipality has identified the best methods of achieving its development, objectives it leads to the identification of specific projects. In this way, the Municipality is able to come up with a priority Lists of Projects that will consider first the basic service delivery matters.

1.3.3 PHASE 3: PROJECTS

During this phase, the municipality worked on the design and content of projects identified during Phase 2.

Clear details for each project must be worked out in terms of:

- Who is going to benefit from the project?
- How much is it going to cost?
- How is this project going to be funded?
- How long would it take to complete?
- Who is going to manage the project?

Clear targets were set and key performance indicators were worked out to measure performance as well as the impact of individual projects.

1.3.4 PHASE 4: INTEGRATION

Once all projects are identified, the municipality must check again if they contribute to meeting the objectives outlined in Phase 2. These projects will provide an overall picture of the development plans.

All the development plans now had to be integrated in this phase. The municipality should also have overall strategies for issues like dealing with AIDS, poverty alleviation and disaster management.

1.3.5 PHASE 5: APPROVAL

The IDP both DRAFT and Final, are tabled before Council for consideration and adoption during the final stage. The Council on its sittings every March of each year for adopting the draft IDP. During this period, the Community is encouraged to make and submit their comments before the approval of the Final IDP. The Final IDP is normally tabled and adopted at the end of May every year.

1.4 THE IDP GOVERNANCE & INSTITUTIONAL ARRANGEMENT

The following institutional structures have been identified in the municipality's public participation strategy as key structures in the development of the IDP. These structures represent a wider audience of stakeholders, which include organised business, labour, civil society, ward committees, Traditional Leaders, NGOs, CBOs, as well as members of the public.

Table 1.2: Composition and Roles of IDP Process within Victor Khanye Municipality

STRUCTURE/ STAKEHOLDER	COMPOSITION	ROLES AND RESPONSIBILITIES
Mayoral Committee	• Executive Mayor • Members of the Mayoral Committee	• Decide on the Process Plan and make firm recommendations to Council. • Chair meetings of IDP Forum.
Council	All Councillors	Approve the Process Plan and the IDP.
IDP Technical Committee	• Municipal Manager • IDP/PMS Manager • LED Manager • PMU Manager • G&SD Manager • Four Executive Managers • Communications Manager • Departmental Heads	• Assess the level of development by among others, conducting the community and stakeholder issue analysis. • In-depth analysis of priority issues through assessing context, causes, dynamics, resources and potential related to those issues. • Provide technical expertise in the consideration and finalization of strategies and identification of projects. • Make preliminary budget projections for the capital and operational budget allocations, • Design project proposals and set project objectives, targets and indicators. • Contribute to the integration of projects and sector programmes;

IDP/Budget Steering Committee	• Chaired by: Municipal • Manager • Secretariat: IDP Manager • **Composition:** • Members of the Mayoral Com • Ward Councillors • Municipal Heads of Departments/Designated officials • Deputy Chief Financial Officer • Manager: Strategic Support • Manager: Service Delivery • Deputy Manager: M&E (PMS)	• Facilitate discussions and resolutions of issues pertinent to specific municipal key focus areas • Consider and make recommendations on items submitted. • Facilitate discussions of pertinent issues affecting governments and stakeholders. • Determine methodology to be followed in order to meet the deadlines of the process plan. • Commissioning of research studies where applicable. • Consider and commenting on inputs from sub-committees, study teams and consultants. • Consider inputs and commenting from Provincial sector departments and support provided. • Process, summaries and document output. • Conduct an in-depth analysis of all surroundings that affect the planning within the municipality. • Determine the strength, weakness, opportunities and threats in relation to the key focus area under consideration. • Identify, invite and engage all stakeholders (sector departments, interest groups, municipal officials, NGO`s, individuals, etc.) that are relevant to key focus areas under consideration and constitute working committee to be chaired by the director. Formulate strategic objectives, key performance indicators and projects in a manner that will respond to the development gaps as outlined in a problem statement. Commissioning of research studies, formulation of study teams, thinking tanks, and some committees and consideration of inputs as they come. Revise and integrate all sector plan, strategies and policies pertinent to specific municipal key focus area under consideration.

IDP Forum	• Executive Mayor • IDP Technical Committee members. • Members of Mayoral Committee • Councillors • Ward Committees • Community Development workers • Government Departments • Representatives of organized Groups • Stakeholder representatives	• Represent interests of their constituents in the IDP process. • Provide organizational mechanism for discussion, negotiation and decision-making between the stakeholders. • Ensure communication between Stakeholder representatives including municipal government • Monitor the performance of the planning and implementing process
Community Stakeholders	• Unofficial Groups • Mining Companies • NGOs/ CBOs • Agricultural Organizations • Parastatal Organizations	Offer input from their perspective – from a business, community and welfare point of view.
Municipal Manager	Municipal Manager	Oversee the whole IDP process and to take responsibility.
IDP Manager	IDP Manager	Manage the process of developing and revising the IDP.
Ward Committees	Members of Ward Committees	Assist in the organizing of public consultation and participation engagements.

CHAPTER 2: MUNICIPAL ENVIRONMENTAL PROFILE

2.1 INTRODUCTION

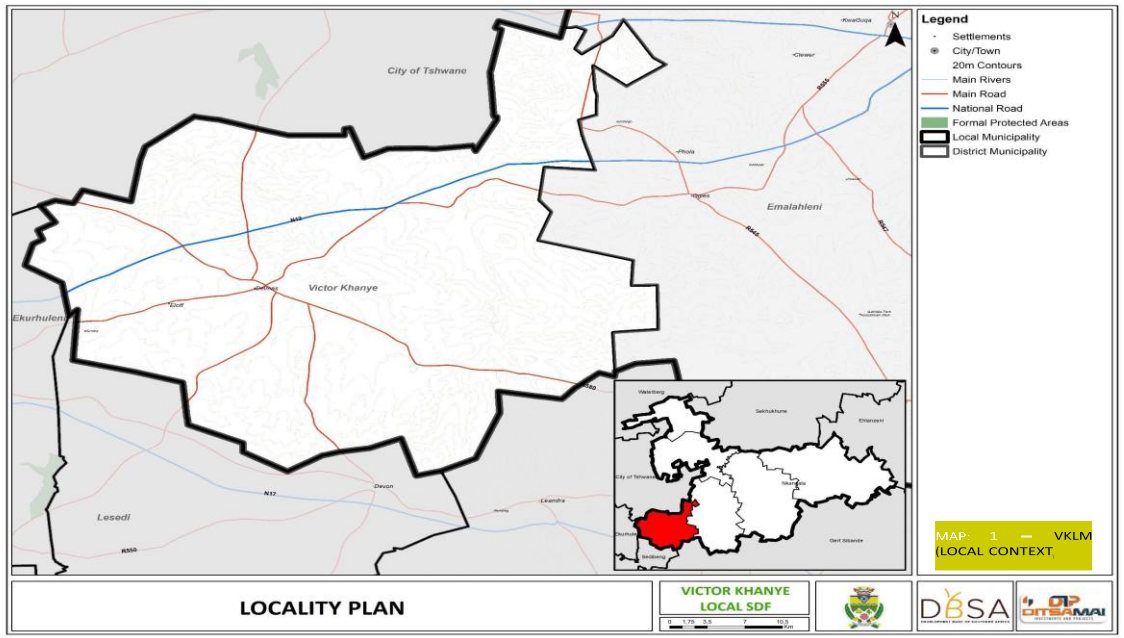
This chapter provides a detailed summary of the municipality's development profile or situation analysis and is divided into two sections, namely, the environmental profile and institutional profile.

2.2 ENVIRONMENTAL PROFILE

This section provides a situational analysis of Victor Khanye Local Municipality. The analysis ranges from demographic, social, economic, spatial, environmental as well as service delivery assessment.
The aim of this Chapter is to provide detailed information on the status quo of all the various facets or conditions that make up and found within the VKLM municipal area. The results of these analyses are then used to devise means of intervention with a view to overcome the hindrance to development. This implies that the findings are used to inform future planning and address the challenges and problems that exist within the communities in the municipal area.
Own research, field studies within Victor Khanye Local Municipality – Final IDP Review 2024-2025, statistical resources such as Stats`-SA Census, Surveys and Annual Performance Reports were used in conducting the analysis (situation). Natural resources make a significant and direct contribution to the Municipalities economy. The Municipality forms part of the Nkangala District Municipality, which is a Category C District Municipality in the Province. It is the smallest District of the three in the province, making up 22% of its geographical area. Nkangala is at the economic hub of Mpumalanga and is rich in minerals and natural resources. A strength of the district is the Maputo Corridor, which brings increased potential for economic growth and tourism development. The proximity to Gauteng opens up opportunities for a larger market, which is of benefit to the district's agricultural and manufacturing sectors. The potential in exporting goods, which provides opportunities, that need to be investigated.

2.2.1 Geographical Location

Map 2.1: Locality Map of the Municipality



14

Source: 2022 SDF Map

Victor Khanye Local Municipality is strategically located in the provincial context, as it is located between Johannesburg in Gauteng and Nelspruit in Mpumalanga Province. It is also located close to the economically thriving metropolitan municipalities in Gauteng namely, Ekurhuleni and Tshwane. It is 10km from the N12 Highway, which joins the N4 Maputo corridor, the main link between Gauteng Province, Mpumalanga Province and Mozambique. According to the Stats-SA, (2022 Census), the total population of Victor Khanye Local Municipality is approximately 106 149 persons, which amounts to 5.8% of the total Nkangala District Municipality population 1 445 624, and 1.9% of the Mpumalanga province population of 4 335 964.

The Municipality is very rural in nature and is a major maize producing area. The local towns and residential areas have developed as service centres to agricultural sector. These areas are Arbor, Argent, Botleng, Delmas, Eloff and Sundra. The Municipal headquarters are in Delmas, which is the CBD of the town.

The Municipality is currently characterised 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 municipality`s economy.

The Spatial Development perspective of the municipality translates the IDP of the Municipality into spatial principles and strategies and thus constitutes the spatial implementation of the IDP. The Spatial Development perspective focuses on integrating the fragmented spatial structure of the municipality with the emphasis of ensuring that all communities have equitable access to sustainable services. It also ensures that economic, cultural, recreational and educational activities and opportunities, reach communities in dispersed rural areas in an efficient manner.

2.3. PHYSICAL ENVIRONMENT SPACE

2.3.1. Topology and Climate

The most prominent natural feature of the Victor Khanye Local Municipality is the vast underground water reserves and amazing soil quality, rich in coal reserves. The topography of the area does not pose any significant obstacles to development. The landscape of the Victor Khanye LM is characterized by flat to gentle topography of grassland and cultivated land. Steeper slopes are found on the north part of Delmas in the direction towards Bronkhorstspruit route. The climate is typical Highveld with a mean annual rainfall of between 600 and 800 mm. Average maximum temperature ranges between 25°C and 29°C and the mean minimal temperature between -1.9°C and 2.0°C.

2.3.2. Geology

The Victor Khanye Local Municipality (previously Delmas Local Municipality) is a Category B municipality strategically located within the Nkangala District Municipality 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, which is N12 that was declared as Maputo Corridor where it enjoins N4 Freeway to Maputo. There is a railway line running through to the inner part of Mpumalanga and Mozambique. The municipality is regarded as a gateway to the Mpumalanga Province.

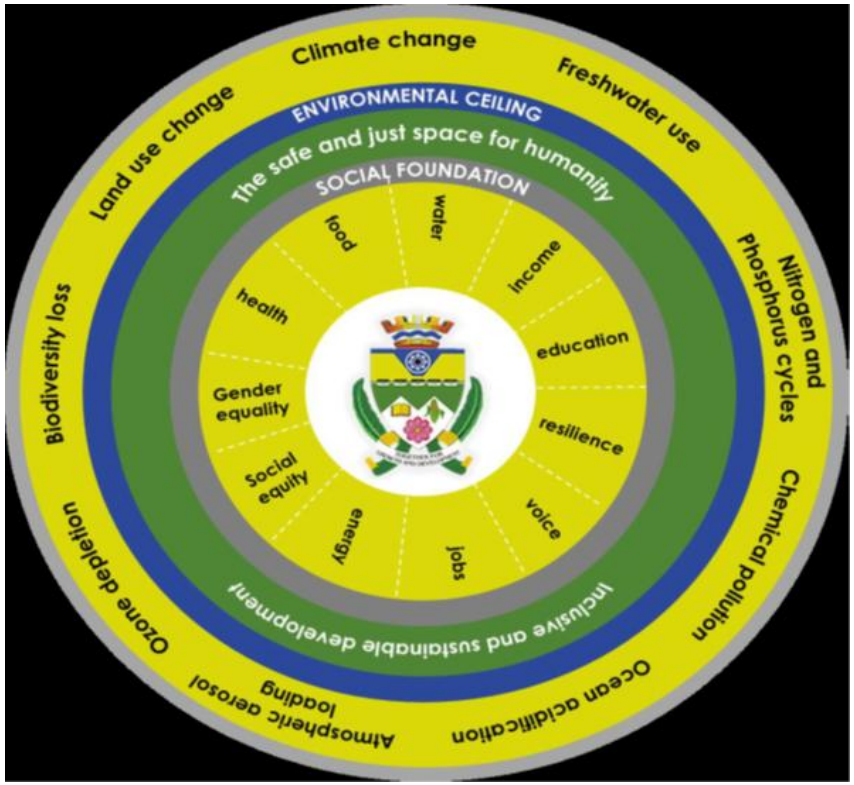
Victor Khanye Local Municipality is situated on the Western Highveld of Mpumalanga Province, covering a geographic area of approximately 1,567 square kilometres. The prominent towns and settlements in the Municipality include Delmas, Botleng, Sundra, Eloff and Delpark. Victor Khanye Local Municipality is well connected to both Gauteng and Mpumalanga. Regional access is provided via the N12, R555, R50 and R42.

The Municipality is strategically located in the sense that it borders the metropolitan areas of Tshwane and Ekurhuleni respectively to the west and which is an advantage in terms of transporting of agricultural and mining products to processing facilities and markets. The main centre of the Municipality is situated in the CBD of Delmas Town.

The Municipality is currently characterized by 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. The Municipality forms part of the Nkangala District Municipality, which is a Category C District Municipality in the Province. It is the smallest District of the three in the province, making up 22% of its geographical area. Nkangala is at the economic hub of Mpumalanga and is rich in minerals and natural resources.

A strength of the district is the Maputo Corridor, which brings increased potential for economic growth and tourism development. The proximity to Gauteng opens opportunities for a larger market, which is of benefit to the district's agricultural and manufacturing sectors. The potential in exporting goods, which provides opportunities, that need to be investigated.

Figure 2.1: Sustainable Development



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. The Municipality forms part of the Nkangala District Municipality, which is a Category C District Municipality in the Province. It is the smallest District of the three in the province, making up 22% of its geographical area. Nkangala is at the economic hub of Mpumalanga and is rich in minerals and natural resources. A strength of the district is the Maputo Corridor, which brings increased potential for economic growth and tourism development. The proximity to Gauteng opens up opportunities for a larger market, which is of benefit to the district's agricultural and manufacturing sectors. The potential in exporting goods, which provides opportunities, that need to be investigated.

2.3.3. Biodiversity & Vegetation

Victor Khanye Local Municipality does not host much-threatened flora, with only five Red Data plant species having been recorded in the municipal area. A few small, isolated pockets considered being significant, and important biodiversity value is found throughout the municipality area.

Notably, there are no 'irreplaceable' hotspots in Victor Khanye Municipality. However, there are 'highly significant' patches - in terms of biodiversity, namely the north-eastern corner of the Municipality, the north-western corner, around Delmas, and finally a patch in the south of the municipal area.

There are concentrations of 'important and necessary' biodiversity, namely the north-western block, the north-eastern block, the area east of Argent, and the area along the southern municipal boundary. Conserving these areas is of extreme importance, as Victor Khanye LM is particularly threatened with the ecosystem collapsing.

2.3.4 Soil & Air Quality

In November 2007, the Highveld was declared a priority area, referred to as the Highveld Priority Area, in terms of Section 18(1) of the National Environmental Management: Air Quality Act 2004 (Act No. 39 of 2004).

This implies that the ambient air quality within the Highveld Priority Area exceeds or may exceed ambient air quality standards. Alternatively, if a situation exists within the Highveld Priority Area, which is causing or may cause a significant negative impact on air quality in the area, that area will require specific air quality mitigation strategy to rectify the situation. The areas declared as such includes the entire area of Victor Khanye, Emalahleni and Steve Tshwete Municipalities, all these LMs fall under Nkangala District Municipality.

2.4 DEMOGRAPHIC INDICATORS

2.4.1 POPULATION

- According to Stats SA's Census 2022, Victor Khanye's population increased from 75 452 in 2011 to 106 149 people in 2022 – 3rd smallest population in the province and 6.7% of Nkangala's population in 2022.
- In 2022, the youth population (0-34 years) formed 63.9% of the total population & the elderly population (60+ years) formed 6.9% of Victor Khanye's population.
- In 2022, the female population's share was 49.2% and that of males 50.8%.
- Population increased by 30 697 between 2011 and 2022, a population growth rate of 3.3% per annum (p.a.), which was slightly higher than the annual average economic growth rate over the same period.
- **Third highest population growth rate** of the 17 municipal areas in Mpumalanga.
- The number of migrants from other provinces was 3 965 and 1 581 from outside South Africa.
- The number of households in Victor Khanye increased from 20 548 in 2011 to 33 786 households in 2022 – **an increase of 13 328 households & a growth of 4.8% pa, third highest in Mpumalanga**.
- Victor Khanye's share of share of Nkangala's households increased from 5.8% in 2011 to 7.0% in 2022.
- The household size declined from 3.7 in 2011 to 3.1 in 2022.
- In 2022, the share of female headed households was 44.1% and the share of child headed (12 – 17 years of age) households was 0.3%. Share of 60+ headed households 15%(

Population number per municipal area, Census 2011 & 2022

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
Chief Albert Luthuli	186 010	247 664	53.2%	66.6%	8.7%	2.8%	1.1%
Msukaligwa	149 377	199 314	51.3%	64.1%	7.5%	2.8%	1.5%
Mkhondo	171 982	255 411	53.1%	68.3%	6.6%	3.8%	0.8%
Dr Pixley Ka Isaka Seme	83 235	115 304	52.0%	62.6%	9.9%	3.2%	3.5%
Lekwa	115 662	119 669	51.3%	60.1%	9.6%	0.3%	1.3%
Dipaleseng	42 390	35 980	51.0%	59.4%	9.9%	-1.6%	4.0%
Govan Mbeki	294 538	310 117	49.9%	62.1%	8.3%	0.5%	-0.2%
Victor Khanye	75 452	106 149	49.2%	63.9%	6.9%	3.3%	3.2%
Emalahleni	395 466	434 522	49.2%	62.4%	7.4%	0.9%	0.5%
Steve Tshwete	229 831	242 031	50.3%	59.9%	8.6%	0.5%	0.6%
Emakhazeni	47 216	50 165	51.6%	60.4%	10.1%	0.6%	1.6%
Thembisile Hani	310 458	431 248	52.2%	62.4%	9.5%	3.2%	1.6%
Dr JS Moroka	249 705	324 855	52.6%	61.2%	13.0%	2.6%	1.3%
Thaba Chweu	98 387	118 474	50.1%	60.7%	8.0%	1.8%	0.9%
Nkomazi	393 030	591 928	53.0%	68.4%	6.2%	4.0%	1.0%
Bushbuckridge	538 593	750 821	54.3%	67.0%	8.1%	3.2%	2.0%
City of Mbombela	658 604	809 674	51.7%	64.2%	7.2%	2.0%	1.0%
Mpumalanga	4 039 938	5 143 324	52.0%	64.3%	8.1%	2.3%	0.9%

Population number per municipal area, Census 2011 & 2022

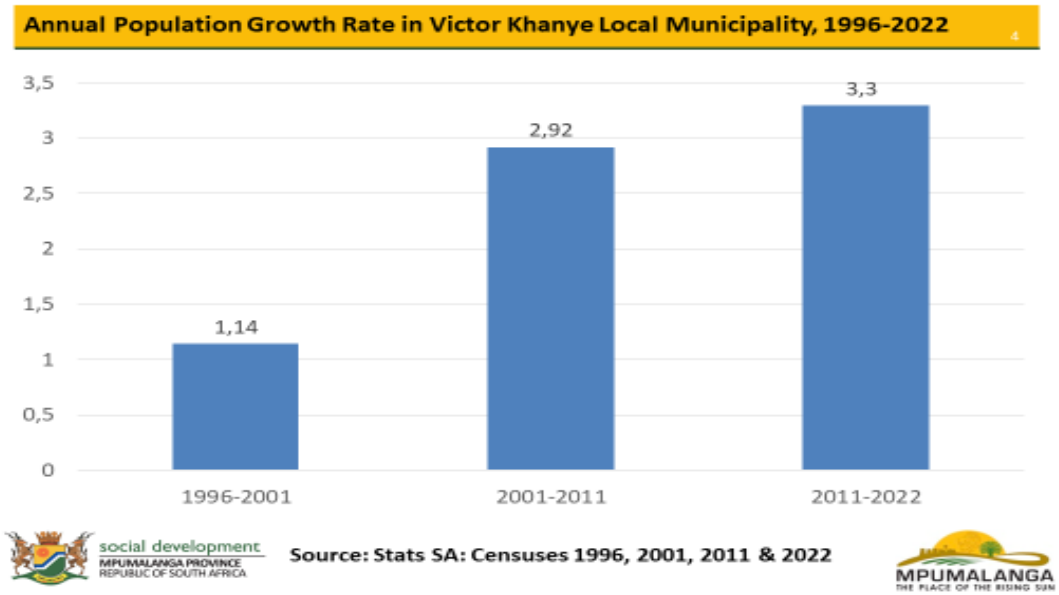
Figure 2.2: Population number per municipal area, 2011 & 2022

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
Chief Albert Luthuli	186 010	247 664	53.2%	54.5%	5.8%	2.8%	1.1%
Msukaligwa	149 377	199 314	51.3%	51.8%	4.9%	2.8%	1.5%
Mkhondo	171 982	255 411	53.1%	49.1%	4.3%	3.8%	0.8%
Dr Pixley Ka Isaka Seme	83 235	115 304	52.0%	50.1%	6.1%	3.2%	3.5%
Lekwa	115 662	119 669	51.3%	63.0%	7.6%	0.3%	1.3%
Dipaleseng	42 390	35 980	51.0%	77.2%	10.4%	-1.6%	4.0%
Govan Mbeki	294 538	310 117	49.9%	63.0%	5.6%	0.5%	-0.2%
Victor Khanye	**75 452**	**106 149**	**49.2%**	**46.7%**	**5.4%**	**3.3%**	**3.2%**
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%**
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%**
Thaba Chweu	98 387	109 223	50.5%	57.4%	6.7%	1.0%	0.4%
Nkomazi	393 030	591 928	53.0%	50.1%	3.8%	4.0%	1.0%
Bushbuckridge	538 593	750 821	54.3%	53.1%	5.3%	3.2%	2.0%
City of Mbombela	658 604	818 925	51.7%	56.0%	5.1%	2.1%	1.0%
MPUMALANGA	**4 039 938**	**5 143 324**	**50.5%**	**57.4%**	**6.7%**	**2.3%**	**0.9%**

Sources: Stats SA – Census 2011 & 2022 S&P Global – ReX, October 2023

Figure 2.3: Annual Population Growth Rate in VKLM, 1996-2022



Looking at Figure 2.3, it illustrated the population growth rate in VKLM from the periods; 1996 – 2001. This shows that the growth rate was at 1.14. This means that people that were not staying in VKLM back then were somehow attracted to VKLM but not on a maximum pace.

If we continue looking at the population growth from the period 2001 – 2011, the percentage growth shows an increase of about 2.92%, this shows an increase in the population of VKLM.

From the period 2011 – 2022, the population growth increased with about 3.3% of which it shows a significant growth and VKLM was then regarded as a fast-growing population area and a pulling environment based on the opportunities that are existing within VKLM, although VKLM was ranked at number 5 as a small growing Municipality in the Nkangala District Municipality.

Ranking of Municipalities by Population Size, 2022

Local Municipality	Population Size	Ranking
Emalahleni	434 238	1
Thembisile Hani	431 248	2
Dr JS Moroka	324 855	3
Steve Tshwete	242 031	4
Victor Khanye	**106 149**	**5**
Emakhazeni	50 165	6

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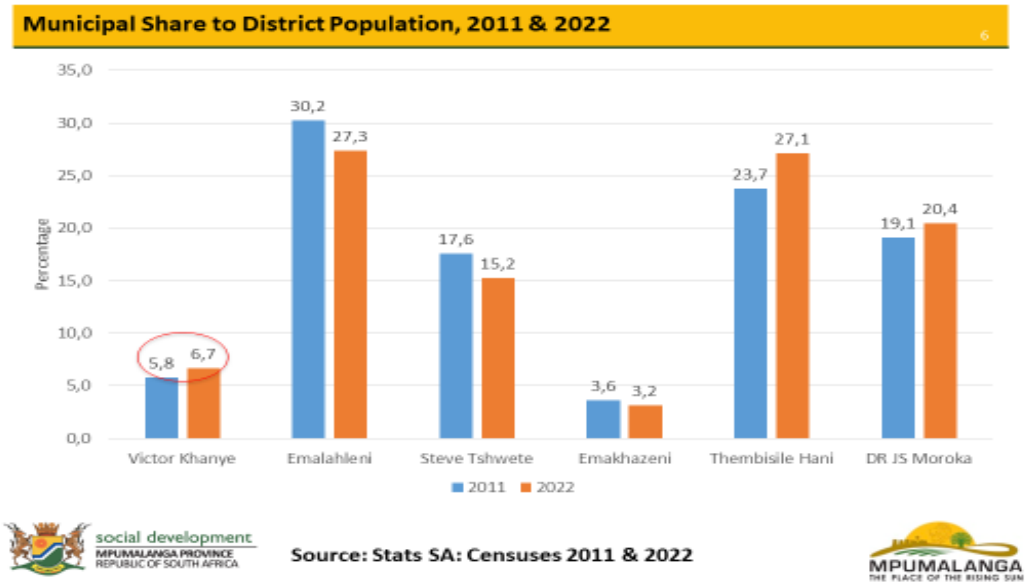
Source: Stats SA: Census 2022

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Table 2.1: Ranking of Municipalities by Population Size

Table 2.1 above indicates the ranking of Victor Khanye LM as Number 5, in terms of the population size. Table 2.4 illustrates the municipal share for Victor Khanye LM:

Figure 2.4: Municipal Share to District Population

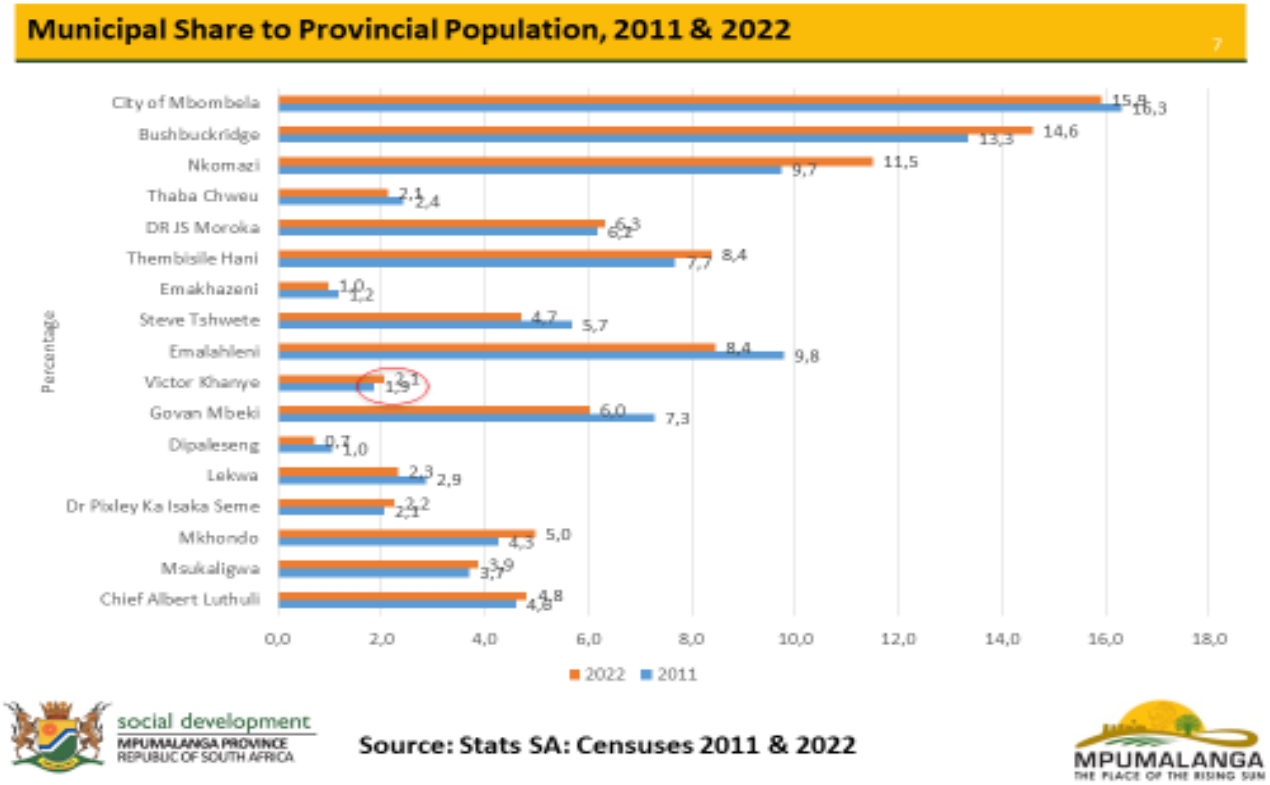


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Source: Stats SA: Censuses 2011 & 2022

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Figure 2.5: Municipal Share to Provincial Population



The number of households in Victor Khanye increased from **24 270 in 2016** to **33 786** households in **2022** – an increase of 9 516 households & a growth of 3.1% per annual (p.a.), the third highest in Mpumalanga.

The household size declined from 3.7 in 2016 to 3.1 in 2022. High population and household growth put more pressure on basic service delivery, education and health facilities and economic/employment opportunities.

Number of households 33 786 (3.5 people per household) which makes a 5.8% of Nkangala's households.

The population size is defined as the total number of households in a particular municipal area of which it also covers even the informal dwellers. This is key when determining service provision requirement and infrastructure needs of local inhabitants.

The growth rate of the population is of importance, in the sense that it enables the Municipality to do future projections. These projections are used to determine future needs and indicate outward or inward migration, which in turn has an effect on job creation or availability and economic growth.

2.4.2 Gender and Age

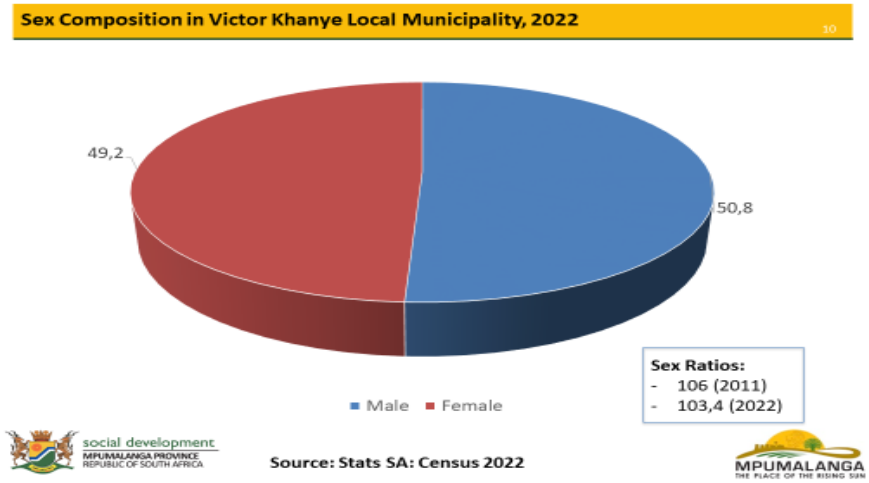


Figure 2.6: Gender Composition in VKLM

	Male	Female	Total
Ward 2022			
Victor Khanye Local Municipality	**53973**	**52175**	**106149**
83101001	2735	3017	5752
83101002	4730	4736	9466
83101003	13329	13124	26454
83101004	4460	4104	8564
83101005	7609	7598	15207
83101006	3074	3146	6220
83101007	7653	6825	14478
83101008	2704	2298	5002
83101009	7679	7327	15006

WARD POPULATION BY POPULATION GROUP

	Black African	Coloured	Indian or Asian	White	Other	Total
Victor Khanye Local Municipality	**98196**	**832**	**374**	**6736**	**11**	**106149**
83101001	5685	53	2	12	0	5752
83101002	9366	65	10	23	1	9466
83101003	26186	132	67	67	2	26454
83101004	8488	51	15	9	0	8564
83101005	15102	78	17	9	0	15207
83101006	5728	20	24	447	0	6220
83101007	11731	127	94	2519	6	14478
83101008	3142	91	34	1735	0	5002
83101009	12767	214	111	1914	0	15006

2.4.4 Level of Education

Local municipal area	Grade 12 Pass Rate				Trend	Admission to B degree studies
	2014	2019	2024	2025	2024-2025	2025
Emalahleni	81.9%	81.2%	90.3%	94.0%		49.1%
Steve Tshwete	85.6%	89.0%	92.9%	92.4%		52.1%
Dipaleseng	81.4%	77.9%	91.6%	92.0%		43.3%
Msukaligwa	80.6%	83.9%	92.8%	91.4%		48.9%
Chief Albert Luthuli	80.1%	81.6%	89.4%	89.8%		51.2%
Thaba Chweu	81.1%	84.0%	90.5%	89.3%		46.9%
City of Mbombela	80.5%	82.7%	87.7%	88.1%		46.6%
Nkomazi	86.0%	87.1%	89.4%	87.8%		43.2%
Victor Khanye	74.6%	78.2%	83.2%	86.1%		35.9%
Dr Pixley Ka Isaka Seme	68.1%	75.7%	89.4%	85.5%		35.9%
Dr JS Moroka	73.8%	75.6%	85.5%	85.1%		38.9%
Mkhondo	70.9%	64.6%	81.2%	84.9%		45.6%
Lekwa	84.7%	85.2%	89.4%	84.5%		35.8%
Bushbuckridge	76.4%	76.0%	77.7%	83.0%		37.1%
Govan Mbeki	76.3%	83.2%	84.2%	82.8%		39.9%
Emakhazeni	85.7%	83.5%	69.6%	82.0%		35.7%
Thembisile Hani	77.1%	79.1%	79.2%	81.6%		35.2%

Grade 12 pass rate & performance per municipal area

Local municipal area	Grade 12 Pass Rate				Trend	Admission to B degree studies
	2014	2019	2024	2025	2024-2025	2025
Emalahleni	81.9%	81.2%	90.3%	94.0%		49.1%
Steve Tshwete	85.6%	89.0%	92.9%	92.4%		52.1%
Dipaleseng	81.4%	77.9%	91.6%	92.0%		43.3%
Msukaligwa	80.6%	83.9%	92.8%	91.4%		48.9%
Chief Albert Luthuli	80.1%	81.6%	89.4%	89.8%		51.2%
Thaba Chweu	81.1%	84.0%	90.5%	89.3%		46.9%
City of Mbombela	80.5%	82.7%	87.7%	88.1%		46.6%
Nkomazi	86.0%	87.1%	89.4%	87.8%		43.2%
Victor Khanye	**74.6%**	**78.2%**	**83.2%**	**86.1%**		**35.9%**
Dr Pixley Ka Isaka Seme	68.1%	75.7%	89.4%	85.5%		35.9%
Dr JS Moroka	73.8%	75.6%	85.5%	85.1%		38.9%
Mkhondo	70.9%	64.6%	81.2%	84.9%		45.6%
Lekwa	84.7%	85.2%	89.4%	84.5%		35.8%
Bushbuckridge	76.4%	76.0%	77.7%	83.0%		37.1%
Govan Mbeki	76.3%	83.2%	84.2%	82.8%		39.9%
Emakhazeni	85.7%	83.5%	69.6%	82.0%		35.7%
Thembisile Hani	77.1%	79.1%	79.2%	81.6%		35.2%

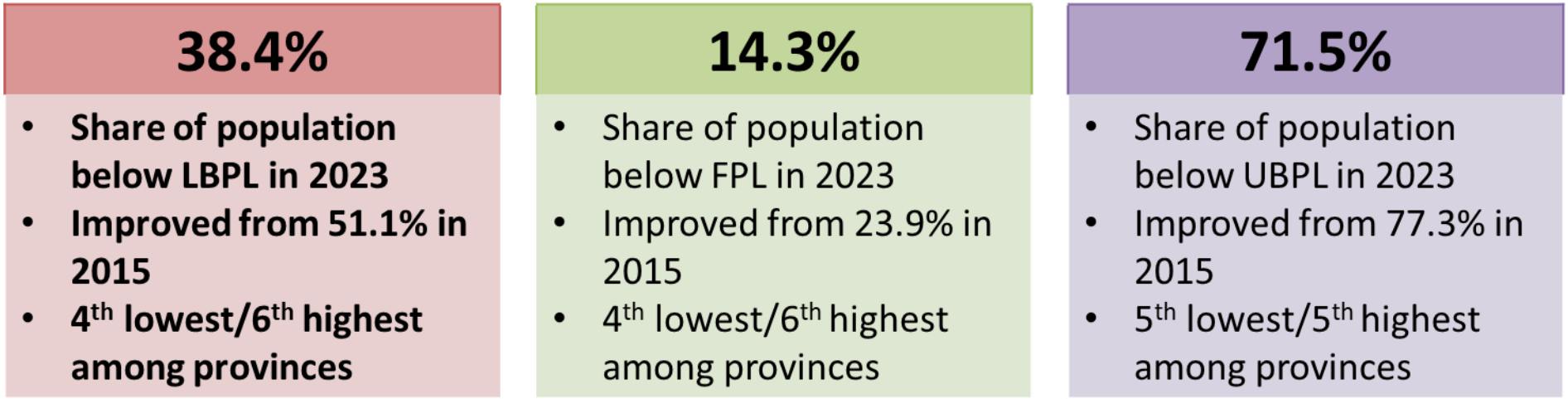
Victor Khanye selected education indicators

- Victor Khanye's grade 12 pass rate **improved** from 74.6% in 2014 to 86.1% in 2025, which was **the 9th highest** of the 17 municipal areas in the province in 2025.
- **Had the highest pass rate in the province a couple of years ago? Importance for DoE to address the challenges in low performing schools**.
- Victor Khanye's grade 12 pass rate improved however, between 2024 and 2025 by 2.9 percentage points.
- The area achieved an admission rate to university/degree studies of 41.4% in 2024, but it **deteriorated to 35.9% in 2025, which was the joint 4th lowest in the province**.
- The challenge is to accommodate the educated young people in the area - inadequate economic opportunities. According to Census 2022, the proportion of population 20 years and older with no schooling improved between 2011 and 2022 – the indicator shows a decline/improvement from 11.8% in 2011 to 8.0% in 2022.
- The proportion of population 20 years and older with a tertiary qualification declined alarmingly between 2011 and 2022 – the indicator deteriorated from 7.2% in 2011 to 3.8% in 2022. Not good at all. **Brain drain**?
- In 2022, the education institution attendance of 0–4 year olds was 57.7%.
- Between 2011 and 2022, the education institution attendance of 5-24 year olds deteriorated from 68.0% to 64.0%.
- In 2024, Victor Khanye's functional literacy was 86.7%, the 9th highest in the province, and improving.

Top 10 most difficult skills to recruit



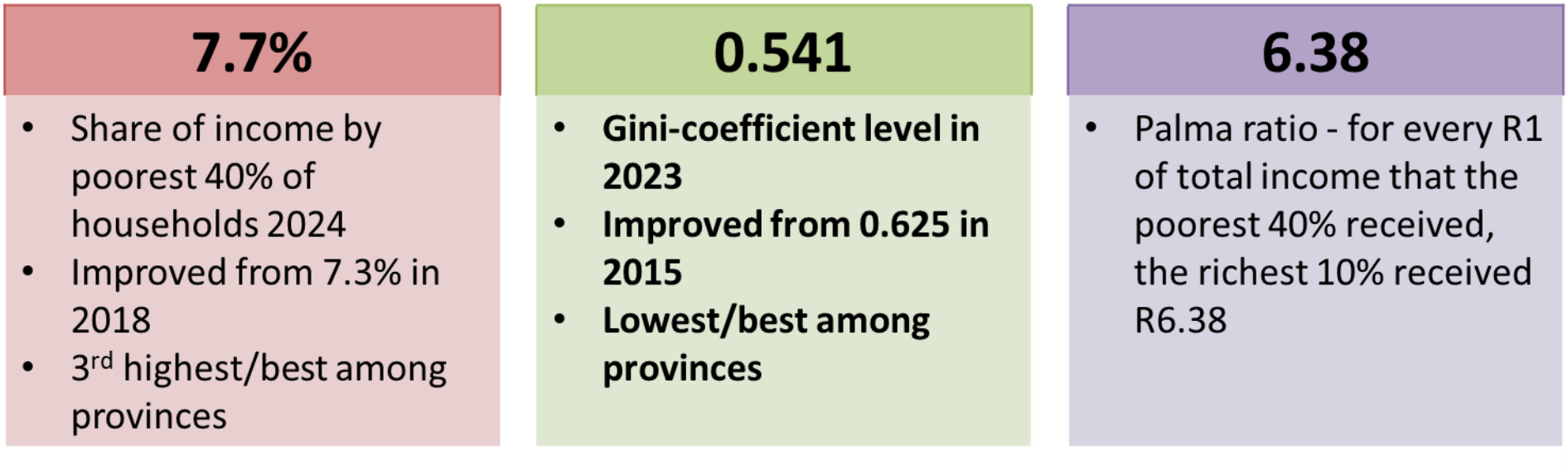
Reducing poverty in Mpumalanga



- Lower bound poverty line (LBPL) was estimated at R1 300 per person per month in 2023, food poverty line (FPL) was estimated at R777 & upper-bound poverty line (UBPL) at R2 635 (Stats SA poverty report in Dec 2025).
- 2030 NDP poverty rate target for SA and the province 0%. Mpumalanga's MTDP 2029/2030 target of 35% (considered to reduce to 30%).
- 1.64 million social assistance grants in MP – 72.6% child support grants (June 2025)
- Through education & training individuals become more employable & higher levels of education often result in better paying jobs – National Income Dynamics Study (NIDS)
- The cycle of poverty must be broken by enabling individuals to provide better opportunities for their children – Southern African Labour & Development Research Unit (SALDRU).

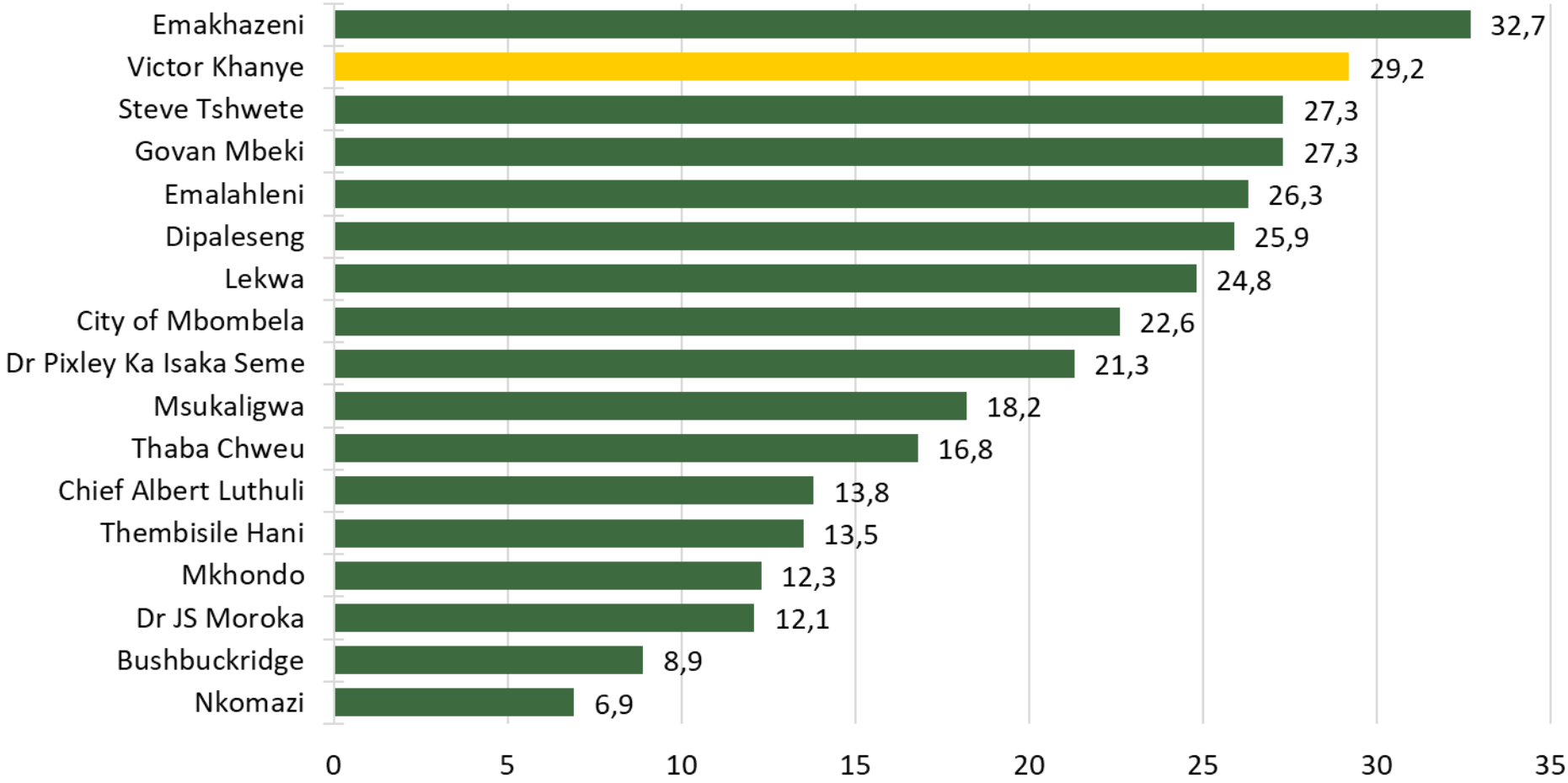
Source: Stats SA – Poverty Trends in South Africa: 2006-2023, Dec 2025

Reducing income inequality In Mpumalanga



- Share of poorest 40%'s MTDP target for 2029/2030 target is 10%.
- Gini-coefficient's MTDP 2029/2030 target is below 0.60 (consider reducing to 0.50)
- Improved education outcomes can play a crucial role in addressing income inequality through increased income potential which result in improved living conditions.
- Individuals must be empowered by enhancing decision-making abilities, enabling informed choices about family planning and finances – Human Sciences Research Council.
- ***Source: S&P Global – ReX, October 2025 and Stats SA – Poverty Trends in South Africa: 2006-2023, Dec 2025***

Number of serious crimes per 1 000 population by municipal area, 2024

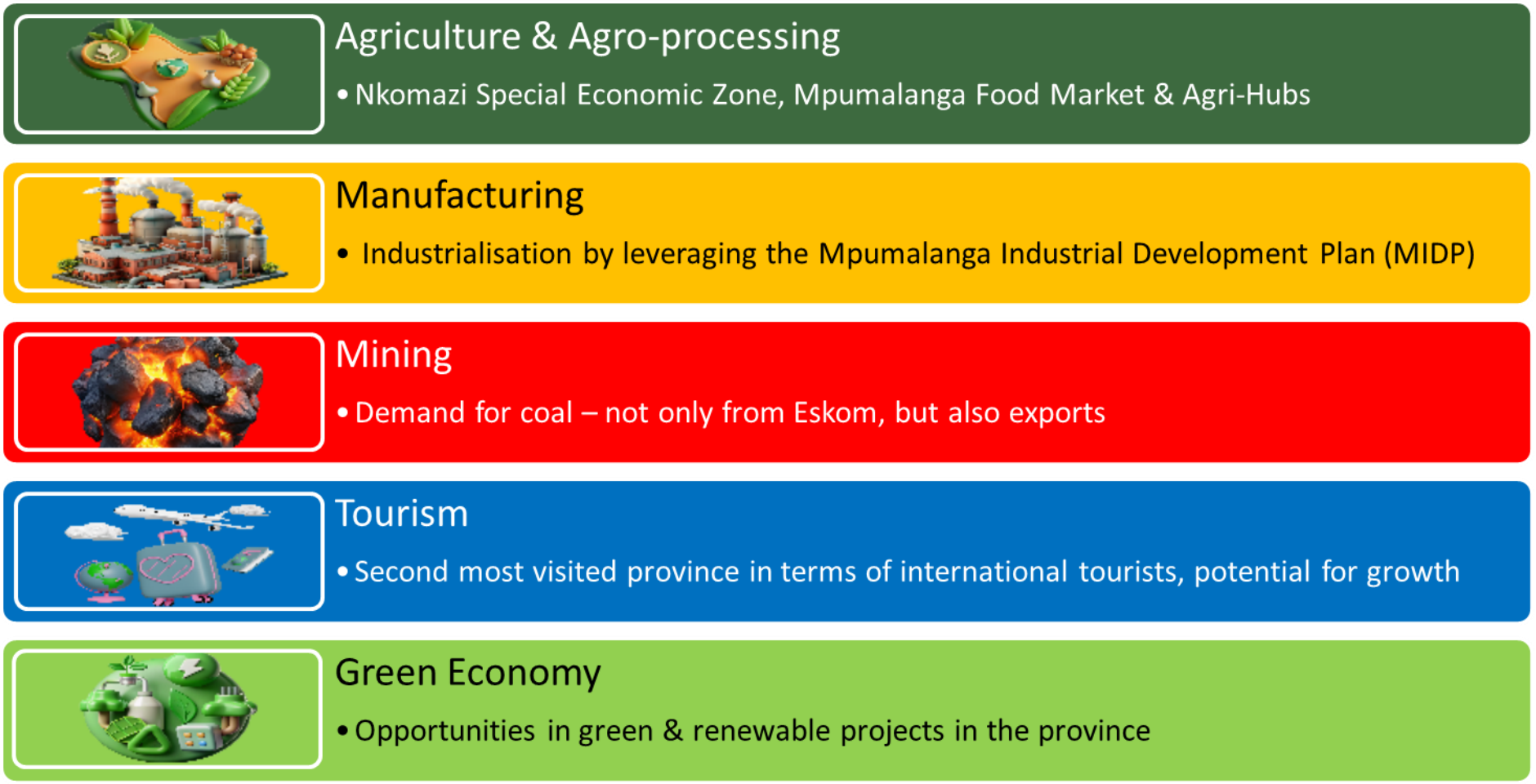


Source: SAPS – Annual Crime Stats 2024/25

The Mpumalanga economy (opportunities/competitive advantages) in a nutshell

Sector	Opportunities /Competitive Advantage
Mpumalanga Economy	❖ 4th largest economy in SA and 2nd highest population growth of the 9 provinces. ❖ Advantages in key Mpumalanga sectors/industries such as agriculture (including forestry), **mining** (especially coal mining – not only for Eskom purposes, but also exports), energy and tourism. ❖ High labour intensive industries and projects for job creation on a large scale – agriculture, tourism, construction, informal sector and light manufacturing.
Agriculture and agro-processing	❖ Agriculture a champion industry and opportunities with agro-processing. ❖ MP has more than 100 000 subsistence farmers - Opportunities for small scale farming. ❖ Export opportunities with the Mpumalanga International Food Market.
Tourism	❖ Second most visited province in terms of international tourists. ❖ Destination of choice.
Infrastructure Master Plan	❖ One of the few provinces with a Provincial Infrastructure Masterplan up to 2060. ❖ High GDP and employment multipliers of infrastructure investment. Key economic and job driver infrastructure development.
Manufacturing	❖ Industrialisation by leveraging the Mpumalanga Industrial Development Plan (MIDP) and focusing on strategic zones like the Nkomazi SEZ and relevant Industrial Technology Parks in each District.
Energy/Green Economy	❖ Responsible for more than 70% of the countries' power generation. ❖ Green Economy/Renewable Energy opportunities in terms of projects and investments in the province. ❖ Finalisation and Implementation of a provincial economic diversification and short-term job creation strategy.

Mpumalanga economy – priority sectors/industries



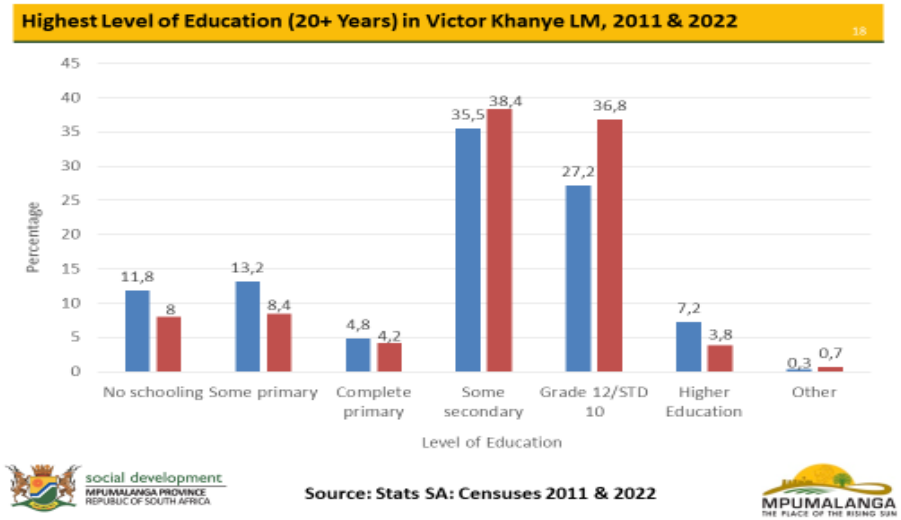


Table 2.7: Number of Households by Local Municipality in Nkangala District

	2011	2022
Victor Khanye Local Municipality	20548	33786
Emalahleni Local Municipality	119873	164579
Steve Tshwete Local Municipality	64966	80052
Emakhazeni Local Municipality	13721	19619

Thembisile Hani Local Municipality	75633	110563
Dr JS Moroka Local Municipality	62162	74581

Source: Stats-SA: Census - 2011 & 2022

Figure 2.16: Share of Municipal Households to the District

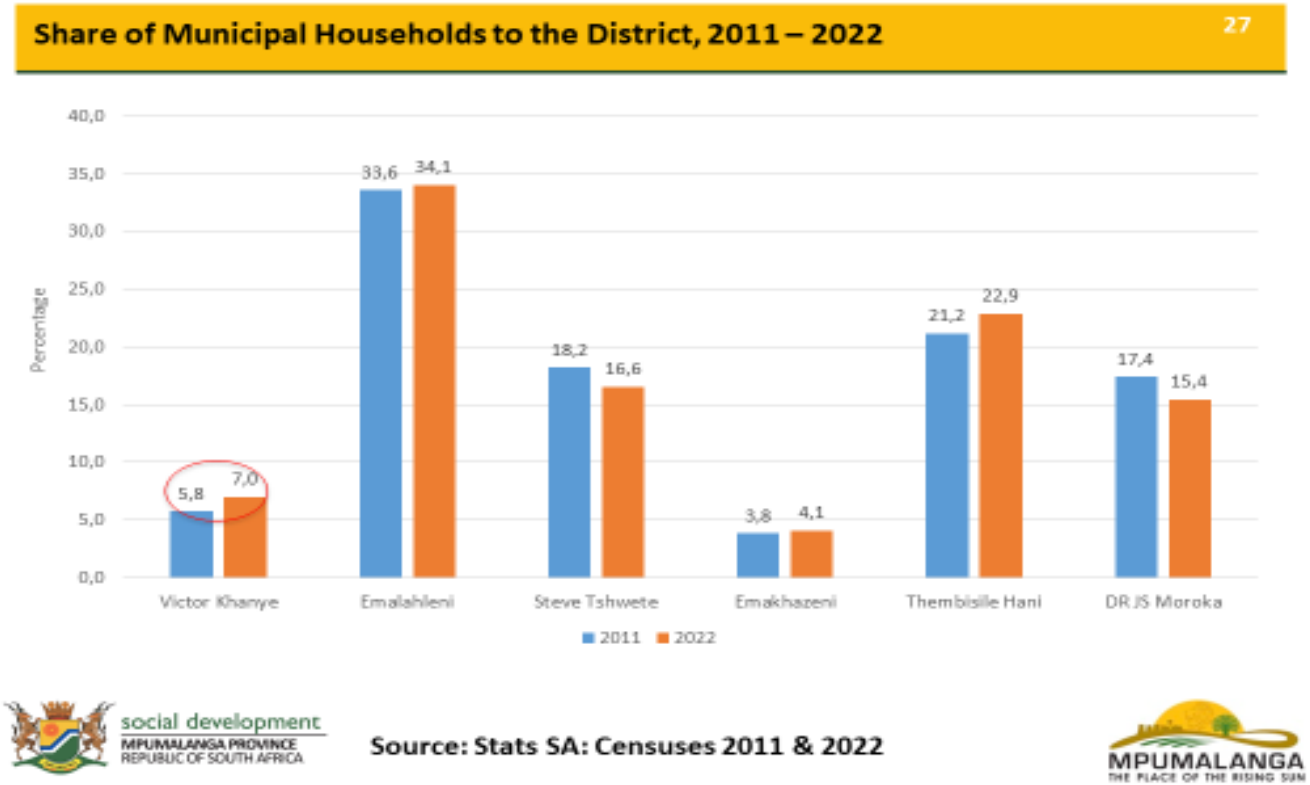


Figure 2.17: Annual Growth Rate of Households by Local Municipality in Nkangala

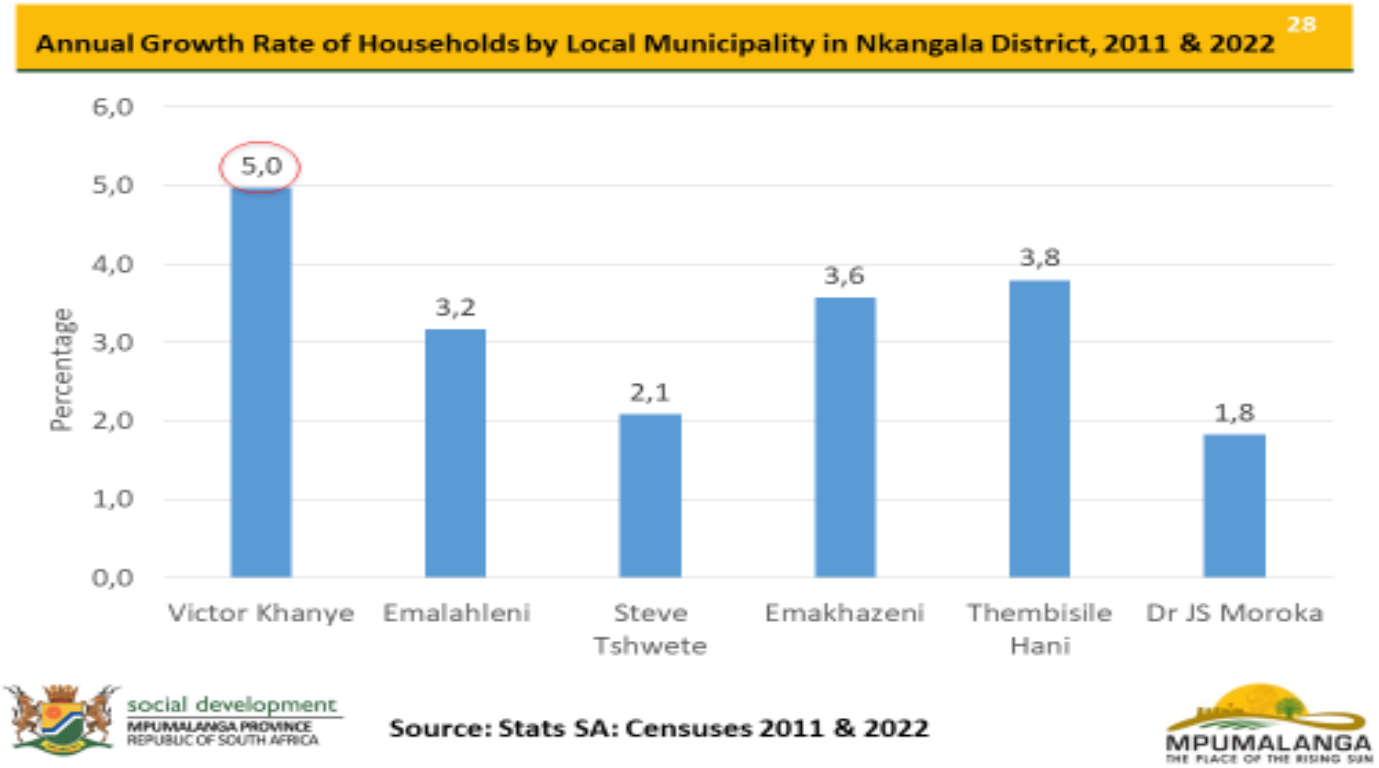


Figure 2.18: Average Household Sizes by Local Municipality in Nkangala District

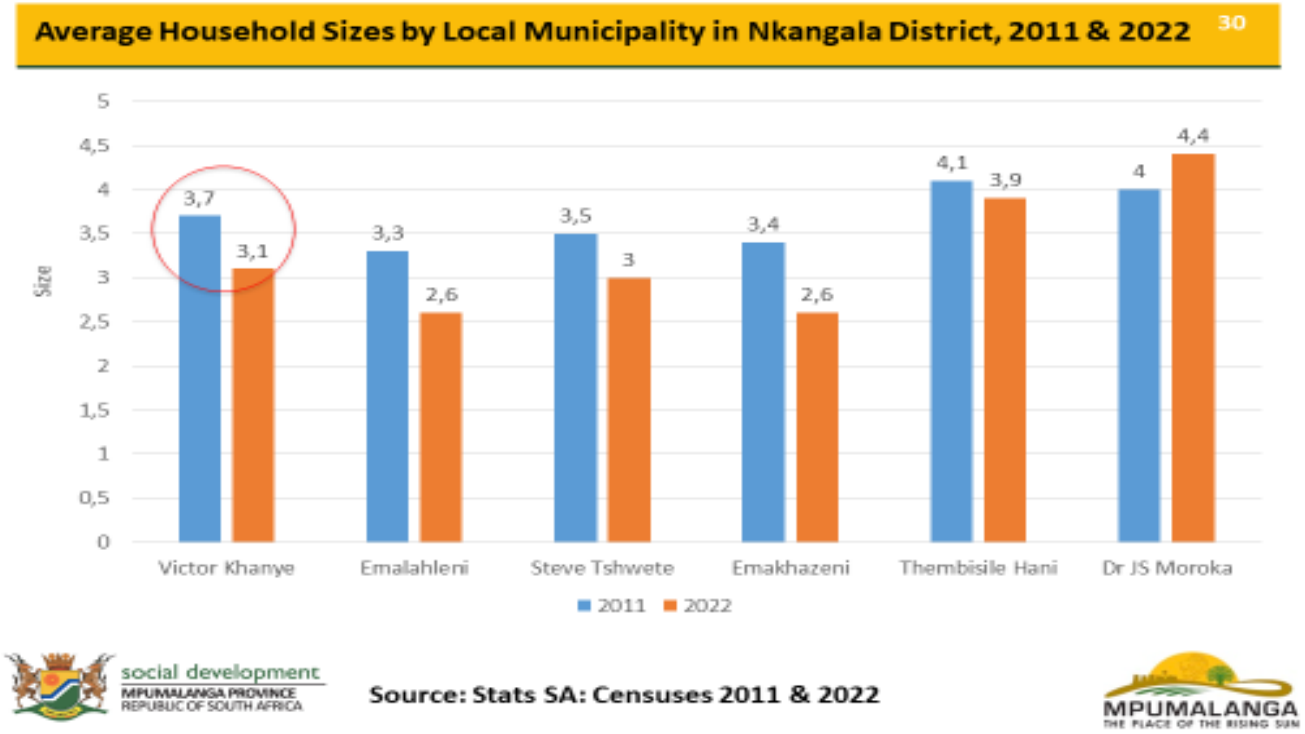
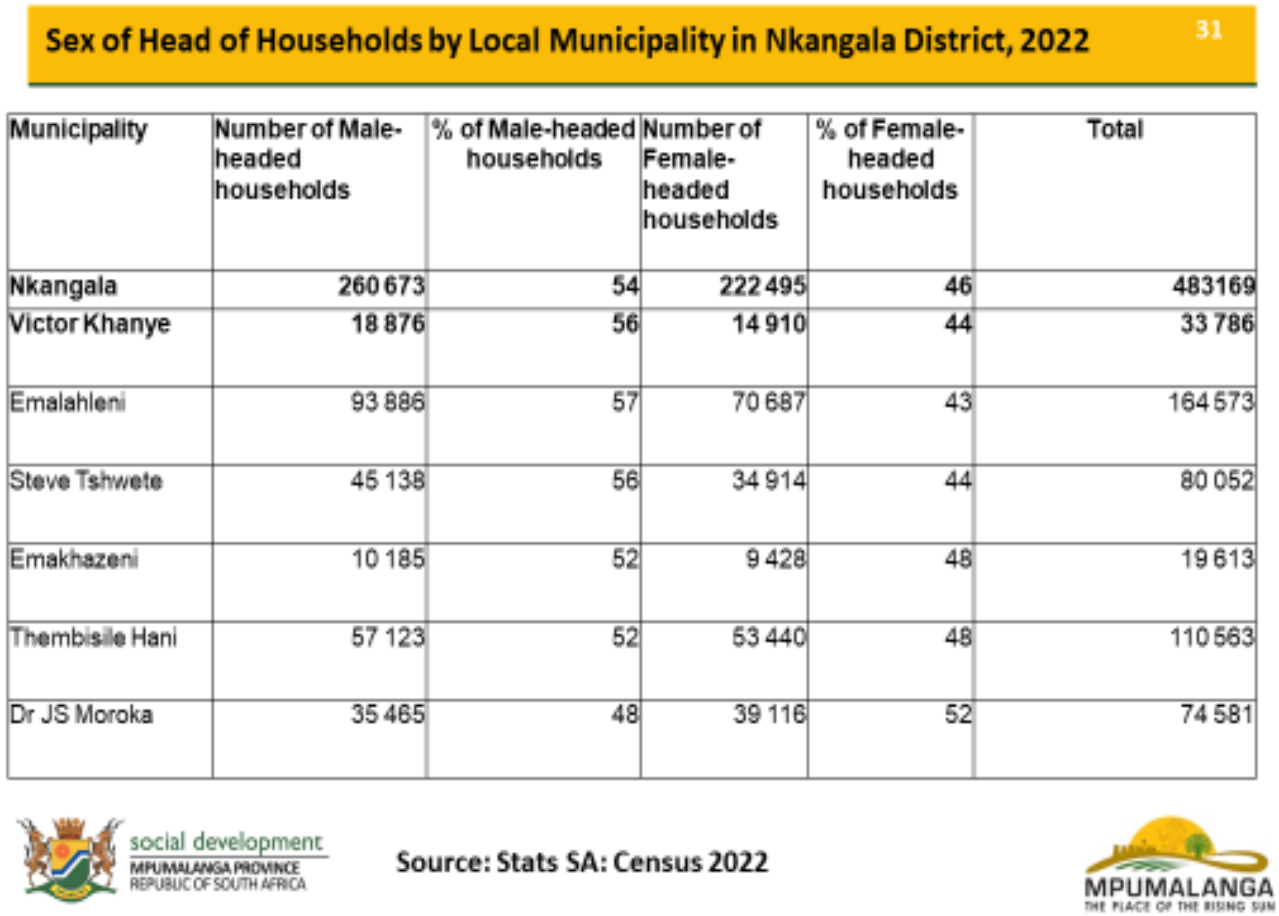


Figure 2.19: Sex of Head of Households by Local Municipality in Nkangala District



Sex of Head of Households by Local Municipality in Nkangala District, 2022 31

Municipality	Number of Male-headed households	% of Male-headed households	Number of Female-headed households	% of Female-headed households	Total
Nkangala	260 673	54	222 495	46	483169
Victor Khanye	18 876	56	14 910	44	33 786
Emalahleni	93 886	57	70 687	43	164 573
Steve Tshwete	45 138	56	34 914	44	80 052
Emakhazeni	10 185	52	9 428	48	19 613
Thembisile Hani	57 123	52	53 440	48	110 563
Dr JS Moroka	35 465	48	39 116	52	74 581

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Source: Stats SA: Census 2022

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Table 2.8: Age of Head of Households by Local Municipality in Nkangala District

Age of Head of Households by Local Municipality in Nkangala District, 2022 32

	12 - 17	18 - 24	25 - 34	35 - 59	60 +	Total
Nkangala	**1 853**	**24 053**	**79 544**	**281 435**	**96 283**	**483 169**
Victor Khanye Local Municipality	**106**	**1 862**	**6 658**	**20 082**	**5 079**	**33 786**
Emalahleni Local Municipality	557	8 791	31 844	100 204	23 177	164 573
Steve Tshwete Local Municipality	208	3 830	15 268	47 695	13 052	**80 052**
Emakhazeni Local Municipality	37	1 296	3 983	10 862	3 435	19 613
Thembisile Hani Local Municipality	561	4 926	13 415	64 852	26 809	**110 563**
Dr JS Moroka Local Municipality	384	3 349	8 376	37 741	24 731	**74 581**

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Source: Stats SA: Census 2022

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Table 2.9: Migration Status by Province/Area of Previous Residence

Migration Status by Province/Area of Previous Residence, 2022

Municipality	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North West	Gauteng	MP	Limpopo	Outside South Africa	Do not know	N/A	Unspecified
Nkangala	**561**	**2249**	**312**	**1223**	**6550**	**1514**	**25657**	**148405 6**	**13404**	**12883**	**64**	**14267**	**26229**
Victor Khanye Local Municipality	**57**	**305**	**22**	**173**	**808**	**129**	**2034**	**98518**	**436**	**1581**	**-**	**495**	**1590**
Emalahleni Local Municipality	245	1281	88	431	3472	389	4371	403142	4683	4891	26	5272	6231
Steve Tshwete Local Municipality	116	339	113	298	1350	203	1863	227847	2189	2132	22	1798	3762
Emakhazeni Local Municipality	15	47	7	29	95	51	320	46899	145	308	-	1498	750
Thembisile Hani Local Municipality	93	218	45	222	887	385	13527	399984	3315	2359	11	2971	7472
Dr JS Moroka Local Municipality	37	58	35	72	158	376	3543	307666	2636	1611	5	2233	6425

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Source: Stats SA: Census 2022

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Pit toilet without ventilation	356 667	113 262	960
Ecological toilet	43 566	15 725	1 140
Bucket toilet (collected by municipality)	2 544	2 302	101

Bucket toilet (emptied by HH)	8 500	2 242	590
None	38 174	7 187	318
Total	**1 238 861**	**421 144**	**27 868**

Source: Community Survey, 2022

2.3.6.1 Electricity and Street Lighting

Approximately 93.5% of the households in the Victor Khanye Municipal area use electricity for lighting. The remaining 6. 5%, includes residents on the rural areas and informal settlements or farm dwellers. The electricity network within Victor Khanye Local Municipality is ageing and has become inefficient. The main electricity substation is under severe pressure, and needs to be upgraded - since the electricity demand is increasing, due to the following developments:

1. Newly proposed industrial developments are already implemented and operational e.g. Sephaku Cement Factory, a shopping Mall in Botleng Ext.3, and industrial expansions e.g. McCain Foods.
2. New residential development e.g. Botleng Ext. 5, Delmas Ext.14 and West Ridge Estates. The infrastructure for electricity within the area, supplied by Eskom (Eloff, Sundra, Botleng Ext.3 and rural areas) needs to be upgraded to ensure that communities receive uninterrupted services.

The advent of pre-paid electricity metering has significantly improved revenue collection. Coupled with the 60/40 system of credit and arrears payment through card purchases, this is enabling the municipality to reduce the outstanding debtor base.

Some of the key interventions to improve the electricity infrastructure include:

- Electrification of 1 270 households in Botleng
- Construction of Delmas 20MVA.
- Electrification of 267 households in seven farms completed.

2.3.6.2 Roads and Storm Water System

The road infrastructure was originally designed for the low volume traffic. However, the traffic volume has increased, due to growth within the mining and farming sector. About 85% of roads within the municipality are dilapidated because of the increased traffic volume, especially heavy coal haulage trucks. There is a backlog in terms of maintenance of gravel roads due to old equipment and shortage of staff.

The Municipality can resolve the above challenges by providing and ensuring an integrated and effective roads and storm water management including maintenance. The Municipality must also improve the state of existing roads to better and acceptable standard.

The various national and provincial roads run through the Victor Khanye Local Municipality, with many regional routes converging at Delmas, which lends it strategically significant. Consequently, the municipality features a well-developed regional road and rail infrastructure. The N12 National toll road that links Johannesburg with Nelspruit runs from east to west through the northern part of the municipality. This road also links the municipality with the Maputo Development Corridor.

The major provincial roads in the municipal area are:

1. R50 that links Tshwane with Standerton;
2. R43 that links Delmas with Bronkhorstspruit;
3. R555 that links Springs with Witbank;
4. R548 that links with Balfour; and R42 that links with Nigel.

Local Activity Corridors identified include:

- Sarel Ciliers Street/ Witbank Road in Delmas (R555);
- The Avenue – Eloff Town;
- Main Road – Rietkol Agricultural Holdings;
- Samuel Road and Van der Walt Street – Delmas; and Dr Nelson Mandela Drive – Botleng.

Interventions

The implementation of the VKLM Roads and Storm Water Network Master Plan will assist the Municipality in maintaining its roads infrastructure and assist the development of Rural areas Road networks.

2.4 ENVIRONMENTAL AND WASTE MANAGEMENT

Other major challenges include:

1. Inadequate old waste collection equipment,
2. Un-rehabilitated (illegal land mining) dongas that leads to dumping spots,
3. Poor access roads to informal settlements,

It is critical that the municipality provides an environment that is not detrimental to the health, mental and physical wellbeing of the community at large. The municipality should therefore provide an efficient, safe, and economical waste management and refuse disposal programme.

Interventions:

1. The implementation of the community works skills programme in all Wards;
2. Provision of dustbins to all communities;
3. Extended Public Works Programme beneficiaries assisted with the collection of waste;
4. Development and upgrading of the landfill site.

2.4.1. Public Facilities: Cultural, Sports and Recreation Centre

There are no archives, museums, or art galleries in the Municipality. There are three public libraries in the VKLM – however, there is a lack of usable books in the libraries. There are not enough recreational facilities, and the existing facilities throughout the municipality are poorly maintained, because of a lack of security in these facilities. The Municipality needs to plan, construct, improve and maintain the public facilities.

The Simon Gondwe Sports Centre is in Botleng Location. There are few sports facilities for the youth that allows them to engage in sporting activities. The Municipality needs to create more recreation facilities and encourage participation in all sporting activities.

In rural areas, the Municipality assist the communities by grading the sports field for sporting activities to take place - including new developed residential settlements.

2.4.2. Primary Health Care and HIV and AIDS

Victor Khanye Local Municipality has one hospital, three primary health clinics, three mobile clinics (of which only one is operational), and six private doctors and one private clinic. There is a newly build clinic in Extension 5, that is operational for 24 hours. There are about 14 non-governmental organisations that are currently operating in the public health sector. There are seven trained volunteers working on HIV/AIDS counselling.

The main challenge is how to retain health workers in the public sector and maintain standards.

According to 2022 Stats-SA report, the HIV/AIDS status in Victor Khanye LM in April 2020- March 2021, the total number of the infected Youth between the ages of 15 – 24 years old was about 147.

The same Stats also revealed that the number of the same age group infected Youth, increased to 159 for the period 2021 April – March 2022. The increase in the number of affected reflected that there was growth in terms of the infection. This indicates that there was still a need for more HIV/AIDS awareness campaign in the Community targeting Youth. The new infection indicated that the Youth still ignore the usage of any form of protectives measures and they are not using safe sex practices.

The number of people living with HIV was recorded at 5.37m people nationally. The impact on local workforce is being felt within the municipality. A high prevalence of HIV/AIDS within Victor Khanye Community has numerous implications for LED.

Key implications include:

- Loss of labour
- Cost to company for reduced labour performance (leave time for both affected and infected)
- Provision of additional municipal support services and infrastructure (clinics, crèches, orphanages, hospices, cemeteries, etc.)

- Loss of skills due to high rate of deaths.
- Emotional impact
- Deterrent to investment

The impact of HIV/AIDS on the economic development and growth of Victor Khanye Municipality cannot be minimised. Nkangala District Municipality has taken an active role in the formulating an HIV/AIDS Sector Plan. It should be noted that consideration must be given to the implications of the pandemic on all developmental related issues - such as socio-economic development, and the provision of infrastructure.

2.4.3. Traffic, Safety and Law Enforcement

The Victor Khanye local municipality is strategically situated between major hubs. There are three major provincial roads, the R42, R50 and the R555 that run through the municipality, and the N12 National road, which forms part of the Maputo corridor running east/west. This causes a large traffic flow through the municipality.

There are also various mines that feed the power stations with coal, transported by road to the power stations. This also creates a heavy burden on the road infrastructure, causing an increase in road traffic, and the roads to degenerate faster - due to the heavy loads, creating dangerous road conditions, which leads to an increase in vehicle collisions and fatalities. There is currently no weight bridge within the municipality to assist in the management of overloaded vehicles, which contributes to the road degeneration and bad conditions on the roads.

The Victor Khanye Local Municipality, in cooperation with the Mpumalanga Provincial government, deploys traffic officers for the enforcement of traffic laws. Both have traffic officers operating within the municipality. However, the municipal traffic services have a shortage of traffic officers, which limits their participation in traffic law enforcement, especially within the urban areas, creating a gap where traffic offenders take advantage of the situation.

The municipality have recently implemented the use of a traffic speeding camera on a roaming basis, and noted some good results. In order to perform the law enforcement function more effectively, additional traffic officers and equipment are needed to execute law enforcement throughout the Municipal areas effectively. A further challenge contributing to lawlessness is the ease in having traffic fines reduced or cancelled. This also results in a loss of revenue, and an increase in lawlessness.

In addressing the challenges, the following strategic objectives are identified:

- Traffic law enforcement on all roads and streets in the municipality would curb speeding, and illegal usage of roads and streets by unlicensed and reckless or negligent drivers, and heavy vehicles;
- Gain control over trucks driving through and parking in residential and restricted areas.
- Enforce the municipal by-laws;
- Plan, develop and implement equitable and fair law enforcement efficient systems and public awareness programmes;
- Train learners about road safety environment for all vehicles, drivers, commuters and pedestrians and cyclists;
- Prevent damage to the road system by regulating the mass of heavy goods vehicles, travelling through the municipality; and
- Implement the AARTO-system to increase the effectiveness of road traffic safety adherence.
- Crime is increasing in the country; this is no different within Victor Khanye Local Municipality. Crime statistics shows that there is an increase in all Wards. Contact crime is also showing an increase together with violent crimes. Drug abuse have also been raised by communities as a concern and a contributing factor to crime.

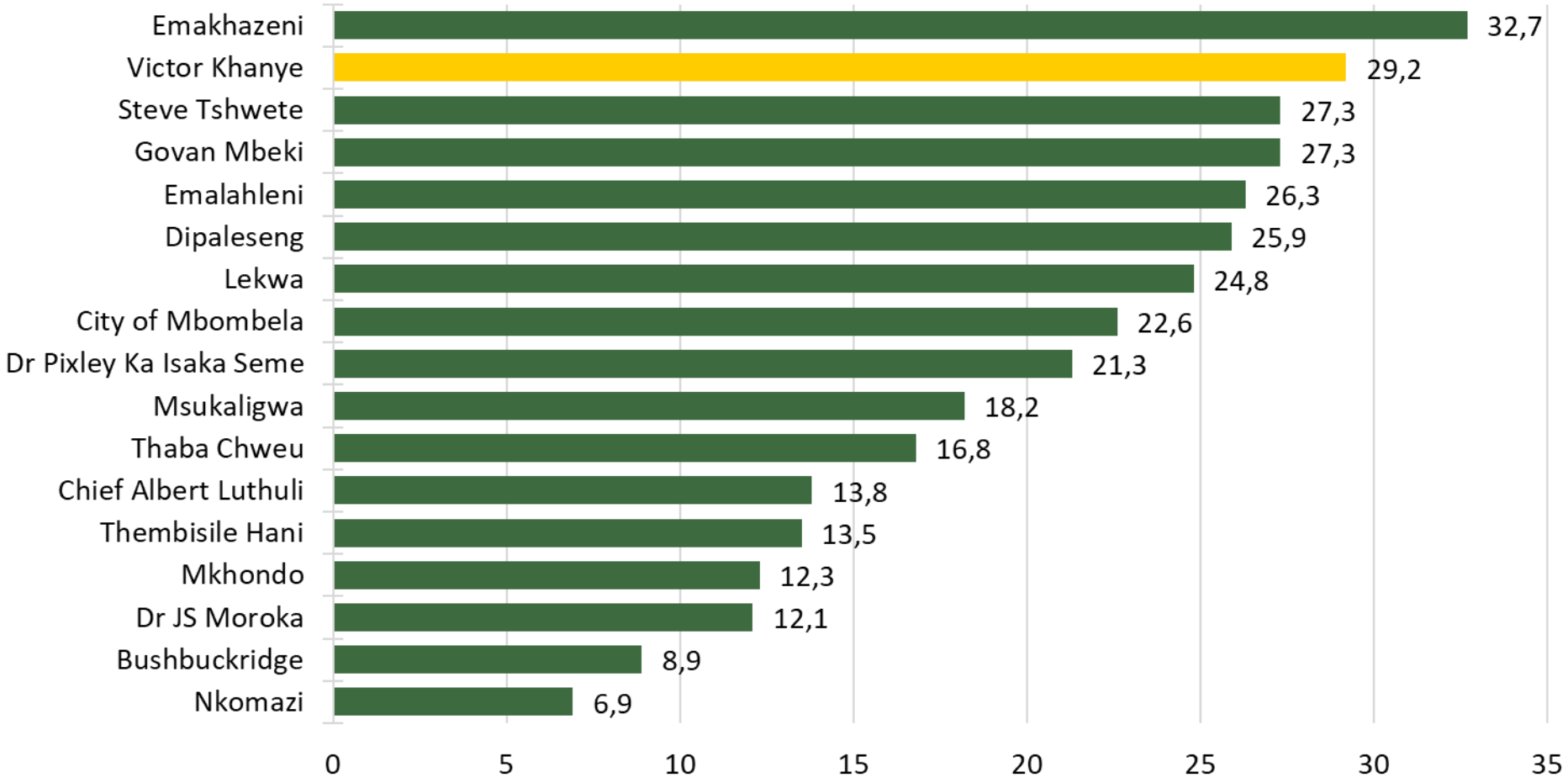
Vandalism and "stripped" mining metals and copper are also creating a concern within the municipality. In an effort to curb crime, sectors have formed neighbourhood watch groups, which assist the police in crime prevention, as they are understaffed and under-resourced.

There is the challenge that some entities within these neighbourhood watch groups use vigilante methods, in an effort to curb crime. It was identified that this was the result of ineffective management of these groups, and a result of insufficient resources, and that the oversight body, the Community Safety Forum (CSF) is not effective.

Poverty, inequality, HDI & crime indicators in Victor Khanye

- The share of population in Victor Khanye below the lower bound poverty line (LBPL) deteriorated from 40.0% in 2019 to 41.0% in 2022.
- In 2022, the number of people below the LBPL was 37 324, 4th lowest among municipal areas.
- In the calculation of the Local Government Equitable Share (LGES), National Treasury estimates that Victor Khanye had 17 407 poor households in 2023. That is roughly 52% of households.
- In 2022, Victor Khanye's poorest 40% of households shared 7.1% of total income, which was an improvement from the 6.6% share recorded in 2019.
- Victor Khanye's share of income of the poorest 40% of households was however, one of the lowest/worst of the 17 municipal areas, indicating that income inequality was more severe within the area compared with other areas in the province.
- In 2022, the Human Development Index (HDI) of 0.65 remained unchanged from 0.65 in 2019 – 5th highest among the municipal areas.
- In April 2023, there were 16 878 social assistance grant beneficiaries in Victor Khanye – 3rd lowest number in the province.
- Victor Khanye ranked 6th highest/worst in terms of the 17 serious crimes reported, however, it recorded an improvement between 2018/19 and 2022/23.

Number of serious crimes per 1 000 population by municipal area, 2024



Source: SAPS – Annual Crime Stats 2024/25

Victor Khanye Municipality is ranked at 6th highest/ worst, in terms of the 17 serious crimes reported, but recorded a slight improvement between 2018/2019 and 2022/2023.

In addressing the challenges, the following strategic objectives were identified:

- Increase the police capacity in both human resources and vehicles to curb crime effectively; and
- Establish the Community Safety Forum and align all functions to the forum.

2.4.4. Emergency Services

The Victor Khanye Local Municipality has a Disaster Management Plan that is reviewed annually. There is a shortage of trained personnel and emergency response vehicles to attend to emergencies. Equipment supplies are limited and expensive. Fortunately, the District Municipality is assisting with the procurement of other equipment needed.

Disaster management incorporates the Fire Services. There is a first response to incidents when life and property are under threat. The Municipality ensures that the Disaster Management Plan is fully implemented and monitored. An efficient, safe, prompt, and economical public protection, firefighting and rescue service, in line with the risks and needs of the community, is provided. Community awareness and related training on disaster are offered to the community.

2.4.5. Cemeteries and Crematoria

Victor Khanye Local Municipality has two active, one semi- active and three passive cemeteries. Active cemeteries are located in Botleng Extension 14 and Sundra, the semi-active cemetery is in Delmas Town. There is one private cemetery located in Delmas Town. Botleng Extension 14 is nearing its full capacity, the municipality is in the process of developing two new cemeteries, on portion 13 of the remainder of Leeuwpoort farm 205 IR and at Vlakvarkfontein 231-1R portion 2 (Arbor). Approximately 500 burials take place in all the cemeteries per annum. There is currently one crematorium within the municipal area is situated in town next to Samuel Bernice hospital.

2.5. TRANSVERSAL PROGRAMMES TO BE IMPLEMENTED

VKLM developmental issues and the related challenges can be detrimental to the realizations of the vision of the Municipality. The need for the provision of facilities and services for the aged disabled and orphans. There are children living on the street, the vulnerable groups are generally adequate in the municipality.

The Constitution of the RSA affirms the commission and provision of the Welfare Service to be the responsibility of both National and Provincial spheres of Government. The VKLM in an effort to bring about improved quality of life and sustainable development to all its citizens through a welfare services, is responsible for coordination and provision of support to the Mpumalanga Department of Health and Social Development in fulfilling their mandate.

The issue of poverty, women and gender-based violence, disability, children, protection of children and elderly and the HIV/Aids are key areas of work located in the Welfare Services.

The Municipality has developed a fully-fledged Transversal Unit designed to tackle and address all issues affecting women, children, elderly, people with disabilities etc.

Programme for February 2025 to May 2025.

HIV/AIDS, STI &Condom distribution awareness. (For 100 people Vukuzenzele Open Space)	23 January 2025	30 January2025	05 February 2025
Youth Indaba on HIV/AIDS, STI AND TB Awareness. (For 250 people at Mafa Max High school)	03 February 2025	10 February 2025	12 March 2025
LGBTQI+ HIV Aids Awareness (For 130 people at N12 Ext 5)	28 February 2025	03 March 2025	24 March 2025
Men's Dialogue On GBV And HIV(For 100 people Botleng Ext 3 Community Hall)	31 March2025	01 April 2025	16 April 2025

Awareness on people living with Disability as well as their rights. (For 100 people Sinethemba Community Hall)	05 May 2025	12 May 2025	22 May 2025
Child Protection Week Awareness	26May 2025	28 May 2025	06 June 2025.

Figure 2.22: Teenage Deliveries in MP Health Facilities

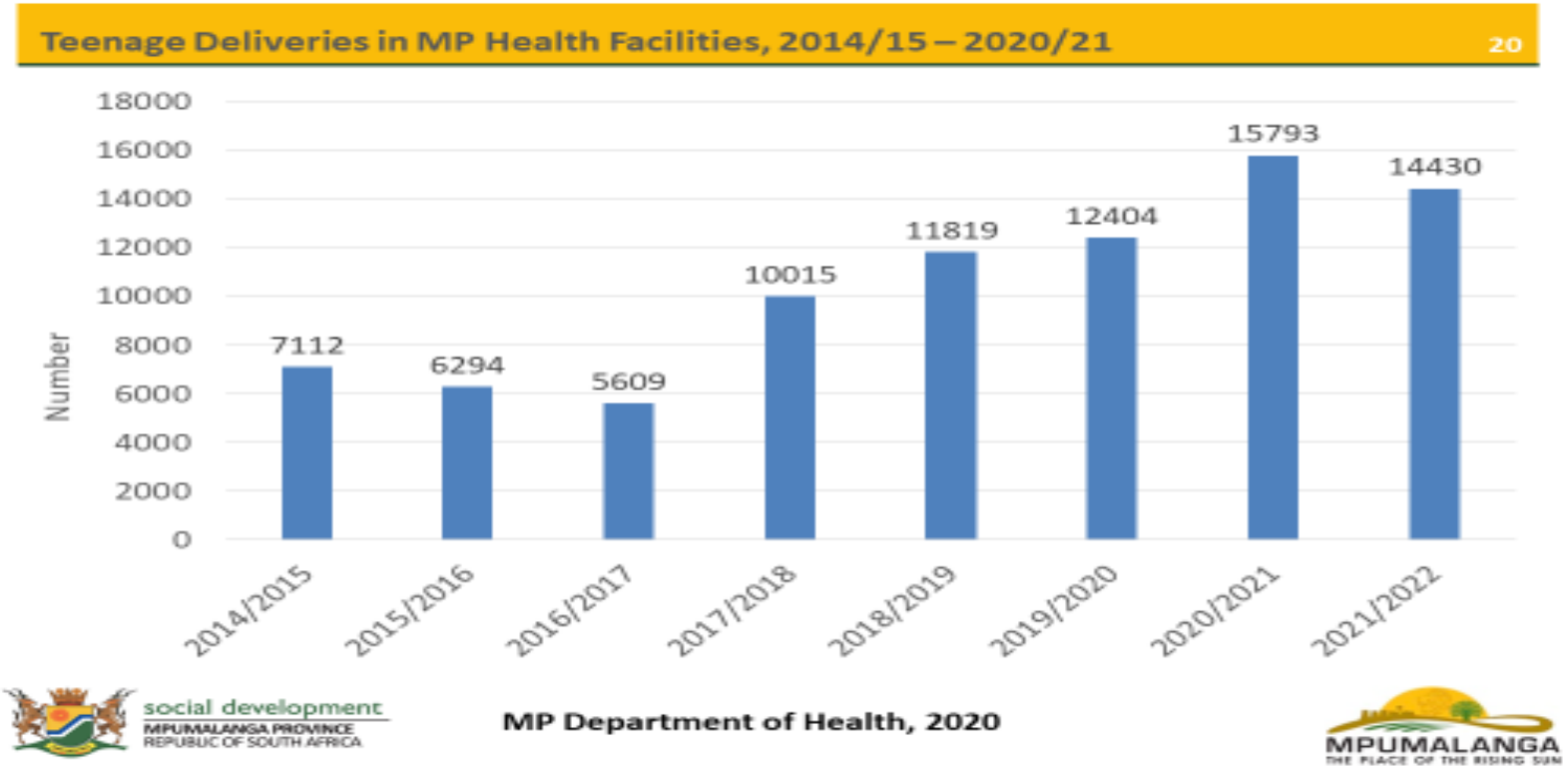
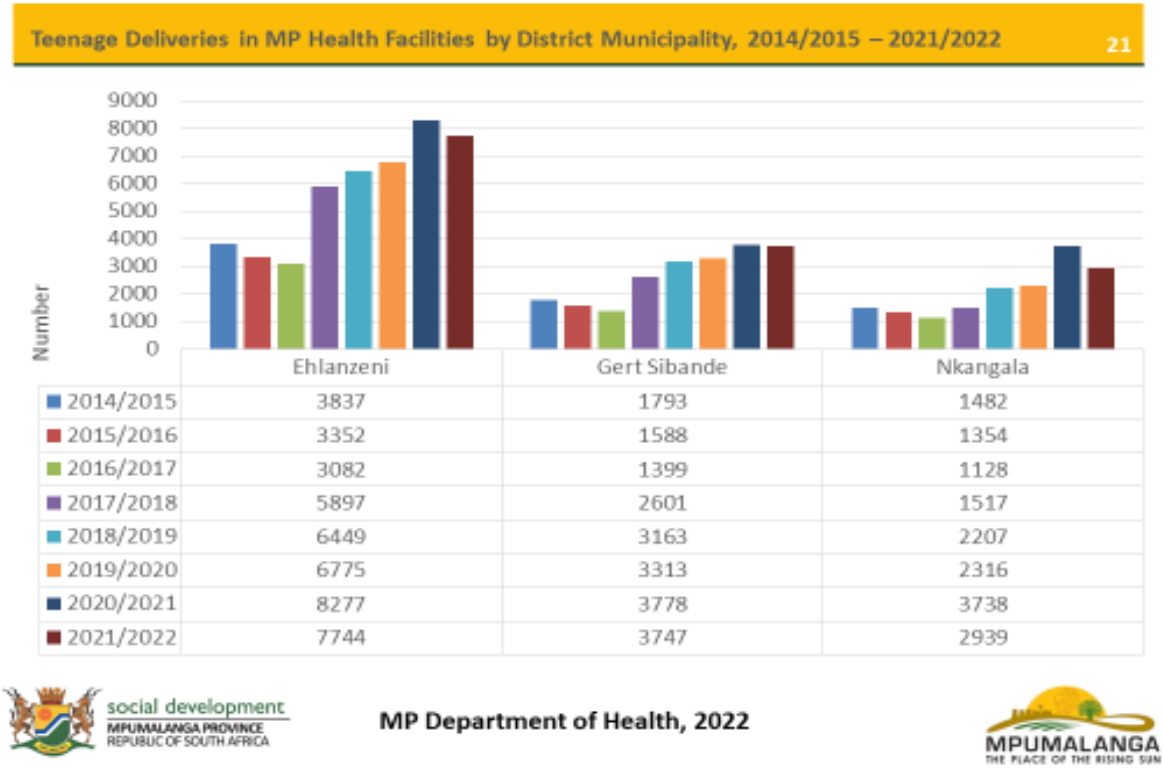


Figure 2.23: Teenage Deliveries in MP Health Facilities



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MP Department of Health, 2022

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TOGETHER FOR GROWTH AND DEVELOPMENT

Figure 2.24 Teenage Deliveries in MP Health Facilities

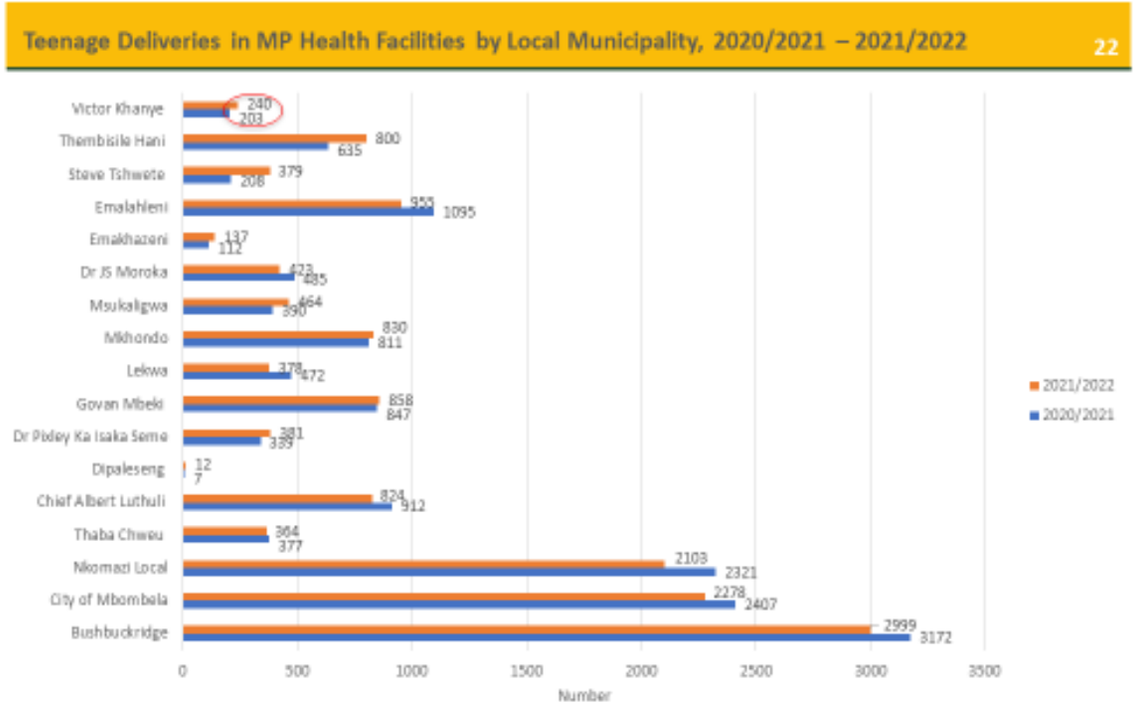


Figure 2.25: Deliveries by Children aged 10-14 Years in MP Health Facilities by LM

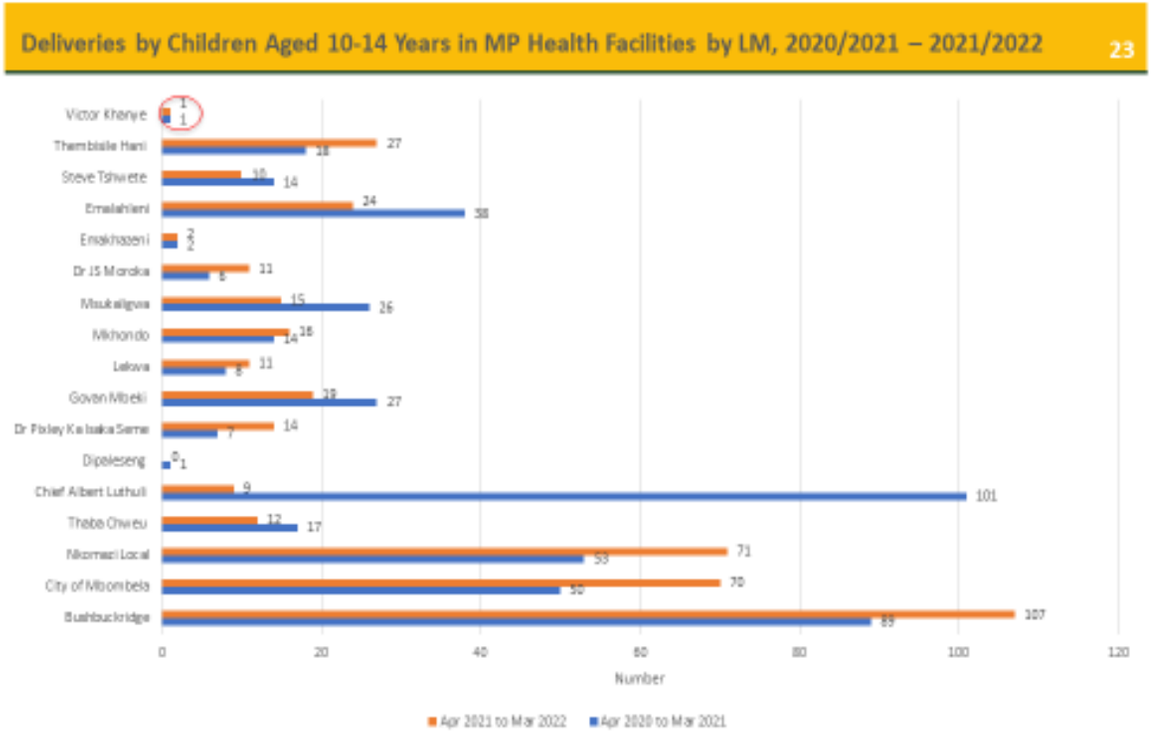
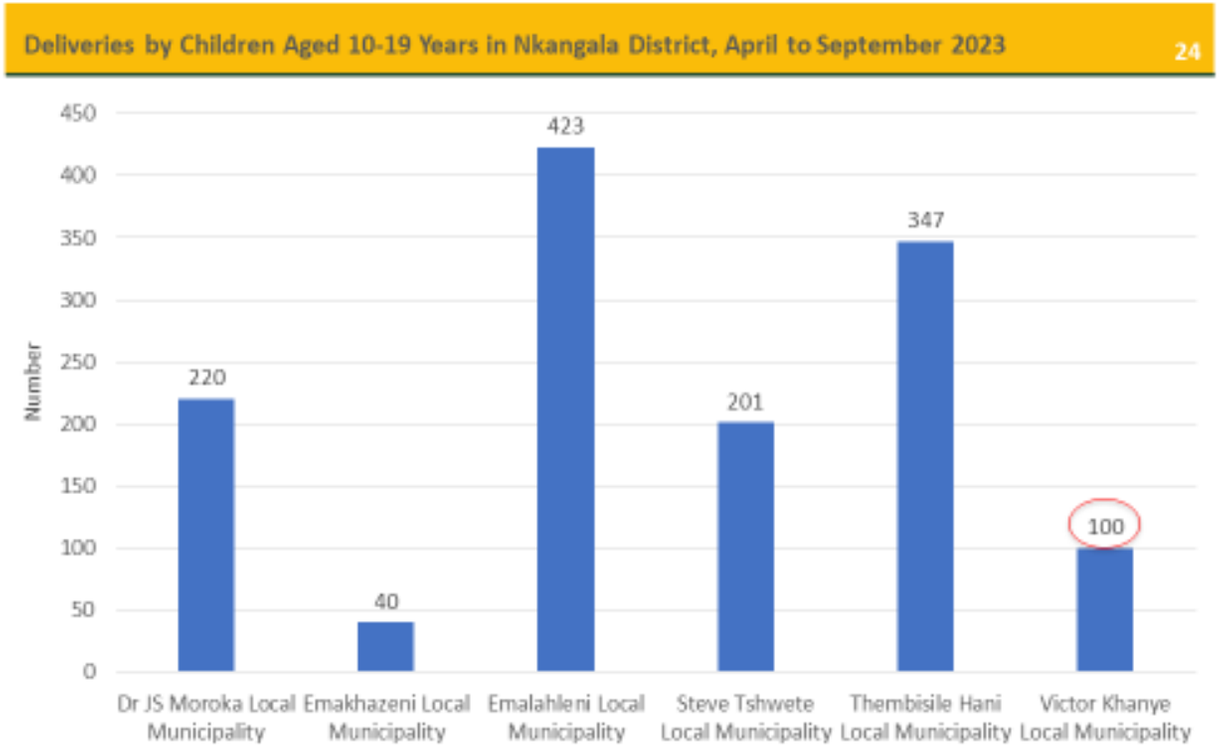


Figure 2.26: Deliveries by Children aged 10-19 Years in Nkangala District



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MP Department of Health, 2023

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Table 2.12: Type and Extent of Disability in VKLM

Type and Extent of Disability in Victor Khanye LM, 2022

	Some difficulty	A lot of difficulty	Cannot do at all	Total
Seeing	6 795	1 460	74	8 329
Hearing	2 336	455	63	2 854
Communication	1 021	160	88	1 269
Walking	1 847	573	122	2 542
Remembering	1 896	408	64	2 368
Self-care	940	206	116	1 262

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Stats SA. Census 2022

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Table 2.13: Use of Assistive Devices by People with Disabilities in VKLM

Use of Assistive Devices by People with Disabilities in Victor Khanye LM, 2022	
Eye glasses	6397
Hearing aid	1153
Walking stick or frame	1509
A wheelchair	951
Prosthesis/artificial limb	941
Other assistive devices	790

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Stats SA. Census 2022

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2.8 INSTITUTIONAL PROFILE

Local government function in a highly sophisticated environment. To be successful in its endeavours to render quality, affordable and sustainable municipal services, it needs to be structured in the best possible way to facilitate effective governance as well as to ensure proper oversight and to measure performance.

2.81 Legislative Arm

- Council
- The Speaker
- The Chief Whip
- Chairperson of MPAC
- Section 79 Committees, namely; Local Geographical Names Committee. Planning, Infrastructure, Transport & Safety Monitoring Committee, Health & Social Services Monitoring Committee, Finance & Corporate Services Monitoring Committee, Local Labor Forum, Budget Steering Committee, Rules & Ethics Committee and Policy Development Committee.

2.8.2 Executive Arm

- Executive Mayor (Head of the Executive)
- Members of the Mayoral Committee with delegated powers.
- Mayoral Committee (MMC) comprising of MMC for Finance and Corporate; MMC Health, Social Services and MMC for Planning, Infrastructure, Transport and Safety.
- Section 80 Committees; Finance and Corporate Services Portfolio Committee, Planning, Infrastructure, Transport and Safety Portfolio Committee; Health, Social Services and Development Portfolio Committee,
- Administration with the Municipal Manager as Head. The incumbent is the Accounting Officer of the Municipality.

2.8.3 Key Roles & Responsibilities of Council Committees

The following constitutes Victor Khanye Council's Committees established in terms of Sections 79 & 80 of the Municipal Structures Act (Act no. 117 of 1998).

Table 2.14: Key Roles & Responsibilities of Council Committees

COMMITTEE NAME	KEY ROLES & RESPONSIBILITIES
LEGISLATIVE ARM COMMITTEES (SECTION 79)	
Municipal Public Accounts Committee (MPAC) Members:	- Reviewing of the Annual Report and annual financial statements of the municipality. - Compiling an oversight report on the annual report. - Examining the municipality's financial statements. - Advising Council on how to address any matters pertaining to irregular, fruitless and wasteful expenditure. - Ensuring that all possible cases of fraud and corruption are being reported to the SA Police Services.
Other Section 79 Committees: - Local Geographical Names Committee - Planning, Infrastructure, Transport & Safety Monitoring Committee - Health & Social Services Monitoring Committee - Finance & Corporate Services Monitoring Committee - Local Labor Forum - Budget Steering Committee - Rules & Ethics Committee - Policy Development Committee	- Mainly changing street names, buildings and municipality - - Ensure that service delivery happens in terms of the approved Integrated Development Plan (IDP) and Service Delivery Budget Implementation Plan (SDBIP). - Ensure that the Executive acts in compliance with applicable legislation, Council policies, accepted administrative standards, and good practice, as approved by Council and the Provincial and National government. - Employees` representatives to allow joint decision-making with management. - Ensure that service delivery happens in terms of the approved Integrated Development Plan (IDP) and Service Delivery Budget Implementation Plan (SDBIP). - Ensure that remedial action plans from the Office of the Auditor-General and the Audit Committee/Internal Audit Ensure that the Executive acts in compliance with applicable legislation, Council policies, accepted

	administrative standards, and good practice, as approved by Council and the Provincial and National government Unit are implemented. - Ensure that service delivery projects and services are indeed to the benefit of the community.
EXECUTIVE ARM COMMITTEES	
Mayoral Committee	- Present reports from the Administration to the Mayoral Committee. - Monitoring of implementation of service delivery strategies, with a view of rendering political support to the Administration to get things done. - Assist the Executive Mayor in the execution of his duties.
Other Section 80 Committees: - Planning, Infrastructure, Transport & Safety Portfolio Committee - Health & Social Services Portfolio Committee - Finance & Corporate Services Portfolio Committee	- Section 80 Committees are responsible for advising the Executive Mayor on: - All relevant information from applicable departments are included in the reports. - There are no conflicting information in the reports. - Funds are available on applicable budget votes. - Possible risks are identified and mitigation strategies are in place. - The content of the reports are factually correct.

2.8.4 Establishment and Functionality of Ward Committees

Public participation is a vital part of our 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 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. Victor Khanye Local Municipality has established 09 ward committees made up of 10 members each chaired by their respective Ward Councillors and are meeting as per schedule and are functional.

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.

2.8.5 Administrative Arrangement/Structure There is a significant relationship between the IDP and the Institutional arrangement. Human Resource play a crucial role in implementing the IDP, without a credible organisational structure, the IDP cannot be effectively implemented. The organisational structure was tabled before Council on 29 May 2025. The figure below illustrates the top layer of the final organisational structure of Victor Khanye Local Municipality and all the Directorates that currently exist within the Municipality, and the organogram is incorporated under Finance session.

2.13 VACANCIES AND SKILLS DEVELOPMENT

2.13.1 Vacancy Rate

The current vacancy rate in the municipality is 21.7% as depicted in the table below:

Table 2.15: Status Quo Analysis of Organogram

STATUS QUO ANALYSIS OF ORGANOGRAM: VICTOR KHANYE: MP 311			
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	163	48
Technical Services	186	141	45
	567	**445**	**123**

The current vacancy rate is 21.7%.

The following positions are intended to be filled within the 2025/2026 financial year:

- 18 Labourer Positions
- Head of Security
- IDP Coordinator
- Assistant Manager: Special Programmes: **Filled**
- Deputy Manager Operations
- Superintendent: Water
- OHS Officer: **Filled**
- Senior Clerk OHS
- Compliance Officer: **Filled**
- Accountant Revenue
- Secretary to the Executive Mayor: Filled
- Telephonist
- Caretaker: Simon Gondwe Sports Centre

2.13.2 Skills Development Planning

The Skills Development Act (Act No.97 of 1998), as amended, makes provision for all employers with an annual payroll in excess of R500 000 to pay a skills development levies and subsequently submit Workplace Skills Plan and Annual Training Report to the Local Government Sector Education and Training Authority (LGSETA). This is to ensure that employers are not only able to identify existing skills but also able to plan for new skills that are in short supply but needed in their organisations.

Victor Khanye Municipality Workplace Skills Plan has already been approved by Council and submitted on 30 April 2025 to the LGSETA for the 2025/2026 financial year.

The following training and skills development interventions will be implemented in the 2025/2026 financial year:

- National Diploma Fire Technology
- Certificate Fire Fighting Level 2 &3
- Certificate: Firearms Training
- National Diploma: Traffic and Safety
- Certificate: Cable Fault
- Certificate: TLB Operator
- Certificate: Basic Plumbing

- Certificate: Preparation and Trade Test Plumbing
- Certificate: Preparation and Trade Test Electrical Engineering
- Certificate: Electrical Engineering N4
- Certificate: Grade Operator
- Geographical Information System
- Certificate: Property Valuation
- Certificate: Municipal Property Assessment
- Certificate Occupation Health and Safety Compliance
- Certificate: Customer Care/client Services
- Advance Diploma: Business Administration
- Certificate: Project Management
- Drivers Licence K53
- National Senior Certificate: Adult
- Bachelor Degree: Law
- Postgraduate Diploma in Public Law
- Certificate: Policy Development and implementation
- Bachelor of Commerce: Financial Management
- Bachelor of Public Administration
- Certificate: Water and Wastewater NQF Level 4

2.14 BY-LAWS & POLICIES

Victor Khanye Local Municipality recognizes the critical role that municipal by-laws and policies play in guiding governance, administration, and service delivery. In compliance with Section 11(3)(m) of the Municipal Systems Act, 2000 (Act No. 32 of 2000), municipalities are empowered to pass by-laws and policies necessary for the effective administration of their functions and powers.

As of the current IDP review period, the Municipality continues to strengthen the development, review, and enforcement of its by-laws and internal policies to ensure alignment with evolving legislative requirements and strategic objectives. The municipality aims to improve policy coherence, legal compliance, and responsiveness to community needs.

The Corporate Services Department bears the responsibility to safeguard and maintain a comprehensive Policy and By-Law Register. This includes ensuring that policies and by-laws are centrally recorded, easily accessible, and up to date. In accordance with good governance practices and in line with the principles outlined in Section 195 of the Constitution of the Republic of South Africa, 1996, each Municipal Directorate is the designated custodian of its own sector-specific policies, with the duty to initiate policy reviews, ensure implementation, and maintain legislative alignment.

The development and review of policies and by-laws complies with the stipulations of Section 17 of the Municipal Systems Act, which emphasizes the need for community participation in policy-making processes. Furthermore, transparency and public consultation are prerequisites for the promulgation of municipal by-laws, as required under Section 12 of the Municipal Systems Act.

The Municipality is committed to conduct a comprehensive audit of all policies and by-laws during the IDP cycle to identify gaps, eliminate duplication, and ensure consistency with National and Provincial Legislation, such as the Promotion of Administrative Justice Act (PAJA), 2000 (Act No. 3 of 2000), and the Promotion of Access to Information Act (PAIA), 2000 (Act No. 2 of 2000).

The Municipality has recently developed and tabled the following policies; *Employment Equity Policy, Records Management Policy and the Sexual Harassment Policy*, which were adopted by Council. These policies align to the IDP and long-term vision of the Municipality. The objectives of the organisational review are as follows:

- ***Employment Equity Policy*** aims to broaden the *diversity* of its workforce whilst maintaining and improving its efficiency and competitiveness in the delivery of service to its people. Promoting equal opportunity and fair treatment in employment through the elimination of fair discrimination and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and levels in the workplace.

- ***Records Management Policy*** aims to ensure that all records of the municipality receive proper care, are protected by appropriate security measures and are managed in terms of the records policy document of the Municipality. All records created and received by Victor Khanye Local Municipality shall be managed in line with records management principles containing in Section 13 of the National Archives and Records Service Act, 1996.

- ***Sexual Harassment Policy*** aims at ensuring that employees are not subjected to any form of sexual harassment. Persistent, unsolicited and unwanted sexual advances or suggestions made by one employee to another, regardless of gender and/or sexual orientation will not be tolerated. Violations of this policy will lead to disciplinary action, which will include dismissal, and/or criminal charges. All managers at the Municipality have a responsibility for addressing all reports of harassment. In dealing with cases of sexual harassment, the Municipality shall be guided by the Code of Good Practice as contained in Schedule 8 of the Labour Relations Act, 1995 and the NEDLAC Code of Good Practice on the Handling of Sexual Harassment Cases.

A Performance Management System (PMS) for non-section 56/57 employees was developed and is currently cascaded to lower employees on levels 1-3, where Managers and Assistant Managers signed Performance Agreements which included Performance Plans and Personal Development Plans. PMS will be further cascaded to the remaining levels in the next financial years using a phased approach to ensure recognition of good performance and to establish development gaps which might exist.

The Municipality through the Training and Skills Development Section has the Workplace Skills plan in place. The plan is aimed at responding to the capacity challenges of the Municipality. The Municipality has planned to train 70 employees in this financial year in line with the approved 2023/24 WSP.

No.	Policy Name	Policy No.	Approval Date	Review Date	Department	Status
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 in 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	A005/03/2024	28/03/2024	31/10/2024	OMM	Active

	Compliance Management & Governance					
18.	Audit and Performance Committee Charter	A019/10/2024	31/10/2024	As and 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		2020	Reviewed	OMM	Approved
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	S018/11/2021	23/11/2021	Annually	B&T	Active

	and Wasteful Expenditure					
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

2.15 INFORMATION COMMUNICATION AND TECHNOLOGY (ICT)

The municipality has an Information Communication Technology (ICT) Unit, which is responsible for assisting the Municipality in providing innovative solutions, a stable information technology infrastructure and optimal functioning of internal application systems to meet the service delivery needs of the community.

2.15.1 Key Functions

The key functional areas of the ICT Division are:

- Corporate IT Governance and Strategy.
- Servers, Network Systems & Desktop Maintenance.
- ICT Infrastructure and Application Management.
- ICT Disaster Recovery and Business Continuity.
- ICT Security, and
- Records management.

One of the initiatives to improve the standard and level of service delivery relates to the promotion of the image and use of Information and Communication Technology (ICT) within the municipality, through the drafting and development of an ICT Strategy that will provide a roadmap for the extensive adoption of ICT solutions within the municipality.

Similar to other local municipalities, Victor Khanye Local Municipality utilizes ICT in the normal operations of the municipality. However, the municipality and its executive and administrative management has resolved to adopt other ways to utilize technology solutions to deal and manage other business-related risks, in addition to improving the efficiency and effectiveness of the municipality in its service delivery functions.

As a first step for developing a sound ICT strategy, a detailed analysis of the municipality's current business processes was concluded.
The primary objective for the development of the ICT strategy is to ensure that Victor Khanye Local Municipality is able to define and establish its ICT Unit to enable the municipality to become a focused and structured organization, such that it could leverage ICT to drive real change.

2.15.2 Strategy Development Initiative

The objectives of the strategy development initiative are to ensure that there is:

1. A clearly defined role for the ICT unit.
2. Greater engagement and transparency with departments to remove technical barriers.
3. Strengthened governance and assurance of ICT function.

4. Measurable and well-defined service delivery goals.
5. Increased standardization and modularization of business processes and supporting technologies to create a platform from which the Victor Khanye Local Municipality can deliver against its mandate.
6. Effective spending controls to ensure that new ICT solutions comply with strategy objectives.
7. Effective sourcing and streamlined service provider management.
8. Strengthened partnerships with service providers.

The objectives should be to enable the Victor Khanye Local Municipality ICT unit to become an effective support base to the broader Victor Khanye Local municipality organization.

2.15.3 Victor Khanye Local Municipality ICT Strategy

One of the initiatives to improve the standard and level of service delivery relates to the promotion of the image and use of Information and Communication Technology (ICT) within the municipality by providing infrastructure and resource management to the area of governance in order to enhance service delivery on land and spatial issues, community development and economic and social issues.

It is vitally important that ICT in VKLM provide a service of high quality to all relevant stakeholders, at affordable rate and within reasonable period.
Thus, a need for computerization of systems in VKLM is crucial and pertinent in an effort to meet the imperatives of the Fourth Industrial Revolution (4IR) such as inter alia Cloud Computing, Internet of Things (IoT), and the remote connection.

It is therefore the unit's primary objective to serve the immediate needs of the municipality concerning the application and operation of its computer systems and access to information on local networks and the public internet by the relevant stakeholders.
Therefore, the existence of the ICT unit within VKLM entails the followings objectives:

- Management of information systems in line with the vision and mission of the municipality
- Provide the necessary support to all the municipality' stakeholders
- Management of all current and proposed systems
- Management and maintenance of hardware, networks, infrastructure, website, and provision of general ICT support.

2.15.4 Challenges

- Aged infrastructure which hampers compatibility with new technology

- Inadequate procurement processes for ICT equipment and services (e.g. repairs and maintenance)
- Inability to cope with the technology trends
- Understaffing
- Reliance of external service providers
- Lack of funding.

In order for the Municipality to be able to overcome challenges mentioned above, the Municipality will implement the following:

Table 2.16 – ICT Projects

Project name	Urgency (Low, Medium, High)	Current status
Cloud Computing	High	NDM is currently deploying DRAAS Solution (Cloud Computing) in order to strengthen the security of the networks, systems and mainly disaster recovery. The project is underway however, VKLM, due to its obsolete ICT infrastructure, is lacking behind in the implementation of the aforementioned.
Server-Room and DR Infrastructure upgrade	High	The servers are operational however due to 4IR technologies that are becoming more prevalent , they are struggling to support newer technologies and compatibility
Generator Upgrade	High	The generator is currently operational, however its capacity is insufficient to cater for all the departments in the municipality during load shedding therefore production is often interrupted
Microsoft Server Operating System and End user(Laptops and Desktops) Operating system upgrade	High	Servers are currently running on Windows Server 16 and 2012 R2 that are reaching end of life in the coming year, For Windows Server 16 - extended support lasts until 11-01-2027.

		Windows Server 2012 R2 –ended October 10,2023 extended security update ending in 2026
Employee self service	Medium	Service Provider (PayDay) currently working on the module for employees to able to perform self-services
Muncomp Training	Medium	Ongoing, new recruits' are often trained on the system; However, the system is not utilized to its full capacity. E.g. Electronic Signature, Digitized documents etc.
ICT Panel for procurement of equipment and licence renewals	High	The ICT to embark on Advertising the tender
Public Wi-Fi rollout	Medium	The ICT unit to do a feasible study and prioritize youth center office. Furthermore, Nkangala District Municipality is also embarking on District Wide Public Wi-Fi project.

2.16 RISK MANAGEMENT AND FRAUD PREVENTION

To successfully mitigate risks that may prevent VKLM to reach its IDP objectives, a Risk Management Policy and Strategy are in place. Risk management forms part of management's core responsibilities and it is an integral part of the internal processes of the Municipality. Risk management is seen as a systematic process to identify, evaluate, and mitigate risks on a continuous basis before the risks impact negatively on the institution's service delivery capacity. It is believed that when properly executed, risk management provides a reasonable, but not absolute assurance, that the Municipality will be successful in achieving its goals and objectives. Thus, it should be embedded into the systems and culture of the Municipality.

The Municipality has in place a Risk Management Unit that plays a central role in risk management. The strategic objective of this Unit is to add value by assisting Council, Municipal Manager and Management to ensure that all risks facing the Municipality are identified, rated, tolerance levels established, mitigating strategies formulated and action plans compiled to manage all risks. The primary role of the Risk Management Unit includes the following:

- To act as champions of risk management in the Municipality
- To facilitate the establishment of effective and efficient risk management structures in the Municipality
- To advise management on all matters pertaining to risk management
- To continually advise management about possible new risks.

The Risk Management Unit however serves as an advisory unit and is not responsible for the mitigation of risks. The mitigation of risks is the responsibility of the Risk Owners, Risk Champions and finally the Accounting Officer. Furthermore, a Risk Management, Anti-Fraud & Anti-Corruption Committee with an external chairperson has been established and is functional and Risk Champions were appointed in every department.

Victor Khanye Local Municipality maintains a zero-tolerance stance concerning fraud and corruption. To execute the approved Fraud Prevention Policy and Strategy and a Disciplinary Board has been established with regards financial misconduct in line with the new regulations.

2.17 FRAUD AND CORRUPTION

The Municipality has approved a policy to curb fraud and corruption from occurring within the institution on the 27th July 2023 under Council Resolution A027/07/2023. The purpose of this Policy The policy provides a framework to enable the municipality to prevent, limit, reduce and detect losses due to fraud and corruption such as bribery, embezzlement, fraud, extortion, abuse of power, nepotism, and misuse of privileged information, favouritism and conflict of interest. VKLM hopes to achieve the following objectives with its Fraud & Corruption Prevention and Detection Policy:

- Prevent and/or minimize losses due to misconduct by means of corrupt and/or fraudulent activities.
- To create internal control systems of prevention and early detection of any corrupt and/or fraudulent activities.
- To enable management to investigate any possible case of corrupt and/or fraudulent activity. To enable management to implement consequence management measures to act against any guilty party.
- To closely cooperate with other spheres of government to eradicate the scourge of fraud and corruption that is sabotaging government service delivery.
- 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.

2.18 BUSINESS CONTINUITY MANAGEMENT

Business Continuity Management (BCM) is a holistic management process that identifies potential threats and impact to the business operations of Victor Khanye Local Municipality (VLK) referred to as the “Municipality”. IT provides a framework for building Organisational Resilience and Sustainability with the capability for an agile and effective response that safeguards the interests of key stakeholders, reputation, brand and value-creating activities.

This BCM framework is developed to assist with the implementation of the Municipality BCM programme by providing guidance on the requirements defined in the BCM policy. It further provides a structure for the development, implementation, review, maintenance and improvement of the Business Continuity Plan of the Municipality.

The aim is to guide the development of the Municipality’s ability to proactively detect, prevent and minimize where necessary the impact of a disruptive event and ensure emergency response, resumption and recovery, restoration and permanent recovery of critical business operations and activities following a disruptive event. In the aftermath of a disruptive incident, it will enable the priority business units of the critical Directorates to continue and aid the Municipality to recover fully, in a short to a longer term, and return to business as usual. The Municipality has approved both Business Management Framework and the Policy on 27 July 2023 (Council resolution no. A 030/07/2023 & A 31/07/2023)

The Municipality has a total of 114 policies and 14 by-laws that have been approved by Council; the total number of Budget related policies is 23, 38 for the Human Resources related, Service Delivery Programmes related has 13 policies, Risk/Internal Audit/Performance and ICT related policies are at 20 and 20 respectively.

CHAPTER 3: MUNICIPAL DEVELOPMENT STRATEGIES AND IDP ACTIVITIES

3.1 INTRODUCTION

In terms of the Local Government: Municipal Systems Act of 2000, it states that each Municipal Council must within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan, which is known as Integrated Development Plan. Precisely, IDP must guide and inform all planning, development, budgeting decisions of the Municipality. Section 26 (a) requires that the IDP must reflect the Municipal Council`s vision for the long-term development of the municipality. The following information will clearly outline the Municipal vision, mission, development objectives and priorities.

3.2 STRATEGIC POSITIONING

3.2.1 Vision

A vision statement is a written document that describes a vision where an organization intends to be in future and the mechanisms that should be applied by the organization. VKLM vision "***Repositioned municipality for a better and sustainable service delivery for all***"

3.2.2 Mission Statement

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.

3.2.3 Core Values

As a Municipality, we adhere to the following values in all of our daily dealings and interactions with the community and all our stakeholders we believe in the following:
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.

3.3 IDP PROCESS PLAN

In order to ensure certain minimum quality standards of the IDP process and proper coordination between and within spheres of government, municipalities need to prepare a new five-year IDP Cycle Process Plan at the beginning of the newly elected Council. The preparation of a Process Plan, which in essence is the IDP Process, is set in writing, and requires adoption by the Council.

This plan has to include the following:

1. A programme specifying key-deadlines and time-frames for the different planning steps;
2. The appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, traditional authorities, and other role players in the IDP process; and;
3. Cost estimates for the IDP process.

Preparing the Process plan for the **Five-Year IDP Cycle** started in **2022/2023 Financial Year** and ends on **2026/2027 Financial Year**, and the time schedule of the Budget and PMS process has been integrated with IDP Process to ensure greater alignment, efficient, effective and cost-saving processes.

Section 28 of the Local Government: Municipal Systems Act states "*Each Municipal Council within a prescribed period after the start of its elected term must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan".*

Section 29 provides process to be followed, the process followed by a municipality to draft its Integrated Development Plan, including its consideration and adoption of the draft plan, should:

a) Be in accordance with a predetermined programme specifying time frames for the different steps through appropriate mechanisms, processes and procedures established, in terms of Chapter 4, allow for –
The local community to be consulted on its development needs and priorities;

(i) Organs of the state, including traditional authorities, and other role players to be identified and consulted on the drafting of the integrated development plan provide for the identification of all plans and planning requirements, binding on the municipality in terms of national and provincial legislation; and be consistent with any other matters that may be prescribed by regulation

Section 34 of the Municipal Systems Act, states that a municipal council –

a) *Must review its integrated development plan – annually, in accordance with an assessment of its performance measurements in terms of Section 4; and to the extent that changing circumstances so demand; and*
b) *May amend its integrated development plan, in accordance with a prescribed process.*

3.4 ASSESSING THE LEVEL OF DEVELOPMENT

For these reasons, the municipality orchestrated the strategic planning session, which involved the municipal administration management, the political office-bearers and the representatives from the labour movements.

1. Interpretation of the 2011, 2016, 2019 and 2022 statistics, attributed to the planning dynamics,
2. Presentation of the municipal fiscal state,
3. Articulation of priority issues, by highlighting the issue analysis, challenges, achievements and interventions.

3.5 DEVELOPMENT PRIORITIES

The Municipality has adopted the following priorities to be implemented within the period of 5 years (2022 – 2027):

1. Water supply and sanitation
2. Road infrastructure development and storm water
3. Electricity supply and management
4. Local Economic Development & Tourism
5. Waste and Environment Management
6. Financial Management and viability
7. Integrated Human Settlement

8. Good governance and Public participation
9. Community development and Public Safety

3.6 STRATEGIC FOCUS AREAS

In line with our Vision and Mission of the Victor Khanye Local Municipality, the Municipality has adopted the following goals summarized as:

1. **Goal 1:** Improve provision of basic services to the residents of Victor Khanye Local Municipality.
2. **Goal 2:** Improve social amenities and education for the Community.
3. **Goal 3:** To strengthen the delivery of sustainable integrated human settlement and environmental management
4. **Goal 4:** To initiate a strong and sustainable economic development**.**
5. **Goal 5:** To build a strong good governance and institutional development**.**
6. **Goal 6:** To ensure legally sound financial viability and management
7. **Goal 7:** To strengthen the economic activities and job creation.

3.7 DEVELOPMENT OF INDICATORS, OBJECTIVES, STRATEGIES AND TARGETS FOR 2023-2027

Inputs from other spheres of Government that were received though the CoGTA IDP evaluation framework, were also considered during the IDP Technical Committee meeting.

3.7.1 Adherence to the Adopted Process Plan

Table 3.1 – Adopted Process Plan Adherence

Adherence to the adopted Plan	Addressed in IDP (Y/N)	Comments	Remedial Action	Due date
1. The Municipality did not adhere to the adopted process as the strategy planning session was convened after the adoption of the draft IDP	Yes	The IDP Technical Strategy was held on the 13 February 2026.	None	2025-2026 FY
2. The Municipality to at least consider convening two	Yes	The Municipality managed to hold its DP Technical Strategic Session and the Main	Achieved	Achieved in 2025-2026 FY.

Adherence to the adopted Plan	Addressed in IDP (Y/N)	Comments	Remedial Action	Due date
strategic planning sessions at a Technical and Political level.		Strategic Session will be held on the 26 March 2025.		

CONSOLIDATED STRATEGIC PLANNNING SESSIONS REPORT 2025-2026

Municipal Strategic Planning Session is a crucial activity for local governments, involving council, administration, and key stakeholders to chart the future direction of the municipality. The process has evolved over time due to legislative mandates, increasing complexity, need for accountability, resource constraints, and dynamic environments. The primary goals of a session include defining a shared vision, setting strategic priorities, developing goals and objectives, formulating strategies and action plans, ensuring alignment, enhancing communication and collaboration, building consensus, and establishing performance measures.

Key drivers and considerations for a strategic planning session include new political terms, reviewing existing plans, emerging issues and challenges, performance gaps, and community needs. Legislation mandates that municipalities undertake strategic planning to ensure effective governance, service delivery, and development. In South Africa, the Local Government: Municipal Systems Act, Chapter 5 requires municipalities to develop Integrated Development Plans (IDPs), which are essentially strategic plans.

The Municipal Administration adopted an approach to conduct (a) technical strategic planning as a crucial process for the municipality to align technical initiatives with their strategic goals and (b) Municipal strategic Planning Lekgotla to assist decision-makers select goals that align with the common vision for the future, facilitated by collaboration with residents and stakeholders. Both sessions encourage open dialogue, active participation, and collaboration, with the aim of building a stronger, more resilient, and prosperous municipality for all residents.

It is against this background that Victor Khanye Local Municipality held two (2) sessions of the Strategic Planning Session, namely:

a) Technical Strategic Planning on the 13 February 2026 through Virtual Means.

b) Municipal Strategic Planning Lekgotla from 02 to 03 March 2026, Red Star Raceway, Delmas.

The Municipal Manager officially opened the Technical Strategic Planning Session. In his opening address, he presented the strategic context, which outline key priorities for the Municipality to focus on. The Municipal Manager further shared the municipal overview, which presented the current state of the municipality's service delivery/financial issues, institutional arrangements/analysis, and demographic profile. The NDP Vision 2030 and Medium-Term Development Plan (2024–2029) outline the Province and District's medium to long-term growth trajectory, which the MM emphasized is necessary to reposition VKLM as a municipality for enhanced and sustainable service delivery to all.

SESSION B: MUNICIPAL STRATEGIC PLANNING LEKGOTLA FOR BOTH ADMINISTRATION AND POLITICAL PRINCIPALS

Strategic planning for municipal councillors and administration is a political and policy-oriented process that focuses on defining the municipality's vision, mission, values, and priorities in line with the community's needs and aspirations. The process is broad and long-term, covering the entire municipality and looking several years into the

future. Elected councillors are the primary decision-makers, representing the community's interests and setting the strategic direction. The content includes high-level strategic goals, priority areas, and desired impacts on the community.

The session's goal was to assess the implementation of the strategic objectives, in order to plan forward for the remaining years of the municipality's five-year Integrated Development Plan (IDP) 2022–2027.

Day one commenced with the Speaker of Council, Cllr. H.M Ngoma welcoming delegates and thanked them for attending the session. However, he raised concerns regarding the absence of most Councillors and announced that Executive Mayor was in hospital. He outlined the two-day programme emphasising on what is expected of the delegates and to ensure that everyone contributes to the discussions, having been guided by the District Development Model priorities and the Political Priorities.

The Honourable Executive Mayor Cllr. K.V. Buda officially opened the Strategic Planning Session via virtual means. In his opening address, he highlighted that the 2026 Strategic Planning Lekgotla of the Victor Khanye Local Municipality emphasizes the dual role of addressing challenges and demonstrating visionary leadership. The session aimed to assess the municipality's current status, align political and administrative leadership, review previous resolutions, develop practical strategies for the future, and strengthen accountability. Key focus areas include water security, electricity stability, infrastructure maintenance, financial sustainability, and institutional performance.

The Executive Mayor further highlighted the following achievements:

In addressing the broad range of socio-economic challenges, EXCO through TLP resolved to the implementation of the Premier’s Youth Development Fund as one of the measures to reduce unemployment. The Provincial Government has supported eight youth-owned enterprises in Victor Khanye Local Municipality, to the tune of R16 million, through the Youth Fund. Through this investment, 70 job opportunities have been created.

EXCO further directed Provincial departments to pay outstanding debts owed to the Municipality. A team, consisting of various departments, led by the Director-General in the Office of the Premier, Ms Maggie Skosana has been established to work with the Municipality to develop the modalities of the payment.

The municipality signed a bulk service provision cross-border agreement with the City of Ekurhuleni Metropolitan Municipality to fast track the development of a mall in the border of Etwatwa/VKLM.

Successful drilling and refurbishment of boreholes across high-need areas including Botleng (4), Sundra, Emafensini, and Klipspruit. This included the provision of elevated steel tanks to stabilize water pressure in these nodes.

The appointment of service providers for a Cost of Supply Study to inform the 2025/2026 electricity tariffs and the implementation of a new Smart Prepayment Water Meter system (500 units) to reduce non-revenue water losses.

In collaboration with the Development Bank of Southern Africa (DBSA), VKLM is finalizing the development of the Water Services Master Plan (WSMP) and the Electricity Master Plan (EMP). These documents serve as the blueprint for future bulk infrastructure investment.

EXECUTIVE SUMMARY

The report provides an overview of the political and administration management of Victor Khanye Local Municipality on the strategic direction of the institution by addressing the challenges in implementing Financial Stabilization; Infrastructure Management; Constant provision of Water and Electricity; Economic Growth and

Community Confidence. Each directorate prepared presentations that focused on how it overcame challenges related to service delivery and offered advice on navigating these dynamics to reach the intended performance objectives. The presentation emphasized the following topics.

Status on the implementation of 2025 Strategic Lekgotla Resolutions

Plan and report on the activities related to the 2022-2027 IDP

Strategies and objectives on proposed projects

Review of Departmental Performance for the current financial year

Review of departmental strategic and performance objectives against community priorities

Identification of new projects per directorate linked with above-mentioned objectives, and strategies.

That our IDP take into consideration the 2025/2026 IDP Priorities and to address the low hanging fruits.

The municipality has however faced financial difficulties due to an underfunded budget and low revenue collection, affecting its performance metrics and service delivery. This has led to imbalances in the local economy and social stability. Despite these challenges, the municipality is continuously seeking innovative ways to operate SMART through technological advancements and professionalization. The report is an oath taken by administration and political leadership, with resolutions to be implemented by the Mayoral Committee for Council approval.

SITUATIONAL ANALYSIS

Victor Khanye Local Municipality is a Category B municipality in the Nkangala District of Mpumalanga Province, connected to the Gauteng Province by the N12 freeway and railway line. Covering 1,567 square kilometres, it is a gateway to the Mpumalanga Province and is known for its growth in coal mining, silica sand mining, agriculture, and industrial sectors, with natural resources significantly contributing to its economy.

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.

Water Provision

The municipality, as both a Water Service Authority and a Water Service Provider, must provide water and sanitation services to its communities. However, the municipality is relying heavily on Rand Water due to the inability to function boreholes and purification plants. Rural communities and newly formed townships are now receiving basic services, funded by the Water Services Infrastructure Grant (WSIG), Municipal Infrastructure Grant (MIG), and municipal funds, particularly for low-income areas.

The plan is to ensure basic services are available while preserving and modernizing existing infrastructure. Piped water, also known as running water, is used in rural areas for cleaning, flushing toilets, cooking, and drinking. Victor Khanye has the second-lowest percentage of homes without piped water in Mpumalanga, highlighting the need for improved access to clean water.

Sanitation

South Africa's population has access to waterborne sanitation, with 65% having flushing toilets connected to a sewer network, septic tank, or conservancy tank. 19% have ventilated pit latrines, while 13% have pit toilets without ventilation pipes. The remaining population uses pour flush, chemical, composting, or bucket toilets. However, 1% still practice open defecation without toilet facilities. In Victor Khanye Local Municipality, the number of households without toilets decreased from 3,062 in 2011 to 2,733, but the number without flush chemical toilets increased.

Road Infrastructure

Victor Khanye Local Municipality's road infrastructure, initially designed for low-volume traffic, has been strained due to increased industrial, mining, and farming sectors. The municipality is implementing a strategy to upgrade existing infrastructure, provide stormwater infrastructure, and maintain existing roads. Tarring roads has been a recent strategy, with provisions made for tarring a certain number of kilometres each financial year.

The Nkangala District Municipality and private sector partners are supporting the municipality by preserving existing roadways and ensuring high-quality basic services. They fund road construction in middle-class areas and new road construction in low-income areas through the MIG. 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.

Electricity Provision

Electricity is crucial for human life and economy, with usage ranging from communication to production. Local government plays a significant role in South Africa's electricity industry. The number of households without electricity connection in Nkangala District and Victor Khanye Local Municipality has decreased from 50,324 in 2011 to 40,287 in 2022, according to Stats SA – Census 2022.Victor Khanye Local Municipality also recorded a decline from 3 062 to 2 733 in 2022.

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

Refuse collection

South Africa generates 12.7 million tonnes of waste annually, causing municipalities to face increasing challenges in providing waste management services. About 3.67 million tonnes of waste are not collected and treated through formal systems, leading to illegal disposal. The Constitution assigns responsibility for refuse removal, refuse dumps, solid waste disposal, and cleansing to local government. The number of households without weekly/less often refuse removal in Victor Khanye Local Municipality increased from 5 166 in 2011 to 6 689 in 2022.

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

DIRECTORATE: COMMUNITY AND SOCIAL SERVICES	**Project**		

10.1 LOW HANGING FRUITS **DIRECTORATE: COMMUNITY AND SOCIAL SERVICES**			
Project	**Budget and Source**	**Planned Actions**	**Due Date**
Procurement of refuse bins	R5 000 000	N/A	June 2026
Procurement of tractor 1. Grass cutting and skip bins	R600 000	Expedite the process of procuring a tractor.	June 2026
Fencing of the Delmas library and Sundra library	R3 000 000	Engage the private sector for funding.	June 2027
Procurement of traffic vehicles (4 vehicles)	R3 000 000	Engage the private sector for funding	June 2027
DIRECTORATE: CORPORATE SERVICES			
Capacitation of service delivery and revenue generating departments/positions.	Internal	Recruitment of Staff	Ongoing
Compliance and Revenue Enhancement	Internal	Drafting of Leases	30 June 2026
Compliance: safe keeping of municipal records thus reducing misuse of municipal information. Creation of additional records-keeping or possible office space	R100 000.00	Disposal of old records	30 June 2026

TOGETHER FOR GROWTH AND DEVELOPMENT

Cost reduction: monitoring of invoice. Payment of costs by attorneys (in cases where the municipality won the case and costs are for the other party). Inter-governmental relations engagements.	R7 000 000.00	Minimizing Litigation costs	Ongoing
Job creation Work-preparedness	Internal	Learnerships and Internships	Ongoing
DIRECTORATE: OFFICE OF THE MUNICIPAL MANAGER – SERVICE DELIVERY			
Improve the number of indigent beneficiary	None	Fast tracking of indigent applications by ward councillors	1st July 2026
Improve implementation of service standard and chart	R 500 000	Roll out of service standard and chart	30 September 2026
DIRECTORATE: OFFICE OF THE MUNICIPAL MANAGER – STRATEGIC SUPPORT			
Increase direct investment into the local economy	R1 Million	Secure investment to the local economy in Rand value	On going
Introduce electoral service payments	R0.00	100% Siyabhadala App developed and functional	30 April 2026

Increase financial and non-financial beneficiaries	R5 Million	25 Local Businesses to receive financial/non-financial support	30 June 2026
Sell unused Municipal land to generate revenue	R20 000.00	55 municipal vacant land/stands sold in line with MFMA and SCM regulations	30 June 2026
Create a clear catalogue of available industrial or commercial sites to attract potential investors	R700 000.00	Development of the Land Audit	31 December 2026
Review the LED Strategy and develop an investor attraction and retention plan	R0.00	Finalise the review of the LED Investor and Retention Strategy	31 December 2026
DICTORATE: BUDGET AND TREASURY			
Coordination of various assets and acquisition, utilization, maintenance and disposal	n/a	Implementation of assets management strategy	30 June 2026
Reduce debt book and improve revenue collection.	R 1.5 million (operational budget)	Registration of all indigents from all wards, zooming in on ESKOM licensed	30 June 2026
Reduce debt book and improve revenue collection.	n/a	Fastrack the debt incentive programme	30 June 2026

Improve revenue collection and reduce distribution losses	R 2 million (PT)	Implement Advance Metering Infrastructure	30 June 2026
Improve payment of services at retail stores	R 600 thousand	Implementation of Easy pay	30 June 2026
Reduction on UIFW	n/a	Implementation of Contract Management system	30 June 2026
DIRECTORATE: TECHNICAL SERVICES			
Increased water distribution in Delmas water supply scheme	R 6 400 000.00	Augmentation of Delmas Bulk water supply through boreholes and package plant/chlorination system	June 2027
Increased water distribution in water supply scheme	R 2 000 000.00	Augmentation of Botleng Bulk water supply through boreholes and package plant/chlorination system	June 2027
Increased water distribution in Sundra/Eloff water supply scheme	R 5 000 000.00	Augmentation of Sundra/ Eloff Bulk water supply through boreholes and package plant/chlorination system	June 2027
Increased water distribution in supply Botleng water supply scheme	R 4 000 000.00	Feasibility studies and upgrading of water supply at Delmas Water treatment plant	June 2027

		from 4 ML TO 12 ML operational capacity.	
Full time access to portable drinking water	R 9 000 000.00	Drilling of 9 boreholes in Rural and Farm areas	June 2027
Available policy to assist guide the IPP or third party with alternative energy source	R 0.00	Implement wheeling policy and framework for consideration of third party agreement or Independent Power Procurers	June 2027
Improve revenue	R 6 000 000.00	Meter Audit for all business and replacement	June 2027
Improved access to water supply Healthy fleet	R 1 500 000.00	Procurement of 18 000 l water trucks	June 2027
Access to roads for social and economic activities	R 18 000 000.00	Design and construction of roads in all wards	June 2027
Safety to private and public property	R 6 000 000.00	Construction of Botleng storm water	June 2028
Access to roads for social and economic activities	R 12 000 000.00	Design and construction of road to Culvert Bridge in Matjothjombeni	June 2028
Compliance with water Act legislations	R 5 000 000.00	Water use license	June 2027

3.7.3 Implementation of Municipal Staff Regulations and Public Participation (PMS, HR & MM)

Table 3.3: Implementation of Municipal Staff Regulations

	Included in IDP (Y/N)	Comments	Remedial Action	Due date
The Municipality to cascade Performance Management Development System to all employees with effect from01 July 2023.		The cascading of IPMS has been cascaded up to the level of Assistant Manager. The cascading to T12 up to T8 will commence on the second	The cascading of IPMS is ongoing. The performance assessments will resume on quarter 4 of the 2024/2025 financial year.	31 May 2025

	Included in IDP (Y/N)	Comments	Remedial Action	Due date
		quarter of the 2025/2026 financial year.		
The Municipality to review its Strategy to align with Provincial Public Consultation Strategy during the IDP review.		The Municipality has an approved Strategy by Council and is currently working on aligning it with Provincial Public Consultation Strategy	Implemented and achieved.	2025-2026 FY

Table A: Basic Service Delivery and Infrastructure Development

Municipal KPA - 01		**BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT**							
Problem statement and root causes per KPA:	1.	2. Ageing and dilapidated Infrastructure 3. Insufficient funding for upgrading infrastructure and new development 4. Insufficient funding for operation and maintenance of existing infrastructure 5. Lack of water security, intermediate water supply and unsustainable boreholes 6. High water losses or unaccounted water losses 7. Sewer spillages 8. Lack of master plans (Water and Electricity)							
One Plan Transformation Area: DDM									
2024-29 MTDP Priority		**Build a capable, ethical and developmental State (WATER PROVISION)**							
Municipal Priority		**Improved provision of basic services to the residents of VKLM**							
Impact statement: Accessible services to communities				**MTDP Target: 100% access to piped water, sanitation, electricity and 75% to weekly waste removal**					
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5 year IDP target**	**Intervention/ Programme DDM Interventions**		**ANNUAL TARGETS**		
						2023/24 Outputs	**2024/25 Outputs**	**2025/26 Outputs**	**2026/2027**
Improved provision of basic services to the residents of VKLM	Infrastructure Development and Improving Service Delivery.		Ageing an dilapidated Infrastructure and Insufficient funding for upgrading infrastructure and new development	Improved Infrastructure	Completion of all the MIG funded projects within the agreed time. Repairing and maintenance of potholes in all wards	100%	100%	100%	100%

Municipal KPA - 01		**BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT**							
Problem statement and root causes per KPA:	1.	2. Ageing and dilapidated Infrastructure 3. Insufficient funding for upgrading infrastructure and new development 4. Insufficient funding for operation and maintenance of existing infrastructure 5. Lack of water security, intermediate water supply and unsustainable boreholes 6. High water losses or unaccounted water losses 7. Sewer spillages 8. Lack of master plans (Water and Electricity)							
One Plan Transformation Area: DDM									
2024-29 MTDP Priority		**Build a capable, ethical and developmental State (WATER PROVISION)**							
Municipal Priority		**Improved provision of basic services to the residents of VKLM**							
Impact statement: Accessible services to communities					**MTDP Target: 100% access to piped water, sanitation, electricity and 75% to weekly waste removal**				
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5 year IDP target**	**Intervention/ Programme DDM Interventions**		**ANNUAL TARGETS**		
						2023/24 Outputs	**2024/25 Outputs**	**2025/26 Outputs**	**2026/2027**
					Graveling of roads graded				
Improved access to basic services	% increase of households with access to basic services		Lack of water security, intermediate water supply and unsustainable boreholes High water losses or	100%	Ensuring that all paid applications for new water connections are made. Ensuring that water quality is compliant with SANS 241	100%	100%	100%	

Municipal KPA - 01		**BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT**							
Problem statement and root causes per KPA:	1.	2. Ageing and dilapidated Infrastructure 3. Insufficient funding for upgrading infrastructure and new development 4. Insufficient funding for operation and maintenance of existing infrastructure 5. Lack of water security, intermediate water supply and unsustainable boreholes 6. High water losses or unaccounted water losses 7. Sewer spillages 8. Lack of master plans (Water and Electricity)							
One Plan Transformation Area: DDM									
2024-29 MTDP Priority		**Build a capable, ethical and developmental State (WATER PROVISION)**							
Municipal Priority		**Improved provision of basic services to the residents of VKLM**							
Impact statement: Accessible services to communities					**MTDP Target: 100% access to piped water, sanitation, electricity and 75% to weekly waste removal**				
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5 year IDP target**	**Intervention/ Programme DDM Interventions**		**ANNUAL TARGETS**		
						2023/24 Outputs	**2024/25 Outputs**	**2025/26 Outputs**	**2026/2027**
			unaccounted water losses Lack of a Water Master Plan		drinking water quality standards Development of the Water Services and WSDP Master Plan.				

Municipal KPA - 01		**BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT**						
Problem statement and root causes per KPA:	1.	2. Ageing and dilapidated Infrastructure 3. Insufficient funding for upgrading infrastructure and new development 4. Insufficient funding for operation and maintenance of existing infrastructure 5. Lack of water security, intermediate water supply and unsustainable boreholes 6. High water losses or unaccounted water losses 7. Sewer spillages 8. Lack of master plans (Water and Electricity)						
One Plan Transformation Area: DDM								
2024-29 MTDP Priority		**Build a capable, ethical and developmental State (WATER PROVISION)**						
Municipal Priority		**Improved provision of basic services to the residents of VKLM**						
Impact statement: Accessible services to communities				**MTDP Target: 100% access to piped water, sanitation, electricity and 75% to weekly waste removal**				
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5 year IDP target**	**Intervention/ Programme DDM Interventions**		**ANNUAL TARGETS**	
						2023/24 Outputs	**2024/25 Outputs**	**2025/26 Outputs**	**2026/2027**
			Sewer spillages, lack of water borne,	100%	Ensuring that all paid applications for new sewer connections are made.	100%	100%	100%	
			Regular power cuts, poor maintenance, high Eskom debt,	100%	Ensuring that all applications for the electrification of households are made.	100%	100%	100%	

Municipal KPA - 01		**BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT**							
Problem statement and root causes per KPA:	1.	2. Ageing and dilapidated Infrastructure 3. Insufficient funding for upgrading infrastructure and new development 4. Insufficient funding for operation and maintenance of existing infrastructure 5. Lack of water security, intermediate water supply and unsustainable boreholes 6. High water losses or unaccounted water losses 7. Sewer spillages 8. Lack of master plans (Water and Electricity)							
One Plan Transformation Area: DDM									
2024-29 MTDP Priority		**Build a capable, ethical and developmental State (WATER PROVISION)**							
Municipal Priority		**Improved provision of basic services to the residents of VKLM**							
Impact statement: Accessible services to communities					**MTDP Target: 100% access to piped water, sanitation, electricity and 75% to weekly waste removal**				
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5 year IDP target**	**Intervention/ Programme DDM Interventions**		**ANNUAL TARGETS**		
						2023/24 Outputs	**2024/25 Outputs**	**2025/26 Outputs**	**2026/2027**
			illegal connections		Disconnection of all illegal connections. Development of the Electricity Master Plan				

Municipal KPA - 01		**BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT**							
Problem statement and root causes per KPA:	1.	2. Ageing and dilapidated Infrastructure 3. Insufficient funding for upgrading infrastructure and new development 4. Insufficient funding for operation and maintenance of existing infrastructure 5. Lack of water security, intermediate water supply and unsustainable boreholes 6. High water losses or unaccounted water losses 7. Sewer spillages 8. Lack of master plans (Water and Electricity)							
One Plan Transformation Area: DDM									
2024-29 MTDP Priority		**Build a capable, ethical and developmental State (WATER PROVISION)**							
Municipal Priority		**Improved provision of basic services to the residents of VKLM**							
Impact statement: Accessible services to communities					**MTDP Target: 100% access to piped water, sanitation, electricity and 75% to weekly waste removal**				
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5 year IDP target**	**Intervention/ Programme DDM Interventions**		**ANNUAL TARGETS**		
						2023/24 Outputs	**2024/25 Outputs**	**2025/26 Outputs**	**2026/2027**
			Illegal dumping which translates to air pollution .	75%	Enhance waste collection Coordinate public awareness on illegal dumping and air pollution.	100%	100%	100%	

Table B: Basic Services Delivery and Infrastructure Delivery

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
Improved provision of basic services to the residents of VKLM	Improved sanitation provision through infrastructure	% of households sanitation connections made for all new paid-up applications	100% of households sanitation connections made for all new paid-up applications	100% of households sanitation connections made for all new paid-up applications	100% of households sanitation connections made for all new paid-up applications	100% of households sanitation connections made for all new paid-up applications	100% of households sanitation connections made for all new paid-up applications	100% of households sanitation connections made for all new paid-up applications
	Improved water supply through infrastructure	% of households water connections made for all new paid-up applications	100% of households water connections made for all new paid-up applications	100% of households water connections made for all new paid-up applications	100% of households water connections made for all new paid-up applications by	100% of households water connections made for all new paid-up applications	100% of households water connections made for all new paid-up applications	100% of households water connections made for all new paid-up applications
	Improved portable water supply	Percentage of water samples compliant with SANS 241 drinking water quality standards	95% of water samples compliant with SANS 241 drinking water quality standards.	95% of water samples compliant with SANS 241 drinking water quality standards.	95% of water samples compliant with SANS 241 drinking water quality standards	95% of water samples compliant with SANS 241 drinking water quality standards.	95% of water samples compliant with SANS 241 drinking water quality standards	95% of water samples compliant with SANS 241 drinking water quality standards
		Development of the Water Services Master Plan and WSDP	1 Water Services and WSDP developed.	-	-	-	-	Water Services Masterplan and WSDP developed.
	Improved service delivery	Number of Capital projects (infrastructure) completed in terms of agreed WSIG funding	10 Capital projects (infrastructure) completed in terms of agreed WSIG funding	2 Capital projects (infrastructure) completed in terms of agreed WSIG funding	2 Capital projects (infrastructure) completed in terms of agreed WSIG funding	2 Capital projects (infrastructure) completed in terms of agreed WSIG funding	2 Capital projects (infrastructure) completed in terms of agreed WSIG funding	2 Capital projects (infrastructure) completed in terms of agreed WSIG funding

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
		Number of Capital projects (infrastructure) completed in terms of agreed MIG Funding.	36 of Capital projects (infrastructure) completed in terms of agreed MIG Funding	6 of Capital projects (infrastructure) completed in terms of agreed MIG Funding	6 of Capital projects (infrastructure) completed in terms of agreed MIG Funding	6 of Capital projects (infrastructure) completed in terms of agreed MIG Funding	6 of Capital projects (infrastructure) completed in terms of agreed MIG Funding	6 of Capital projects (infrastructure) completed in terms of agreed MIG Funding
	Reduction on littering	Number of community awareness campaigns held in terms of waste management	15 community awareness campaigns held in terms of waste management	3 community awareness campaigns held in terms of waste management	3 community awareness campaigns held in terms of waste management	3 community awareness campaigns held in terms of waste management	3 community awareness campaigns held in terms of waste management	3 community awareness campaigns held in terms of waste management
	A Clean and healthy living environment	Number of times refuse collection services rendered per week at Ward 1,2,3,4,5,6,7,8 and 9 (GKPI)	260 weekly reports on refuse collection services rendered per week at Ward 1, 2, 3, 4, 5, 6, 7, 8 and 9	52 weekly reports on refuse collection services rendered per week at Ward 1, 2, 3, 4, 5, 6, 7, 8 and 9	52 weekly reports on refuse collection services rendered per week at Ward 1, 2, 3, 4, 5, 6, 7, 8 and 9	52 weekly reports on refuse collection services rendered per week at Ward 1, 2, 3, 4, 5, 6, 7, 8 and 9	52 weekly reports on refuse collection services rendered per week at Ward 1, 2, 3, 4, 5, 6, 7, 8 and 9	52 weekly reports on refuse collection services rendered per week at Ward 1, 2, 3, 4, 5, 6, 7, 8 and 9
	Improved lighting infrastructure	% of new households connections with basic levels of electricity as per received (GKPI) (excluding Eskom licenced areas)	100% of new households connections with basic levels of electricity as per received applications	100% of new households connections with basic levels of electricity as per received applications	100% of new households connections with basic levels of electricity as per received applications	100% of new households connections with basic levels of electricity as per received applications	100% of new households connections with basic levels of electricity as per received applications	100% of new households connections with basic levels of electricity as per received applications

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
	Energy availability	Development of the Electricity Master Plan	1 Electricity Master Plan developed	-	-	-	-	1 Electricity Master Plan developed.
	Improved road network	Number of m² of potholes repaired and maintained in all wards	375 m² of potholes repaired and maintained in all wards	50m² of potholes repaired and maintained in all wards	60m² of potholes repaired and maintained in all wards	75m² of potholes repaired and maintained in all wards	90m² of potholes repaired and maintained in all wards	100m² of potholes repaired and maintained in all wards
	Improved road and storm-water infrastructure	Number of kilometres of gravel roads graded	1070 km of gravel roads graded	160 km of gravel roads graded	200 km of gravel roads graded	220 km of gravel roads graded	240 km of gravel roads graded	250 km of gravel roads graded
		Number of meters of storm-water drainage systems cleaned	960m of storm-water drainage systems cleaned per quarter.	120M of storm-water drainage systems cleaned.	150M of storm-water drainage systems cleaned.	200M of storm-water drainage systems cleared.	240M of storm-water drainage systems cleaned.	250M of storm-water drainage systems cleaned.
	Efficient response to disaster and emergency services	% 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)	80% availability of emergency response vehicles 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)	80% availability of emergency response vehicles 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)	80% availability of emergency response vehicles quarter to comply to the codes of practice (SANS 10090)

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
	Efficient response to disaster and emergency services	% response time normal hours (5 min) with respect to the request for emergency services received per month to vehicles out the gate	80% response time normal hours (5 min) with respect to the request for emergency services received	80% response time normal hours (5 min) with respect to the request for emergency services received	80% response time normal hours (5 min) with respect to the request for emergency services received	80% response time normal hours (5 min) with respect to the request for emergency services received	80% response time normal hours (5 min) with respect to the request for emergency services received	80% response time normal hours (5 min) with respect to the request for emergency services received
		% response time after hours (10 min) with respect to the request for emergency services received per month to vehicles out the gate	85% response time after hours (10 min) with respect to the request for emergency services received	85% response time after hours (10 min) with respect to the request for emergency services received	85% response time after hours (10 min) with respect to the request for emergency services received	85% response time after hours (10 min) with respect to the request for emergency services received	85% response time after hours (10 min) with respect to the request for emergency services received	85% response time after hours (10 min) with respect to the request for emergency services received
	Improve service delivery	Number of new households earning less than R5400 per month provided with access to free basic services by 30 June 2026 (GKPI)	1900 new households earning less than R5400 per month provided with access to free basic services	200 new households earning less than R5400 per month provided with access to free basic services	250 new households earning less than R5400 per month provided with access to free basic services	400 new households earning less than R5400 per month provided with access to free basic services	500 new households earning less than R5400 per month provided with access to free basic services	550 new households earning less than R5400 per month provided with access to free basic services

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
	To promote enrolment at tertiary institutions	Number of learners provided with financial support (Mayoral community programme)	370 learners provided with financial support (Mayoral community programme)	50 learners provided with financial support (Mayoral community programme)	65 learners provided with financial support (Mayoral community programme)	75 learners provided with financial support (Mayoral community programme)	80 learners provided with financial support (Mayoral community programme)	100 learners provided with financial support (Mayoral community programme)
	Improved wellbeing of community	Number of events scheduled and held in terms of mainstreaming of gender (man and woman & LGBTQI+), disabled, elderly and children	30 events scheduled and held in terms of mainstreaming of gender (man and woman & LGBTQI+), disabled, elderly and children	6 events scheduled and held in terms of mainstreaming of gender (man and woman & LGBTQI+), disabled, elderly and children	6 events scheduled and held in terms of mainstreaming of gender (man and woman & LGBTQI+), disabled, elderly and children	6 events scheduled and held in terms of mainstreaming of gender (man and woman & LGBTQI+), disabled, elderly and children	6 events scheduled and held in terms of mainstreaming of gender (man and woman & LGBTQI+), disabled, elderly and children	6 events scheduled and held in terms of mainstreaming of gender (man and woman & LGBTQI+), disabled, elderly and children
	Improve lifestyle amongst the youth	Number of educational initiatives implemented in terms of the Youth	30 educational initiatives implemented in terms of the Youth	6 educational initiatives implemented in terms of the Youth	6 educational initiatives implemented in terms of the Youth	6 educational initiatives implemented in terms of the Youth	6 educational initiatives implemented in terms of the Youth	6 educational initiatives implemented in terms of the Youth
		Number of Youth Imbizo held	15 Youth Imbizo held	3 Youth Imbizo held	3 Youth Imbizo held	3 Youth Imbizo held	3 Youth Imbizo held	3 Youth Imbizo held

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
		Number of HIV/AID's educational awareness campaigns held	20 HIV/AID's educational awareness campaigns held	4 HIV/AID's educational awareness campaigns held	4 HIV/AID's educational awareness campaigns held	4 HIV/AID's educational awareness campaigns held	4 HIV/AID's educational awareness campaigns held	4 HIV/AID's educational awareness campaigns held
	To promote healthy environment	Number of Compliance inspections conducted to monitor facility performance in terms of Air Quality Act	20 compliance inspections conducted to monitor facility performance in terms of Air Quality Act	4 compliance inspections conducted to monitor facility performance in terms of Air Quality Act	4 compliance inspections conducted to monitor facility performance in terms of Air Quality Act	4 compliance inspections conducted to monitor facility performance in terms of Air Quality Act	4 compliance inspections conducted to monitor facility performance in terms of Air Quality Act	4 compliance inspections conducted to monitor facility performance in terms of Air Quality Act

In addition to the various household characteristics that need to be evaluated in a socio-economic analysis, it is also essential to review the level of accessibility to basic municipal services. This section provides an overview of the status quo about service delivery in Victor Khanye Local Municipality. This overview is undertaken in such a manner that an indication of the municipal level infrastructure backlog is presented, and where service delivery is done effectively and efficiently.

3.8.1 Provision of Water Services

3.8.1.1 Access to Water Services

The following table depicts the data on access to water services based to Stats-SA Survey.

Table 3.5 Access to Water Services

Description	2016	2022
Total HH with Access to water	20548	25 657
Total HH without Access to water	17 100	8 129

Source: Stats SA: Censuses: 2016 & 2022

The municipal council has provided the majority of the households in rural areas with borehole water, with the balance serviced by water tanker. There is currently lack of water security and alternative reliant source of water for supply.

Victor Khanye Local municipality is experiencing inadequate water supply due of lack of alternative bulk water supply. Current main water supply is Rand Water Bulk water supply and Delmas Water treatment plant intended to supply Botleng Ext 3-7 whereby the raw water is sourced from borehole system only. The rural areas, other informal settlement and farm areas are supplied with water through water tankers and boreholes.

The gap between water demand and supply within the region is widening. At an aggregate level, it is forecast to get steadily worse, indicating increasing water shortages. The crisis is multidimensional. Accessible freshwater in the region has become scarce, as more consumers are demanding water under conditions of climatic change.

Water is an essential resource to sustaining life and with no viable substitute, the topic of water security becomes vital. Water security is central to economic growth and development, energy generation and food security.

3.8.1.2 Challenges

- Lack of alternative bulk water supply and water security
- Ageing infrastructure
- Water losses
- Illegal connection
- Theft and Vandalism
- Inadequate water storages

3.8.1.3 Interventions

- Identify alternative bulk water supply
- Source funding for upgrading and refurbishment of infrastructure
- Meter auditing, disconnections and enforcing water bylaws
- Source funding for addition water storage

3.8.2 Provision of Access to Sanitation

3.8.2.1 Access to Sanitation

Table 3.6: Access to Sanitation

Description	2011	2022
Total Household with Access to Sanitation	20 548	20 568
Total household with no Access to Sanitation		3 702

Overflow of sewer is affecting the effective operation of sewer system with limited budget to upgrade the infrastructure system. Sewer pump stations require upgrading. The Delmas WWTW is currently being upgraded from capacity of 4.5 ML to 12 ML by NDM and DWS.

All households in the urban areas of Delmas and Botleng utilize waterborne systems, whilst parts of Eloff are connected to the municipal (water borne) sewerage line. Rural settlements are utilizing VIP toilets and biochemical toilets. It is the intention of the municipality to eradicate these methods of sanitation where possible, but the terrain and accessibility of many of the rural settlements prohibits an accelerated cost effective approach to this major problem.

There are three Waste Water Treatment Works (WWTWs) currently in operation. The Delmas WWTW is hydraulically overloaded and needs to be upgraded due to its aging infrastructure, as it also does not comply with accepted effluent standards. The Botleng WWTW is also overloaded and requires upgrade: the capacity of the Delmas Sewer Plant is 5Ml and the Botleng 4Ml; the two plants receive almost 7-8Ml and 5-6Ml respectively per day. The overload is mainly caused by new residential and industrial developments.

The aging infrastructure associated with these sanitation schemes result in significant costs increases with respect to maintenance and refurbishment. An ongoing programme to replace the sewer pipelines in the worst affected areas is jointly funded by the Victor Khanye Local Municipality and Nkangala District municipality. The residents of Sundra, Eloff, Rietkol, Leeupoort and Modder East Orchard are still making use of septic tanks and pit latrines, which have potential to contaminate ground water.

The lack of provision of minimum standards of water negatively impacts on environmental issues associated with inadequate levels of sanitation infrastructure, as most households without potable water are still reliant on pit latrines or septic tanks.

The provision of sanitation services by Ward is illustrated in the following table.

3.8.2.2 Challenges

- The following are strategic challenges in provision of basic sanitation
- Overloading of existing municipal sewer line
- Mushrooming of informal settlement and backroom dwellers
- Increase in population
- High capacity demand in operation of Delmas wastewater treatment plant
- Environmental pollution due to infrastructure breakdown and overflow of Delmas WWTP
- Ageing infrastructure, vandalism and theft in pump station
- Financial constraints for operations and upgrading

3.8.2.3 Interventions

- Upgrade sewer pump stations
- Upgrade sewer pipelines to eradicate backflow
- Complete upgrading of Delmas WWTP
- Source funding for upgrading and new connection for proposed developments
- Maintain sanitation in informal settlements

3.8.3 Provision of Access to Energy Services

3.8.3.1 Access to Electricity

Table 3.7 Access to Energy Services

Description	2016	2022
Total HH with Access to Electricity	22 716	24 270
Total HH without Access to Electricity	22 355	1554
% access	92%	64, 1

The demand for electricity at Victor Khanye LM is has been increasing rapidly due to mushrooming of informal settlement, increasing backroom dwellers, servicing commercial and industries which contributes to socio economic stability within municipal jurisdiction. Illegal connection is one of the contributing factors to electricity losses. Electricity Infrastructure and capacity initiatives or innovations are critical to attract investment.

Victor Khanye Local Municipality is one of the licensed municipalities in Mpumalanga Province. Electricity is one of the main basic services that the municipality is offering to 80% Victor Khanye residence, and 20% areas supplied by Eskom regulated by NERSA. VKLM is not affected by load reduction; consumption is within Eskom contractual Notified Demand (NMD).VKLM is supplied by Eskom from two-incomer substation namely Delmas Main (B1) and Delmas North.

The Delmas Main (B1) substation has a contracted NDM of 20 MVA, at the current loading of 17 MVA which is at 85% of the contractual NDM.The Delmas North substation has a contracted NDM of 12 MVA, at the current loading of 9.4 MVA which ia at 78% of the contractual NMD. The source of supply is solely reliant on Eskom where the municipality entered into purchase agreement with the entity.

As other social and economic activities increase in the municipal area, the demand has also been increasing towards in maximum usage. The following table illustrate the capacity and demand of electricity.

Table 3.8 Capacity and Demand of Electricity

SUBSTATION	DESIGN CAPACITY	OPERATION	ADDITIONAL REQUIRED
Delmas North	12MVA	9.4MVA	8MVA
Delmas Munic B1 Substation	20MVA	17MVA	12MVA

Delmas and parts of Botleng and Extensions are serviced by the Victor Khanye Local Municipality. The other areas of Eloff, Sundra, Rietkol, Botleng Ext. 3 and the rural areas receive electricity directly from Eskom and therefore do not fall under the municipalities billing system, but require to be upgraded to ensure that communities receive uninterrupted services.

The electricity network within Victor Khanye Local Municipality is ageing and has become inefficient. The main electricity substation is under severe pressure and needs to be upgraded since the electricity demand is increasing due to developments both in the residential, commercial and industrial sectors. These developments include the following

1. Proposed industrial developments e.g. Sephaku Cement Factory, Shopping Mall Botleng Ext.3
2. Industrial expansions e.g. McCain Foods
3. New residential development e.g. Botleng Ext. 5, Delmas Ext.17 and West ridge Estates

The advent of pre-paid electricity metering has significantly improved revenue collection and this coupled with the 50/50 system of credit and arrears payment through card purchases is enabling the municipality to reduce the outstanding debtor base. Other initiatives being explored include the introduction of “smart” meters which eliminate the possibility of illegal connections being affected by community members.

A programme was initiated and funded by Eskom; currently on hold, with respect the installation of solar panels in all wards, which would not only address the problem of illegal connections, but further the strategy encompassed in fostering a green economy. It is interesting to note the energy dependency levels by Ward for various domestic applications as illustrated in the following tables.

3.8.3.2 Challenges

The following are key challenges facing the municipality;

- High energy demand due industries , informal settlement and backroom dwelling
- Theft and vandalism
- Ageing infrastructure
- Financial constraints for operations and upgrading
- Inadequate energy security
- Illegal connections
- Limited resources

3.8.3.3 Interventions

- Source funding for upgrading of the ageing infrastructure
- Sought additional capacity from Eskom and IPP
- Meter audit and removal of illegal connections
- Installation of zonal meters and Smart meter
- Install prepaid meter in Eskom serviced areas
- Audit commercial and industrial customers for correction of billing
- Revise bulk distribution losses strategy and action plan
- Account for all usage from free basic service for indigents, public buildings and informal settlements

3.8.4 Roads and Storm Water

3.8.4.1 Access to Roads and Storm Water Services

The following is the Road Network Infrastructure within VKLM.

Table 3.9 Road Network Infrastructure within VKLM

Road Surface	Length (km)
Bituminous	229.70
Concrete or block surface	5.33
Gravel	63.89

The road infrastructure was originally designed for the low volume traffic. However, the traffic volume has increased, due to growth within the mining and farming sector. About 85% of roads within the municipality are dilapidated because of ageing infrastructure, and increased traffic volume, especially heavy coal haulage trucks. There is a backlog in terms of maintenance of gravel roads due to old equipment, inadequate roads repairs and maintenance due to financial constraints and shortage of staff. The Municipality can resolve the above challenges by providing and ensuring an integrated and effective roads and storm water management including maintenance.

The Municipality must also improve the state of existing roads to better and acceptable standard. There is a backlog in terms of roads and storm water maintenance because of inadequate resources and the level of old infrastructure that accrues significant maintenance costs. The roads have deteriorated to the point where patching is not a feasible option, but rehabilitation is required.

The various national and provincial roads run through the Victor Khanye Local Municipality, with many regional routes converging at Delmas, which lends it strategically significant. Consequently, the municipality features a well-developed regional road and rail infrastructure. The N12 National toll road that links Johannesburg with Nelspruit runs from east to west through the northern part of the municipality. This road also links the municipality with the Maputo Development Corridor.

The major provincial roads in the municipal area are:

- R50 that links Tshwane with Standerton;
- R43 that links Delmas with Bronkhorstspruit;
- R555 that links Springs with Witbank;
- R548 that links with Balfour; and R42 that links with Nigel.

Local Activity Corridors identified include:

- Sarel Ciliers Street/ Witbank Road in Delmas (R555);
- The Avenue – Eloff Town;
- Main Road – Rietkol Agricultural Holdings;
- Samuel Road and Van der Walt Street – Delmas; and Dr Nelson Mandela Drive – Botleng.

3.8.4.2 Challenges

- Financial constraints for upgrading and rehabilitation
- Dilapidated infrastructure
- Inadequate yellow fleet
- Insufficient budgets for materials
- High backlog for upgrading of roads
- Lack of master plans

3.8.4.3 Interventions required

- Procure critical yellow fleet
- Budget and procure bulk materials
- Acquire funding for upgrading of roads
- Develop and approve roads and storm water master plan

3.8.5 HOUSING SECTOR IN VKLM

HOUSING SECTOR PLAN REVIEW

Victor Khanye Local Municipality

2021 - 2026

The Mpumalanga Department of Human Settlements has appointed Ilizwe Town and Regional Planners cc hereinafter referred to as service provider to review the Victor Khanye Municipality Housing Sector Plan of 2014.

The Housing Sector Plan is a 5-year strategic plan that introduces a number of programmes to strengthen the strategic objective of sustainable human settlements. The existing housing sector plan should be viewed in light of the changing internal and external circumstances that impact on priority issues, strategies, projects and programmes of the municipality. Review of the housing sector plan is necessary to identify gaps and challenges and take corrective measures to address the challenges faced in housing delivery.

In the year 2014 the Victor Khanye Municipal Council adopted the Municipality's Housing Sector Plan.

The Plan needs to be reviewed to reflect current and future proposed Human Settlements and enhance integrated effective housing planning and implementation at provincial and municipal level to accommodate new paradigm shifts and mandates indicated Nationally as per the new Government (viz) emphasis on rural development, poverty alleviation, massive informal settlements upgrading and other housing related variables dictated by the new planning regime — consolidation of infrastructure and alignment thereof with housing development processes).

Identify pertinent gaps in the existing Municipal Housing Sector Plans thus revise the latter as deemed imperative by the Housing Act (Act 107 of 1997) and guided by the new planning dispensation that advocates for integrated housing planning and implementation aligned with provincial strategic initiatives and National parameters. The Plan should also reveal the developmental opportunities and constraints within the municipal area.

The desired outcome of the project is that it would assist to direct future distribution of human settlements projects throughout the municipality for a number of ensuing years and influence future allocation of funds (i.e., reservation of funds over a determined period) for beneficiary housing projects.

The main purpose of the review is to determine the state of housing delivery and demand in the municipality and evaluate the existing Municipal Housing Sector Plan.

The above-mentioned exercise is premised on well-researched and verified information [i.e., housing demand and supply, infrastructure needs and backlogs, other crucial housing related variables (social and economic amenities].

The Municipal Housing Sector Plan should be compatible, such that it will influence current and future distribution of human settlements delivery throughout the Municipality, informed by proper integration and alignment with other planning processes and also ensure adequate allocation of funds of over a determined period, within projects that have a potential to deliver, without developmental constraints.

The Municipal Housing Sector Plan to be developed shall inform the beneficiary demand and will be in line with Spatial Development Framework of the Municipality. Credible Municipal Housing Sector Plans have to ensure alignment of housing delivery to the Integrated Development Plans and inclusion of human settlements' plans into the Housing Chapters of Municipal Integrated Development Plans.

Objectives of the Victor Khanye Housing Sector Report

The objectives of the housing sector plan are:

• To support housing planning as a component and/or chapter of the IDP;

• To define the scope of the housing planning component of the IDP in relation to the Housing Act and housing policies;

• To outline and unpack clear roles and responsibilities of relevant stakeholders critical to achieving integration of housing planning with integrated development planning;

• To guide vertical and horizontal sector alignment.

• To provide an institutional structure to give effect to demand-defined and supply negotiated approach to housing provision;

• To introduce systems and procedures to support and reward strategic and operational planning by enforcing plan-led budgeting and implementation;

• To inform multi-year housing development plans of the provincial sphere as the basis for vertical alignment;

• To ensure that the housing planning activities which occur as part of the IDP are able to draw on existing housing related documentation and data resources;

• To ensure that the housing planning activities which occur as part of the IDP reflect community level concerns about housing demand;

• To ensure that the definition of housing demand as part of the IDP balances technical inputs with community-based inputs;

• To ensure the definition of housing demand is comprehensive and inform IDP objectives, strategies and project formulation and enable the specification of a municipal-wide picture of housing demand in the context of sustainable human settlements; and

• To achieve agreement at municipal level about whether housing is a priority issue for the IDP or not and if so, to specify which aspects of the housing demand are to be prioritised for the IDP to also contribute towards overall strategic objectives of the municipality.

Project Methodology

A comprehensive sustainable human settlement in the Mpumalanga Province must commit to meet the following objectives:

• Accelerating the delivery of houses as key strategy for poverty alleviation

• Utilising provision of housing as a major job creation strategy

• Leveraging growth in economy

• Combating crime, formatting social cohesion and improving quality of life for the poor.

• Supporting the function of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump.

❖ The development of human settlements strategy will follow five process phases outlined in the Municipal Housing Sector Plan Manual, 2006:

❖ Phase 1 – **Analysis**: This phase will identify housing demand both through analysing data and through meeting with communities and relevant stakeholders. Thereafter demand will be specified and defined to ensure congruence with the IDP requirements.

❖ Phase 2 – **Strategies**: This phase will consider the relevance and applicability of housing sector policy guidelines within the municipal context. Targets for housing delivery would be specified and the methodology for achievement clarifies in this phase.

❖ Phase 3 – **Projects**: Housing projects formulated in the stage must fundamentally relate to the achievement of the objectives and strategies developed in phase 2.

❖ Phase 4 – **Integration**: The compilation of sector programmes and plan in this phase will ensure that the collective impact and resource requirement of individual housing projects makes most efficient use of all available resources, including developing the Capital Investment Framework (CIF).

❖ Phase 5 – **Approval**: The stage will confirm and amend of projects to ensure:

• Alignment with overall IDP objectives and strategies,

• Consolidation of the requirements of individual projects from resources available,

• The achievement of coherence and integration between the projects of different sectors,

• The technical, financial, environmental and institutional viability of projects individually and collectively,

• The benefits of scale to be achieved by structuring similar projects as part of an integrated programme.

Legislative and Policy Framework

The Constitution (1996)

Section 26 of the Constitution of the Republic of South Africa, 1996, enshrines the inalienable right to

housing, as follows:

(1) Everyone has the right to have access to adequate housing.

(2) The State must take reasonable legislative and other measures within its available resources, to

achieve the progressive realisation of this right".

Housing Act (Act No 107 of 1997)

The Housing Act, 1997 (Act No. 107 of 1997) states in Section 9 (1) (f) that "Every municipality must, as part of the municipality's process of integrated development planning, take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction". Importantly, this planning should include a local housing strategy and delivery target.

Sustainable Human Settlements Strategy

The Comprehensive Plan was approved in September 2004 as a framework for the development of sustainable human settlements over the next decade. The Comprehensive Plan is Government's medium-term housing programme. It is based on the principles contained in the 1994 White Paper, such as providing citizens with a permanent residential structure with secure tenure, potable water, adequate sanitation facilities, and domestic energy supply, and outlines the strategies to achieve the Government's overall housing aim.

The goal is to address the housing needs of the people, within the context of the broader socio-economic needs, resulting in sustainable human settlements.

The Comprehensive Plan is supplemented by the following seven (7) business plans, namely;

1. Stimulating the Residential Property Market.

2. Spatial Restructuring and Sustainable Human Settlements.

3. Social (Medium-Density) Housing Programme.

4. Informal Settlement Upgrading Programme.

5. Institutional Reform and Capacity Building.

6. Housing Subsidy Funding System Reforms.

7. Housing and Job Creation.

Government Outcomes 2010

Government has agreed to 12 Outcomes as a key focus of work. The outcomes apply to the whole of government and are long term. The outcomes also include outputs.

For Outcome 8, the agreement makes provision for sustainable Human Settlements and Improved Quality of Household Life in the Republic of South Africa. There are 4 outputs, namely:

• Accelerated Delivery of Housing Opportunities

• Access to basic services

• More Efficient Land Utilisation

• Improved Property Market

Housing Code of 2009

The National Housing Code, 2009 sets the underlying policy principles, guidelines and norms and standards which apply to Government's various housing assistance programmes introduced since 1994 and updated.

The Subsidy categories and delivery options are provided in the Housing Code through sixteen (16) National Housing Programmes detailed below:

• Land acquisition where required;

• Township planning and municipal engineering services design;

• The provision of municipal engineering services to all the stands where no alternative funds are available;

• Township establishment;

• The sale of the stands not identified for subsidised housing created in the township; and

• The construction of houses by registered contractors for housing subsidy beneficiaries who chose contractor-built houses. This can be achieved through a variety of contracting options.

Upgrading of Informal Settlements

This programme is designed to facilitate the in situ upgrading of informal settlements in a structured way. It includes the possible relocation and resettlement of people on a voluntary and co-operative basis as may be appropriate. The upgrading of informal settlement provides services to:

• Households that comply with the Housing Subsidy Scheme qualification criteria

• Households/persons with a monthly income exceeding the maximum income limit as approved by the Minister from time to time;

• Households headed by minors, who are not competent to contract in collaboration with the

Department of Social Development;

• Persons without dependants;

• Persons who are not first-time home owners

• Persons who have previously received housing assistance and who previously owned and/or

currently own a residential property. Assistance may be considered on condition that access to the benefits of the programme will be considered on a case-by-case basis to determine the facts and the approval of access in accordance with the provisions of the Implementation Guidelines of the programme; and

• Illegal immigrants on the conditions prescribed by the Department of Home Affairs on a case-by-case basis.

• Persons classified as aged: Aged persons who are single without financial dependants may also apply for subsidisation. Aged persons can be classified as male and female persons who have attained the minimum age set to qualify for Government's old age social grant.

Provision of Social and Economic Facilities

The main objective of the Programme is to facilitate the development of basic amenities which are normally funded by municipalities in cases where municipalities are unable to provide such facilities.

This Programme therefore promotes the provision of certain basic social/community amenities and economic facilities within existing and new housing areas as well as within informal settlement upgrading projects. The funding for the implementation of National Housing Programmes is allocated to provincial Governments by the Minister on an annual basis. The Programme will provide assistance to all municipalities which do not have sufficient financial resources to provide such facilities.

Municipalities will, however, demonstrate through the community profile and facilities audit that the proposed facility for which funding is sought will meet the basic facility requirements of the recipient communities.

Social Housing Programme

The social housing programme has two primary objectives firstly to contribute to the national priority of restructuring South African society in order to address structural, economic, social and spatial dysfunctionalities thereby contributing to Government's vision of an economically empowered, non-racial, and secondly an integrated society living in sustainable human settlements; to improve and contribute to the overall functioning of the housing sector in particular the rental sub-component thereof, especially as social housing is able to contribute to widening the range of housing options available to the poor.

Institutional Subsidies

The Institutional subsidy is allocated to an approved housing institution to develop and manage rental housing stock. The subsidy capital is only awarded in respect of qualifying beneficiaries; Because the Programme aims at creating affordable rental stock for housing subsidies, the housing units developed with the capital provided through the Programme, may not be disposed of and beneficiaries may not be required to pay the purchase price/balance thereof and take transfer of the units within a period of four years from the initial occupation of the unit in the project.

Where qualifying beneficiaries vacate their units, they must be replaced by other qualifying beneficiaries; Housing institutions that transfer the units in an approved project and/or require beneficiaries to pay the purchase price/balance thereof, prior to the prescribed four-year period, will be subject to a penalty.

Community Residential Units Programme

Community Residential Unit aims to facilitate the provision of secure; stable rental for lower income groups earning below R3500 per month who are not able to be accommodated in formal private rental and social housing. Existing residents in the housing stock are the primary target market, displaced persons from informal settlement upgrading, eviction processes. This includes both subsidy qualifiers and non-qualifiers. Subsidy qualifiers will have the choice between the Community Residential Units rental housing option or moving to a housing ownership option through one of the other national housing programmes. Displaced persons from informal settlement upgrading, eviction processes, etc.

New applicants should be qualifying beneficiaries from the provincial or municipal housing waiting list earning a household income equal to or less than the income threshold annually announced by the Minister. New applicants looking for immediate individual ownership will not form part of the Community Residential Units programme. Qualifying indigent groups would also qualify for the housing but they must be able to pay some form of rental and services/utilities. This will also be determined by the implementation of each municipality own rent assistance policy.

Individual Subsidy Programme

The programme is set out to benefit the South African residents with a 13 digit identification number, who have not yet benefited from government assistance and owned a fixed residential property before.

The applicant must also be married or cohabiting with accordance to the required legal standing, single with financial dependents, monthly household income, persons who are beneficiaries of the Land Restitution Programme, persons classified as military veterans as confirmed by the South Africa National Defence Force, persons classified as aged, persons classified as disabled.

Rural Subsidy Programme: Communal Land Rights

The Programme deals with the rules for housing subsidies for housing development on communal land which is, and will be, held by community members subject to the rules or custom of that community. It is a pre-requisite for the allocation of subsidies under the Programme that the relevant members of the beneficiary community provide proof of uncontested land tenure rights and qualify for new order tenure rights on the portions of land allocated to them. The Programme is specifically directed at housing development for the benefit of the holders of communal land rights on State owned or other communally owned land as may be determined by the Minister of Rural Development and Land Reform.

This programme will benefit South African citizens who are competent to contract i.e. Over 18, not yet benefited from government assistance etc.

Consolidation Subsidy Programme

This subsidy is used for the development of a house or top structure on an already purchased and serviced stand. The beneficiaries of the programme must be competent to contract, Ownership of state financed residential property; Consolidation subsidies are only available to existing owners of state financed vacant service stands and a Monthly household income: Gross monthly household income must not exceed the maximum income limit as approved by the Minister from time to time. Persons classified as aged and/or disabled also qualify for this programme.

Enhanced Extended Discount Benefit Scheme

The Enhanced Extended Discount Benefit Scheme is intended to stimulate and facilitate the transfer of public housing stock to qualifying occupants, by using subsidisation up to the full prevailing individual housing subsidy amount. People who will be assisted are to have been previously confirmed as competent to contract or, in the case of new contracts, considered to be competent has some form of legally binding contract with the relevant authority. The beneficiary can be a de facto tenant, where the registered tenant cannot be found and the individual and/or household occupying the housing unit is not the registered beneficiary/tenant but can prove that she/he has A contract with the legal owner/tenant, or where she/he can demonstrate that she/he has consistently taken on the responsibilities of a tenant and acted accordingly.

Rectification of Certain Residential Properties Created Under the Pre-1994 Housing Dispensation

The main objective of the Programme is to facilitate the improvement of state financed residential properties created through State housing programme interventions during the pre-1994 housing dispensation that are still in ownership of the public sector institution and/or that were disposed of to beneficiaries, with specific focus on, the improvement of municipal engineering services where inappropriate levels of services were delivered; and The renovation and/or upgrading or the complete reconstruction of dwellings that are severely structurally compromised and that are regarded as inappropriate for transfer into ownership of the beneficiary or unfit for human habitation, thus posing a threat to the health and safety of the inhabitants. The Programme will apply to properties currently owned by a municipality and/or provincial government as well as individual persons, and the fact that the funding available under the Programme is regarded as grant funding to municipalities/provinces, the application of the Programme is not subject to the profile of the household occupying the property or who owns the property.

Housing Chapters of An Integrated Development Plan

The Programme provides guidelines for the inclusion of housing planning in Integrated Development Plan processes and suggests an approach to the formulation of Housing Chapters in Integrated Development Plan. Objectives are as follows:

❖ To support housing planning as a component/chapter of the Integrated Development Plan;

❖ To define the scope of the housing planning component of the Integrated Development Plan in relation to the Housing Act and housing policies;

❖ To outline and unpack clear roles and responsibilities of relevant stakeholders critical to

achieving integration of housing planning with integrated development planning;

❖ To guide vertical and horizontal sector alignment;

❖ To provide an institutional structure to give effect to demand-defined and supply negotiated

approach to housing provision;

❖ To introduce systems and procedures to support and reward strategic and operational planning by enforcing plan-led budgeting and implementation;

❖ To inform multi-year housing development plans of the provincial sphere as the basis for vertical alignment;

❖ To ensure that the housing planning activities which occur as part of the Integrated Development Plan are able to draw on existing housing related documentation and data resources;

❖ To ensure that the housing planning activities which occur as part of the Integrated Development Plan reflect community level concerns about housing demand;

❖ To ensure that the definition of housing demand as part of the Integrated Development Plan

balances technical inputs with community-based inputs;

❖ To ensure the definition of housing demand is comprehensive and inform Integrated Development Plan objectives, strategies and project formulation and enable the specification of a municipal-wide picture of housing demand in the context of sustainable human settlements.

Operational Capital Budget (Ops/Cap)

This housing programme acts as implementation assistance at the provincial level to achieve its housing development goals. Emphasis will be placed on, but not limited to, supporting the following Programmes:

• The Informal Settlement Upgrading Programme;

• Projects that facilitate the creation of integrated sustainable human settlements;

• The provision of primary social and economic amenities; and

• The unblocking of stalled projects.

The Programme will assist the following:

• Persons must be married or habitually cohabit;

• Single persons must have financial dependants;

• Single persons without financial dependants; such as the aged, disabled and military veterans etc. may be assisted;

• Households must earn a monthly income in the range as annually approved; and

• Persons who have benefited from the Land Restitution.

Enhanced Peoples Housing Process

The intention of the People's housing process is to develop poverty eradication interventions to empower people to take themselves out of poverty while creating adequate social safety nets to protect the most vulnerable new housing programme, with dedicated support and funding for harnessing community initiative, community empowerment and building community partnerships.

The Enhanced Peoples Housing Process provides for a process in which beneficiaries actively participate in decision-making over the housing process and housing product.

Farm Residents Housing Assistance Programme

This housing assistance programme provides capital subsidies for the development of engineering services- where no other funding is available, and adequate houses for farm workers and occupiers in a variety of development scenarios. The Programme attempts to address the wide variety of housing needs of people working and residing on farms by providing a flexible package of housing models to suit the local context.

The Programme will assist the following

• Single with Financial Dependents;

• Labour tenant;

• South African citizens who are competent to contract i.e. Over 18,

• Not yet benefited from government assistance.

National Development Plan 2011 (Vision 2030)

The National Development Plan is a broad strategic framework. It set out a coherent and holistic approach to confronting poverty and inequality. It does this by:

1. Unifying South Africans around a common goal.

2. It promotes South Africans to participate in their own development.

3. It promotes faster and more inclusive economic growth.

4. It promotes building capabilities and improving infrastructure because it is essential for faster economic growth and higher employment.

5. It strengthens the service delivery mechanisms by promoting a capable and developmental

state to tackle the root cause of poverty and inequality.

6. It requires strong leadership from government, labour, and civil society

The National Development Plan outlines thirteen (13) key priority and/or target areas or objectives and actions that the Republic of South Africa government wish to undertake in the National Development Plan. The key target and/or priority area is relevant to the municipality Housing Sector Plan is transforming human settlements.

Transforming Human Settlements

• Strong and efficient spatial planning system, well integrated across the spheres of government.

• Upgrade all informal settlements on suitable, well-located land by 2030.

• More people living closer to their places of work.

• Better quality public transport.

• More jobs in or close to dense, urban townships.

The actions needed to be taken by the Victor Khanye Municipality:

• Reform to the current planning system for improved coordination.

• Develop a strategy for densification of town and resource allocation to promote better located housing and settlements.

• Substantial investment to ensure safe, reliable and affordable public transport.

• Introduce spatial development framework and norms, including improving the balance between location of jobs and people.

• Conduct a comprehensive review of the grant and subsidy regime for housing with a view to ensure diversity in product and finance options that would allow for more household choice and greater spatial mix and flexibility. This should include a focused strategy on the housing gap market, involving banks, subsidies and employer housing schemes.

• National spatial restructuring fund, integrating currently defused funding.

• Establish a national observatory for spatial data and analysis.

• Provide incentives for citizen activity for local planning and development of spatial compacts.

Integrated Urban Development Framework 2016

The Integrated Urban Development Framework 2016 contains nine (9) policy which aims to guide the development of inclusive, resilient and liveable urban settlements, while directly addressing the unique conditions and challenges facing South Africa's cities and towns. Importantly, this vision for South Africa's urban areas recognises that the country has different types of cities and towns, each with different roles and requirements. The levers thus seek to address in combination the structural drivers that maintain the status quo.

For policy 3, Integrated and sustainable human settlements is key for redressing the prevailing apartheid geography, restructuring cities, shifting ownership profiles and choices, and creating more living and working conditions that are humane, safe and environment-friendly.

Housing is just one of the interventions required to create urban environments that are liveable, integrated and multi-functional.

Integrated and sustainable human settlements result in:

• Improved quality of life for all citizens who have full access to all basic services and the multiple social, cultural and economic opportunities of urban areas;

• Multi-functional spaces with varied shelter, locational and economic choices

• Well-serviced, safe, cohesive and vibrant communities.

State of Housing

The Integrated Urban Development Framework 2016 is set to change the state of housing in the Republic of South Africa, which is:

• Housing demand is greater than the pace of formal housing delivery and land released. This is because of increased urbanisation and changing demographics (smaller households and migration patterns).

• The concentration of poverty in large urban areas is growing although rural areas are relatively more deprived.

• The lack of well-located land and high property prices mean that residential areas continue to be segregated based on race, social status or class, and housing remains unaffordable to many South Africans. The Housing Development Agency has acquired land but much of it falls outside the major urbanisation pressure points.

The proliferation of marginalised and disconnected settlements (on the periphery of cities), with no integration with mobility interventions, makes access to socio-economic opportunities difficult, especially for low-income households that mostly live on the periphery of cities.

There is a lack of sufficient social and rental housing for the lower end of the market, especially on well-located land with good access to socio-economic opportunities.

The Integrated Urban Development Framework 2016 is set to build upon the opportunities in housing in the Republic of South Africa, which is:

• The devolution of built environment functions

- Provides an opportunity to integrate Housing delivery with public transport planning and social infrastructure provision. Delivering human settlements at this local level will achieve greater transformation and alleviate municipalities from the burden (and costs) of fragmented development.

• The development of the White Paper on Human Settlements - Provides an opportunity to progress to a model that sees human settlements as more than just housing, offering various housing choices and appropriate technology options, and promoting tenure.

Guidelines for Human Settlement Planning and Design (Redbook)

In terms of the CSIR Guidelines for Human Settlement Planning and Design settlement making approach emphasizes that a central purpose of planning is to ensure that the developmental needs and activities of people living in settlements are catered for and, in particular, that opportunities for people to achieve their full potential through their own efforts are maximised. The Housing Sector Plan should be trying to achieve this by:

❖ **Efficiency of resource use** – the development of settlements requires the use of a wide range of resources, including land, money, building materials, manpower, energy, and water. It is essential that resources be used as efficiently as possible.

❖ **Opportunity generation** – the opportunity to improve one's property derives from the economic, social, cultural and recreational opportunities resulting from the physical agglomeration of people in settlements.

❖ **Convenience** – access lies at the heart of convenience. This allows inhabitants to conduct daily activities quickly and easily. Access to the economic, social, cultural and recreational benefits which result from the agglomeration of people.

❖ **Choice** – settlements which offer a diversity, and thus choice, of places, lifestyles, activities and interaction opportunities.

❖ **Equality of access** – it is important that all people have an equal access to the opportunities and facilities which support living in settlements.

❖ **Quality of place** – These are the meeting places of the settlement. Business and commercial activities, schools, clinics, libraries, community halls and other facilities and activities requiring exposure to large numbers of people are associated with these places.

❖ **Sensory qualities** – Places which are aesthetically appealing and which add to the quality of peoples' lives.

❖ **Sustainability** – It's the relationship between the built environment and the natural landscape. It is the degree to which the settlement reflects "timeless" qualities. Sustainable settlements accommodate growth and change well.

Mpumalanga Provincial Human Settlement Master Plan

A provincial human settlement spatial master plan has a specific role to play in the implementation of this new planning system and has to include both an understanding of the demand side reality of the demographic, economic and social circumstances at various spatial scales as well as of supply side factors such as the historical extent and anticipated future plans of both public and private sector programmes. The concept node on Human Settlements Spatial Planning Framework (2014) identified the purpose of a human settlement spatial plan as follows:

• Create a spatial framework to guide investment by all state departments and state-owned

• companies and private sector actors in relation to the human settlement sector

• Achieve a creative balance between spatial equity, economic competitiveness and

• environmental sustainability to overcome the legacy of apartheid spatial planning

• Provide guidance to the implementation of all MTSF targets in alignment with a human

• settlement spatial plan

• Provide guidance to the implementation of strategically chosen catalytic interventions to

• achieve spatial transformation

The Mpumalanga Human Settlements Master Plan was developed in response to the continued constraints that the provincial government faces with regard to the access to land for housing. The constraints are clearly outlined in the "Draft Policy Framework on a Coherent and Inclusive Approach to Land for Human Settlements, 2015". It is argued that the constraints have resulted in the decline in the number of units built annually and thus the failure to provide integrated human settlements. The constraints are

(i) Poor coordination and non-alignment of policy and planning frameworks

(ii) Lack of capacity in local government to perform the developmental function

(iii) The unavailability and supply of well-located land

(iv) The continued sprawling of settlements and informal settlements

(v) Land and development costs

(vi) Slow processes in the acquisition and release of land for human settlements

Agenda 2063

Agenda 2063 is Africa's endogenous plan for structural transformation and a shared strategic framework for inclusive growth and sustainable development for the next 50 years. The Plan has reviewed African development experiences, analysis of challenges and opportunities of today, which resulted to insights for the development of the priorities that form a plank for Agenda 2063.

Sustainable Development Goals

The Sustainable Development Goals (SDGs) were adopted September 2015 and look to 2030. They are far broader in scope than the Millennium Development Goals (MDGs) which focused on a narrow set of disease-specific health targets for 2015. The 17 SDGs recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

These are summarised below:

1. Goal 1: End poverty in all its forms everywhere

2. Goal 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

3. Goal 3: Ensure healthy lives and promote well-being for all at all ages

4. Goal 4: Ensure inclusive and equitable quality education and promote life-long learning opportunities for all

5. Goal 5: Achieve gender equality and empower all women and girls

6. Goal 6: Ensure availability and sustainable management of water and sanitation for all

7. Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all

8. Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

9. Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

10. Goal 10: Reduce inequality within and among countries

11. Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable

12. Goal 12: ensure sustainable consumption and production patterns

13. Goal 13: Take urgent action to combat climate change and its impacts

14. Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development

15. Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and salt biodiversity loss

16. Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

17. Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Contextual Summary of Housing – Housing Sector Plan (2014)

Land Ownership

In relation to land claims there are no serious issues regarding outstanding claims within the area. The only outstanding claim is in respect of the Farm Straffontein 252 IR (Portion 15 and Portion 16)

Land for housing development and land reform is a challenge due to lack of available land and dolomite conditions. Only the following land may be considered for large sustainable development:

• Remainder of the Farm Leeupoort 205 IR: indication of stands is not known this area should be earmarked for mixed land uses.

• Remainder of the Farm Middelburg 231 IR: (Botleng X7) 1200 stands were established and the

pegging of the erven has been completed.

• Portion of Erf 675 Eloff

• Erf 676 Eloff (52 Erven)

• Delmas Ext 17

Land Reform

Land reform projects and claims currently registered with the Department of Rural Development and there is a need to actively support these projects and ensure their long-term viability, in order to prevent the loss of productive agricultural land to non-agricultural uses. There are several Labour Tenant claims, which have been registered and are to be processed by the Department of Rural Development and Land Affairs.

Department of Human Settlements (Priorities)

The Department of Human Settlements, as part of their mandate has developed a map for Victor Khanye Municipality, identifying Human Settlements Priority Intervention areas, as depicted in the map (below). It is therefore essential that the land identified for housing development aligns with the areas with the greatest population, the areas found suitable for development and the settlements identified for development of housing. Meaning that housing projects must be where priority intervention has been noted. These are the designated areas where inclusionary housing policy may be applicable.

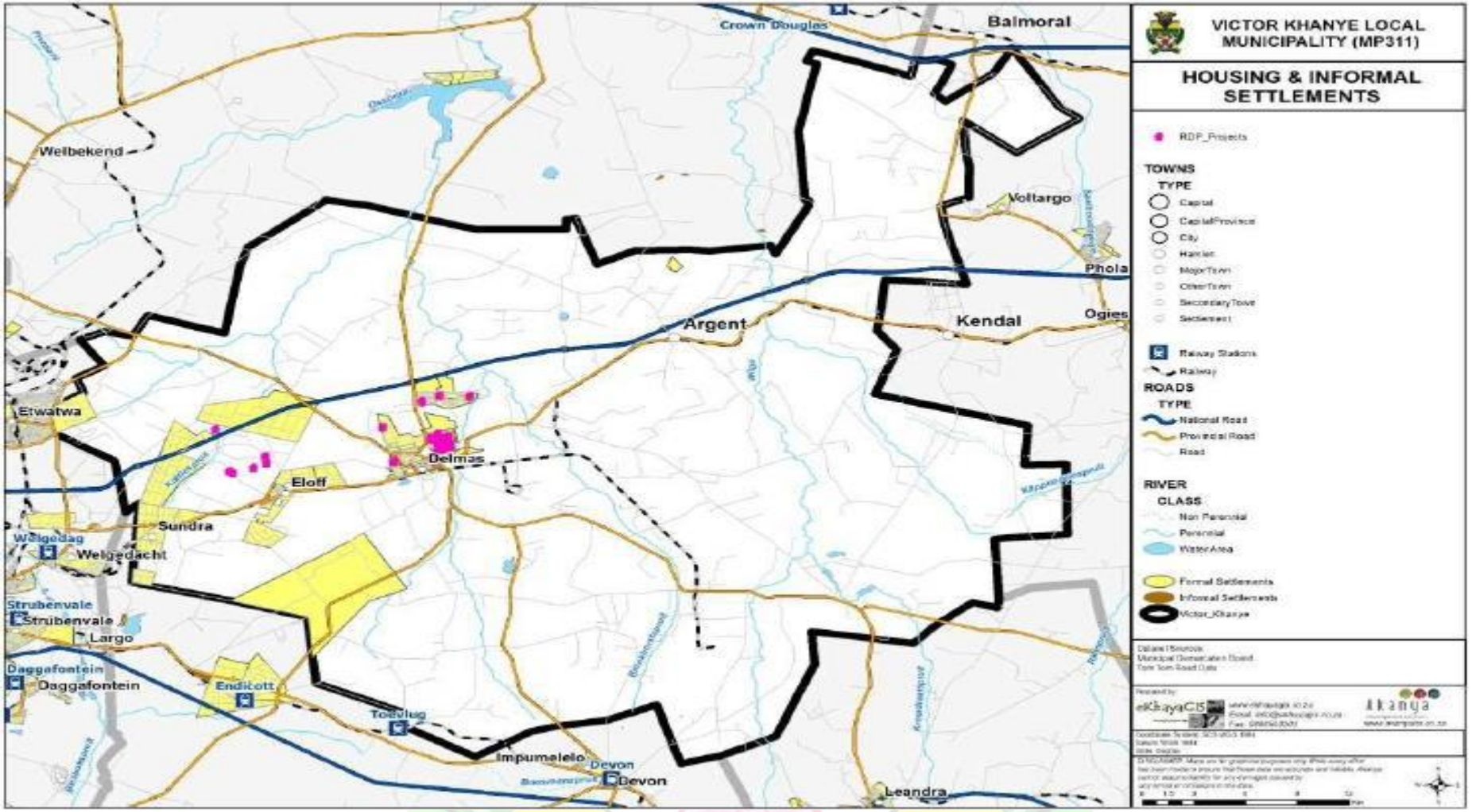


Figure 1: Housing and Informal Settlements (Extracted from IDP 2014 – 2019)

TOGETHER FOR GROWTH AND DEVELOPMENT

Demand for Future Housing

Human settlements are the spatial dimension as well as the physical expression of economic and social activity. The creation of sustainable human settlements is inevitably an objective for social development as it defines and conditions the relationship between where people live, play and work on the one hand and how this occurs within the confines of the natural environment. It is one of the most visible and quantifiable indicators of the society's ability to meet one of its basic needs - shelter, and a pre-requisite for sustainable human development and economic growth.

The current demand for housing in Victor Khanye Municipality was estimated at approximately 5085 units (Victor Khanye Integrated Development Plan 2012 - 2017). The housing need and backlog in Victor Khanye Municipality is mainly concentrated in Wards 1, 6, 7 (Delmas and Botleng), and 9. Approximately 1135 households in Victor Khanye Municipality are eligible for low-cost housing subsidies (Mpumalanga Housing Needs Register). This includes an estimated 2 779 of households who do not have access to disposable income and are therefore regarded as destitute. An addition, 2 273 households qualify for social housing and Finance Linked Individual Subsidy Programme (FLISP). While social housing caters for those in need of rental accommodation, FLISP requires an individual beneficiary to access mortgage bond from a financial institution or pay the balance of the value of the house themselves.

Geographical Contextualisation of Victor Khanye Municipality

Regional Context

The Municipality is situated on the western of Mpumalanga Province abutting Gauteng Province. The Municipality covers a geographic area of approximately 1,567 square kilometres (9.4% of the Nkangala District area). As illustrated in the regional map the municipality one of six local municipalities in the District and is bordered by the City of Tshwane to the north, Ekurhuleni Metropolitan Municipality to the west, Sedibeng Govan Mbeki and Lesedi Municipalities to the south, and Emalahleni Municipality to the east.

The positioning of Victor Khanye accommodates a significant important movement system, which aim at providing efficient and effective access, such as:

❖ The route N12 – the national link between the City of Johannesburg and Maputo (Mozambique) – traverses the Municipality. Due to this as well as many other characteristics, there is a clear

reflection of the N12 being a primary access corridor offering a range of opportunities for

investment in relation to the province.

❖ The R42 route is also in close proximity with the municipality and it provides access to the nearby city of Tshwane which is less than 60 km away. The R42 route also leads to Bronkhorstspruit which is approximately 100 km away from Victor Khanye. Victor Khanye also exhibits unique spatial quality in sharing a municipal boundary with two district municipalities (Ekurhuleni DM and Sedibeng DM).

❖ The city of Tshwane is located approximately 140 km north of the municipal areas.

❖ Witbank is approximately 75 km on the north east of the municipality;

❖ Middleburg is approximately 105 km towards the north east of the municipality; and

❖ Nelspruit (Capital of Mpumalanga) is approximately 212 km towards the east of the municipality.

Victor Khanye is a notable agricultural and mining hub within Nkangala District Municipality. Its location in relation to both Tshwane District Municipality and Ekurhuleni District Municipality presents readily available markets that encompass both these sectors. The demand for residential space within Delmas and Kusile power plant could present opportunities for further residential development within Victor Khanye Local Municipality.

Local Context

The spatial structure of Victor Khanye is characterised by the following prominent and/ or settlement areas:

❖ Delmas and its extensions which serves as the capital of Victor Khanye and acts as an agricultural hub: including business and industrial area, and residential area for people in the middle- and higher-income levels;

❖ Botleng and its extensions: predominantly a residential area for people in the lower income levels.

❖ Delpark and its extensions: predominantly a residential area for people in the lower income

levels;

❖ Eloff: predominantly an agricultural holding area; and

❖ Sundra: predominantly an agricultural holding area.

Furthermore, the spatial structure of Victor Khanye is characterised by the following prominent ward boundaries:

Municipal Wards 1 to 5 cover the Botleng area, its extensions, and its rural hinterland (refer to Figure 10).

Ward 6 covers Delmas and its extensions, and Delpark and its extensions;

Ward 7 covers the rural area south of Delmas town; and

Ward 8 covers the Eloff and Sundra areas.

The rural area of the Municipality consists predominantly of extensive commercial farming and mining activities and is located in Ward 9.

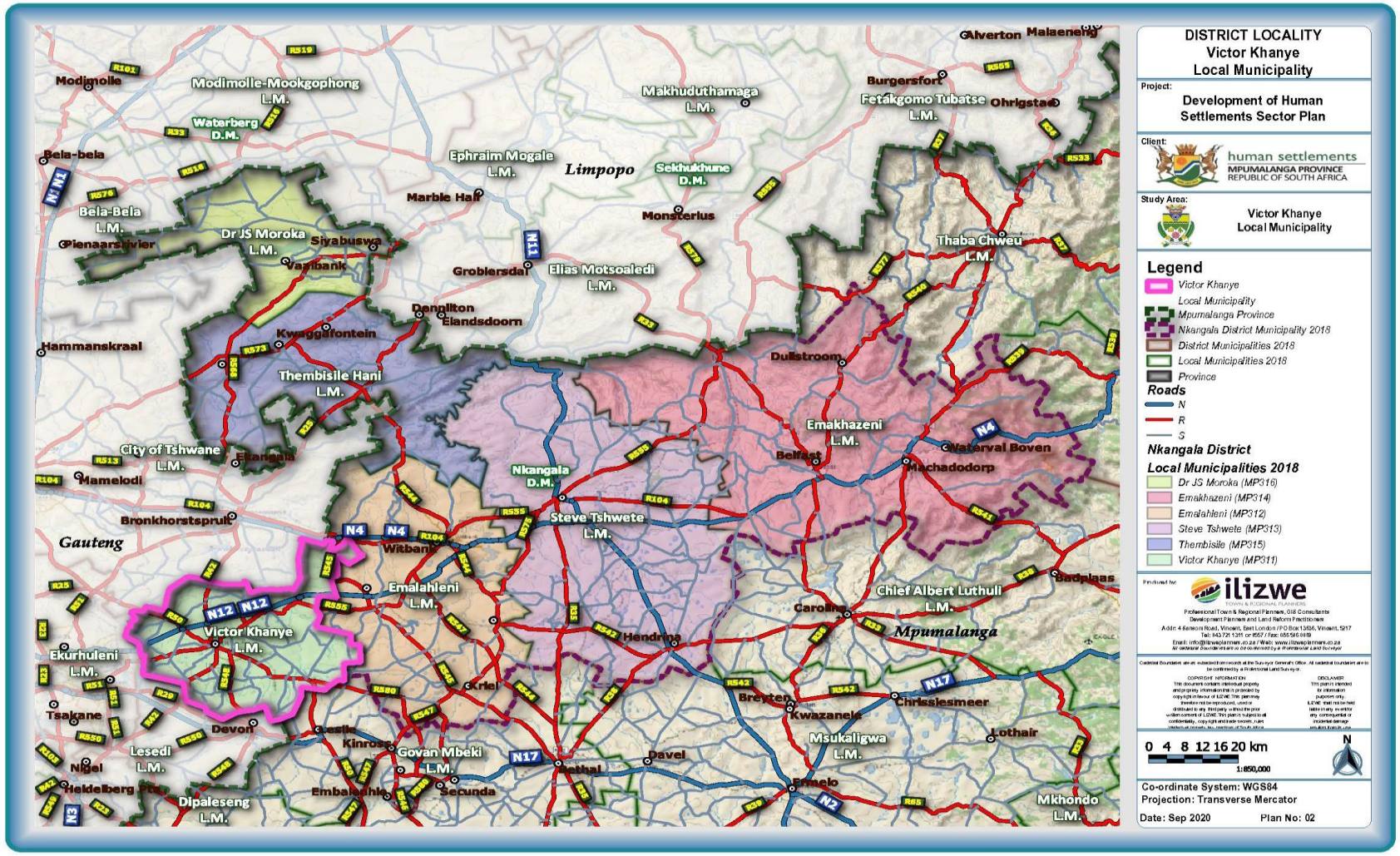


Figure 2: District Locality – Victor Khanye

TOGETHER FOR GROWTH AND DEVELOPMENT

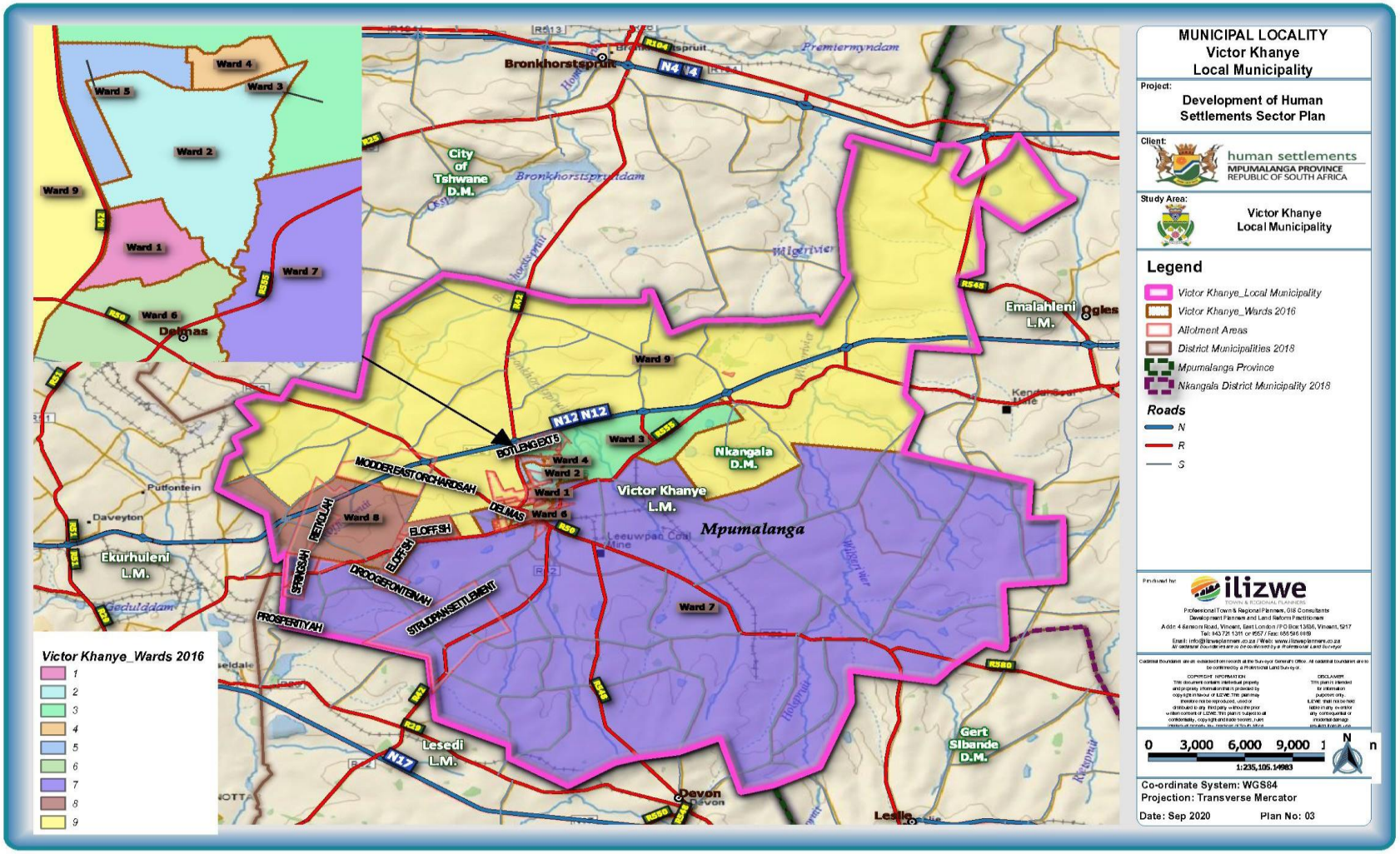


Figure 3: Victor Khanye – Local Municipality

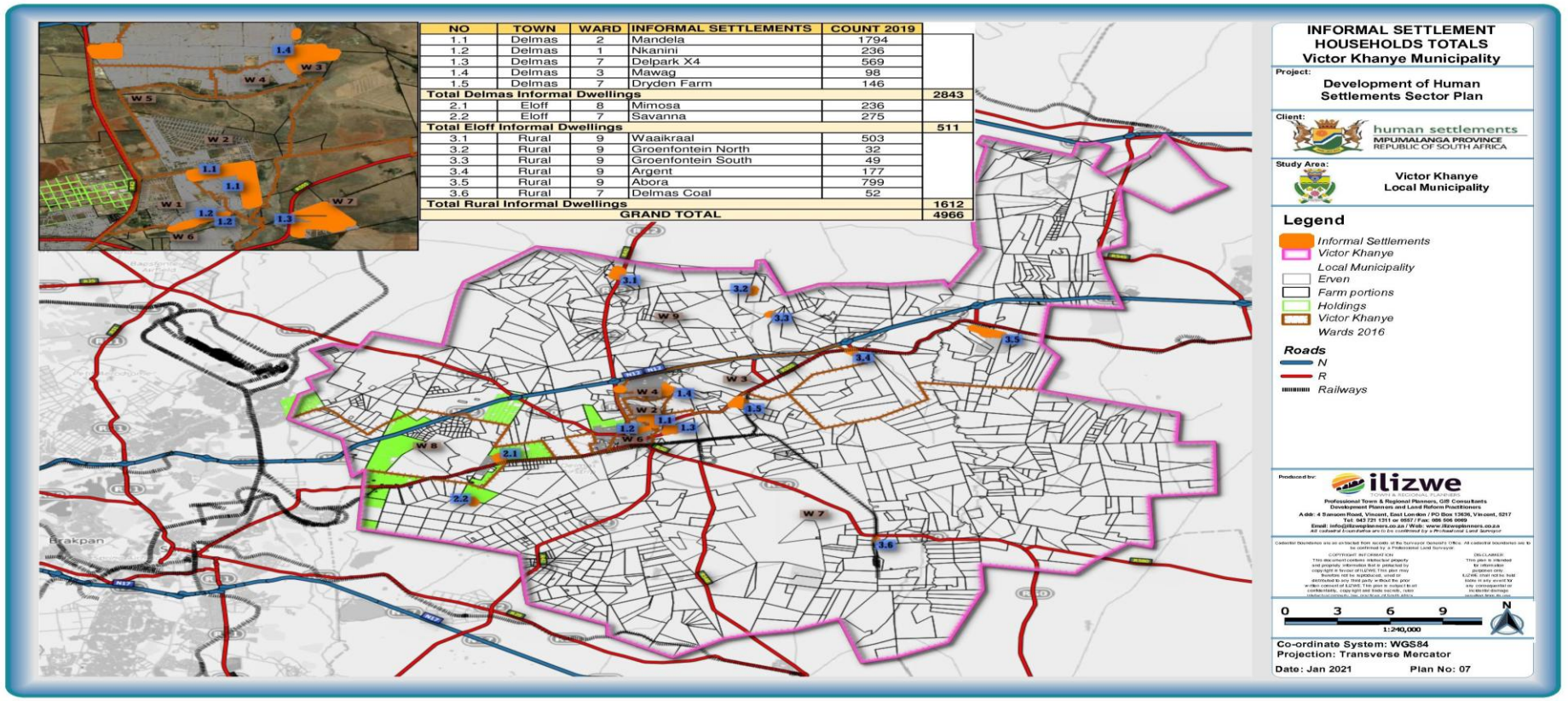


Figure 4: Informal Settlement Household Totals

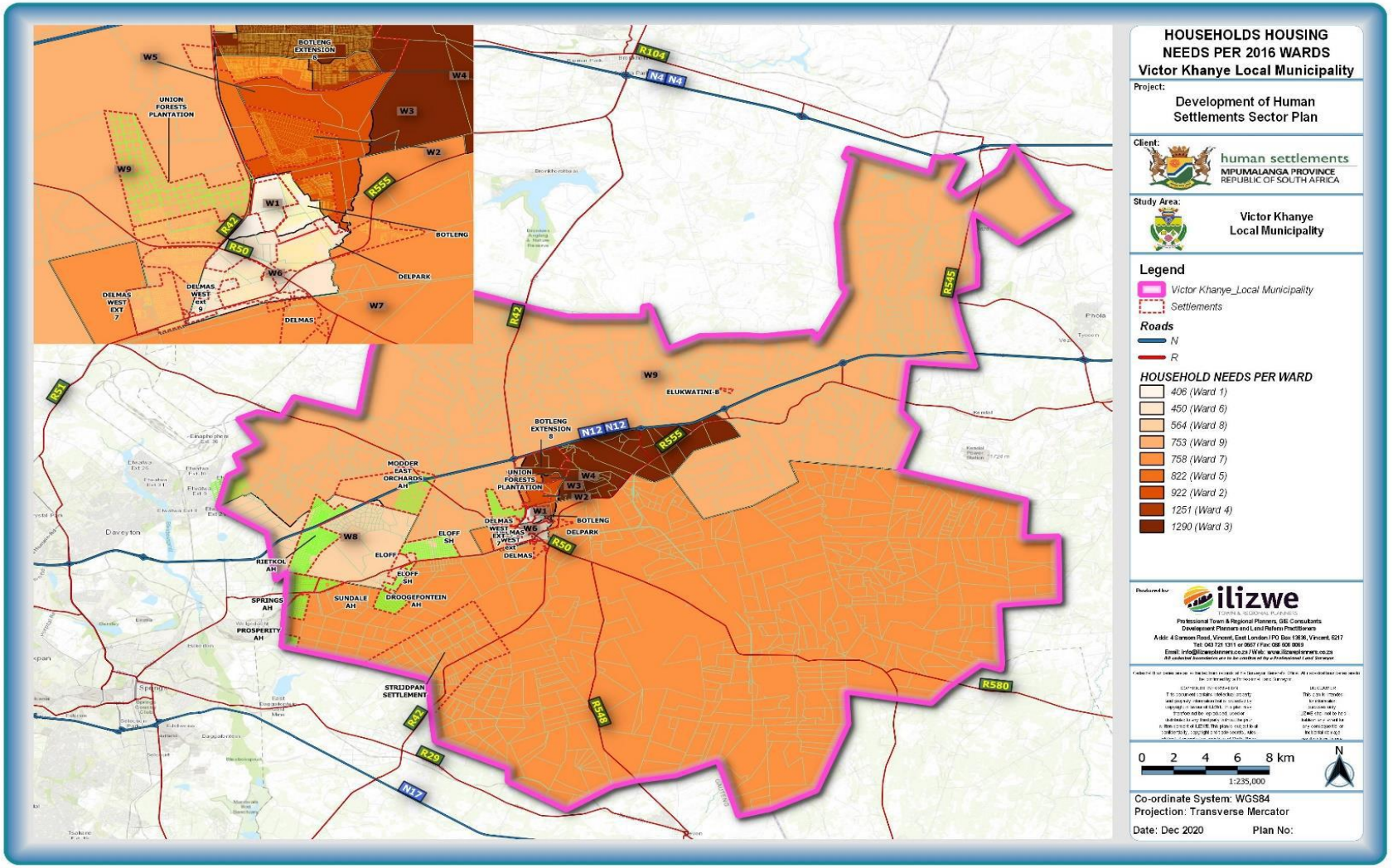


Figure 6: Wards per Household


6/205F
DELMAS ext 14
DELMAS EXT 14
44kV
44kV
1/229F
WARD 2 SLA
1/240F
5/205F
BOTLENG
Ward 2
20/229F
BOTLENG EXT 1
DELMAS EXT 14
DELMAS
Ward 9
DELMAS EXT 14
RE/240F
PS
2/232F
PS
Ward 1
BOTLENG
BOTLENG
BOTLENG
DELMAS
117/232F
19/229F
22/229F
105/205F
157/232F
BOTLENG EXT 1
143/232F
139/232F
155/232F
154/232F
153/232F
151/232F
SEWERAGE WORKS
97/232F
DELMAS
25/232F
WARD 1 SLA
SEWERAGE WORKS
SEWERAGE WORKS
SEWERAGE WORKS
76/232F
BOTLENG EXT 2
DELMAS
1822
949 PARK
Ward 6
30/232F
948
1/358F
DELPARK EXT 2
31/232F
33/232F
34/232F
8/232F
947 PARK
950
STRATEGIC LAND AREAS
WARD 1
Project:
Development of Human Settlements Sector Plan
Client:
human settlements
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA
Study Area:
Victor Khanye Local Municipality
Legend
Victor Khanye-Wards 2016
Ward 9
Strategic Land Areas
WARD 1 SLA
ESKOM
HV_Lines
MV_Lines
RIVERS
Non-Perennial River
Perennial River
NFEPA Wetlands
SEWERAGE WORKS
SEWERAGE WORKS
Produced
ilizwe
TOWN & REGIONAL PLANNERS
Professional Town & Regional Planners, GIS Consultants
Development Planners and Land Reform Practitioners
0 0.06 0.12 0.18 km
1:6,500
N
Co-ordinate System: WGS84
Projection: Transverse Mercator
Date: Dec 2020
Plan No:

Conclusion

Preliminary issues identified in the situational analysis relating to Victor Khanye can be derived mainly from infrastructure. Wards with the highest population numbers (Ward 7 & Ward 9) suffer from low levels of accessibility to basic services, this is compounded by the dispersed settlement pattern of semirural housing stock which requires that service delivery be expensive and difficult to achieve.

Kusile Power station alongside various industrial expansion (including the regional freight airport) continuously strain on bulk infrastructure especially roads which are currently operating at full capacity as daily coal freight trips are taken to supply Kusile with power. The spatial inconsistencies identified in this document imply the urgent need for detailed planning for new infrastructure projects which includes enabling funding applications.

The natural environment due to the human activity within Victor Khanye (mining, power station, industries and agriculture) suffers negatively from noxious chemicals and very high carbon footprint coefficient. One of the strategies that will be recommended within this process is a detailed environmental management plan for the study area, this will be elaborated further on this process. Environmental degradation will pose a threat to long term sustainability of agricultural activities in the area.

3.8.5.1 Access to Housing

The following table illustrates the range of household units to be found within the VKLM demarcated ward boundaries.

Table 3.10 Range of Housing found within VKLM

Dwelling Type	Number	%
House or brick/concrete block structure on a separate stand or yard or on a farm	15522	75.50%
Traditional dwelling/hut/structure made of traditional materials	521	2.50%
Flat or apartment in a block of flats	202	1.00%
Cluster house in complex	40	0.20%
Townhouse (semi-detached house in a complex)	30	0.10%
Semi-detached house	111	0.50%
House/flat/room in backyard	244	1.20%
Informal dwelling (shack; in backyard)	906	4.40%
Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm)	2252	11.00%
Room/flatlet on a property or larger dwelling/servants quarters/granny flat	142	0.70%
Caravan/tent	57	0.30%
Other	521	2.50%

Total	20548	

VKLM is still experiencing backlog of approximately 10000 according to National Housing Need Register (NHNR) database for the municipality

3.8.5.2 Challenges

The issue of lack of low-income housing was highlighted as one of the factors that lead to the increasing backlog. There are members of the community who are currently employed but cannot afford to purchase a house in the free market. Emanating from the community outreach meetings, communities have identified the need for government intervention and the forging of Public Private Partnerships (PPPs) in supporting those who cannot afford their own housing and do not qualify for the RDP and other low-income housing schemes. The following map illustrates the areas where low-cost housing projects (RDP) are in various stages of planning and/or construction:

3.8.5.3 Interventions

Municipalities must develop a database, conduct Housing Consumer Education (HCE), identification of potential beneficiaries through National Housing Need Register (NHNR) allocates site for development and facilitate registration and handover of title deeds. The Victor Khanye Local Municipality is cognizant that phrase “housing” is much broader than a “house”. Housing encapsulates the physical structure, which is the house, as well as the services that go with it, water and sanitation infrastructure, electricity, roads and storm water. Thus, accelerated provision and facilitation of access to housing can potentially provide a holistic approach to alleviate the service delivery backlog. It must be taken into account that any housing programme has both a social and economic imperative. With that realization, creation of sustainable human settlements will be achieved.

The appointments of consultants, contractors etc., remain the responsibility of DoHS and limit the municipality to the role of overseer with no management control of progress, quality and related costs. Land for housing development and land reform is a challenge due to lack of available land and dolomite conditions. Only the following land may be taken into consideration for development:

- Remainder of the Farm Leeupoort 205 IR earmarked as mixed land uses
- Remainder of the Farm Middelburg 231 IR: (Botleng X7) 1200 stands established and the pegging of the erven is in progress
- Portion of Erf 675 Eloff
- Erf 676 Eloff (52 Erven)
- Delmas Ext 17

With respect to land reform there are no serious issues regarding outstanding land claims in the area. The only outstanding claim currently is in respect of the Farm Straffontein 252 IR (Portion 15 and Portion 16).

2.4.5 Household Index

Table 2.5: Household number per municipal area, 2011 & 2022

Municipality	Households number		Average Annual household growth	Household	
	2011	2022	2011 - 2022	2011	2022
Chief Albert Luthuli	705	63303	2.8%	3.9	3.9
Msukalikwa	40932	67827	5.0%	3.6	2.9
Mkhondo	37433	58504	4.4%	4.6	4.4
Dr Pixley Ka Isaka Seme	19838	32972	5.0%	4.2	3.5
Lekwa	31071	38583	2.1%	3.7	3.1
Dipaleseng	12637	13129	0.4%	3.4	2.7
Govan Mbeki	83866	103864	2.1%	3.5	3.0
Victor Khanye	20548	33786	4.9%	3.7	3.1
Emalahleni	119873	164573	3.1%	3.3	2.6
Steve Tshwete	46966	80052	2.0%	3.5	3.0
Emakhazeni	13721	19613	3.5%	3.4	2.6
Thembisile Hani	75633	110563	3.7%	4.1	3.9
Dr JS Moroka	62162	74581	1.8%	4.0	4.4
Thaba Chweu	33352	43295	2.5%	2.9	2.5
Nkomazi	96202	134143	3.2%	4.1	4.4
Bushbuckridge	133559	167927	2.2%	4.0	4.5
City of Mbombela	181966	215004	1.6%	3.6	3.8
Mpumalanga	**1075466**	**1421721**	**2.7%**	**3.8**	**3.6**

Source: Stats SA – 2016 – 2022

Household number per municipal area, 2011 & 2022

Local Municipal Area	Households number		Average annual household growth 2011-2022	Household size	
	2011	2022		2011	2022
Chief Albert Luthuli	47 705	63 303	2.7%	3.9	3.9
Msukaligwa	40 932	67 827	4.9%	3.6	2.9
Mkhondo	37 433	58 504	4.3%	4.6	4.4
Dr Pixley Ka Isaka Seme	19 838	32 972	4.9%	4.2	3.5
Lekwa	31 071	38 583	2.1%	3.7	3.1
Dipaleseng	12 637	13 129	0.4%	3.4	2.7
Govan Mbeki	83 869	103 864	2.1%	3.5	3.0
Victor Khanye	20 548	33 786	4.8%	3.7	3.1
Emalahleni	119 873	164 573	3.1%	3.3	2.6
Steve Tshwete	64 966	80 052	2.0%	3.5	3.0
Emakhazeni	13 721	19 613	3.5%	3.4	2.6
Thembisile Hani	75 633	110 563	3.7%	4.1	3.9
Dr JS Moroka	62 162	74 581	1.8%	4.0	4.4
Thaba Chweu	33 352	45 902	3.1%	2.9	2.6
Nkomazi	96 202	134 143	3.2%	4.1	4.4
Bushbuckridge	133 559	167 927	2.2%	4.0	4.5
City of Mbombela	181 966	212 396	1.5%	3.6	3.8
Mpumalanga	1 075 466	1 421 721	2.7%	3.8	3.6

TOGETHER FOR GROWTH AND DEVELOPMENT

Household services indicators (backlogs) in Victor Khanye (Census data)

13.3%

- Share of households in informal dwellings – **2nd worst in the province**
- **Improved** from 15.4% in 2011

2.1%

- Share of households without access to piped water (2nd best in MP)
- Improved from 4.3% in 2011

2.0%

- Share of households with no toilet (joint 5th worst)
- Improved from 2.3% in 2011

14.6%

- Share of households without flush/chemical toilet (6th best in MP)
- Improved from 18.2% in 2011

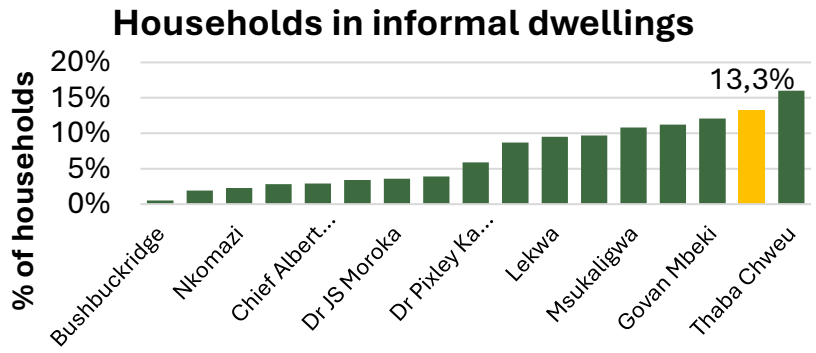
8.1%

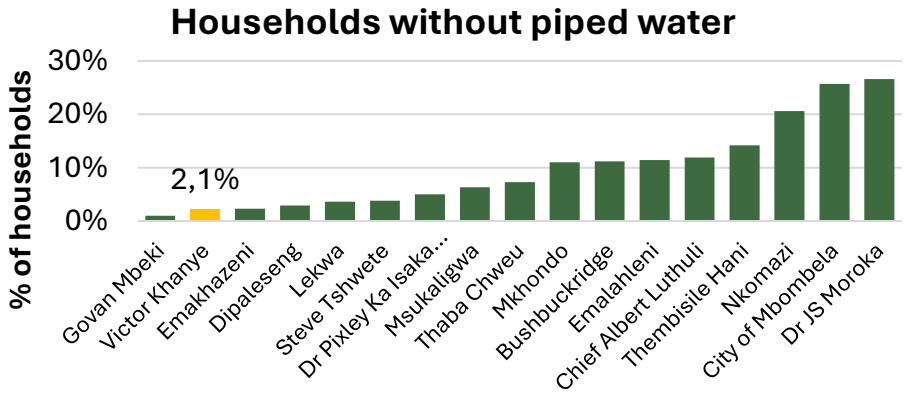
- Share of households without electricity connection (**7th worst in MP**)
- Improved from 14.9% in 2011

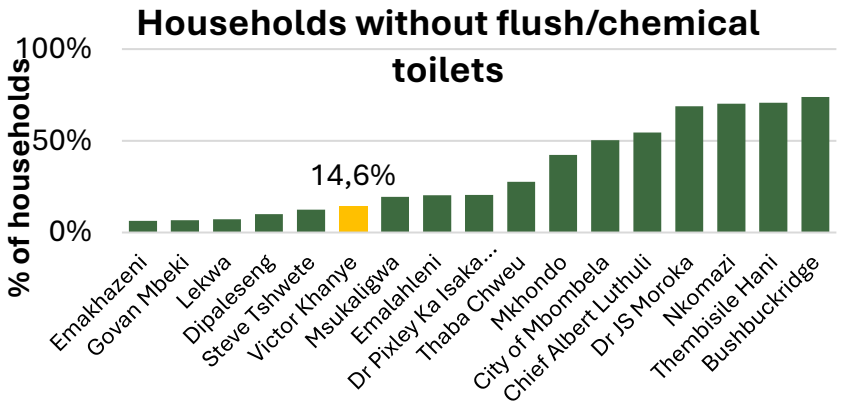
19.8%

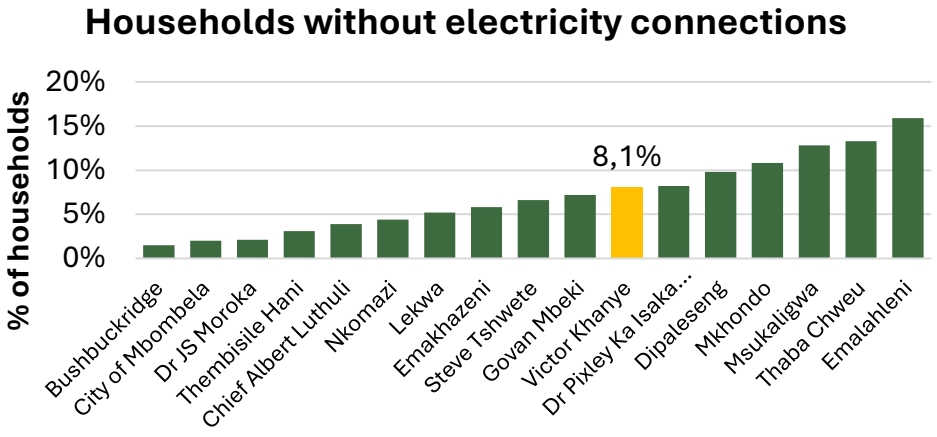
- Share of households without refuse removal by a local authority (5th best)
- Improved from 24.7% in 2011

Household services backlogs of Local Municipalities comparatively









3.8.6 Fleet Management Services

3.8.6.1 Access to Fleet

The following is a list of Municipal vehicles

Table 3.11 List of Municipal Vehicles

FLEET REGISTER					
ITEM	VEHICLE MAKE	CAR REGISTRATION	YEAR MODEL	DESCRIPTION	DEPARTMENT
1	Toyota Corolla 1.8	DCT 484 MP	2005	Sedan	Finance
2	Toyota 1.6	BFD 772 MP	1986	Bakkie	Fleet
3	Toyota	CYK 288 MP	2004	Bakkie	Roads
4	Toyota	CYK 290 MP	2004	Bakkie	Corporate
5	Nissan Hardbody	DVV 381 MP	2008	Bakkie	Roads
6	Nissan Hardbody	DVV 389 MP	2008	Bakkie	Roads
7	Ford Range 2.7D	FBL 329 MP	2009	Bakkie	Fire
8	Isuzu KB350	FKF 971 MP	2010	Bakkie	Fire
9	Nissan Hardbody 2.0	FNF 560 MP	2011	Bakkie	Public Participation
10	Nissan Hardbody 2.0	FNF 561 MP	2011	Bakkie	Water
11	Nissan Hardbody 2.0	FNF 567 MP	2011	Bakkie	Roads
12	Nissan Hardbody 2.0	FNF 578 MP	2011	Bakkie	Finance
13	Toyota Land Cruiser 70	FTB 379 MP	2012	Bakkie	Fire
14	Toyota Land Cruiser 70	FTB 384 MP	2012	Bakkie	Fire
15	Isuzu	KDF 912 MP	2020	Bakkie	Parks
16	Isuzu	KDF 914 MP	2020	Bakkie	Water
17	Isuzu	KDF 915 MP	2020	Bakkie	Electrical
18	Isuzu	KDF 916 MP	2020	Bakkie	Electrical

19	Isuzu	KDF 917 MP	2020	Bakkie	Sanitation
20	Isuzu	KDF 918 MP	2020	Bakkie	Sanitation
21	Isuzu	KDF 919 MP	2020	Bakkie	Cleansing
22	Isuzu	LCS 332 MP	2024	Bakkie	Water
23	Isuzu	LCS 373 MP	2024	Bakkie	Roads
24	GMC Topkick	BXD 383 MP	1993	Fire Tanker	Fire
25	Hino (SUPER F)	DJG 652 MP	2005	Tipper Truck	Cleansing
26	Toyota	DRN 258 MP	2007	Cherry Picker	Electrical
27	Toyota Hino	DSG 831 MP	2007	Refuse Compactor	Cleansing
28	Toyota	FDH 829 MP	2008	Dropside	Roads
29	Nissan UD350	FFS 373 MP	2009	Fire Tanker	Fire
30	Toyota	FGL 855 MP	2009	Water Tanker	Water
31	Nissan (UD 300)	FHF 746 MP	2008	Refuse Compactor	Cleansing
32	Isuzu HC300	FPN 107 MP	2011	Refuse Compactor	Cleansing
33	Toyota Hino 500	FRZ 463 MP	2011	Fire Tanker	Fire
34	Isuzu	FTG 387 MP	2012	Water Tanker	Water
35	Tata LPK 1518	FVK 207 MP	2012	Tipper Truck	Roads
36	Nissan (UD G300)	HBH 002 MP	2012	Sewer Truck	Sanitation
37	Nissan UD40	HGG 054 MP	2013	Cherry Picker	Electrical
38	MAN	HGZ 703 MP	2012	Fire Tanker	Fire
39	Mercedes Benz	HZK 030 MP	2016	Fire Tanker	Fire
40	Nissan (UD Quester)	JCY 649 MP	2017	Water Tanker	Water
41	Nissan (UD Quester)	JCY 647 MP	2017	Water Tanker	Water
42	Nissan UD	JSZ 654 MP	2018	Refuse Compactor	Cleansing
43	Nissan UD	KGP 047 MP	2020	Combination Truck	Sanitation

44	Nissan UD	LDM 138 MP	2024	Skip Loader Truck	Cleansing
45	Toyota Quantum 2.5D	DVN 844 MP	2010	Minibus	Fleet
46	IVECO	HXG 331 MP	2017	Hazmat	Fire
47	Toyota Fortuner	LGN 954 MP	2025	SUV	MM's Office
48	Toyota Quantum	JWN 082 MP	2019	Minibus	Traffic
49	Toyota Quantum	JWN 086 MP	2019	Minibus	Traffic
50	Ford 6610	BSB 648 MP	1983	Tractor	Parks
51	Ford	BWN 281 MP	1992	Tractor	Roads
52	FIAT	CDH 991 MP	2009	Tractor	Parks
53	John Deere	CDH 990 MP	2009	Tractor	Fleet
54	John Deere 6320	CSL 634 MP	2002	Tractor	Cleansing
55	Massey Ferguson	DDK 516 MP	2005	Tractor	Cleansing
56	Bomag BW212	BRS 199 MP	1981	Roller	Roads
57	JCB LOADER	DLX 041 MP	2006	TLB	Fleet
58	LUIGONG CLG422	FDV 712 MP	2010	Grader	Roads
59	Komatsu	JJG 487 MP	2017	Grader	Roads
60	JCB LOADER	KSR 890 MP	2022	TLB	Fleet
61	Isuzu	LFP 353 MP	2024	Bakkie	Fleet
62	Isuzu	LFP 359 MP	2024	Bakkie	Fleet

The majority of municipal vehicles are old and experience frequent breakdown and equipment are insufficient and under maintained for delivering municipal services.

3.8.6.2 Challenges

- Frequent breakdown of fleet
- Insufficient funding for repairs and maintenance
- Inadequate availability of fleet and yellow
- Inadequate tools of trade

3.8.6.3 Interventions required

- Procure additional fleet
- Source funding
- Appoint all vacant post
- Store sufficient material

3.9. KPA 2 - FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT

Table A: Financial Viability and Financial Management

TABLE A: INTEGRATED DEVELOPMENT PLAN										
Municipal KPA – 02	**FINANCIAL VIABILITY AND MANAGEMENT**									
Problem statement and root causes per KPA:	1. Non-payment of Creditors within 30 days 2. Low Collection Rate 3. Increase on UIFW 4. Unfunded Budget									
One Plan Transformation Area	**Governance and Administration**									
2019-24 MTDP Priority	**Build a capable, ethical and developmental State**									
Municipal Priority	**Improved compliance to MFMA and VKLM policy Framework**									
Impact statement:				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5-year IDP target**	**Intervention/ Programme**	**ANNUAL IMPLEMENTATION**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
Improved financial status.	Having a Funded Budget	Unfunded Budget	The Municipality has an unfunded budget A challenge with a low collection rate	100%	Implementation of a Budget Funding Plan. Implementation of the Credit Control Policy	100%	100%	100%	100%	100%
Improved conditional grant spending	% of conditional grant spending	80%	Delays in procurement	100%	Approval of projects on time Training to be facilitated for the bid committee members	100%	100%	100%	100%	100%

TOGETHER FOR GROWTH AND DEVELOPMENT

Table B: Financial Viability and Financial Management

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
Improved compliance to MFMA and VKLM policy Framework	Ensuring that the budget is utilised efficiently and improving budget control.	Approval of MTREF Budget	5 Approved MTREF Budgets	1 Approval of MTREF Budget	1 Approval of MTREF Budget	1 Approval of MTREF Budget	1 Approval of MTREF Budget	1 Approval of MTREF Budget
		% spent of the total operational Budget	95% spent of the total operational Budget	95% spent of the total operational Budget	95% spent of the total operational Budget	95% spent of the total operational Budget	95% spent of the total operational Budget	95% spent of the total operational Budget
		% spent on employee costs in terms of the total operational Budget	<34% spent on employee costs in terms of the total operational Budget	<34% spent on employee costs in terms of the total operational Budget	<34% spent on employee costs in terms of the total operational Budget	<34% spent on employee costs in terms of the total operational Budget	<34% spent on employee costs in terms of the total operational Budget	<34% spent on employee costs in terms of the total operational Budget
		% of employees exceeding legislated overtime levels	0% of employees exceeding legislated overtime levels	0% of employees exceeding legislated overtime levels	0% of employees exceeding legislated overtime levels	0% of employees exceeding legislated overtime levels	0% of employees exceeding legislated overtime levels	0% of employees exceeding legislated overtime levels
		Implementation of credit control and debt collection policy	100% Implementation of credit control and debt collection policy	100% Implementation of credit control and debt collection policy	100% Implementation of credit control and debt collection policy	100% Implementation of credit control and debt collection policy	100% Implementation of credit control and debt collection policy	100% Implementation of credit control and debt collection policy
		Implementation of the budget funding plan	100% Implementation of the budget funding plan	100% Implementation of the budget funding plan	100% Implementation of the budget funding plan	100% Implementation of the budget funding plan	100% Implementation of the budget funding plan	100% Implementation of the budget funding plan
Improved compliance to MFMA and	Achieve acceptable collection level of all	% of amounts of households billed collected per quarter	75% amounts of households billed collected	75% amounts of households billed collected	75% amounts of households billed collected	75% amounts of households billed collected	75% amounts of households billed collected	75% amounts of households billed collected

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
VKLM policy Framework	amounts billed and increase revenue.	% of amounts of businesses billed collected per quarter	85% amounts of businesses billed collected	85% amounts of businesses billed collected	85% amounts of businesses billed collected	85% amounts of businesses billed collected	85% amounts of businesses billed collected	85% amounts of businesses billed collected
	Compliance to legislation	Unaudited Annual Financial Statements (AFS) submitted	5 Unaudited Annual Financial Statements (AFS) submitted to AGSA	1 Unaudited Annual Financial Statements (AFS) submitted to AGSA	1 Unaudited Annual Financial Statements (AFS) submitted to AGSA	1 Unaudited Annual Financial Statements (AFS) submitted to AGSA	1 Unaudited Annual Financial Statements (AFS) submitted to AGSA	1 Unaudited Annual Financial Statements (AFS) submitted to AGSA
	Compliance to MFMA Section 65	% of approved (compliant) invoices paid within 30 days	100% approved (compliant) invoices paid	100% approved (compliant) invoices paid	100% approved (compliant) invoices paid	100% approved (compliant) invoices paid	100% approved (compliant) invoices paid	100% approved (compliant) invoices paid
	Compliance to SCM regulations	Number of days taken to conclude and award tenders above R300 000	<90 days taken to conclude and award tenders above R300 000	<90 days taken to conclude and award tenders above R300 000	<90 days taken to conclude and award tenders above R300 000	<90 days taken to conclude and award tenders above R300 000	<90 days taken to conclude and award tenders above R300 000	<90 days taken to conclude and award tenders above R300 000
	Improved conditional grant spending	Percentage of conditional grants spent	100% of conditional grants spent	100% of conditional grants spent	100% of conditional grants spent	100% of conditional grants spent	100% of conditional grants spent	100% of conditional grants spent
Improve asset management controls	Updated assets register	Number of asset verifications conducted	10 asset verifications conducted	2 asset verifications conducted	2 asset verifications conducted	2 asset verifications conducted	2 asset verifications conducted	2 asset verifications conducted
Good Governance	Improved Audit outcome	Obtain an improved audit opinion from the annual audit outcome from AGSA	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion

Table C: Service Delivery and Budget Implementation Plan

5 year Target	KPI	2025/26 Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
5 Approved MTREF Budgets	Approval of MTREF Budget	1 Approval of MTREF Budget	N/A	N/A	N/A	1 Approval of MTREF Budget
95% spent of the total operational Budget	% spent of the total operational Budget	95% spent of the total operational Budget	25% spent of the total operational Budget	50% spent of the total operational Budget	75% spent of the total operational Budget	95% spent of the total operational Budget
<34% spent on employee costs in terms of the total operational Budget	% spent on employee costs in terms of the total operational Budget	<34% spent on employee costs in terms of the total operational Budget	<34% spent on employee costs in terms of the total operational Budget	<34% spent on employee costs in terms of the total operational Budget	<34% spent on employee costs in terms of the total operational Budget	<34% spent on employee costs in terms of the total operational Budget
0% of employees exceeding legislated overtime levels	% of employees exceeding legislated overtime levels	0% of employees exceeding legislated overtime levels	0% of employees exceeding legislated overtime levels	0% of employees exceeding legislated overtime levels	0% of employees exceeding legislated overtime levels	0% of employees exceeding legislated overtime levels
100% Implementation of credit control and debt collection policy	Implementation of credit control and debt collection policy	100% Implementation of credit control and debt collection policy	100% Implementation of credit control and debt collection policy	100% Implementation of credit control and debt collection policy	100% Implementation of credit control and debt collection policy	100% Implementation of credit control and debt collection policy
100% Implementation of the budget funding plan	Implementation of the budget funding plan	100% Implementation of the budget funding plan	100% Implementation of the budget funding plan	100% Implementation of the budget funding plan	100% Implementation of the budget funding plan	100% Implementation of the budget funding plan
75% amounts of households billed collected	% of amounts of households billed collected per quarter	75% amounts of households billed collected	75% amounts of households billed collected	75% amounts of households billed collected	75% amounts of households billed collected	75% amounts of households billed collected
85% amounts of businesses billed collected	% of amounts of businesses billed collected per quarter	85% amounts of businesses billed collected	85% amounts of businesses billed collected	85% amounts of businesses billed collected	85% amounts of businesses billed collected	85% amounts of businesses billed collected
5 Unaudited Annual Financial Statements (AFS) submitted to AGSA	Unaudited Annual Financial Statements (AFS) submitted	1 Unaudited Annual Financial Statements (AFS) submitted to AGSA	1 Unaudited Annual Financial Statements (AFS) submitted to AGSA	N/A	N/A	N/A

5 year Target	KPI	2025/26 Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
100% approved (compliant) invoices paid	% of approved (compliant) invoices paid within 30 days	100% approved (compliant) invoices paid	100% approved (compliant) invoices paid	100% approved (compliant) invoices paid	100% approved (compliant) invoices paid	100% approved (compliant) invoices paid
<90 days taken to conclude and award tenders above R300 000	Number of days taken to conclude and award tenders above R300 000	<90 days taken to conclude and award tenders above R300 000	<90 days taken to conclude and award tenders above R300 000	<90 days taken to conclude and award tenders above R300 000	<90 days taken to conclude and award tenders above R300 000	<90 days taken to conclude and award tenders above R300 000
100% spent on conditional MIG grant	% spent on conditional MIG grant	100% spent on conditional MIG grant	25% spent on conditional MIG grant	50% spent on conditional MIG grant	75% spent on conditional MIG grant	100% spent on conditional MIG grant
100% spent on conditional WSIG grant	% spent on conditional WSIG grant	100% spent on conditional WSIG grant	25% spent on conditional WSIG grant	50% spent on conditional WSIG grant	75% spent on conditional WSIG grant	100% spent on conditional WSIG grant
100% spent on conditional FMG grant	% spent on conditional FMG grant per quarter	100% spent on conditional FMG grant	25% spent on conditional FMG grant	50% spent on conditional FMG grant	75% spent on conditional FMG grant	100% spent on conditional FMG grant
10 asset verifications conducted	Number of asset verifications conducted	2 asset verifications conducted	1 Asset verification report submitted to Council	N/A	1 Asset verification report submitted to Council	N/A
Unqualified Audit Opinion	Obtain an improved audit opinion from the annual audit outcome from AGSA	Unqualified Audit Opinion	N/A	Unqualified Opinion	N/A	N/A

3.10 KPA 3 - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Table A: Municipal Transformation and Organisational Development

Table A: Municipal Transformation and Organisational Development

Municipal KPA - 03	**INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION**									
Problem statement and root causes per KPA:	1. Performance Management not cascaded to all employees, 2. Unstable ICT networking and programs, 3. Need to capacitate employees to improve performance, 4. Risk attached to municipal offices and employee health and safety, f the Occupational Health and Safety Committee, 6. Outdated documentation that must be digitalized, **7.** Non-sitting of the Occupational Health and Safety Committee.									
One Plan Transformation Area										
2019-24 MTDP Priority	**Implement reforms to the local government system to improve governance, institutional structures and fit-for-purpose funding models to achieve financial sustainability.**									
Municipal Priority	**Improved efficiency and effectiveness of the Municipal Administration**									
Impact statement:				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5-year IDP target**	**Intervention/ Programme**	**ANNUAL IMPLEMENTATION**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
Improved efficiency and effectiveness of the Municipal Administration	Improved service delivery and performance management	80%	Organisational targets (SDBIP) not being fully achieved.	100% Achievement of Targets	100% of KPIs attaining organisational targets Conducting performance assessments for Snr Management	100%	100%	100%	100%	100%

Table A: Municipal Transformation and Organisational Development

Municipal KPA - 03	**INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION**									
Problem statement and root causes per KPA:	1. Performance Management not cascaded to all employees, 2. Unstable ICT networking and programs, 3. Need to capacitate employees to improve performance, 4. Risk attached to municipal offices and employee health and safety, f the Occupational Health and Safety Committee, 6. Outdated documentation that must be digitalized, **7.** Non-sitting of the Occupational Health and Safety Committee.									
One Plan Transformation Area										
2019-24 MTDP Priority	**Implement reforms to the local government system to improve governance, institutional structures and fit-for-purpose funding models to achieve financial sustainability.**									
Municipal Priority	**Improved efficiency and effectiveness of the Municipal Administration**									
Impact statement:				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5-year IDP target**	**Intervention/ Programme**	**ANNUAL IMPLEMENTATION**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
		50%	Performance Management not cascaded to all employees	100%	All levels 1-3 officials with signed performance agreements	100%	100%	100%	100%	100%
	Workplace development	-	Need to upskill and capacitate employees to improve institutional performance	325 employees trained	Implement the Workplace Skills Plan by training employees	55	60	65	70	75

Table A: Municipal Transformation and Organisational Development

Municipal KPA - 03	**INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION**									
Problem statement and root causes per KPA:	1. Performance Management not cascaded to all employees, 2. Unstable ICT networking and programs, 3. Need to capacitate employees to improve performance, 4. Risk attached to municipal offices and employee health and safety, f the Occupational Health and Safety Committee, 6. Outdated documentation that must be digitalized, **7.** Non-sitting of the Occupational Health and Safety Committee.									
One Plan Transformation Area										
2019-24 MTDP Priority	**Implement reforms to the local government system to improve governance, institutional structures and fit-for-purpose funding models to achieve financial sustainability.**									
Municipal Priority	**Improved efficiency and effectiveness of the Municipal Administration**									
Impact statement:				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5-year IDP target**	**Intervention/ Programme**	**ANNUAL IMPLEMENTATION**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
	Smooth running of the Municipality's ICT networking and programs	-	Unstable ICT networking and programs	Installed Microsoft 365 programme	Installation of the Microsoft 365 programme	-	, -	-	-	Installation of the Microsoft 365 programme for all employee
Improved efficiency and effectiveness of the Municipal Administration	Enhancing a safe workplace for employees	70%	Risk attached to municipal offices and employee health and safety	100%	Conduct monthly workplace inspections	100%	100%	100%	100%	100%

Table A: Municipal Transformation and Organisational Development

Municipal KPA - 03	**INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION**									
Problem statement and root causes per KPA:	1. Performance Management not cascaded to all employees, 2. Unstable ICT networking and programs, 3. Need to capacitate employees to improve performance, 4. Risk attached to municipal offices and employee health and safety, f the Occupational Health and Safety Committee, 6. Outdated documentation that must be digitalized, **7.** Non-sitting of the Occupational Health and Safety Committee.									
One Plan Transformation Area										
2019-24 MTDP Priority	**Implement reforms to the local government system to improve governance, institutional structures and fit-for-purpose funding models to achieve financial sustainability.**									
Municipal Priority	**Improved efficiency and effectiveness of the Municipal Administration**									
Impact statement:				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5-year IDP target**	**Intervention/ Programme**	**ANNUAL IMPLEMENTATION**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
			The none-sitting of the Occupational Health and Safety Committee		Facilitate the sitting of the Occupational Health and Safety Committee and produce reports					
	Preservation of municipal records and Digitization of Physical Records	0	Outdated documentation at records that must be digitalized	800 paper based records digitized	Preservation of municipal records and Digitization of Physical Records	-	-	-	400 paper based records digitized	400 paper based records digitized

Table A: Municipal Transformation and Organisational Development

Municipal KPA - 03	**INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION**									
Problem statement and root causes per KPA:	1. Performance Management not cascaded to all employees, 2. Unstable ICT networking and programs, 3. Need to capacitate employees to improve performance, 4. Risk attached to municipal offices and employee health and safety, f the Occupational Health and Safety Committee, 6. Outdated documentation that must be digitalized, **7.** Non-sitting of the Occupational Health and Safety Committee.									
One Plan Transformation Area										
2019-24 MTDP Priority	**Implement reforms to the local government system to improve governance, institutional structures and fit-for-purpose funding models to achieve financial sustainability.**									
Municipal Priority	**Improved efficiency and effectiveness of the Municipal Administration**									
Impact statement:				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5-year IDP target**	**Intervention/ Programme**	**ANNUAL IMPLEMENTATION**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**

Table B: Municipal Transformation and Organisational Development

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
Improved efficiency and effectiveness of the Municipal Administration	Improve performance management	% of KPIs attaining organisational targets	100% KPIs attaining organisational targets	100% KPIs attaining organisational targets	100% KPIs attaining organisational targets	100% KPIs attaining organisational targets	100% KPIs attaining organisational targets	100% KPIs attaining organisational targets
		Mid-year and Annual Performance Reviews of Section 56 & 54A employees conducted	10 Performance Assessments conducted	2 Performance Reviews of Section 56 & 54A employees conducted	2 Performance Reviews of Section 56 & 54A employees conducted	2 Performance Reviews of Section 56 & 54A employees conducted	2 Performance Reviews of Section 56 & 54A employees conducted	2 Performance Reviews of Section 56 & 54A employees conducted
		100% of 1-3 officials with signed performance agreements	All levels 1-3 officials with signed performance agreements	100% of 1-3 officials with signed performance agreements	100% of 1-3 officials with signed performance agreements	100% of 1-3 officials with signed performance agreements	100% of 1-3 officials with signed performance agreements	100% of 1-3 officials with signed performance agreements
	Workplace Development	Number of employees trained per quarter in line with the approved 2025/26 WSP	325 employees trained in line with the approved WSP	55 employees trained in line with the approved WSP	60 employees trained in line with the approved WSP	65 employees trained in line with the approved WSP	70 employees trained in line with the approved WSP	75 employees trained in line with the approved WSP
	Smooth running of the Municipality's ICT networking and programs	Microsoft 365 programme installed and implemented	1 Microsoft 365 programme installed and implemented	-	-	-	Microsoft 365 programme installed and implemented	-

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
	Safe employees in a workplace	Number of monthly workplace inspections conducted and submitted to the MM	60 workplace inspections conducted and submitted to the MM	12 workplace inspections conducted and submitted to the MM	12 workplace inspections conducted and submitted to the MM	12 workplace inspections conducted and submitted to the MM	12 workplace inspections conducted and submitted to the MM	12 workplace inspections conducted and submitted to the MM
		Number of quarterly SHE-related reports submitted to the MM	20 SHE related reports submitted to the MM	4 SHE related reports submitted to the MM	4 SHE related reports submitted to the MM	4 SHE related reports submitted to the MM	4 SHE related reports submitted to the MM	4 SHE related reports submitted to the MM
		Number of Occupational Health and Safety Committee meeting conducted	20 Occupational Health and Safety Committee meeting conducted	4 Occupational Health and Safety Committee meeting conducted	4 Occupational Health and Safety Committee meeting conducted	4 Occupational Health and Safety Committee meeting conducted	4 Occupational Health and Safety Committee meeting conducted	4 Occupational Health and Safety Committee meeting conducted

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
	Preservation of municipal records and Digitization of Physical Records	Number of paper-based records digitalized and indexed into EDMS per quarter.	800 paper based records digitized	-	-	-	400 paper based records digitized	400 paper based records digitized

Table C: Municipal Transformation and Organisational Development Plan

5 year Target	KPI	2025/26 Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
100% KPIs attaining organisational targets	% of KPIs attaining organisational targets by 30 June 2026 (Total organisation)	100% KPIs attaining organisational targets	75% KPIs attaining organisational targets	85% KPIs attaining organisational targets	90% KPIs attaining organisational targets	100% KPIs attaining organisational targets
10 Performance Assessments conducted for Section 56 & 54A employees.	2025/26 Mid-year and 2024/25 Annual Performance Reviews of Section 56 & 54A employees conducted by the 31st of March 2026	2025/26 Mid-year and 2024/25 Annual Performance Reviews of Section 56 & 54A employees conducted by the 31st of March 2026	N/A	N/A	2025/26 Mid-year and 2024/25 Annual Performance Reviews of Section 56 & 54A employees conducted by the 31st of March 2026	N/A
	% of levels 1-3 officials with signed performance agreements	100% of 1-3 officials with signed performance agreements	100% of 1-3 officials with signed performance agreements	N/A	N/A	N/A
	Number of employees trained per quarter in	68 employees trained per quarter in line with the approved 2025/26 WSP	22 employees trained in line with	21 employees trained per quarter	10 employees trained per	15 employees trained per

5 year Target	KPI	2025/26 Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
	line with the approved 2025/26 WSP		the approved 2025/26 WSP	in line with the approved 2025/26 WSP	quarter in line with the approved 2025/26 WSP	quarter in line with the approved 2025/26 WSP
Microsoft 365 programme installed and implemented	Microsoft 365 programme installed and implemented	Microsoft 365 programme installed and implemented by 31 May 2025.	N/A	N/A	N/A	Microsoft 365 programme installed and implemented
60 workplace inspections conducted and submitted to the MM	Number of monthly workplace inspections conducted and submitted to the MM	12 workplace inspections conducted and submitted to the MM	3 workplace inspections conducted and submitted to the MM	3 workplace inspections conducted and submitted to the MM	3 workplace inspections conducted and submitted to the MM	3 workplace inspections conducted and submitted to the MM
20 SHE related reports submitted to the MM	Number of quarterly SHE-related reports submitted to the MM	4 SHE related reports submitted to the MM	1 SHE related reports submitted to the MM	1 SHE related reports submitted to the MM	1 SHE related reports submitted to the MM	1 SHE related reports submitted to the MM
20 Occupational Health and Safety Committee conducted	Number of Occupational Health and Safety Committee conducted	4 Occupational Health and Safety Committee meeting conducted	1 Occupational Health and Safety Committee meeting conducted	1 Occupational Health and Safety Committee meeting conducted	1 Occupational Health and Safety Committee meeting conducted	1 Occupational Health and Safety Committee meeting conducted
	Number of paper-based records digitalized and indexed into EDMS	400 paper based records digitized	100 paper based records digitized	100 paper based records digitized	100 paper based records digitized	100 paper based records digitized

3.11 KPA 4 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION -

Table A: Good Governance and Public Participation Development Plan

TABLE A: INTEGRATED DEVELOPMENT PLAN										
Municipal KPA - 04	**Good Governance and Public Participation**									
Problem statement and root causes per KPA:	1. Repeat same errors raised by Auditor General Findings, 2. Need for effective risk management, 3. Lack of full implementation of Council & MPAC resolutions, **4.** Outdated youth development strategy, customer management.									
One Plan Transformation Area										
2019-24 MTDP Priority	**Continue to implement and optimise public employment programmes (including the Presidential Employment Stimulus, the Nationa Youth Service, Expanded Public Works) and prioritise work experience for young people**									
Municipal Priority	**Improved compliance to MFMA and VKLM policy Framework**									
Impact statement:				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5-year IDP target**	**Intervention/ Programme**	**ANNUAL IMPLEMENTATION**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
Improve community confidence in the system of local government	An improved audit outcome.	5 Qualified AG`s Outcomes	Repeat Auditor General Findings	Unqualified	Development and full Implementation of the Audit Action Plan. Action Plan tabled to Council for monitoring Resolve Internal Audit Findings	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

TABLE A: INTEGRATED DEVELOPMENT PLAN

Municipal KPA - 04	**Good Governance and Public Participation**									
Problem statement and root causes per KPA:	1. Repeat same errors raised by Auditor General Findings, 2. Need for effective risk management, 3. Lack of full implementation of Council & MPAC resolutions, **4.** Outdated youth development strategy, customer management.									
One Plan Transformation Area										
2019-24 MTDP Priority	**Continue to implement and optimise public employment programmes (including the Presidential Employment Stimulus, the Nationa Youth Service, Expanded Public Works) and prioritise work experience for young people**									
Municipal Priority	**Improved compliance to MFMA and VKLM policy Framework**									
Impact statement:				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5-year IDP target**	**Intervention/ Programme**	**ANNUAL IMPLEMENTATION**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
					to avoid repeat findings					
	Effective risk management	85%	Need for effective risk management and risk mitigation strategies	100% risk mitigation	Development and execution of the Risk Management Plan in line with detailed time schedule for the total organisation.	100%	100%	100%	100%	100%
	Implementation of resolutions	60%	Implementation of resolutions taken at	100% Implementation of resolutions	100% of Council and MPAC meetings	100%	100%	100%	100%	100%

TABLE A: INTEGRATED DEVELOPMENT PLAN

Municipal KPA - 04	**Good Governance and Public Participation**									
Problem statement and root causes per KPA:	1. Repeat same errors raised by Auditor General Findings, 2. Need for effective risk management, 3. Lack of full implementation of Council & MPAC resolutions, **4.** Outdated youth development strategy, customer management.									
One Plan Transformation Area										
2019-24 MTDP Priority	**Continue to implement and optimise public employment programmes (including the Presidential Employment Stimulus, the Nationa Youth Service, Expanded Public Works) and prioritise work experience for young people**									
Municipal Priority	**Improved compliance to MFMA and VKLM policy Framework**									
Impact statement:				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5-year IDP target**	**Intervention/ Programme**	**ANNUAL IMPLEMENTATION**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
			Council and MPAC structures		resolutions resolved					
	Ensure the empowerment of youth	0	Outdated Youth Development Strategy	Approved Youth Development Strategy	Review and Adoption of the Youth Development Strategy	-	-	-	1 Youth Development Strategy developed.	-
	Improved service delivery and customer confidence		Turnaround time in addressing customer complaints and	100%	Customer Complaint reports to be submitted to Council structures	1 Customer Satisfaction Survey	1 Customer Satisfaction Survey	1 Customer Satisfaction Survey	1 Customer Satisfaction Survey	1 Customer Satisfaction Survey

TABLE A: INTEGRATED DEVELOPMENT PLAN

Municipal KPA - 04	**Good Governance and Public Participation**									
Problem statement and root causes per KPA:	1. Repeat same errors raised by Auditor General Findings, 2. Need for effective risk management, 3. Lack of full implementation of Council & MPAC resolutions, **4.** Outdated youth development strategy, customer management.									
One Plan Transformation Area										
2019-24 MTDP Priority	**Continue to implement and optimise public employment programmes (including the Presidential Employment Stimulus, the Nationa Youth Service, Expanded Public Works) and prioritise work experience for young people**									
Municipal Priority	**Improved compliance to MFMA and VKLM policy Framework**									
Impact statement:				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5-year IDP target**	**Intervention/ Programme**	**ANNUAL IMPLEMENTATION**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
			customer management		Conduct Customer satisfaction survey					

Table B: Good Governance and Public Participation

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
Improve community confidence in the system of local government	Improve the Audit Status of the Municipality	Action Plan on issues raised by the Auditor General compiled and tabled to Council by 31 January 2026	5 Action Plan on issues raised by the Auditor General compiled and tabled to Council	1 Action Plan on issues raised by the Auditor General compiled and tabled to Council	1 Action Plan on issues raised by the Auditor General compiled and tabled to Council	1 Action Plan on issues raised by the Auditor General compiled and tabled to Council	1 Action Plan on issues raised by the Auditor General compiled and tabled to Council	1 Action Plan on issues raised by the Auditor General compiled and tabled to Council
		Review Risk Based Internal Audit Plan and submit to Audit Committee by 31 July 2025	5 Review Risk Based Internal Audit Plan and submit to Audit Committee	1 Review Risk Based Internal Audit Plan and submit to Audit Committee	1 Review Risk Based Internal Audit Plan and submit to Audit Committee	1 Review Risk Based Internal Audit Plan and submit to Audit Committee	1 Review Risk Based Internal Audit Plan and submit to Audit Committee	1 Review Risk Based Internal Audit Plan and submit to Audit Committee
		% of Internal Audit Findings resolved per quarter as per the Audit Plan (Total Organization)	100% Internal Audit Findings resolved as per the Audit Plan	100% Internal Audit Findings resolved as per the Audit Plan	100% Internal Audit Findings resolved as per the Audit Plan	100% Internal Audit Findings resolved as per the Audit Plan	100% Internal Audit Findings resolved as per the Audit Plan	100% Internal Audit Findings resolved as per the Audit Plan
	Improved service delivery and Customer Relationship Management	Number of quarterly Customer Complaint reports submitted to Council (inclusive of Presidential Hotline)	20 Customer Complaint reports submitted to Council	4 Customer Complaint reports submitted to Council	4 Customer Complaint reports submitted to Council	4 Customer Complaint reports submitted to Council	4 Customer Complaint reports submitted to Council	4 Customer Complaint reports submitted to Council
		Number of Customer satisfaction survey conducted	5 Customer satisfaction survey conducted	1 Customer satisfaction survey conducted	1 Customer satisfaction survey conducted	1 Customer satisfaction survey conducted	1 Customer satisfaction survey conducted	1 Customer satisfaction survey conducted
	Improving the implementation of resolutions taken by	% of Council meetings resolutions resolved per quarter (Total organisation)	100% Council meetings resolutions resolved	100% Council meetings resolutions resolved	100% Council meetings resolutions resolved	100% Council meetings resolutions resolved	100% Council meetings resolutions resolved	100% Council meetings resolutions resolved

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
	Council structures	% of total MPAC resolutions raised and resolved per quarter	80% MPAC resolutions raised and resolved	80% MPAC resolutions raised and resolved	80% MPAC resolutions raised and resolved	80% MPAC resolutions raised and resolved	80% MPAC resolutions raised and resolved	80% MPAC resolutions raised and resolved
	Effective risk management	% execution per quarter of Risk Management Plan in line with detailed time schedule (total organisation)	85% execution of Risk Management Plan in line with detailed time schedule	85% execution of Risk Management Plan in line with detailed time schedule	85% execution of Risk Management Plan in line with detailed time schedule	85% execution of Risk Management Plan in line with detailed time schedule	85% execution of Risk Management Plan in line with detailed time schedule	85% execution of Risk Management Plan in line with detailed time schedule
	Improving service delivery by implementing Lekgotla resolutions.	Strategic Planning Lekgotla report Submitted to Council	5 Strategic Planning Lekgotla reports Submitted to Council	1 Strategic Planning Lekgotla report Submitted to Council	1 Strategic Planning Lekgotla report Submitted to Council	1 Strategic Planning Lekgotla report Submitted to Council	1 Strategic Planning Lekgotla report Submitted to Council	1 Strategic Planning Lekgotla report Submitted to Council

Table C: Good Governance and Public Participation Implementation Plan

5 year Target	KPI	2025/26 Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
5 Action Plans on issues raised by the Auditor General compiled and tabled to Council	Action Plan on issues raised by the Auditor General compiled and tabled to Council by 31 January 2026	1 Action Plan on issues raised by the Auditor General compiled and tabled to Council	N/A	N/A	1 Action Plan on issues raised by the Auditor General compiled and tabled to Council	N/A
5 Review Risk Based Internal Audit Plans and submit to Audit Committee	Review Risk Based Internal Audit Plan and submit to Audit Committee by 31 July 2025	1 Review Risk Based Internal Audit Plan and submit to Audit Committee	1 Review Risk Based Internal Audit Plan and submit to Audit Committee	N/A	N/A	N/A
100% Internal Audit Findings resolved as per the Audit Plan	% of Internal Audit Findings resolved per quarter as per the Audit Plan (Total Organization)	100% Internal Audit Findings resolved as per the Audit Plan	100% Internal Audit Findings resolved as per the Audit Plan	100% Internal Audit Findings resolved as per the Audit Plan	100% Internal Audit Findings resolved as per the Audit Plan	100% Internal Audit Findings resolved as per the Audit Plan
20 Customer Complaint reports submitted to Council	Number of quarterly Customer Complaint reports submitted to Council (inclusive of Presidential Hotline)	4 Customer Complaint reports submitted to Council	1 Customer Complaint reports submitted to Council	1 Customer Complaint reports submitted to Council	1 Customer Complaint reports submitted to Council	1 Customer Complaint reports submitted to Council
5 Customer satisfaction survey conducted	Number of Customer satisfaction survey conducted by 30 June 2026	1 Customer satisfaction survey conducted	N/A	N/A	N/A	1 Customer satisfaction survey conducted
5 Strategic Planning Lekgotla report Submitted to Council	Strategic Planning Lekgotla report Submitted to Council by 31 March 2026	1 Strategic Planning Lekgotla report Submitted to Council by 31 March 2026	N/A	N/A	1 Strategic Planning Lekgotla report Submitted to Council by 31 March 2026	N/A
100% Council meetings resolutions resolved	% of Council meetings resolutions resolved per quarter (Total organisation)	100% Council meetings resolutions resolved	100% Council meetings resolutions resolved	100% Council meetings resolutions resolved	100% Council meetings resolutions resolved	100% Council meetings resolutions resolved

5 year Target	KPI	2025/26 Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
80% MPAC resolutions raised and resolved	% of total MPAC resolutions raised and resolved per quarter	80% MPAC resolutions raised and resolved	80% MPAC resolutions raised and resolved	80% MPAC resolutions raised and resolved	80% MPAC resolutions raised and resolved	80% MPAC resolutions raised and resolved
85% execution of Risk Management Plan in line with detailed time schedule	% execution per quarter of Risk Management Plan in line with detailed time schedule (total organisation)	85% execution of Risk Management Plan in line with detailed time schedule	85% execution of Risk Management Plan in line with detailed time schedule	85% execution of Risk Management Plan in line with detailed time schedule	85% execution of Risk Management Plan in line with detailed time schedule	85% execution of Risk Management Plan in line with detailed time schedule

3.12 KPA 5: SPATIAL DEVELOPMENT FRAMEWORK

VICTOR KHANYE LOCAL MUNICIPALITY – SPATIAL DEVELOPMENT FRAMEWORK (SDF)

Table A: Spatial Development

Table 3.13: Victor Khanye Formalisation Strategy Informal In Situ SDA's

#	Settlement	Number of Units	NUSP Category		Mimosa	WaaikraalWest	Groenfontein (N)	Groenfontein (S)	Argent	Arbour Village	Subtotal In Situ	Ptn 13 Leeuport 205 IR	Ptn 3 Hekpoort 207 IR	Eloff Receiving	Waaikraal East	Subtotal Relocation	Subtotal (Insitu +Relocation)	Deficit
				Area (ha)	13,6	49,41	16,7	7,58	8,38	53,1041	**148,774**	47	307		48,4		**551,1741**	
				Potential Number of Units	750	2 500	32	49	400	749	**4 480**	1 060	7 300	275	2 500	**11 135**	**15 615**	
1.1 *	Mandela	1794	B2/C								-	824	970			1 794	1 794	-
1.2 *	Nkanini	236	C								-	236				236	236	-
1.3 *	Delpark x4	569	B2/C								-		569			569	569	-
1.4 *	Mawag	98	B2/C								-		98			98	98	-
1.5	Dryden Farm	146	B2								-		146			146	146	-
2.1	Mimosa	236	B1		236						236					-	236	-
2.2 *	Savanna	275	B2								-			275		275	275	-
3.1	Waaikraal	503	B2								-				503	503	503	-
3.2	Groenfontein (N)	32	FWH				32				32					-	32	-

3.3	Groenfontein (S)	49	FWH					49			49					-	49	-
3.4 *	Argent	177	B2								-					-	-	-177
3.5	Arbor	799	A							749	749					-	749	-50
3.6 *	Delmas Coal	52	B2								-					-	-	-52
																		-279

TABLE A: INTEGRATED DEVELOPMENT PLAN

Municipal KPA 05	**SPATIAL RATIONALE**									
Problem statement and root causes per KPA:	1. Buildings that are in contravention with building regulations, 2. Illegal use of land and land invasion. 3. Outdated Land Audit. 4. Contravention of the Land-use scheme. **5.** Delays in approval of land use applications.									
One Plan Transformation Area	**Spatial Transformation**									
2019-24 MTDP Priority	**Spatial Integration, Human Settlements and Land Use Management**									
Municipal Priority	**Increase regularisation of built environment**									
Impact statement:				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5 year IDP target**	**Intervention/ Programme**	**ANNUAL IMPLEMENTATION**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
Land Tenure and Spatial Development	Compliance to building regulations		High number of building contraventions not in compliant with regulations.	100% building compliance	% of new registered building plan applications received and approved (referred back) within agreed timeframes of 28 days. Building Inspections to be conducted	100%	100%	100%	100%	100%

TABLE A: INTEGRATED DEVELOPMENT PLAN										
Municipal KPA 05	**SPATIAL RATIONALE**									
Problem statement and root causes per KPA:	1. Buildings that are in contravention with building regulations, 2. Illegal use of land and land invasion. 3. Outdated Land Audit. 4. Contravention of the Land-use scheme. **5.** Delays in approval of land use applications.									
One Plan Transformation Area	**Spatial Transformation**									
2019-24 MTDP Priority	**Spatial Integration, Human Settlements and Land Use Management**									
Municipal Priority	**Increase regularisation of built environment**									
Impact statement:				**MTDP Target:**						
					Contravention notices to be issued					

TABLE A: INTEGRATED DEVELOPMENT PLAN

Municipal KPA 05	**SPATIAL RATIONALE**									
Problem statement and root causes per KPA:	1. Buildings that are in contravention with building regulations, 2. Illegal use of land and land invasion. 3. Outdated Land Audit. 4. Contravention of the Land-use scheme. **5.** Delays in approval of land use applications.									
One Plan Transformation Area	**Spatial Transformation**									
2019-24 MTDP Priority	**Spatial Integration, Human Settlements and Land Use Management**									
Municipal Priority	**Increase regularisation of built environment**									
Impact statement:				**MTDP Target:**						
	Compliance with land use regulations		Land being utilized Illegally. Delays in the approval of land use applications.	100% compliance with Land Use	100% of all land Use applications received and processed within 90 days Land Contraventions notices issued Spatial Development Framework (SDF) reviewed and adopted by Council	100%	100%	100%	100%	100%

TABLE A: INTEGRATED DEVELOPMENT PLAN

Municipal KPA 05	**SPATIAL RATIONALE**									
Problem statement and root causes per KPA:	1. Buildings that are in contravention with building regulations, 2. Illegal use of land and land invasion. 3. Outdated Land Audit. 4. Contravention of the Land-use scheme. **5.** Delays in approval of land use applications.									
One Plan Transformation Area	**Spatial Transformation**									
2019-24 MTDP Priority	**Spatial Integration, Human Settlements and Land Use Management**									
Municipal Priority	**Increase regularisation of built environment**									
Impact statement:				**MTDP Target:**						

TABLE A: INTEGRATED DEVELOPMENT PLAN

Municipal KPA 05	**SPATIAL RATIONALE**									
Problem statement and root causes per KPA:	1. Buildings that are in contravention with building regulations, 2. Illegal use of land and land invasion. 3. Outdated Land Audit. 4. Contravention of the Land-use scheme. **5.** Delays in approval of land use applications.									
One Plan Transformation Area	**Spatial Transformation**									
2019-24 MTDP Priority	**Spatial Integration, Human Settlements and Land Use Management**									
Municipal Priority	**Increase regularisation of built environment**									
Impact statement:				**MTDP Target:**						
	Informed decisions on land availability for development	None	Land Audit is outdated	Approved Land Audit.	Development of the Land Audit.	-	-	-	-	Land Audit Developed and Submitted to Council

Table B: Spatial Development Integrated Plan

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
Increase regularisation of built environment	Compliance to building regulations	% of new registered building plan applications received and approved (referred back) within agreed timeframes of 28 days.	100% new registered building plan applications received and approved (referred back)	100% new registered building plan applications received and approved (referred back)	100% new registered building plan applications received and approved (referred back)	100% new registered building plan applications received and approved (referred back)	100% new registered building plan applications received and approved (referred back)	100% new registered building plan applications received and approved (referred back)
		Number of quarterly reports on building contraventions notices issued submitted to the MM	20 Reports on building contraventions notices issued submitted to the MM	4 Reports on building contraventions notices issued submitted to the MM	4 Reports on building contraventions notices issued submitted to the MM	4 Reports on building contraventions notices issued submitted to the MM	4 Reports on building contraventions notices issued submitted to the MM	4 Reports on building contraventions notices issued submitted to the MM
		Number of property inspections conducted per quarter in terms of compliance to the Land scheme and Building Regulations	1600 property inspections conducted per quarter in terms of compliance to the Land scheme and Building Regulations	-	-	-	600 property inspections conducted per quarter in terms of compliance to the Land scheme and Building Regulations	1000 property inspections conducted per quarter in terms of compliance to the Land scheme and Building Regulations

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
Increase regularisation of built environment	Compliance to the SPLUMA by-law	% of land use applications received and processed within 90 days by authorised officer	100% land use applications received and processed	100% land use applications received and processed	100% land use applications received and processed	100% land use applications received and processed	100% land use applications received and processed	100% land use applications received and processed
		Number of Quarterly reports on Land Contraventions notices issued submitted to the MM	20 Quarterly reports on Land Contraventions notices issued submitted to the MM	4 Quarterly reports on Land Contraventions notices issued submitted to the MM	4 Quarterly reports on Land Contraventions notices issued submitted to the MM	4 Quarterly reports on Land Contraventions notices issued submitted to the MM	4 Quarterly reports on Land Contraventions notices issued submitted to the MM	4 Quarterly reports on Land Contraventions notices issued submitted to the MM
	Created spatial base for land use and municipal growth	Spatial Development Framework (SDF) reviewed and adopted by Council	Spatial Development Framework (SDF) reviewed and adopted by Council	-	-	Spatial Development Framework (SDF) reviewed and adopted by Council	-	-
	Informed decisions on land availability for development	Development of the Land Audit	Development of the Land Audit	-	-	-	-	Development of the Land Audit

Table C: Spatial Development Implementation Plan

5 year Target	KPI	2025/26 Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
100% new registered building plan applications received and approved (referred back)	% of new registered building plan applications received and approved (referred back) within agreed timeframes of 28 days.	100% new registered building plan applications received and approved (referred back)	100% new registered building plan applications received and approved (referred back)	100% new registered building plan applications received and approved (referred back)	100% new registered building plan applications received and approved (referred back)	100% new registered building plan applications received and approved (referred back)
20 Quarterly Report on building contraventions notices issued submitted to the MM	Number of quarterly reports on building contraventions notices issued submitted to the MM	4 Quarterly Report on building contraventions notices issued submitted to the MM	1 Quarterly Report on building contraventions notices issued submitted to the MM	1 Quarterly Report on building contraventions notices issued submitted to the MM	1 Quarterly Report on building contraventions notices issued submitted to the MM	1 Quarterly Report on building contraventions notices issued submitted to the MM
1600 property inspections conducted per quarter in terms of compliance to the Land scheme and Building Regulations	Number of property inspections conducted per quarter in terms of compliance to the Land scheme and Building Regulations	240 property inspections conducted per quarter	60 property inspections conducted per quarter	60 property inspections conducted per quarter	60 property inspections conducted per quarter	60 property inspections conducted per quarter
100% of land use applications received and processed within 90 days by authorised officer	% of land use applications received and processed within 90 days by authorised officer	100% of land use applications received and processed within 90 days by authorised officer	100% of land use applications received and processed within 90 days by authorised officer	100% of land use applications received and processed within 90 days by authorised officer	100% of land use applications received and processed within 90 days by authorised officer	100% of land use applications received and processed within 90 days by authorised officer
20 Quarterly report on Land Contraventions notices issued submitted to the MM	Number of Quarterly reports on Land Contraventions notices issued submitted to the MM	4 Quarterly report on Land Contraventions notices issued submitted to the MM	1 Quarterly report on Land Contraventions notices issued submitted to the MM	1 Quarterly report on Land Contraventions notices issued submitted to the MM	1 Quarterly report on Land Contraventions notices issued submitted to the MM	1 Quarterly report on Land Contraventions notices issued submitted to the MM

3.12.1 Spatial Rationale Vision

The following is a summary of spatially related issues noted in the Victor Khanye IDP:

- Health risks and leaking of asbestos roofing, cracking houses, due to activities of the adjacent mines; and unauthorized occupation of RDP houses;
- Late registration of ID and birth certificates, slow pace of registration of orphans and access to grants, disabled people without IDs, lack of support for child-headed households, a dysfunctional local Home Affairs branch;
- Increasing demand for healthcare services, poor state of the local hospital, poor treatment of patients by emergency healthcare workers;
- Drugs and substance abuse, high crime rate and lack of visible policing in farm areas;
- High levels of unemployment, local people are not prioritized when employment opportunities arise, ensuring control of the Kusile Project by the local community, shorter working hours of the local Department of Labour;
- Inefficient and ineffective scholar transport particularly in farm areas, need for more schools, overcrowding in some cases, needed bridge to local school and inaccessibility of tertiary institutions;
- Existence of areas without access to clean water, water supply interruptions and lack of appropriate sanitation facilities;
- Areas without electricity and street lights;
- Bad conditions of local roads and a lack of stormwater in some areas;
- Inaccessibility of training opportunities for youth and lack of representation of youth in ward committees;
- Need for sports facilities; and
- Lack of basic service provision in farm areas and process of transferring land to communities is slow.

3.12.1 Spatial Objectives

The following are the main Spatial Development Objectives of the Victor Khanye Local Municipality which are supplementary to the achievement of the municipal vision:

- **Brand Victor Khanye as a gateway to Mpumalanga**.
- **Optimally use the economic development potential associated with the N12 Corridor**: This is in the vicinity of the R42 interchange (in line with Nkangala District Spatial Development Framework directives).
- **Provide land for housing** (in line with Breaking Ground principles): For the different socio-economic groups in appropriate locations.
- **Provide sufficient social facilities and services**: For all urban complexes in Victor Khanye, as well as the rural areas.
- **Promote the development of Thusong Centres/ Multi-Purpose Community Centres** in Victor Khanye area (in line with the Nkangala District Municipality SDF directives).
- **Enhance the tourism potential of the Victor Khanye area**: This should achieve a sustainable equilibrium between the land demands of the mining industry, agriculture, conservation and tourism.
- **Promote the establishment of agro-processing industries:** These are associated with agricultural activities in the municipal area as provided for in the Nkangala District SDF.

3.7.3.1. Long-term capital projects

- **Branding and development of the Delmas Tourism Precinct** and associated
- **Cultural Historic Sites.** VKLM/Mpumalanga Tourism
- **Develop the Rural Nodes**: This is at Waaikraal and Brakfontein by VKLM/Dept. of Agriculture
- **Nkangala International Airport.** This is an anchor project that will be partnered between VKLM/NDM and Mpumalanga Province.

- **Establish and develop Township**: This is on all Strategic Development Areas earmarked for development. VKLM/NDM
- **Upgrade Waste Water Treatment Works** in Delmas. VKLM R60 million
- **Upgrade water, waste and electricity infrastructure in Botleng.** VKLM
- **Expand bulk water infrastructure in Delmas and Botleng**: This is to augment/ replace underground water supply. VKLM
- **Road Access Management Plans along all the major activity routes**: This is in order to maintain the required mobility levels and provide sufficient access to surrounding land uses. VKLM/Mpumalanga Roads
- **Marketing campaign (and incentive programme) for municipal area**: This will highlight development opportunities, with specific focus on Agri-processing industries. VKLM In-house
- **Branding of the N12 Development Corridor.** VKLM In-house
- **Proper environmental management guidelines**: This is to conserve the natural assets of the municipal area (to promote tourism) and to prevent pollution, sinkhole formation etc. VKLM In-house
- **Establish the School of Excellence**: - Develop a new civic centre with new municipal buildings - Prepare a business plan and design concept - Market the concept to the private sector - Compile design concepts - Costing and implementation VKLM/Dept. of Education
- **Develop a Multi-Purpose Delivery Centre** - Draft a business plan, design concept, draft a services delivery plan with development controls, with costing and funding and implementation VKLM In-house
- **Prepare Precinct Plan for the following areas:** - Delmas - Eloff - Sundra, Sundale, Springs and Rietkol Agricultural Holdings - Botleng VKLM/NDM R200 000/area
- **Enter into negotiations with Mpumalanga Roads**: regarding southern bypass route VKLM/Mpumalanga Roads TBD
- **Identify and assess government- and parastatal-owned land**: VKLM/ National, Provincial and Local government, parastatals

- **Assess and finalize land claims within VKLM**

3.12.3 Key Elements for Victor Khanye Local Municipality – SDF

The spatial vision for the Victor Khanye Municipality evolves around the following key elements:

- To promote Delmas as a western gateway city;
- To promote and enhance especially the agricultural and energy sectors in the municipal area, leveraging opportunities such as proximity to Johannesburg and the proposed international airport near Delmas;
- To protect and promote the environment in a sustainable way;
- Reduce housing and infrastructure backlogs

3.12.3 To regulate the form and nature of development in a locality;

- To allocate and reserve land for municipal, public and social purposes,
- To provide a basis for performance management;
- To provide a basis for the forming of public-private partnerships;
- To function as a business plan in support of applications for funding and assistance.

Land Invasions

2.4.6.1 Monitoring of Land Invasion activities in Victor Khanye Local Municipality

Unlawful occupation or illegal land invasion is not significant within the Victor Khanye Local Municipality, but the Municipality is vigilant in preventing this. The municipality acknowledges that the orderly management of urbanization and development requires a wider approach, rather than only a reactive management of unlawful occupation of land, or land invasion. Without an appropriate and effective pro-action urbanization

and settlement plan, the large housing and services shortage will become unmanageable, due to the ever-increasing competition for housing by the growing population.

The municipality has been privileged to benefit from the National Upgrading Support Programme (NUSP). The final report indicated how many informal settlements are within the municipality, their sizes, and where they are located.

The report advises on the feasibility of in-site development or relocation. Also attached to the report is a business plan to enable the formalization process and servicing of such settlements. In an attempt to deal with the unlawful occupation of land, the municipality has endorsed approximately 1200 erven in Abor Agri-village, and a subdivision of Portion 1202 in Delmas Ext.14.

2.4.6.2 Measures Taken by the Municipality to Prevent Unlawful Occupation of Land and Mitigating Growth of Informal Settlements

- The municipality has a database of all existing informal settlements.
- All structures on the informal database are marked and numbered.
- New invaders are given a notice to vacate property voluntarily with immediate effect.
- If unlawful land occupiers do not voluntarily vacate the property, all unregistered, incomplete and uninhabited structures are dismantled.
- The Municipality has developed a draft Land Invasion By-Law.
- Designated municipal officials and wardens keep constant surveillance.

Areas Prone For Land Invasion

The areas prone for land invasion include the following:

1. Union Forests Plantation Agricultural Holdings:
2. South of Delpark and route R555 up to the railway line.
3. Botleng Ext.7
4. Delmas Ext.14
5. Mimosa area in Eloff

The Victor Khanye local municipality has developed Land Invasion by-laws to curb the spread of land invasion within its jurisdiction. The municipality has already trained 40 traffic wardens as peace officers or law enforcers. Upon qualifying, the peace officers will assist the municipality with the prevention of land invasions through the enforcement of municipal by-laws, once funds are available.

3.12.4 Spatial Development Framework

In terms of the Municipal Systems Act (Act No. 32 of 2000) Section 26(e), all municipalities are required to prepare an Integrated Development Plan (IDP) for their area of jurisdiction, which must include a Spatial Development Framework (SDF).

Section 34 of the Municipal Systems Act determines that the Integrated Development Plan (IDP) must be reviewed and amended annually in accordance with an assessment of its performance measurements (in terms of section 41 of the Municipal Systems Act) and to the extent that changing circumstances demand. The SDF should therefore also be reviewed in accordance with the annual review of the IDP.

Above all, the review of the SDF will facilitate the implementation of the IDP spatially in terms of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). The existing Victor Khanye SDF (2010) was compiled in terms of the guidelines contained in Government Gazette No. 22605 dated 24 August 2001, which stipulated that a Spatial Development Framework of a municipality should at least achieve the following objectives:

- Give effect to the principles of the Development Facilitation Act
- Set out objectives that reflect the desired spatial form

Contain strategies and policies to achieve the above

- Set out guidelines for land use management
- Set out a capital investment framework

 Contain a strategic environmental assessment

 Identify programmes and projects for the development of land

 Provide a visual representation of the desired spatial form of the municipality which representation include:

i. Where public and private land development and infrastructure should take place.

ii. Indication where desired and undesired utilisation of space in a particular area.

iii. Delineation of the urban edge.

iv. Identification of areas where strategic intervention is required.

v. Indication of areas where priority spending is required.

SPATIAL PLANNING AND LAND USE MANAGEMENT ACT (SPLUMA)

During 2013 the new Spatial Planning and Land Use Management Act (SPLUMA) was promulgated under the jurisdiction of the Department of Rural Development and Land Reform. This legislation puts forward a set of principles to influence spatial planning, land use management and land development. It also provides for national and regional spatial development frameworks as well as provincial and municipal spatial development frameworks, implying that a package of plans will be undertaken from national to municipal level to direct land use management, while providing for uniform regulation of land use management throughout South Africa.

The general principles endorsed by this Act is that spatial planning, land use management and land development must promote and enhance Spatial Justice, Spatial Sustainability; Efficiency; Spatial Resilience, and Good Administration as briefly summarised below:

SPLUMA Principles Spatial Justice

(i) past spatial and other development imbalances must be redressed through improved access to and use of land;

(ii) spatial development frameworks and policies at all spheres of government must address the inclusion of persons and areas that were previously excluded, with an emphasis on informal settlements, former homeland areas and areas characterised by widespread poverty and deprivation.

(iii) spatial planning mechanisms, including land use schemes, must incorporate provisions that enable redress in access to land by disadvantaged communities and persons.

(iv) must include all areas of a municipality and specifically include provisions that are flexible and appropriate for the management of disadvantaged areas, informal settlements and former homeland areas.

(v) must include provisions that accommodate access to secure tenure and the incremental upgrading of informal areas; and

(vi) a Municipal Planning Tribunal considering an application before it, may not be impeded or restricted in the exercise of its discretion solely on the ground that the value of land or property is affected by the outcome of the application.

Spatial Sustainability

(i) promote land development that is within the fiscal, institutional and administrative means of the Republic.

(ii) ensure that special consideration is given to the protection of prime and unique agricultural land.

(iii) uphold consistency of land use measures in accordance with environmental management instruments.

(iv) promote and stimulate the effective and equitable functioning of land markets;

(v) consider all current and future costs to all parties for the provision of infrastructure and social services in land developments;

(vi) promote land development in locations that are sustainable and limit urban sprawl; and

(vii) result in communities that are viable.

Efficiency

(i) land development optimises the use of existing resources and infrastructure.

(ii) decision-making procedures are designed to minimise negative financial, social, economic or environmental impacts; and

(iii) development application procedures are efficient and streamlined.

Municipal Spatial Development Framework	
Preparation of Municipal Spatial Development Framework	
The Municipal Council of a municipality must by notice in the *Provincial Gazette* adopt a municipal spatial development framework for the municipality. The municipal spatial development framework must be prepared as part of a municipality's integrated development plan in accordance with the provisions of the Municipal Systems Act.	

3.12.5 Mpumalanga Provincial Spatial Development Framework

Mpumalanga covers an area of 76 495km² and has a population of 4 335 964, making it one of the most populous provinces in the country. The province is rich in coal reserves and home to South Africa's major coal-fired power stations (eMalahleni is the biggest coal producer in Africa). Mpumalanga is known for its mining, manufacturing, and forestry and service sectors.

The tourism and agro processing sectors have shown major growth potential over the years. Agriculture in Mpumalanga is characterised by a combination of commercial and subsistence farming practices.

It is situated on the high plateau grasslands of the middle veld and characterised by large areas of mountain peaks and ridges in the low veld, which contributes to the scenic beauty and tourism destinations in the province.

The Provincial Spatial Development Framework (PSDF) shall serve the purpose of spatial justice, spatial sustainability, efficiency, spatial resilience and good administration; integrating necessary functionalities and linkages within the spheres of government, delivering a multitude of services linked to an integrated development approach in the province.

The PSDF should include the new planning paradigm implementation and must integrate and sufficiently provide an economically and socially balanced fragmentation, which poses major developmental challenges in-spite of the existence of several initiatives and programmes.

The objectives of the PSDF are to cover the following aspects at provincial level:

- Integration of development policies, strategies and objectives at various levels;
- Prioritized land use development patterns;
- Translate developmental needs;
- Unpack spatial directives and objectives for implementation;
- Provide investment guidance and the mechanisms for implementation;
- Provide guidance on sectoral development needs, investments, integration and programme implementation.

SPLUMA further acknowledges the legal effect of the PSDF whereby it comes into operation by the approval by the Executive Council and the publication in the Provincial Gazette. The result is that all provincial development plans, projects and programmes must be consistent with the PSDF (Section 17 of the Act).

3.12.6 District Development Model

In the 2019 Presidency Budget Speech (2019), the "*pattern of operating in silos*" was identified as a challenge, which led to "*lack of coherence in planning and implementation and has made monitoring and oversight of government's programme difficult".* The consequence has been non-optimal delivery of services and diminished impact on the triple challenges of poverty, inequality and unemployment.

In the Mpumalanga Province, the Mpumalanga Growth Path and Mpumalanga Vision 2030 Strategic Implementation Framework were compiled in response to the NDP. Over the past 26 years of democracy, there have been several attempts at steering development towards communities in a coordinated manner, with a view of maximizing impact and delivering cohesive and sustainable communities. These have included the War on poverty, Urban Renewal Programme (URP), the Integrated Sustainable Rural Development Programme (ISRDP) and the Comprehensive Rural Development Programme (CRDP).
The President called for the rolling out of "*a new integrated district based approach to addressing our service delivery challenges [and] localise[d] procurement and job creation, that promotes and supports local businesses, and that involves communities."* The new District Development Model aims to improve the coherence and impact of government service delivery with focus on 44 Districts and 8 Metros around the country as development spaces that can be used as centres of service delivery and economic development, including job creation.

It is against this backlog that the President further called for the rolling out of "a new integrated District-based approach to addressing our service delivery challenges [and] localise[d]Procurement and job creation, that promotes and supports local businesses, and that involves Communities…" The President is cognisant of the fact that such an approach will require that "National departments that have district-level delivery capacity together with the provinces … Provide implementation plans in line with priorities identified in the State of the Nation address". In line with the above, the Nkangala District Municipality has embarked on the formulation of the District Development Plan (One Plan).

The guidelines and directives emanating from the National Development Plan (NDP); the National Medium Term Strategic Framework (MTSF); and Mpumalanga Growth Path and Vision 2030 will serve to set the framework for the Nkangala District Development Plan (One Plan).
The District Development Model has been approved by government structures, including Cabinet. The model will be piloted in two Districts (OR Tambo; Waterberg) and a Metro (EThekwini) that have elements of Rural, Mining and Urban.

- The new District Development Model offers a number of opportunities for the development of a #DisabilityInclusiveSA through strategic implementation of the White Paper on the Rights of Persons with Disabilities at community level.
- A new integrated planning model for Cooperative Governance
- The District/Metro spaces offer the appropriate scale and arena for intergovernmental planning coordination.
- The District Model provides both an Institutional Approach and Territorial Approach (geographical space) focus.
- The 44 Districts and 8 Metros are developmental spaces (IGR Impact Zones) can be the strategic alignment platforms for all three spheres of government where One Plan for each space guides and directs all strategic investments and projects for transparent accountability.
- The District Model aims to address service delivery challenges and speed up service delivery and economic development, including job creation
- All the 52 Plans will harmonise IDPs and create interrelated, interdependent as well as independent development hubs supported by comprehensive detailed plans. The new District Development Model is anchored in the current government legislations and policies
- The new District Development Model brings to action the Khawuleza approach, which is a call for accelerated service delivery.
- Under this model, District Municipalities will be properly supported and adequately resourced to speed up service delivery.
- The Model takes forward key government plans and reinforces the existing policies geared to ensuring service delivery.
- The new model contributes to the achievements of the seven Apex Priorities announced by the President in the SONA.
- The model signals a shift from using more 139 (1) to Section 154 of the constitution emphasizing closer support to Local Government by both National and Provincial spheres.
- The new model brings to life the realization of the ideal for Cooperative Governance Development will be pursued through single and integrated plans per district.

- The district-driven development model is directed at turning plans into action, and ensuring proper project management and tracking.
- District Development Model will be pursued through single and integrated plans per district which will be further synchronised with Integrated Development Plans in municipalities.
- The plans will elaborate the key transformation processes required to achieve long-term strategic goals and a desired future in each of the 44 districts and eight metros.
- Each district plan will outline the role of each sphere of government, prioritising the following:
  Managing urbanisation, growth and development;
  Supporting local economic drivers;
  Accelerating land release and land development Investing in infrastructure for integrated human settlement, economic activity and the provision of basic services; and addressing service delivery in municipalities. The plan is an inter and intra governmental society-wide Social Compact
- The model prioritises social partnerships and collaboration with all sectors of society and communities in addressing service bottlenecks.
- The model aims to strengthen community participation and advocates for cohesive communities. Together building South Africa inclusive of Disability Rights
- The model places communities at the heart of service delivery and mobilising citizens and civil society to support the implementation of long-term plans that outline how best to improve the lives.
- It will have considerable impact if members of the community become active participants and make use of the available opportunity to do things differently with the new model. • More importantly, citizens who have burning issues will be responded to immediately by municipalities. A more efficient government is our priority as a Municipality.
- The National Development Plan set course towards a developmental state motivated by 25 years of democracy experience in realising vision 2030 we require collaboration between all sections of society and strong leadership by government.
- If we are to address the triple challenges of poverty, inequality and unemployment we need a state that is capable of playing a transformative and developmental role.

- This requires well run and effectively coordinated state institutions staffed by skilled public servants who are committed to the public good and capable of delivering consistently high-quality services for all South Africans.
- This model aims to overcome barriers to service delivery in government and create capacity to meet increasing expectations.
- It will help government reverse the decline in state capacity and restructure service delivery so it best serves our citizens. The District Development Model will stimulate economic growth and benefit local entrepreneurs.
- The District Development Model is expected to develop, support and promote local entrepreneurs through prioritising local procurement of services and goods.
- Municipalities will be assisted to create an enabling environment for economic development and provide regulatory certainty in line with Back to Basic pillar of LED.
- By providing policy and regulatory certainty, municipalities will build public and business confidence in municipalities as places to live, work and invest. The much needed resources will be channelled to realise the plan
- As the model seeks to secure maximum coordination and cooperation among the national, provincial and local spheres of government.
- The coordination will require that with effect from the 2020/21 Budget cycle - that national budgets and programmes be spatially referenced across the 44 Districts and 8 Metros.
- Provincial government budgets and programmes will be spatially referenced to districts and metros in the respective provinces.
- Municipalities will express the needs and aspirations of communities through Integrated Development Plans for the 44 districts and 8 Metros.

3.12.7 District Rural Development Plan

Looking at numerous national and international definitions of Rural Development, the following five common features are noted:

1) Improving the living standards of the subsistence population through the mobilisation and allocation of resources to reach a sustainable balance overtime between the welfare and productive services available to the subsistence rural sector.

2) Mass participation, which ensures that rural people take control of their environment and destiny.
3) Development of the appropriate skills and capacity of the communities involved.
4) Integrated / comprehensive approach involving economic, social, institutional and physical development.
5) The presence of institutions at the local, regional and national levels to ensure the effective use of existing resources and to foster the mobilisation of additional financial and human resources.

Rural development is therefore defined as: *A process of improving the quality of life and economic well-being of people living in relatively isolated and sparsely populated area, through focused skills development, improvement of rural institutions and systems, expansion of rural infrastructure and growth in rural economic activities*. Acknowledging that traditionally rural development has centred on the exploitation of land-intensive natural resources - such as agriculture and forestry. This definition recognises that rural development is not just about agricultural activities but includes poverty alleviation, infrastructure provision, institutional structures and varied actions to uplift the economic status of people in rural areas.

3.12.8 Objectives of the Victor Khanye Housing Sector Plan

The Housing Act, 1997 (Act No. 107 of 1997) states in Section 9 (1) (f) that "Every *municipality must, as part of the municipality's process of integrated development planning, take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in its area of* jurisdiction". Importantly, this planning should include a local housing strategy and delivery target.

The National Housing Code, 2009 sets the underlying policy principles, guidelines and norms and standards, which apply to Government's various housing assistance programmes introduced since 1994 and updated.

The Comprehensive Plan was approved in September 2004 as a framework for the development of sustainable human settlements over the next decade. The Comprehensive Plan is Government's medium-term housing programme. It is based on the principles contained in the 1994 White Paper, such as providing citizens with a permanent residential structure with secure tenure, potable water, adequate sanitation facilities, and domestic energy supply, and outlines the strategies to achieve the Government's overall housing aim. The goal is to address the housing needs of the people, within the context of the broader socioeconomic needs, resulting in sustainable human settlements

The objectives of the housing sector plan are:

a) To support housing planning as a component and/or chapter of the IDP;

b) To define the scope of the housing planning component of the IDP in relation to the Housing Act and housing policies;
c) To outline and unpack clear roles and responsibilities of relevant stakeholders critical to achieving integration of housing planning with integrated development.
d) planning;
e) To guide vertical and horizontal sector alignment;
f) To provide an institutional structure to give effect to demand-defined and supply negotiated approach to housing provision;
g) To introduce systems and procedures to support and reward strategic and operational planning by enforcing plan-led budgeting and implementation;
h) To inform multi-year housing development plans of the provincial sphere as the basis for vertical alignment;
i) To ensure that the housing planning activities which occur as part of the IDP are able to draw on existing housing related documentation and data resources;
j) To ensure that the housing planning activities which occur as part of the
k) IDP reflect community level concerns about housing demand;
l) To ensure that the definition of housing demand as part of the IDP balances technical inputs with community-based inputs;
m) To ensure the definition of housing demand is comprehensive and inform IDP objectives, strategies and project formulation and enable the specification of a municipal-wide picture of housing demand in the context of sustainable human settlements; and
n) To achieve agreement at municipal level about whether housing is a priority issue for the IDP or not and if so, to specify which aspects of the housing demand are to be prioritised for the IDP to also contribute towards overall strategic objectives of the municipality

3.12.9 Informal Settlements Resource Team

Opportunities towards enhancing sustainable livelihoods of the various communities will be highlighted to the stakeholders. It is important that stakeholders recognise their inputs in the final product as this will ensure that they will take ownership of the area, and responsibility for the future development of the area.

In line with the above, the Upgrading Plan will also unpack the proposed multi-sector interventions and responsibilities of the community and/or line function departments of the municipality towards implementing the strategy. This includes an indication of possible partnership arrangements with the private sector and other spheres of government as well as the establishment of a Municipality Community Partnership Action Plan.

The Upgrading Plan will conclude with an Implementation Programme for the informal settlement which will comprise of a list of projects, cost estimates and proposed phasing as well as a Settlement Growth and Management Plan with a summary of the Institutional Arrangements towards the implementation of the plan. It is envisaged that this process will take about 12 weeks to complete with the estimated time of completion around the end of Week 23. The ultimate objective is to develop land inversion strategy and by-law to restrict mushrooming of land inversion within Victor Khanye local municipality.

3.12.10 Upgrading of Informal Settlements

The upgrading of informal settlement provides services to:-

- Households that comply with the Housing Subsidy Scheme qualification criteria
- Households/persons with a monthly income exceeding the maximum income limit as approved by the Minister from time to time;
- Households headed by minors, who are not competent to contract in collaboration with the Department of Social Development;
- Persons without dependants;

- Persons who are not first-time home owners persons who have previously received housing assistance and who previously owned and/or currently own a residential property. Assistance may be considered on condition that access to the benefits of the programme will be considered on a case-by-case basis to determine the facts and the approval of access in accordance with the provisions of the Implementation Guidelines of the programme.

3.13 KPA 6: LOCAL ECONOMIC DEVELOPMENT

Table A: Local Economic Development Strategic Goals

Municipal KPA - 06	**LOCAL ECONOMIC DEVELOPMENT**								
Problem statement and root causes per KPA:	1. Demand for more support for SMMEs and Cooperatives, 2. Local Economic Development Forum not fully functional, 3. High number of unregistered business operations, 4. Lack of investors into the economy, 5. Tourism Committee not functional.								
One Plan Transformation Area									
2024-29 MTDP Priority	**Simplify and speed up planning and regulatory processes that can make it easier for business to invest and operate in a municipality.**								
Municipal Priority	**Job creation**								
Impact statement: Reduced unemployment and poverty				**MTDP Target:**					
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5 year IDP target**	**Intervention/ Programme**	**ANNUAL TARGETS**			
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
An economy that creates jobs/ Improved local economic performance	Increase in economic growth	None	Need for more support for SMMEs and Cooperatives.	10 SMME's and Cooperatives skills workshop held for local SMMEs and Cooperatives.	Capacitating local SMME's and Cooperatives through workshops and	2 workshops	2 workshops	2 workshops	2 workshops	2 workshops

Municipal KPA - 06	LOCAL ECONOMIC DEVELOPMENT									
Problem statement and root causes per KPA:	1. Demand for more support for SMMEs and Cooperatives, 2. Local Economic Development Forum not fully functional, 3. High number of unregistered business operations, 4. Lack of investors into the economy, 5. Tourism Committee not functional.									
One Plan Transformation Area										
2024-29 MTDP Priority	**Simplify and speed up planning and regulatory processes that can make it easier for business to invest and operate in a municipality.**									
Municipal Priority	**Job creation**									
Impact statement: Reduced unemployment and poverty				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5 year IDP target**	**Intervention/ Programme**	**ANNUAL TARGETS**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
		None	No fully functional Local Economic Development Forum.	Having in place a capacitated and fully functional LED Forum that is functional.	Launching and capacitating a formal LED Forum	N/A	N/A	Local Economic Development Forum launched by 30 September 2024.	N/A	N/A
		None	A high number of unregistered businesses operations.	Registration of all businesses operating in VKLM.	Conducting business compliance inspections	-	-	-	4	4
			High level of unemployment especially for the youth.	Job Creation through social, culture, environment	EPWP Full Time Equivalent (FTE's)	200 Jobs Created	220 Jobs Created	269 Jobs Created	291 Jobs Created.	300 Jobs Created.

Municipal KPA - 06	LOCAL ECONOMIC DEVELOPMENT									
Problem statement and root causes per KPA:	1. Demand for more support for SMMEs and Cooperatives, 2. Local Economic Development Forum not fully functional, 3. High number of unregistered business operations, 4. Lack of investors into the economy, 5. Tourism Committee not functional.									
One Plan Transformation Area										
2024-29 MTDP Priority	**Simplify and speed up planning and regulatory processes that can make it easier for business to invest and operate in a municipality.**									
Municipal Priority	**Job creation**									
Impact statement: Reduced unemployment and poverty				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5 year IDP target**	**Intervention/ Programme**	**ANNUAL TARGETS**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
				initiatives and labour intensive programs and skills development initiatives co-ordinated for youth	created through social, culture and environment initiatives per quarter, work opportunities created through labour intensive programmes and skills development initiatives scheduled and held in terms of the youth bi-annually					

Municipal KPA - 06	LOCAL ECONOMIC DEVELOPMENT									
Problem statement and root causes per KPA:	1. Demand for more support for SMMEs and Cooperatives, 2. Local Economic Development Forum not fully functional, 3. High number of unregistered business operations, 4. Lack of investors into the economy, 5. Tourism Committee not functional.									
One Plan Transformation Area										
2024-29 MTDP Priority	**Simplify and speed up planning and regulatory processes that can make it easier for business to invest and operate in a municipality.**									
Municipal Priority	**Job creation**									
Impact statement: Reduced unemployment and poverty				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5 year IDP target**	**Intervention/ Programme**	**ANNUAL TARGETS**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
		None	Lack of investors in the VKLM area.	Creating employment by attracting new investments to the local economy.	2 new investments attracted into the local economy by 30 June 2025.	N/A	N/A	2 new investments attracted	N/A	N/A

Municipal KPA - 06	LOCAL ECONOMIC DEVELOPMENT									
Problem statement and root causes per KPA:	1. Demand for more support for SMMEs and Cooperatives, 2. Local Economic Development Forum not fully functional, 3. High number of unregistered business operations, 4. Lack of investors into the economy, 5. Tourism Committee not functional.									
One Plan Transformation Area										
2024-29 MTDP Priority	**Simplify and speed up planning and regulatory processes that can make it easier for business to invest and operate in a municipality.**									
Municipal Priority	**Job creation**									
Impact statement: Reduced unemployment and poverty				**MTDP Target:**						
Outcome (Strategic Goals)	**Outcome indicator** (Strategic Objectives)	**Baseline**	**Situational analysis**	**5 year IDP target**	**Intervention/ Programme**	**ANNUAL TARGETS**				
						2022/23 Outputs	**2023/24 Outputs**	**2024/25 Outputs**	**2025/26 Outputs**	**2026/27 Outputs**
			The Municipality doesn't have a functional Tourism Committee. A functional tourism committee will assist in the economic development of VKLM.	Launch the Tourism Committee by 30 September 2024.	Development of the local tourism economy	-	-	Launch of Local Economic Development (LED) Forum by 30 September 2024.	-	-

Table B: Local Economic Development Integrated Development Plan

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
Increased economic activity and job creation	Job Creation	Number of MOU's signed with respect to external Social Responsibility Programmes	10 MOU's signed with respect to external Social Responsibility Programmes	2 MOU's signed with respect to external Social Responsibility Programmes	2 MOU's signed with respect to external Social Responsibility Programmes	2 MOU's signed with respect to external Social Responsibility Programmes	2 MOU's signed with respect to external Social Responsibility Programmes	2 MOU's signed with respect to external Social Responsibility Programmes
		Number of bi-annual reports submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations	10 reports submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations	2 reports submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations	2 reports submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations	2 reports submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations	2 reports submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations	2 reports submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations
	Consultative process on Integrated Youth Development Strategy formulation	Number of Youth Development Summit held	1 Youth Development Summit held	-	-	1 Youth Development Summit held	-	-
	Skills initiative for Youth development.	Number of skills development initiatives scheduled and held in terms of the youth bi-annually	10 skills development initiatives held for the youth	2 skills development initiatives held for the youth	2 skills development initiatives held for the youth	2 skills development initiatives held for the youth	2 skills development initiatives held for the youth	2 skills development initiatives held for the youth
	Capacitation of SMMEs and Cooperatives.	Number of SMME's and Cooperatives capacity building skills workshops held	10 SMME's and Cooperatives skills workshop held	2 SMME's and Cooperatives skills workshop held	2 SMME's and Cooperatives skills workshop held	2 SMME's and Cooperatives skills workshop held	2 SMME's and Cooperatives skills workshop held	2 SMME's and Cooperatives skills workshop held
	job creation and poverty alleviate.	Number of EPWP Full Time Equivalent (FTE's) created	752 work opportunities created through	170 work opportunities created	170 work opportunities created through	170 work opportunities created through	170work opportunities created through	170 work opportunities created through

Outcome	Outcome Indicator	KPI	5 year Target	ANNUAL IMPLEMENTATION				
				2022/23	2023/24	2024/25	2025/26	2026/27
		through social, culture and environment initiatives per quarter	labour intensive programme by 30 June 2026 (GKPI).	through labour intensive programme by 30 June 2026 (GKPI).	labour intensive programme by 30 June 2026 (GKPI).	labour intensive programme by 30 June 2026 (GKPI).	labour intensive programme by 30 June 2026 (GKPI).	labour intensive programme by 30 June 2026 (GKPI).
	Creating conducive environment for economic growth	Launch of Local Economic Development (LED) Forum	1 Local Economic Development (LED) Forum launched	-	-	1 Local Economic Development (LED) Forum launched	-	-
	Development of the local tourism economy	Launch of the Local Tourism Committee (LRC)	Local Tourism Committee (LRC) launched	-	-	Local Tourism Committee (LRC) launched	-	-

Table C: Service Delivery and Budget Implementation Plan Table

5 year Target	KPI	2025/26 Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
6 MOU's signed with respect to external Social Responsibility Programmes	Number of MOU's signed with respect to external Social Responsibility Programmes	2 MOU's signed with respect to external Social Responsibility Programmes	N/A	N/A	N/.A	2 MOU's signed with respect to external Social Responsibility Programmes
6 reports submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations	Number of bi-annual reports submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations	2 reports submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations	N/A	1 report submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations	N/A	1 report submitted to Council with respect to CSI and SLP Programme of both Business and Mining organisations
1 Youth Development Summit held	Number of Youth Development Summit held	1 Youth Development Summit held by 30 June 2026.	N/A	N/A	N/A	1 Youth Development Summits held by 30 June 2026
10 skills development initiatives scheduled and held in terms of the youth bi-annually	Number of skills development initiatives scheduled and held in terms of the youth bi-annually	2 Skills development initiatives scheduled and held in terms of the youth bi-annually	N/A	1 skill development initiatives held for the youth	1 skill development initiatives held for the youth	N/A
10 SMME’s and Cooperatives skills workshop held	Number of SMME's and Cooperatives capacity building skills workshops held	1 SMME’s and Cooperatives skills workshop held	1 SMME’s and Cooperatives skills workshop held	N/A	N/A	1 SMME’s and Cooperatives skills workshop held
850 EPWP Full Time Equivalent (FTE’s) created	Number of EPWP Full Time Equivalent (FTE’s) created	170 EPWP Full Time Equivalent (FTE’s) created through social, culture and environment initiatives	40 EPWP Full Time Equivalent (FTE’s) created through	40 EPWP Full Time Equivalent (FTE’s) created through	40 EPWP Full Time Equivalent (FTE’s) created	50 EPWP Full Time Equivalent (FTE’s) created

5 year Target	KPI	2025/26 Annual Target	Quarter 1	Quarter 2	Quarter 3	Quarter 4
	through social, culture and environment initiatives per quarter		social, culture and environment initiatives	social, culture and environment initiatives	through social, culture and environment initiatives	through social, culture and environment initiatives
605 total work opportunities created through labour intensive programmes	Number of total work opportunities created through labour intensive programmes by 30 June 2026 (GKPI).	121 work opportunities created through labour intensive programme by 30 June 2026 (GKPI).	30 work opportunities created through labour intensive programme by 30 June 2026 (GKPI).	31 work opportunities created through labour intensive programme by 30 June 2026 (GKPI).	30 work opportunities created through labour intensive programme by 30 June 2026 (GKPI).	30 work opportunities created through labour intensive programme by 30 June 2026 (GKPI).

CHAPTER 4: AUDITOR GENERAL (AG) REPORT AND MEC'S COMMENTS



MANAGEMENT REPORT

Victor Khanye Local Municipality

2024-25

Date: 27 November 2025

4.1. INTRODUCTION

1. The purpose of this management report is to communicate the outcomes of the audit for the financial year ended 30 June 2025, as well as the insights and significant matters that require the attention of the accounting officer. The report should be read with the engagement letter, which sets out our responsibilities as well as the standards and processes we apply in performing our audits.

2. The auditor's report is finalised only after the management report has been communicated. All matters included in this report that relate to the auditor's report remain in draft form until the final auditor's report has been signed.

3. We communicated our audit findings and recommendations for improvement to management and obtained their responses throughout the audit. This report is a comprehensive summary of what we shared with management. In annexure D, we provide a summary of detailed findings communicated to management.

4. The management report is structured as follows:

 In section 1 we share the overall audit outcomes and the status of material irregularities. We also summarise the material irregularities in annexure F.

 In section 2 we provide the most significant matters from the audit and their impact, which we detail further in the annexures. Where appropriate, we also include the following:

o Significant deficiencies in internal control that caused the findings we report.

Significant deficiencies occur when internal controls do not exist; are not appropriately designed or implemented; or are not operating as intended to prevent – or to promptly detect and correct – material misstatements, noncompliance or non-performance.

In annexure C we expand on the state of internal control.

o Key recommendations and the responses received from management on implementing the recommendations.

- In section 3 we include observations on the overall internal control environment and the role of the accountability ecosystem. Key recommendations and responses from management are also included.

- In section 4 we provide our view of the root causes of deficiencies in the overall internal control environment and provide recommendations for the accounting officer to address the root causes.

 We end the report with a conclusion.

5. We trust the insights and recommendations in this report will be of value in your pursuit towards building and leading a municipality that is accountable and transparent, has institutional integrity, and performs at a level that has a positive impact on the lives of South Africans.

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of Victor Khanye Local 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, the cash flow statement and the 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. my opinion, except for the effects of the matter[s] 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 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. I was unable to obtain sufficient appropriate audit evidence that property plant and equipment have been recorded in its appropriate amount due to assets that should have been fully depreciated but still recorded in the fixed asset register. I was unable to confirm whether all the property plant and equipment were recorded in appropriate amount by alternative means. Consequently, I was unable to determine whether any adjustment was necessary as stated at R 958 866 381 (2024: R 940 603 591) in the financial statements.

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 related to going concern

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

Emphasis of matters

9. We draw attention to note 46 to the financial statements, which indicate that the municipality has a deficit of R 296 107 213 (2024: R 260 051 287). The municipality's liabilities exceed its assets by R406 302 287 (2024: R 114 424 156). They may cast significant doubt on the municipality's ability to continue as a going concern. 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

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

Material losses/impairment of consumer debtors

As disclosed in note 10 to the financial statements, material losses of R 1 202 208 389 were incurred as a result of material impairment

Material losses – Water and electricity

As disclosed in note 29 to the financial statements, material electricity losses of R 77 371 582 (2023-2024: R 74 910 594….) was incurred, which represents 34 % (2023-2024: 37%) of total electricity purchased. Technical losses amounted to R 77 371 582. (2023-2024: R 74 910 594) and was due to poor infrastructure.

Other matter

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

Unaudited disclosure notes

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

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.

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

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

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 audit of the annual performance report

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

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 2025 for auditing. 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.

% of household's sanitation connections made for all new paid-up applications by 30 June 2025 (GKPI).

23. Number of Capital projects (infrastructure) completed in terms of agreed WSIG funding by 30 June 2025.

24. Number of Capital projects (infrastructure) completed in terms of agreed MIG Funding.

25. % of new Capital projects started on time in terms of the appointment of consultants / contractors excluding NDM funded projects by 30 Sept 2024.

26. Number of the state of ambient air quality reports submitted to HHS Portfolio Committee per quarter.

27. % of households water connections made for all new paid-up applications by 30 June 2025 (GKPI).

28. Percentage of water samples compliant with SANS 241 drinking water quality standards.

29. % spent on conditional MIG grant by 30 June 2025 30. % spent on conditional WSIG grant by 30 June 2025.

31. Number of times refuse collection services rendered per week at Ward 1,2,3,4,5,6,7,8 and 9 (GKPI).

32. % of new household's connections with basic levels of electricity as per received applications by 30 June 2025 (GKPI) (excluding Eskom licenced areas)

33. Number of KMs of surfaced roads constructed by 30 June 2025.

34. Number of m² of potholes repaired and maintained in all wards by 30 June 2025.

35. Number of kilometres of gravel roads graded by 30 June 2025.

36. Number of meters of storm-water drainage systems cleaned by 30 June 2025.

37. % availability of emergency response vehicles per quarter to comply to the codes of practice (SANS 10090).

38. % response time normal hours (5 min) with respect to the request for emergency services received per month to vehicles out the gate.
39. % response time after hours (10 min) with respect to the request for emergency services received per month to vehicles out the gate.

40. Number of new households earning less than R4220 per month provided with access to free basic services by 30 June 2025 (GKPI).

41. Number of learners provided with financial support (Mayoral community programme) by 31 March 2025.

42. Number of educational initiatives implemented in terms of the Youth by 30 June 2025.

43. Number of community members utilizing the library facilities monthly.

44. Number of Youth Imbizo held by 30 June 2025.

45. Number of events scheduled and held in terms of mainstreaming of gender (man and woman & LGBTQI+), disabled, elderly and children by 30 June 2025.

46. I evaluated the reported performance information for the selected programmes 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.

48. In performing the audit, my procedures focused on the material indicators relating to water, sanitation, human settlements and related infrastructure, as well as electricity and energy, roads and transport services.

49. 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 measures taken to improve performance.

50. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

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

Other matters

52. I draw attention to the matters below.

Achievement of planned targets

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

54. The table [s] 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 / measures taken to improve performance are included in the annual performance report on pages 12-21

KPA 1: Basic service delivery and infrastructure development.

Targets achieved: 89 % Budget spent 100%		
Key [service delivery] indicator not achieved	**Planned target**	**Reported achievement**
Number of Capital projects (infrastructure) completed in terms of agreed WSIG funding by 30 June 2025.	2 capital projects	1 capital projects
Number of Capital projects (infrastructure) completed in terms of agreed MIG Funding.	6 capital projects	4 capital projects
% of new Capital projects started on time in terms of the appointment of consultants / contractors excluding NDM funded projects by 30 Sept 2024.	100%	50%
% availability of emergency response vehicles per quarter to comply to the codes of practice (SANS 10090).	80%	72%
Number of the state of ambient air quality reports submitted to HHS Portfolio Committee per quarter	4	3

Report on compliance with legislation

55. 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.

56. 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.

57. 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's 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.

58. 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

59. 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 property plant and equipment, Investment property, receivables from exchange and Irregular expenditure identified by the auditors in the submitted financial statements were subsequently corrected or the supporting records were provided subsequently, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

60. 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

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

Expenditure management

62. Reasonable steps were not taken to prevent irregular expenditure amounting to R 169 451 921 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.

63. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R156 670 000, 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.

64. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R89 255 666, 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 Eskom and Rand Water's overdue account.

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

Consequence management

66. 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.

67. 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.

68. 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

69. 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)

70. 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 in Sundra and Ellof.

Internal control deficiencies

75. 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.

76. [The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation] included in this report.

77. 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.

78. 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.

79. Management didn't develop and monitor the implementation of action plans to address internal control deficiencies.

80. Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

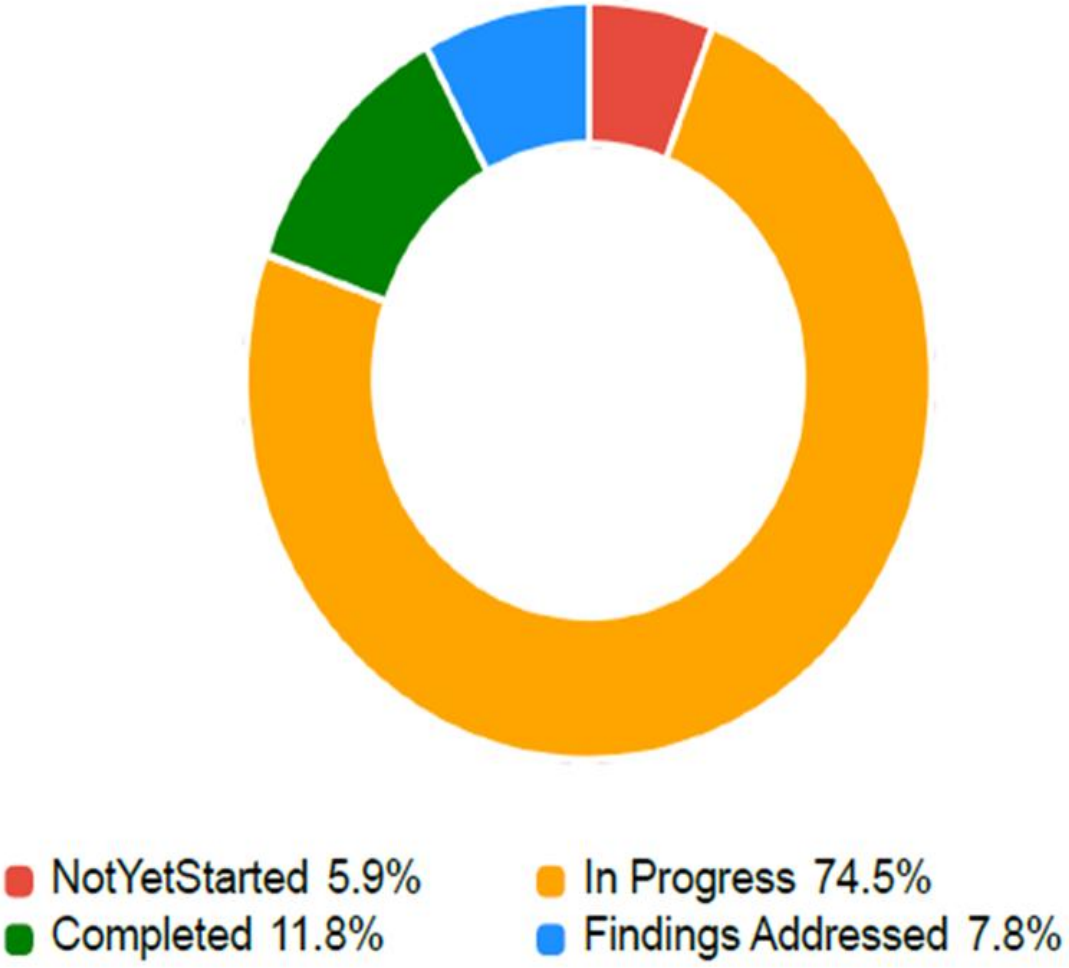
Auditor-General
Mbombela

30 November 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

AUDIT ACTION PLAN



4.11 MEC COMMENTS ON THE IDP

In terms of Section 32 (2) of the Municipal Systems Act (2000) as amended, the MEC for Local Government in the province, within 30 days after receiving a copy of an IDP or an amendment to the plan or within such reasonable period as may be approved by the Minister, request the relevant Municipal Council to adjust the plan or the amendment in accordance with the MEC's proposals.

Approach to aligning the SOI, NDP & MTDP priorities

Statement of Intent	NDP	MTDP Strategic Priorities
1. Rapid, inclusive and sustainable economic growth, the promotion of fixed capital investment and industrialization, job creation, transformation, livelihood support, land reform, infrastructure development, structural reforms and transformational change, fiscal sustainability, and the sustainable use of our national resources and endowments. Macro-economic management must support national development goals in a sustainable manner.	Ch3. Economy and employment ch4. Economic infrastructure Ch5.Ensuring environmental sustainability and an equitable transition to a low-carbon economy Ch6. An integrated and inclusive rural economy Ch8. Transforming human settlement and the national space economy	Strategic Priority 1: Inclusive economic growth and job creation
4. Investing in people through education, skills development and affordable quality health care. 2. Creating a more just society by tackling poverty, spatial inequalities, food security and the high cost of living, providing a social safety net, improving access to and the quality of, basic services, and protecting workers' rights. 8. Strengthening social cohesion, nation-building and democratic participation, and undertaking common programmes against racism, sexism, tribalism and other forms of intolerance.	Ch9. Improving education, training and innovation Ch10. Promoting health Ch11. Social protection Ch15. Transforming society and uniting the country	Strategic Priority 2: Reduce Poverty and tackle the high cost of living (including improving education and health)
5. Building state capacity and creating a professional, meritbased, corruption-free and developmental public service. Restructuring and improving state-owned entities to meet national development goals. 3. Stabilising local government, effective cooperative governance, the assignment of appropriate responsibilities to different spheres of government and review of the role of traditional leadership in the governance framework. 6. Strengthening law enforcement agencies to address crime, corruption and gender-based violence, as well as strengthening national security capabilities. 8. Foreign policy based on human rights, constitutionalism, the national interest, solidarity, peaceful resolution of conflicts, to achieve the African Agenda 2063, South-South, North-South and African cooperation, multilateralism and a just, peaceful and equitable world.	Ch13. Building a capable and developmental state Ch12. Building safer communities Ch14. Fighting corruption Ch7. Positioning South Africa in the World	Strategic Priority 3: A capable, ethical and developmental state

TOGETHER FOR GROWTH AND DEVELOPMENT

Mpumalanga Socio-Economic Profile in Brief



High poverty rate – lower bound poverty line (LBPL)

- But declining to 38.4% in 2023 (latest Stats SA figure)
- 6th highest among provinces
- LBPL based on R1 300 per person per month



Slow economic growth

- Provincial growth of less than 1% pa in 2022, 2023 & 2024. Growth around 1% in 2025 and 1.3% in 2026
- Slightly lower than national growth
- Forecasted average annual growth of 2% (2024-2029)



High unemployment rate

- 32.3% in Q4 2025 above national at 31.4%, but declining & joint 4th lowest of the provinces
- Female rate = 37.7%, Male rate = 28.0%, Youth (15-34 years) rate = 44.7% & Female youth rate = 51.9%
- Bachelor graduate's rate = 14.4% for all ages & 26.5% for young graduates between 21-34 years



High income inequality

- Poorest 40% of households' share only 7.7% of income
- Improved Gini-coefficient of 0.541 in 2023 – lowest/best among the provinces (latest figure of Stats SA)

Reminder of the MEGDP, status and MTDP targets

2020 **2024/25** **2029/30**



MEGDP Targets	Current Status	MTDP Targets
• Growth of >5% pa • Unemployment rate of 15% • Poverty rate of 25% • Improve inequality to less than 0.6 Gini-coefficient	• 0.8% economic growth in 2022, 0.5% in 2023, 0.3% in 2024 & 2025 ≈ 1% • Unemployment rate 32.3% in Q4 2025 • Poverty rate (LBPL) of 38.4% in 2023 (latest Stats SA data in Dec 25) • Income inequality: 0.54 Gini-coefficient in 2023 (latest Stats SA data in Dec 25) & poorest 40% of households only 7.7% of income in 2024	• Economic growth of ≥3% p.a. • Unemployment rate of 25% & 60 000 new jobs p.a. • Poverty rate of 35% (consider reducing it to 30%) • Improve income inequality: Gini-coefficient below 0.60 (consider reducing it to 0.50) & poorest 40% of households have ≥10% of income

CHAPTER 5: FINANCIAL PLAN

5.1 INTRODUCTION

This chapter gives effect to Section 26 paragraph (h) of the Municipal Systems Act (2000, as amended)which provides that: “an integrated development plan must reflect a financial plan, which must includea budget projection for at least the next three years”. The chapter therefore outlines the municipality’sFinancial Plan for the next three financial years compiled in line with the Municipal Finance Management Act (Act 56 of 2003).

5.2 COUNCIL RESOLUTION

To achieve the growth and development goals of the Victor Khanye Local Municipality the following budget objectives were formulated;

a) To improve the adherence to legislative, governance and institutional development framework.

b) To improve financial performance and sustainability over the long term.

c) To ensure the citizens of the municipality are provided with acceptable levels of services.

d) To maintain the existing assets and infrastructure base by ensuring adequate repairs and maintenance is undertaken.

e) To achieve an unqualified audit outcome with reduced matters of emphasis

f) To enable local economic development initiatives and sustainable employment creation

5.3 EXECUTIVE SUMMARY ON THE 2026/2027 TO 2028/2029 MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK (MTREF) DRAFT BUDGET

1. National Treasury issued Municipal Finance Management Act (MFMA) circular numbers 132 to guide the compilation of the 2026/2027 medium term revenue and expenditure framework (MTREF).

2. The 2027 national budget emphasized that economic growth has been weaker than forecasted and the CPIX is 3.7 per cent in 2027, the councillors to note that there is a decrease in CPIX when compared to previous year, which was 3.3% The 2026/27 budget, highlights the difficult economic and fiscal choices confronting government over the next several years. The choices in priority spending that the municipality must investigate.

3. **The high unemployment rate has impact on the municipality`s ability to generate revenue. The National Treasury estimates real economic growth of 1.8 per cent from 2025 to 2027. The pace of growth is still being limited by persistent through**

gradually easing constrains, particular in logistics infrastructure.

4. It is critical to give special attention to revenue management and credit control to ensure that the municipality`s cash-flow position is improved over a short term. The revenue management should give direction with the contractors who are assisting the municipality for collection. **Furthermore, the expenditure of the municipality needs serious intervention to loosen the overburden on the municipality.** The cash flow management committee needs to work together with the revenue enhancement committee in mongering of how the expenditure is incurred and on what.

5. Conditional grant funding targets national government service delivery priorities. The equitable share is designed to fund the provision of free basic services to the poor.

3. The main challenges experience during the compilation of the 2026/2027 MTREF can be summarized as follows:

- The increase in unemployment within the municipality due to the slow growth in the economic.

- Ageing water, roads, sanitation and electricity infrastructure Illegal connection on prepaid electricity meters.
- Reprioritization of projects and expenditure given the cash flow realities of the Municipality.

- Increase in the municipal contractors` services which put a strain on the municipal cash-flow management.

6. Considering the challenges, new ways need to be explored to become efficient to generate the required resources to maintain, renew and expand infrastructure.

7. The application of sound financial management principle is essential to ensure the municipality improve the financially viability status for the municipal services to be provided economically and sustainable. **The current municipality liquidity ratio is 0:28.**

   The mSCOA regulation will apply to all municipalities with effect from 1st July 2017 and the 2026/2027 FY; MTREF budget has been aligned with the new mSCOA chart version 7.1. The chart will be streamed lined and further developed as transactions take place.

8. The municipal budget funding plan is not giving the municipality a relief from the cash constrain challenges. The cash management committee to review the budget-funding plan and include the project that will assist the municipality to increase its revenue.

9. Tariffs increase for the services charge:
   a) Electricity as per the **Nersa** approval 9.01%.
   b) Rand water increase is 10%
   c) Refuse and Sewerage is 3.7% as per CPIX
   d) Property rates increase by 3.7% as pe CPIX
   e) Flat rates increase is 3.7% as per CPIX
   f) The municipality is suggesting introducing the new tariff for household income of R6001- R 10000 and rebate 50% of their billing on monthly basis.
   g) All other tariffs will increase by 3%.

8. TARIFF COST REFLECTIVE

The municipality used the National Treasury Tariff tool after the draft budget was approved by council to test whether the tariffs are cost reflective, what was discovered was that the municipality tariffs are not cost reflective hence significant changes will have to be considered on the final budget to ensure that all tariffs are cost reflective. The budget-funding plan will be used as the tool to track revenue and reduced expenditure to ensure that the municipality do have a funding budget.

MP	NKANGALA	VICTOR KHANYE	MP311

Tariff Assessments for the MTREF Period

	Assessment Status	Financial Year	Period	Item	Water	Waste Water	Electricity	Solid Waste	Total Surplus/Deficit	
Year 1	Not Cost Reflective	2026/27 Draft Budget	Year1	Revenue Required by NT Tariff Tool	370 406 816	18 183 770	321 830 634	16 881 637	727 302 858	Year 1
				Revenue Budgeted	78 691 073	14 391 914	250 631 276	18 317 824	362 032 087	
				Shortfal/Excess	- 291 715 743	- 3 791 856	- 71 199 358	1 436 187	- 365 270 771	
	Assessment Outcome per Service				Not Cost Reflective	Not Cost Reflective	Not Cost Reflective	Cost Reflective	Not Cost Reflective	
Year 2	Cost Reflective	2026/27 Indicative Budget 2027/28	Year2	Revenue Required by NT Tariff	55 100 310	- 11 773 940	210 776 197	- 20 680 470	233 422 096	Year 2
				Revenue Budgeted	82 232 171	15 039 550	257 726 758	16 007 126	371 005 605	
				Surplus /Deficit	27 131 861	26 813 490	46 950 561	36 687 596	137 583 509	
	Assessment Outcome per Service				Cost Reflective	Cost Reflective	Cost Reflective	Cost Reflective	Cost Reflective	
Year 3	Cost Reflective	2027/28 Indicative Budget	Year3	Revenue Required by NT Tariff Tool	57 756 273	- 12 244 581	220 914 762	- 21 551 255	244 875 198	Year 3
				Revenue Budgeted	85 932 618	15 716 329	269 324 462	16 727 447	387 700 856	
				Surplus /Deficit	28 176 345	27 960 910	48 409 700	38 278 702	142 825 658	

Assessment Outcome per Service	Cost Reflective	Cost Reflective	Cost Reflective	Cost Reflective	Cost Reflective

6.5. BUDGET FRAMEWORK

BUDGET FRAMEWORK

Total operating revenue Increased when compared to the 2025/2026 amounting to R **973 500 000** annual budget, the amount budgeted for 2026/2027 amounts to **R 1 081 732 000** total increase is R 108 232 000

Victor Khanye Local Municipality - Table A4 Budgeted Financial Performance

Description	Ref			
R thousands	1	DRAFT BUDGET 2026/27 Financial Yesr	BUDGET 2027/28 Financial Year	BUDGET 2028/29 Financial Year
Revenue				
Exchange Revenue	2			
Service charges - Electricity	2	272 837	297 011	323 326
Service charges - Water	2	86 057	94 111	102 920
Service charges - Waste Water Management	2	14 924	15 417	15 910
Service charges - Waste Management	2	18 996	19 622	20 250
Sale of Goods and Rendering of Services		9 422	9 733	10 044
Interest earned from Receivables		165 255	170 708	176 171
Rental from Fixed Assets		1 702	1 758	1 815
Operational Revenue	2	1 255	1 297	1 338

Non-Exchange Revenue				
Property rates		164 060	169 474	174 897
Surcharges and Taxes		75 993	78 500	81 012
Fines, penalties and forfeits		2 318	2 394	2 471
Transfer and subsidies - Operational		167 148	171 547	176 973
Interest	3	71 818	74 188	76 562
Total Revenue (excluding capital transfers and contributions)		**1 051 784**	**1 105 760**	**1 163 689**

Total operating expenditure for 2025/2026 amounted to **R1 002 079 000** annual budget, the amount budgeted for 2026/2027 amounts to **R1 035 785 000** the total increase is **R33 706 000.**

Expenditure	4,5			
Employee related costs		229 414	241 458	254 014
Remuneration of councillors		12 595	13 011	13 011
Bulk purchases - electricity		246 145	267 879	291 533
Inventory consumed		101 041	104 375	107 715
Debt impairment	6	98 203	82 491	58 922

Depreciation and amortisation		58 685	60 621	62 561
Interest		40 000	41 320	42 642
Contracted services		132 540	143 082	148 107
Irrecoverable debts written off		31 383	32 418	33 456
Operational costs		85 776	88 607	91 442
otal Expenditure		**1 035 782**	**1 075 263**	**1 103 404**

The capital budget for the current financial year 2025/26 amounted to **R64 495 000**. The Capital budget for the 2026/2027 financial year amounted to **R37 431 500**. Conditional grants (MIG) from National Treasury R **29 948 000** and Own revenue funding capital project is **R 7 483 500**.

Victor Khanye Local Municipality - Table A5 Budgeted Capital Expenditure by Functional Clas

Description	Ref	DRAFT BUDGET 2026/2027 Financial Year	BUDGET 2027/28 Financial Year	BUDGET 2028/29 Financial Year
R thousands	1			
Capital Expenditure - Functional				
Municipal governance and administration		**4 800**	**4 958**	**5 117**
Executive and council		350	362	373
Finance and administration		4 450	4 597	4 744
Community and public safety		**500**	**517**	**533**
Community and social services		200	207	213
Public safety		300	310	320
Economic and environmental services		**4 438**	**2 260**	**586**
Planning and development		550	568	586
Road transport		3 888	1 692	-
Trading services		**27 694**	**30 946**	**2 132**
Water management		3 000	-	-
Waste water management		6 000	6 314	-
Waste management		18 694	24 632	2 132
Other		-	-	-
Total Capital Expenditure - Functional	3	**37 432**	**38 681**	**8 369**
Funded by				
National Government		**29 582**	**30 572**	**-**
Transfers recognised - capital	4	**29 582**	**30 572**	**-**
Internallty generated funds		**7 850**	**8 109**	**8 369**
otal Capital Funding	7	**37 432**	**38 681**	**8 369**

TOGETHER FOR GROWTH AND DEVELOPMENT

BUDGET PRINCIPLE

The municipality shall ensure that revenue projections in the budget are realistic considering actual collection levels. The expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.

Victor Khanye Local Municipality shall prepare a three-year budget (medium term revenue and expenditure framework (MTREF) which will be reviewed annually and will be approved by Council. The MTREF budget will at all times be within the framework of the Municipal Integrated Development Plan (IDP).

The Section 21(1) of the Municipal Finance Management Act, Act 56 of 2003 stipulates that "the mayor of a municipality must 1) the mayor of a municipality must:

(a) Co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revision of the integrated development plan and budget-related policies are mutually consistent and credible.

(b)

IT IS RECOMMENDED (THAT

1. The consolidated operating budget amounting to **R1 051 784 000** exclusive of Capital budget as set out in the Municipal Budget Document as well as the relevant appropriation votes and budgeted cash flows are adopted by Council and constitute the Budget of the Victor Khanye Local Municipality for the 2026/2027 financial year.

2. Council take note that the inclusion of insurance paid on behalf of councilors according to the Upper Limits for Public Officers increased the insurance premium of Council substantially.

3. The capital budget to the amount of **R39 886 000** as set out in the Municipal Budget Document as well as the relevant appropriation segments and funding sources are adopted by Council and constitute the Capital Budget of the Victor Khanye Local Municipality for the 2026/2027 Financial year.

4. Council approves the submission of the **Cost of Supply to Nersa** as part of the tariff application process for the 2026/27 financial year.

5. The budget for 2026/2027 is funded when excluding non-cash items which are (Debt mpairment and Depreciation). The revenue enhancement strategy as part of the budget document to show how to work towards improving the current financial status of the municipality.

.1 Travel claims be paid with the monthly payroll run upon the submission of supporting documents.

.2 No overtime will be paid in excess of 20 hours per month, excluding essential services such as water, electricity, sanitation, fire and cemeteries that is pre-approved by the Head of Department. The council to implement the Bargaining council resolution on the payment of overtime and standby. Where the employee can either be paid overtime or standby allowance and not two of them. Further implementation of the Bargaining council is the reduction of Acting within the municipality.

.3 Refreshments be provided only for external meetings attended by external stakeholders where possible as per the cost containment measurements.

.4 Eliminate wasteful expenditure on events, advertising in magazines, television, newspapers etc. where the municipality can use other cost-effective means such as websites to market the institution or properly publicise the matters or events under consideration.

.5 Limit or stop all unnecessary expenditure on matters such as printing of shirts, hosting of sporting events, festivals and other associated events, cruises, lavish functions, and extraordinary costs associated with visits of dignitaries or induction of new councillors.

.6 The number of employees travelling to conferences or meeting on official duty for the same matter is limited to three (3) employees, unless otherwise approved in advance by the relevant accounting officer, having due regard to the cost containment measures.

.7 Meetings, workshops and training events be held at the venues of the municipality at most (depending on the capacity to be accommodated) and no outside facilities (at a cost) be approved for internal stakeholder's meetings.

.8 Municipal funds may not be used to fund election campaign activities, including the provision of supporting material, clothing, food, inducements to vote either as part of, or during election rallies.

.9 Review and introduce limits on municipal staff telephones and limiting private call to a reasonable amount. The cell phone and data allowance policy be introduced to curb expenditure. Telephone staff expenses which are not work related should be deducted on the salaries.

.10 Office furnishing, when required, should be contained to minimal costs, avoiding elaborate and expensive furniture or equipment and the use of existing facilities and equipment is encouraged.

11 Any other cost containment measures as determined by the Accounting Officer in terms of these circulars and the policy.

7 That the vandalism and the theft of the municipal infrastructure should be reported by relevant department with 48 hours and accompanied by the reports of the theft of vandalism. This will assist the municipality in ensuring that the municipality does not lose out on insurance claim caused by negligent.

8. The current cash flow situation of Council is under severe pressure and the following cost containment measures are recommended for continued implementation in terms of National Treasury Circular 121 and Circular 134 to ensure that council continue to service its monthly liabilities.

The supporting information contained in the 2026/2027 to 2028/2029 Medium Term Revenue and Expenditure budget document as required in terms of Section 17(3) of the Municipal Finance Management Act (Act no. 56 of 2003) be endorsed.

9. The tariff structure as set out in the Municipal Budget Document be adopted by Council and constitute the tariff structure of the Victor Khanye Local Municipality for the 2023/2024 financial year for implementation with effect from 1 July 2026. Tariff increase is between 3.7- 10%.

Cemetery
The increase was based on the consultation with the forum and the bench making with other municipality of the same size. The structure was also reviewed based on the assessment.
Library
The library does not generate income to maintain its operation. There is a need for council to review
And consider give up the library to Provincial government as it's not the core function of the municipality.

Fire Brigade Services
No increase on tariffs were made an assessment still need to be finalize in order to ensure that it aligned and are not expensive compared to other municipalities.

Sewer and Plumbing
A study was conducted for cost reflective tariffs and the increase with be done in the process of three years, for affordability consumers.

Water
A study was conducted for cost reflective tariffs and the increase with be done in the process of three years, for affordability of the consumers.

Flat rate
Increase is per the Consumer Price index.

Electricity
Increased as per NERSA approval.

10. The indicative medium-term budgets for the 2026/2027 and 2028/2029 financial years, as set out in the Municipal Budget Document, are adopted by Council and constitute the indicative medium-term budget of the Victor Khanye Local Municipality.

Council takes note of the following budget-related policies attached approve all amendments to such policies:

The following are budget related policies and by laws.

a. Indigent Policy
b. Tariff Policy
c. Provision for doubtful debt and write off Policy
d. Supply Chain Management Policy
e. Rates Policy
f. Petty Cash Policy
g. Inventory Policy
h. Asset Management Policy
i. Unauthorized, Irregular, Fruitless and wasteful Expenditure Policy
j. Virement Policy
k. Contract Management Policy
l. Staff and councilors' payment Policy
m. Smart meter policy
n. Loss control Policy
o. Debt collection and Credit Control Management
p. Cost containment Policy
q. Cash Management and Investment Policy
r. Budget Policy
s. Traveling and subsistence policy

11. Service delivery objectives and plans (SDBIP) for each of the segments as set out in the 2026/2027 Municipal Budget Document be drafted and submitted to the Executive

The council to approve the organogram as part of the budget documents. The council to take note that the employee remuneration cost is now at threshold of 30% to the operational budget.

VICTOR KHANYE LOCAL MUNICIPALITY

2026/2027 BUDGET PROCESS

TIME SCHEDULE OF KEY DEADLINES (Section 21, MFMA)

Process Nr.	Key Budget Process step.	Aug-25				Sep-25				Oct-25				Nov-25				Dec-25				Jan-26				Feb-26				Mar-26				Apr-26				May-26				Jun-26			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1	Tabel time schedule of key deadlines																																											
2	IDP/ Budget related policies Revision process																																											
3	Tabel draft IDP																																											
4	Receive preliminary SANT guidelines																																											
5	Submissions from Councillors/Ward Committees																																											
6	Submissions from Directorates on Personnel																																											
7	Submissions from Directorates on Operational																																											
8	Preparation of draft budget documentation																																											
9	Revision of tariffs																																											
10	Finalisation of draft budget document																																											
11	Tabeling of draft budget by Mayor in Council.																																											
12	Budget workshops																																											
13	Submission of public comments																																											
14	Strategic planning session																																											
15	Compilation of submission of final draft																																											
16	Approval and adoption of 2016/2017 Budget																																											
17	Approval of SDBIP by Mayor & conclude annual performance contracts i.t.o. s57 of MSA.																																											
Other key deadlines in terms of the MFMA																																											
1	Submit quarterly reports on budget implementation																																											
2	Prepare and submit annual financial statements																																											
3	Table Annual Report in Council /																																											
4	Submit Annual Report to AG, NT & MPG.																																											
5	Assess and submit mid-year performance /																																											
6	Table Adjustment Budget and publicise over-sight document.																																											

VICTOR KHANYE LOCAL MUNICIPALITY

OVERVIEW OF DRAFT BUDGET PROCESS

2026/2027

Section 53 of the MFMA requires that the Executive Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal and Reporting Regulation states that the Executive Mayor must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibility set out in section 53 of the Act.

The budget steering committee consists of the Municipal Manager and all senior officials of the municipality, all the MMC and 2 other councils and it is chaired by the Executive Mayor on the 30 March 2026 to consider the all the budget inputs in line with what the municipality needs to achieve for the year 2026/2027.

The primary aim of the Budget Steering Committee is to ensure:

1. That the process followed in compiling the budget complies with legislation and good budget practices.
2. That the is proper alignment between the policy and service delivery priorities et out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of the municipality.
3. That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
4. That the various spending priorities of the different municipal department are appropriately evaluated and priorities in the allocation of resources.

Budget Planning and Time Schedule (Section 21)

The Mayor initiates the budget process by:

- Approving a **budget timetable** at least **10 months before** the start of the financial year
- Ensuring alignment between the budget and the **Integrated Development Plan (IDP)**
- Providing guidance for the preparation of the budget

The budget is compiled in line with formats prescribed by the National Treasury.

Public Consultation and Participation (Section 22 & 23)

- The Draft Budget is made public immediately after tabling.
- Community members, stakeholders, and interested parties are invited to submit comments.
- Public meetings and consultations are conducted to gather input.

This ensures the budget reflects community needs and priorities.

Approval of the Final Budget (Section 24)

- The Municipal Council must approve the final budget before **1 July** (start of the financial year).
- Approval includes:
  - Final budget
  - Tariffs
  - Budget-related policies
  -
- Once approved, the budget is made public.
- The municipality publishes the approved budget and supporting documents for transparency and accountability.
- The Mayor approves the **SDBIP within 28 days** after the budget is approved.
- The SDBIP translates the budget into measurable service delivery targets and performance indicators.

VICTOR KHANYE LOCAL MUNICIPALITY

OVERVIEW OF BUDGET ALIGNMENT WITH IDP

2026/2027

The 2026/27 Medium-Term Revenue and Expenditure Framework (MTREF) Budget of Victor Khanye Local Municipality has been prepared in alignment with the Integrated Development Plan (IDP). The budget serves as a financial expression of the municipality's strategic priorities and is informed by national and provincial policy directives, including National Treasury guidelines, the State of the Nation Address (SONA), and the State of the Province Address (SOPA).

The Integrated Development Plan (IDP) is the municipality's principal strategic planning instrument, which guides and informs all planning, budgeting, management, and decision-making processes.
For the communities of Victor Khanye, the IDP is intended to:

- **Improve access to basic services** such as water, sanitation, electricity, roads, and waste management
- **Promote socio-economic development** by creating an enabling environment for investment and job creation
- **Address service delivery backlogs and infrastructure challenges** through planned and prioritised projects
- **Enhance the quality of life** of residents through sustainable development initiatives
- **Ensure equitable and inclusive development** across all wards and communities
- **Promote community participation** by allowing residents to influence municipal planning and budgeting processes.

The IDP therefore serves as a critical tool to ensure that the needs and priorities of the community are translated into implementable programmes and funded through the municipal budget.

The alignment ensures that available financial resources are directed towards addressing service delivery backlogs, promoting economic development, strengthening institutional capacity, and improving governance.

The Integrated Development Plan of the municipality consists of several issues raised which are summarized under the following five KPA's:

1. Basic Service Delivery
2. Local Economic Development
3. Municipal Financial Viability and Management
4. Municipal Institution Development and Transformation
5. Good Governance and Community Participation

Basic Service Delivery

It remains a priority for the Victor Khanye Local Municipality to provide clean potable water to the community. The municipality will provide continue to do so and will provide water for new developments. In conjunction with the upgrades to the water infrastructure, sanitation will be improved to cater for the increase in the demand and the growth of Victor Khanye.

Electrification to households will be alleviated as the INEP (Electrification Grant) has been allocated, which makes it possible for the Municipality to address the backlog. Provision was made in the Capital Program.

With regards to other municipal services, substantial provision was made for the overall improvement of the roads network. As funding sources for these needs as identified in the Integrated Development Plan (IDP), Council will utilize the municipal infrastructure grant (MIG) as well as a contribution from the Nkangala District Municipality.

The budget was drafted with reference to the Integrated Development Plan of the municipality and reference is made via the Capital Program to the IDP.

Local Economic Development

Provision was made under the mSCOA segment: Executive & Council for local economic development as an expenditure item. Programs as identified in the IDP will be funded from these provisions.

Municipal Financial Viability and Management

Revenue enhancement projects which include meter reading equipment, debt collection strategies, installation of smart meters as well as the implementation of a revenue enhancement strategy. Provision was made via the relevant segment in the budget.

Municipal Institution Development and Transformation

Provisions were made for an employee wellness program as well as the training of officials in order to comply with the competency regulations.

Good Governance and Community Participation

In order to comply with the requirement of good governance, Council approved provisions for the review and update of policies and by-laws. Risk assessments were performed and forms the basis for the internal audit plan. Council make use of a shared internal audit committee with the Nkangala District Municipality. Disciplinary boad was establish and the Provincial Treasury and Nkangala District to do training on the board. The Cash management committee was established to ensure that the municipality has a financial recovery plan to restore the financial wellness of the municipality.

About public participation, Council made provision under the segment: Executive & Council for several community outreach programs as well as the upheld of a well-established ward committee system.

VICTOR KHANYE LOCAL MUNICIPALITY

MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

2026/2027

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The municipality targets, monitors, assess and reviews organizational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

Oversight

1. By parliament
2. Provincial legislature
3. Municipal council

The performance of the municipality relates directly to the extent to which it has achieved success in realizing its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted automated performance management system which encompasses:

1. Planning (setting goals, objectives, targets and benchmarks);
2. Monitoring (regular monitoring and checking on the progress against plan);
3. Measurement (indicators of success);
4. Reporting (what information, to whom, from whom, how often and for what purpose);
5. Review (identifying areas requiring change and improvement);
6. Improvement (making changes where necessary).

The performance information concepts used by the municipality in its automated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury.

Financial performance indicators and benchmarks

Liquidity

The current ratio is a measure of the current assets divided by the current liabilities, the current ratio is 0.28 in the 2026/2027 financial year it will be 1.0 and 1:1 for 2027/2028 and improve the levels to be more than 1: in the future.

Revenue Management

As part of the financial sustainability strategy, the municipality will intensify its revenue enhancement strategy. The strategy intends to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection. The municipality has appointed a Cash Management committee to deal the issue of procurement and payment to ensure that all Bulk Purchases are addressed. The budget steering committee will deal all the commitment made by the municipality to improve its revenue collection. The municipality needs to review its communication strategy to be able to inform the community on all that is happening and the changes for the next financial year.

Creditors Management

The municipality will continue to work to ensure that creditors are settled within the legislated 30 days of invoice, although the liquidity ratio is still a big concern for the municipality. The municipality is in the process of signing the repayment plan with Rand Water and has reviewed their standing with Eskom.

VICTOR KHANYE LOCAL MUNICIPALITY

OVERVIEW OF BUDGET RELATED POLICIES

2026/2027

Proper budgets are prepared in accordance with approved policies. A budget related policy is a municipal policy affecting or affected by the annual budget of the municipality. These policies are necessary for effective financial management and the achievement of priorities and strategic goals of the community. The budget related policies are reviewed annually during the budget preparation process.

The following budget related policies is attached herewith as Annexure C:

- Property Rates Policy
- Cash Management and Investment Policy
- Indigent Policy
- Credit Control & Debt Collection Policy
- Provision for Doubtful Debt and Write-off Policy
- Unauthorized, Irregular, Fruitless and Wasteful expenditure
- Tariff Policy (Funding)
- Supply Chain Management Policy
- Petty Cash Policy
- Inventory Policy
- Virement Policy
- Asset Management Policy
- Loss Control Policy
- Contract Management Policy
- Staff and councilors payment policy
- Smart Meters Policy
- Cost containment Policy
- Budget Policy
- Property Rates tariff

The above policies are available for inspection from the Office of the Chief Financial Officer, Municipal Building, C/o Samuel Avenue and Van der Walt Street, Delmas 2210.

VICTOR KHANYE LOCAL MUNICIPALITY

OVERVIEW OF BUDGET ASSUMPTIONS

2026/2027

During the compilation of the budget, various budget assumptions were considered in order to compile a credible and realistic budget that supports the achievement of long term financial and strategic objectives.

The following local and national economic and social indicators / guidelines were considered in the compilation process:

- Political and national strategic objectives and guidelines
- Guidelines and circulars from National Treasury
- Electricity distribution license requirements and guidelines from the National Electrification Regulator of South Africa (NERSA)
- Municipal priorities and basic needs as identified in the Integrated Development Plan
- Interest rates – Long term borrowing and the repayment of external loans. Liability placed on future budgets of the municipality.
- CPIX – Inflation rate. Possible increases in general operating expenditure as well as increases in personnel expenditure.
- Affordability levels of the community to contribute to the budget.
- Increase/Decrease in community numbers and institutions in the municipal area.
- Macro-economic strategies tabled by the Minister of Finance during his budget speech.
- National/Provincial Government strategies.
- Allocations to local government.

In terms of the national guidelines it was endeavored to keep budget increases within the national economic indicators. However, in respect of employee costs as well as electricity tariff increases, the CPIX could not be used as an indicator, but rather the agreements between SALGA and the trade unions and between NERSA and ESKOM.

Guidelines issued under circulars 93, 94, 97 and 98 from National Treasury, required the municipality to make certain adjustments to expenditure and income which resulted in a budget increase in excess of the CPIX. During the assessment of Council's infrastructure, to comply with GRAP17, it was determined that the overall condition of Council's assets needs to be focused on during the budget process.

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VICTOR KHANYE LOCAL MUNICIPALITY

OVERVIEW OF BUDGET FUNDING

2026-2027

The municipality's Draft Budget for the 2026/2027 financial year is funded through combination of internally generated revenue and external funding sources. These fundi streams are structured to ensure financial sustainability while supporting service delive and infrastructure development.

1. Revenue Sources

The budget is primarily funded from the following key revenue streams:

a) Own Revenue (Internal Sources)

- **Property rates**
- **Service charges** (electricity, water, sanitation, refuse removal)
- **Rental of facilities and equipment**
- **Fines, permits, and licenses**

Own revenue forms the backbone of the municipal budget and reflects the municipality's ability t generate income independently.

b) Government Grants and Subsidies

- **Equitable Share**
  - An unconditional grant used to fund basic services and operational costs, particularly for indigent households.
- **Conditional Grants**
  - Allocated for specific purposes such as infrastructure development and service delivery improvements (e.g., water, sanitation, roads).

2. Capital Funding Sources

The Capital Budget is funded through a mix of:

- **Government conditional grants** (main source of capital funding)
- **Internally generated funds**

- **Public contributions and donor funding** (where applicable)

This blended approach ensures that infrastructure development can be sustained without over-reliance on a single funding source.

3. Operating Revenue vs Expenditure

The operating budget is funded mainly through:

- Service charges
- Property rates
- Equitable share

The municipality aims to ensure that:

- **Operating revenue is sufficient to cover operating expenditure**
- A portion of revenue is used to fund capital projects (internal funding contribution)

4. Financial Sustainability

To maintain a funded and credible budget, the municipality has:

- Ensured that **cash-backed reserves** support planned expenditure
- Improved **revenue collection strategies**
- Controlled operational costs
- Prioritized spending in line with available resources

This approach ensures compliance with legislative requirements and promotes long-term financial health.

5. Key Considerations and Risks

While the budget is funded, the following challenges may impact funding sustainability:

- Non-payment of municipal services by consumers
- Rising bulk purchase costs (electricity and water)
- Dependence on government grants
- Economic pressures affecting revenue collection

Mitigation measures will have to be put in place to address these risks and protect the municipality's financial position.

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VICTOR KHANYE LOCAL MUNICIPALITY

LEGISLATIVE COMPLIANCE STATUS

2026/2027

The Draft Budget for the 2026/2027 financial year has been prepared in compliance with the requirements of the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003), as well as applicable regulations and circulars issued by the National Treasury.

1. Compliance with Budget Preparation and Tabling (Section 16 & 17)

- The Mayor has tabled the Draft Budget at least **90 days before the start of the financial year**, as required by Section 16 of the MFMA.
- The budget is presented in the **prescribed format**, including:
  - Operating and Capital Budgets
  - Budget-related policies
  - Measurable performance objectives
- All supporting documentation required in terms of Section 17 has been included.

2. Budget Consultation Process (Section 22 & 23)

- The Draft Budget has been made **public and accessible** to the community.
- **Public participation processes** are being undertaken to allow community input.
- Submissions from stakeholders will be considered before the final approval of the budget.

3. Alignment with IDP (Section 21 & 24)

- The budget is aligned with the municipality's Integrated Development Plan (IDP).
- The final budget will be approved **before the start of the financial year**, in compliance with Section 24 of the MFMA.

4. Funding Compliance (Section 18)

- The budget is funded and credible, meaning:
  - Realistic revenue projections have been used
  - Expenditure is backed by cash-backed funding sources

5. Supporting Documents and Regulations Compliance

The Draft Budget complies with:

- Municipal Budget and Reporting Regulations
- Relevant MFMA Circulars issued annually by National Treasury

This includes submission of:

- Budget schedules (A1–A10)
- Annual budget tables (C1–C7, where applicable)
- Supporting tables and notes

6. Service Delivery and Budget Implementation Plan (SDBIP)

- The **Service Delivery and Budget Implementation Plan (SDBIP)** will be finalized and approved within **28 days after budget approval**, as required by the MFMA.
- The SDBIP will ensure alignment between budgeted funds and service delivery targets.

7. Ongoing Reporting and Oversight (Sections 52(d), 71 & 72)

The municipality commits to ongoing compliance through:

- Monthly budget statements **(Section 71)**
- Quarterly performance reports
- Mid-year budget and performance assessment **(Section 72)**
- In-year budget monitoring and reporting to the Mayor and Council

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VICTOR KHANYE LOCAL MUNICIPALITY

Councillor Allowances, Employees Benefits and Organogram

2026/2027

VICTOR KHANYE LOCAL MUNICIPALITY ORGANISATIONAL STRUCTURE 2025/26 FINANCIAL YEAR

"A repositioned municipality for a better and sustainable service delivery for all"

LEGEND BOXES



Position Created



Title Changed 2024/25 FY
2024/25



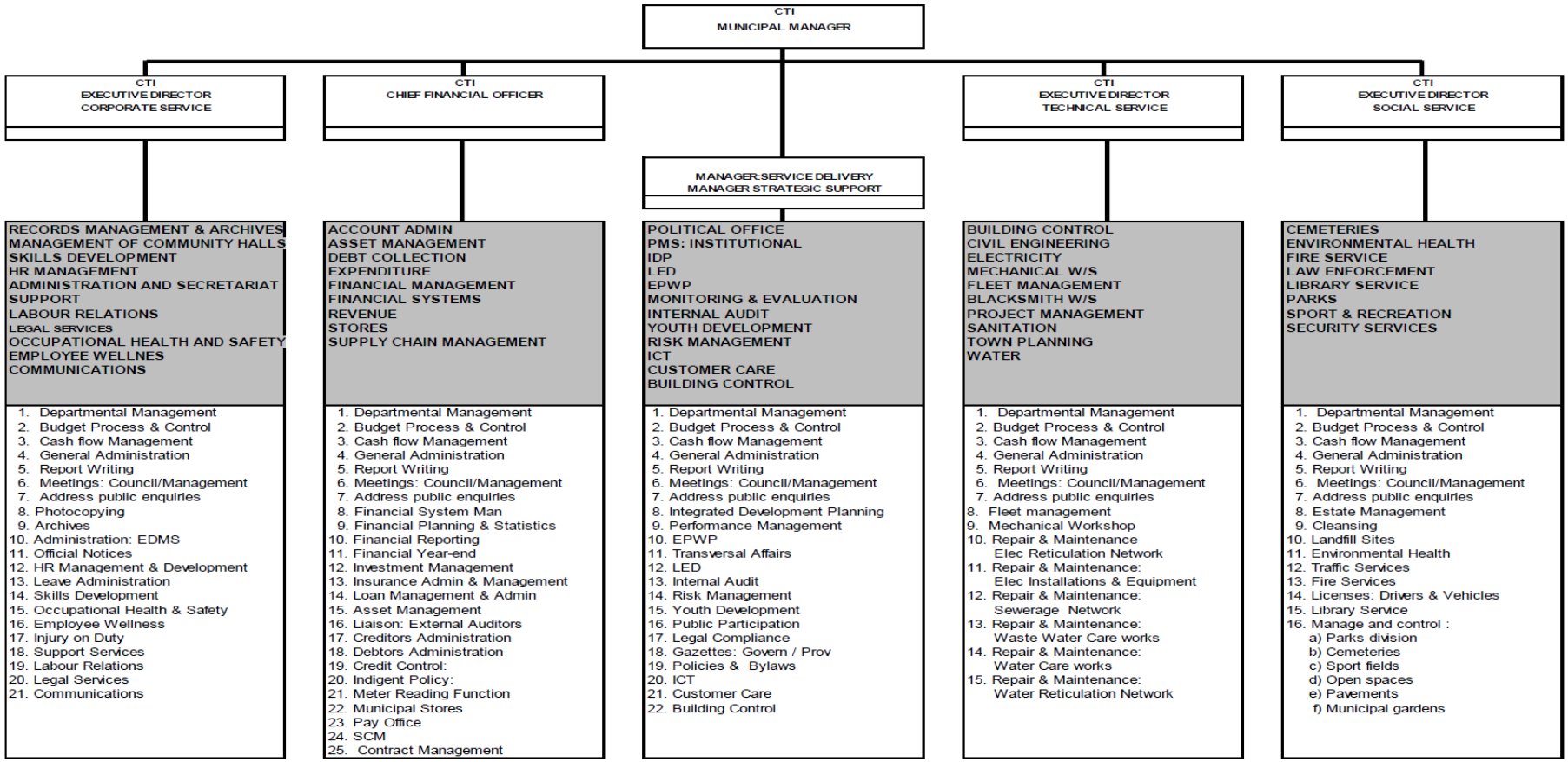
Post to be Removed once the Incumbent vacants the Post



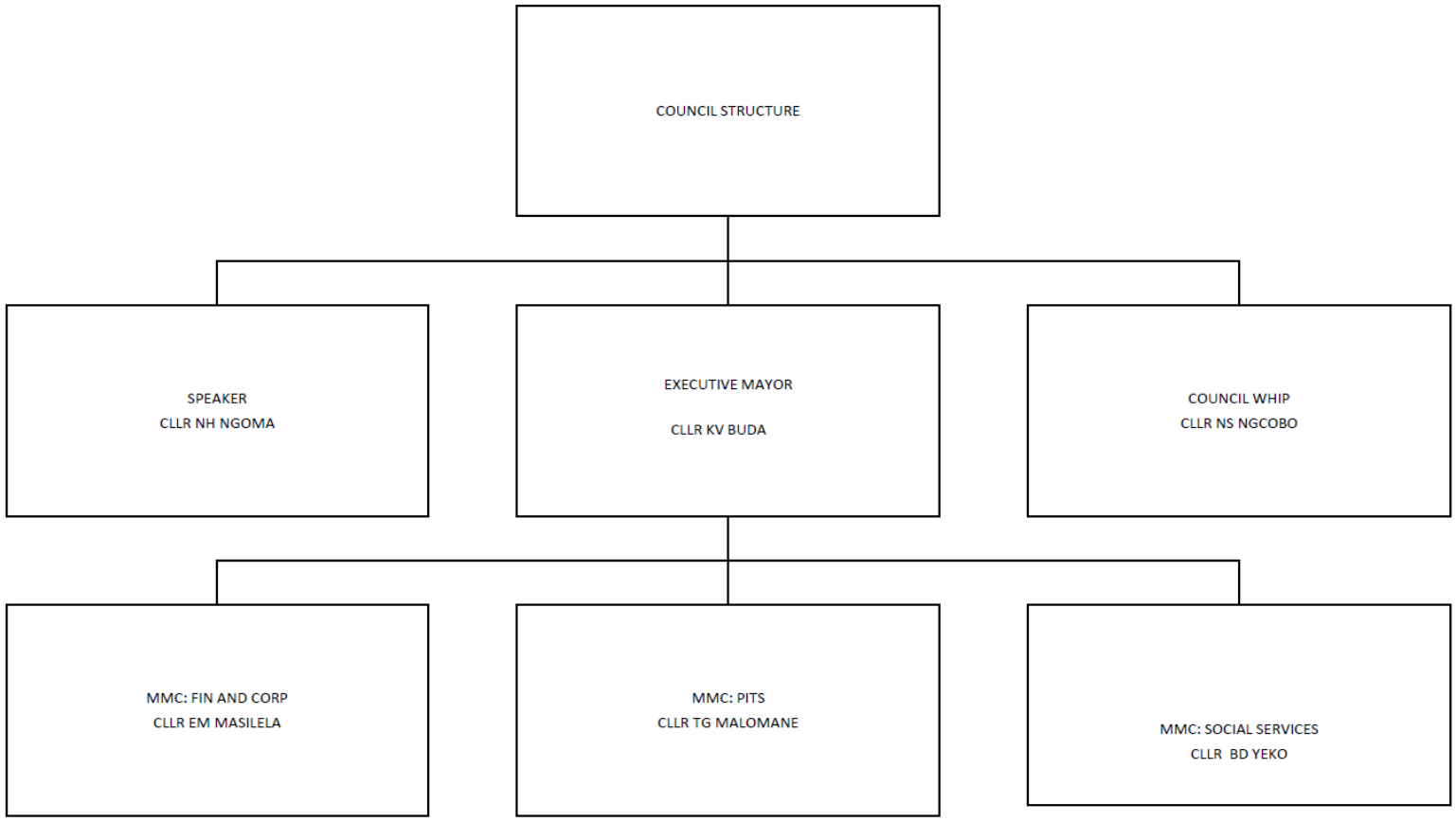
CONTRACT EMPLOYMENT



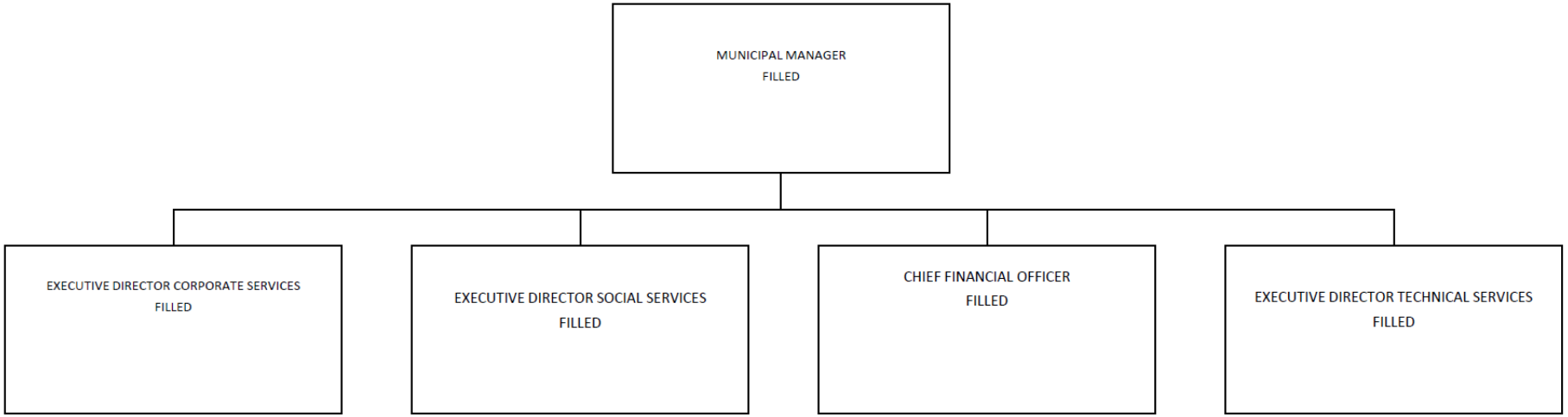
POSITION SWAP


CTI
MUNICIPAL MANAGER
CTI
EXECUTIVE DIRECTOR
CORPORATE SERVICE
CTI
CHIEF FINANCIAL OFFICER
MANAGER:SERVICE DELIVERY
MANAGER STRATEGIC SUPPORT
CTI
EXECUTIVE DIRECTOR
TECHNICAL SERVICE
CTI
EXECUTIVE DIRECTOR
SOCIAL SERVICE
RECORDS MANAGEMENT & ARCHIVES
MANAGEMENT OF COMMUNITY HALLS
SKILLS DEVELOPMENT
HR MANAGEMENT
ADMINISTRATION AND SECRETARIAT SUPPORT
LABOUR RELATIONS
LEGAL SERVICES
OCCUPATIONAL HEALTH AND SAFETY
EMPLOYEE WELLNES
COMMUNICATIONS
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. Support Services
19. Labour Relations
20. Legal Services
21. Communications
ACCOUNT ADMIN
ASSET MANAGEMENT
DEBT COLLECTION
EXPENDITURE
FINANCIAL MANAGEMENT
FINANCIAL SYSTEMS
REVENUE
STORES
SUPPLY CHAIN 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. 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
POLITICAL OFFICE
PMS: INSTITUTIONAL
IDP
LED
EPWP
MONITORING & EVALUATION
INTERNAL AUDIT
YOUTH DEVELOPMENT
RISK MANAGEMENT
ICT
CUSTOMER CARE
BUILDING CONTROL
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. Customer Care
22. Building Control
BUILDING CONTROL
CIVIL ENGINEERING
ELECTRICITY
MECHANICAL W/S
FLEET MANAGEMENT
BLACKSMITH W/S
PROJECT MANAGEMENT
SANITATION
TOWN PLANNING
WATER
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. Fleet management
9. Mechanical Workshop
10. Repair & Maintenance
Elec Reticulation Network
11. Repair & Maintenance:
Elec Installations & Equipment
12. Repair & Maintenance:
Sewerage Network
13. Repair & Maintenance:
Waste Water Care works
14. Repair & Maintenance:
Water Care works
15. Repair & Maintenance:
Water Reticulation Network
CEMETERIES
ENVIRONMENTAL HEALTH
FIRE SERVICE
LAW ENFORCEMENT
LIBRARY SERVICE
PARKS
SPORT & RECREATION
SECURITY SERVICES
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

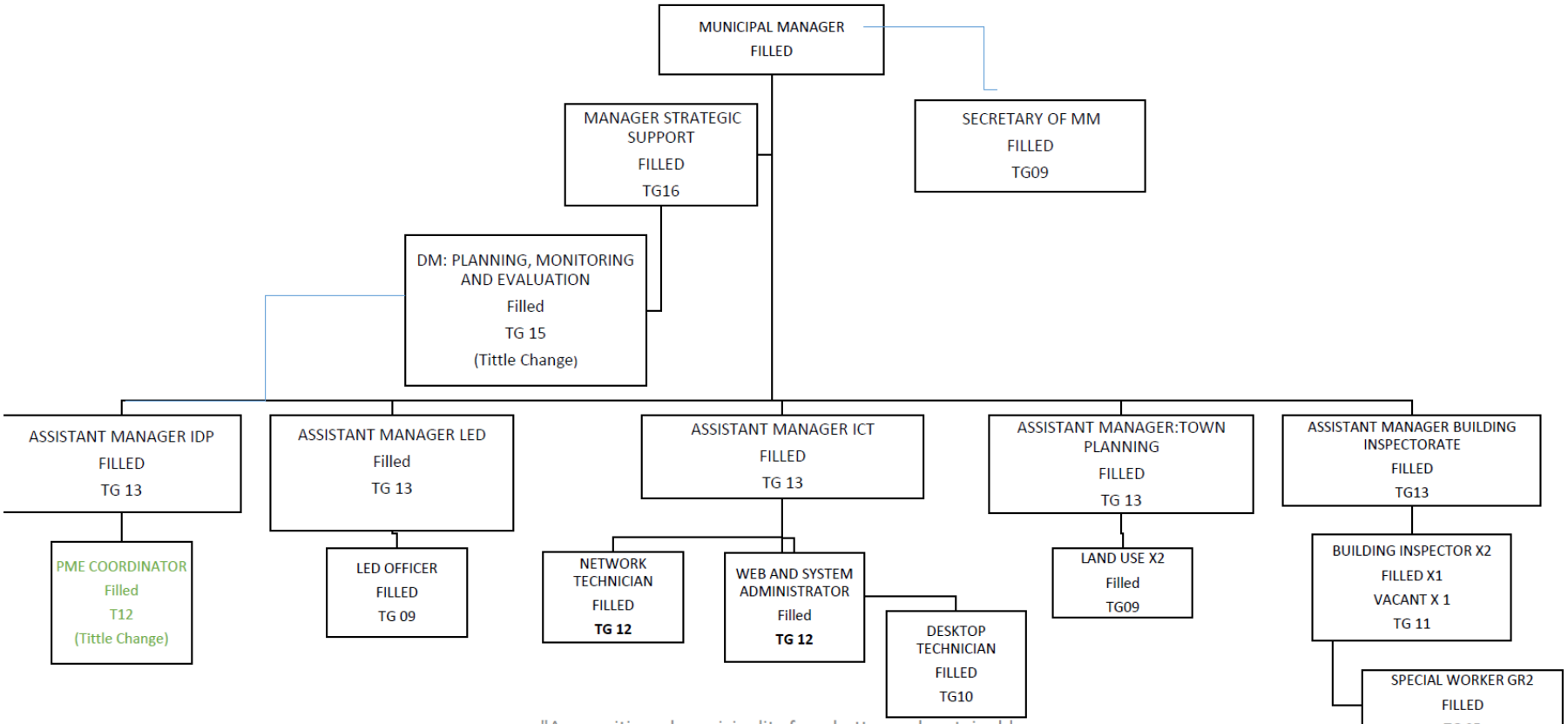
EXECUTIVE OVERVEIW



SENIOR MANAGEMENT



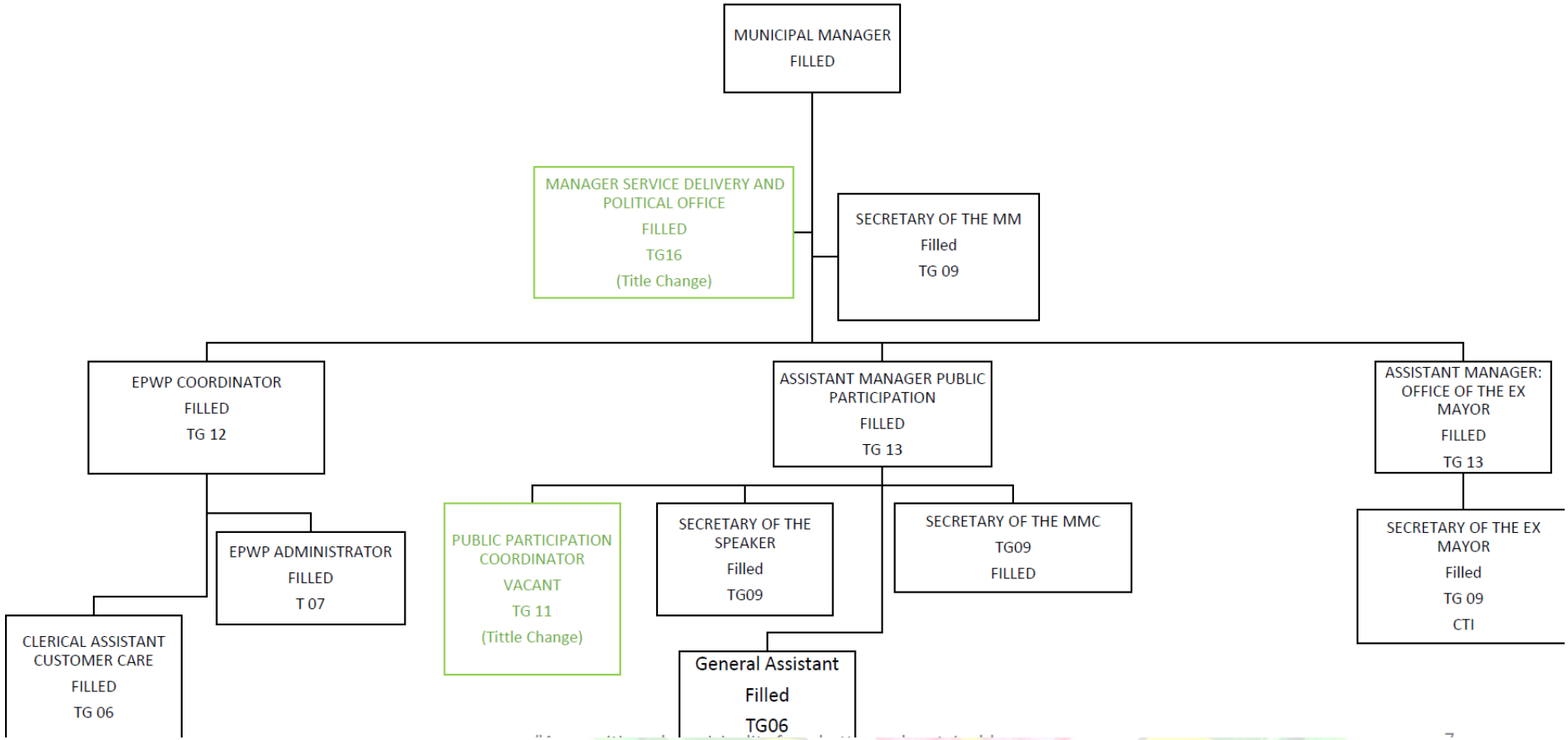
MUNICIPAL MANAGER OFFICE:STRATEGIC SUPPORT



"A repositioned municipality for a better and sustainable

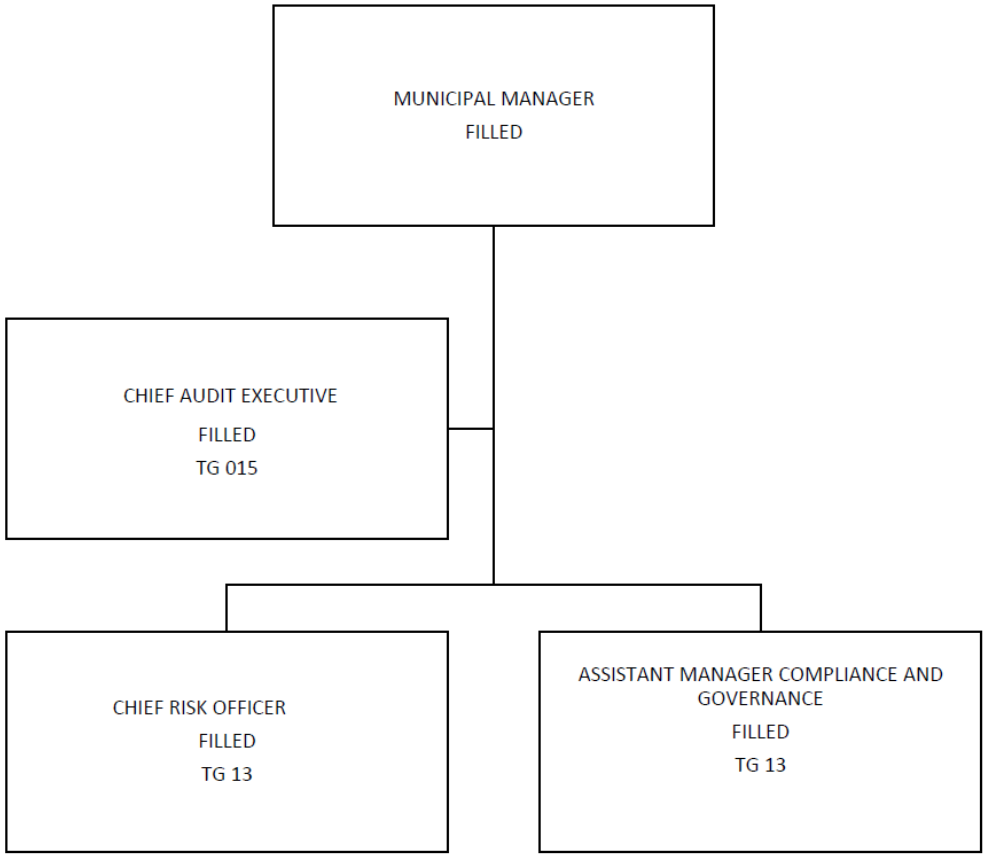
TOGETHER FOR GROWTH AND DEVELOPMENT

MUNICIPAL MANAGER OFFICE:SERVICE DELIVERY

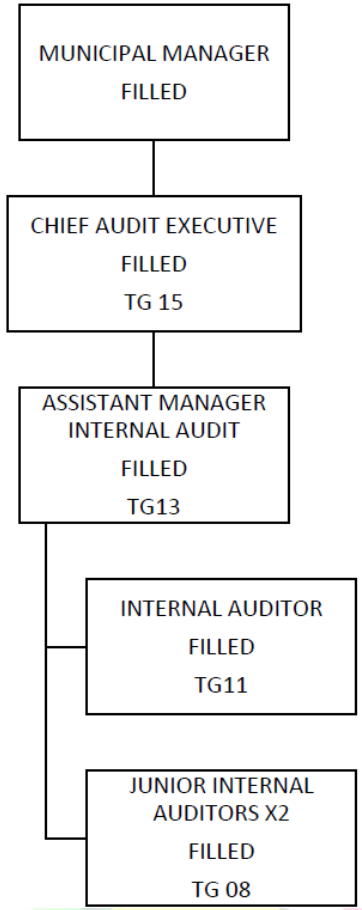


TOGETHER FOR GROWTH AND DEVELOPMENT

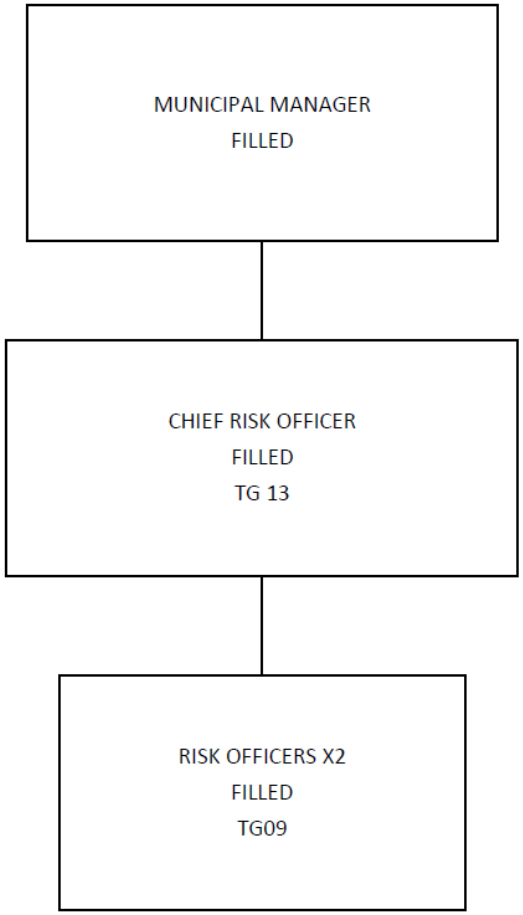
MUNICIPAL MANAGER DIRECT SUPPORTIVE REPORTS



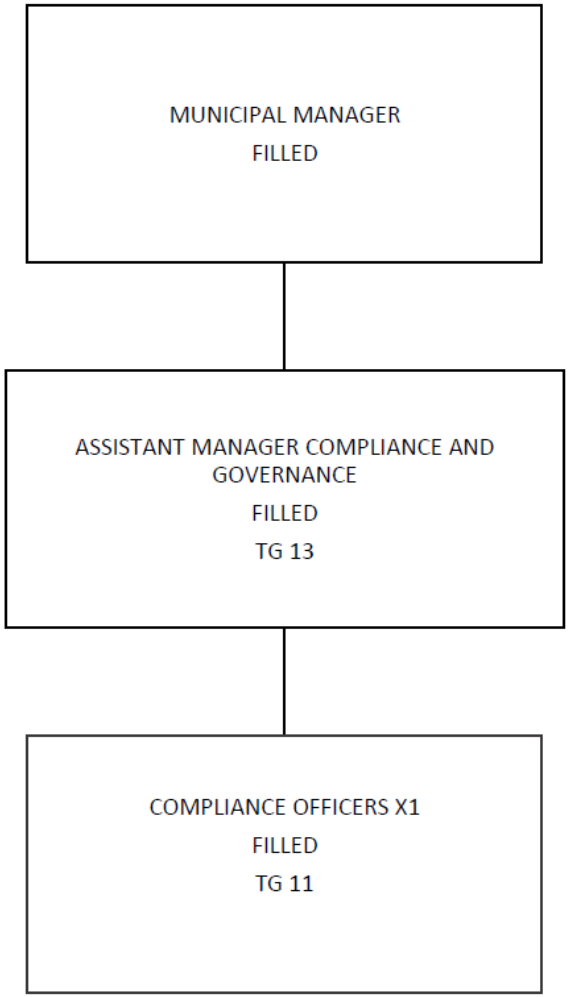
MUNICIPAL MANAGER OFFICE:INTERNAL AUDIT UNIT



MUNICIPAL MANAGER OFFICE:RISK UNIT



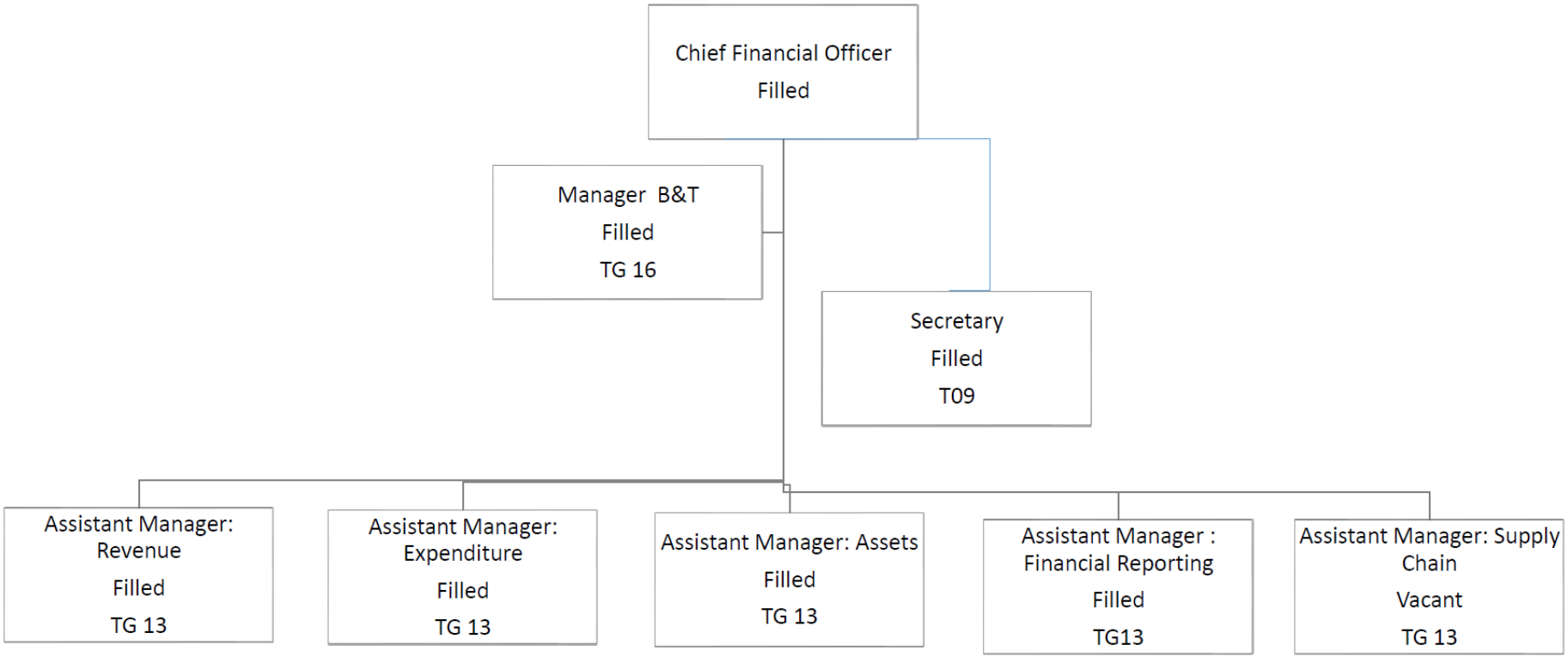
MUNICIPAL MANAGER OFFICE:COMPLIANCE AND GOVERNANCE



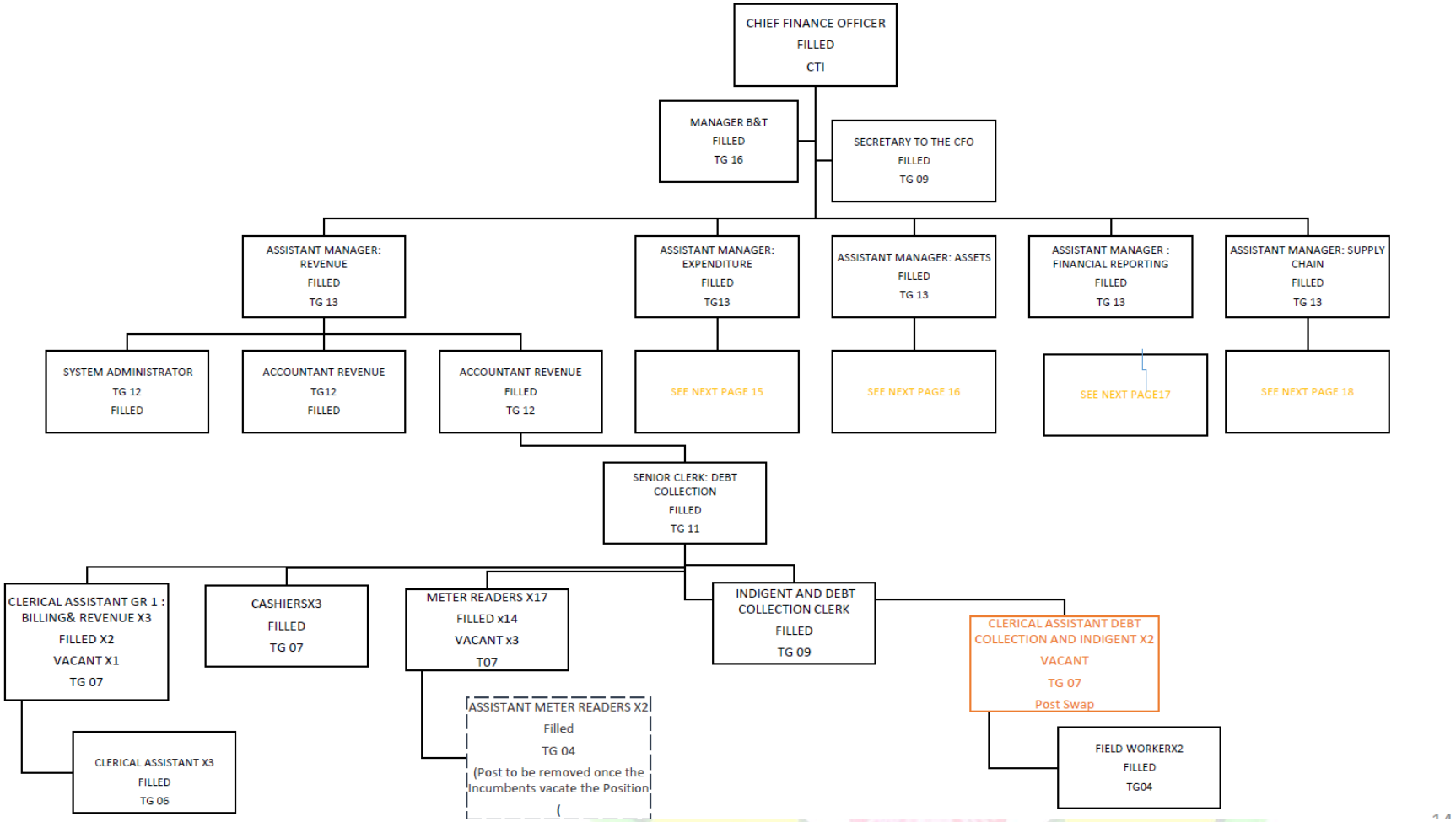
TOGETHER FOR GROWTH AND DEVELOPMENT

FINANCE DEPARTMENT

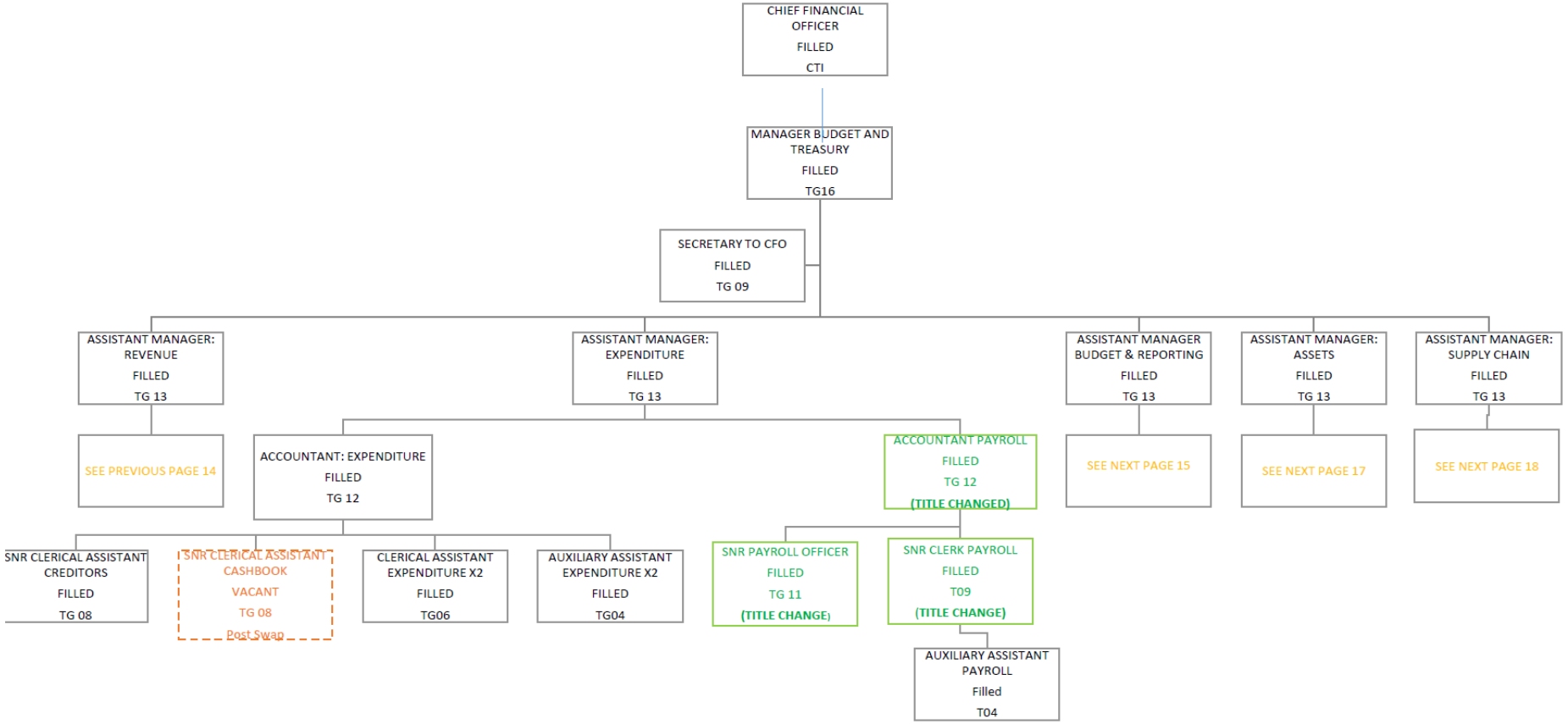
DEPARTMENT OF FINANCE: EXECUTIVE STRUCTURE



DEPARTMENT OF FINANCE: REVENUE SECTION

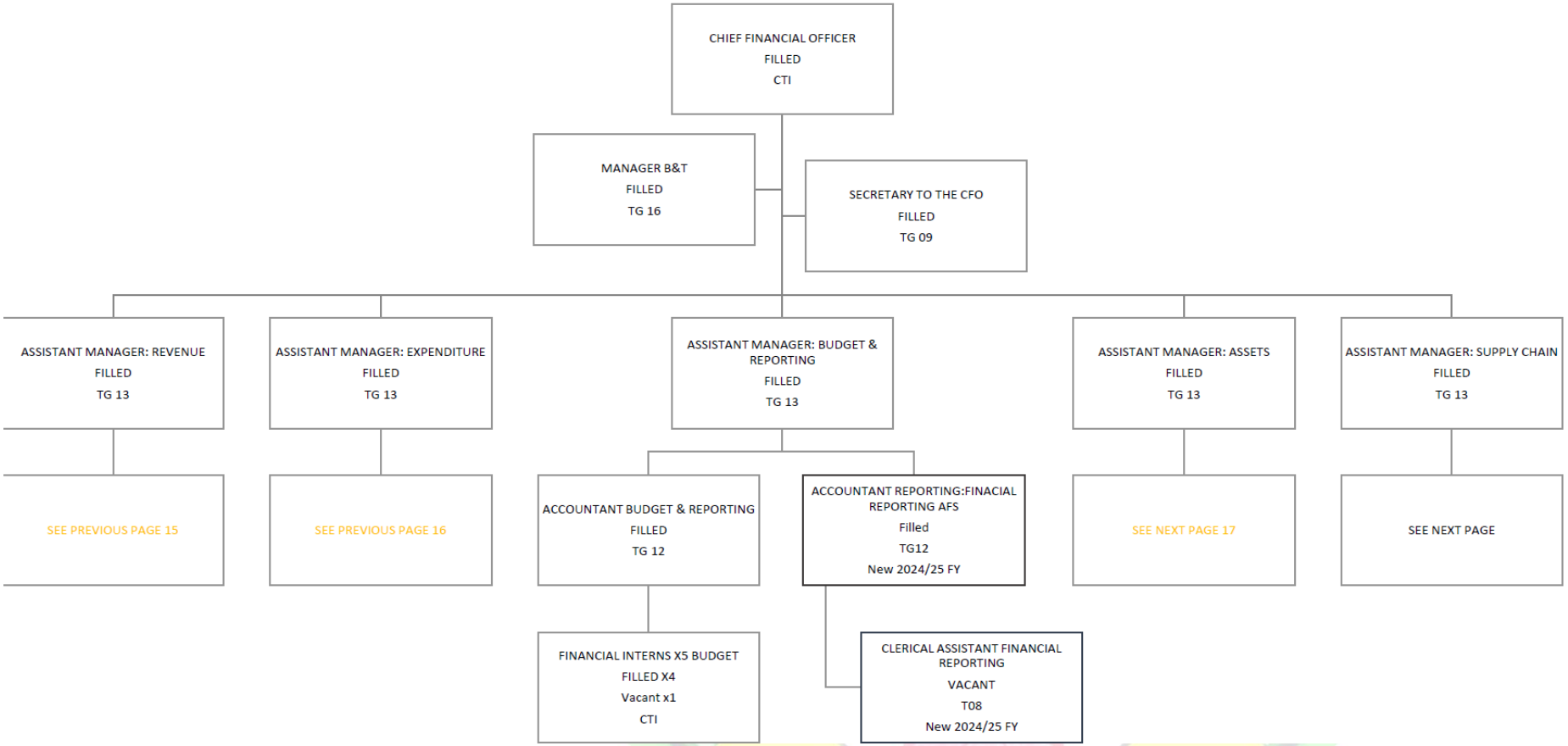


DEPARTMENT OF FINANCE EXPENDITURE

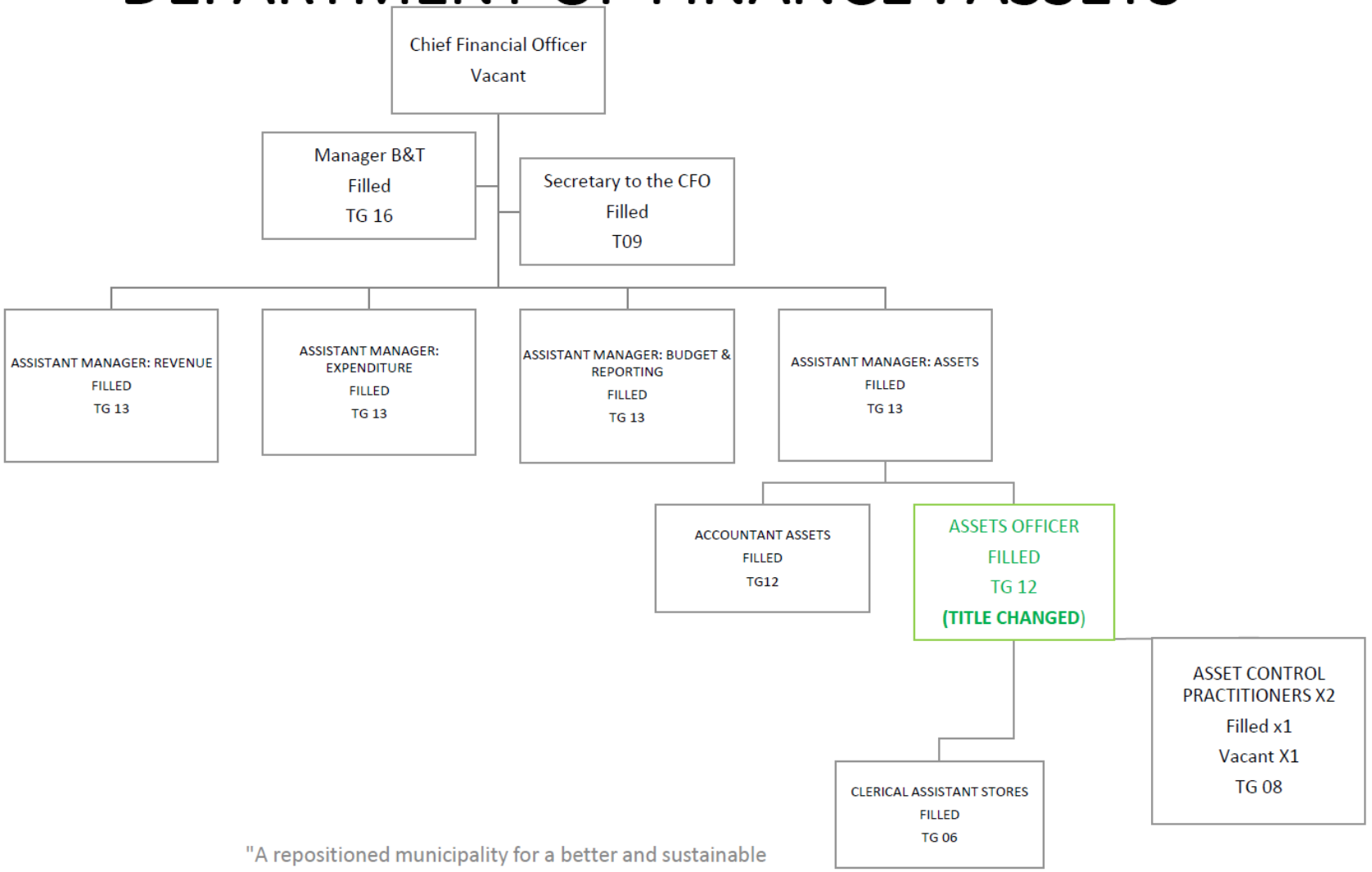


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DEPARTMENT OF FINANCE FINANCIAL REPORTING SECTION



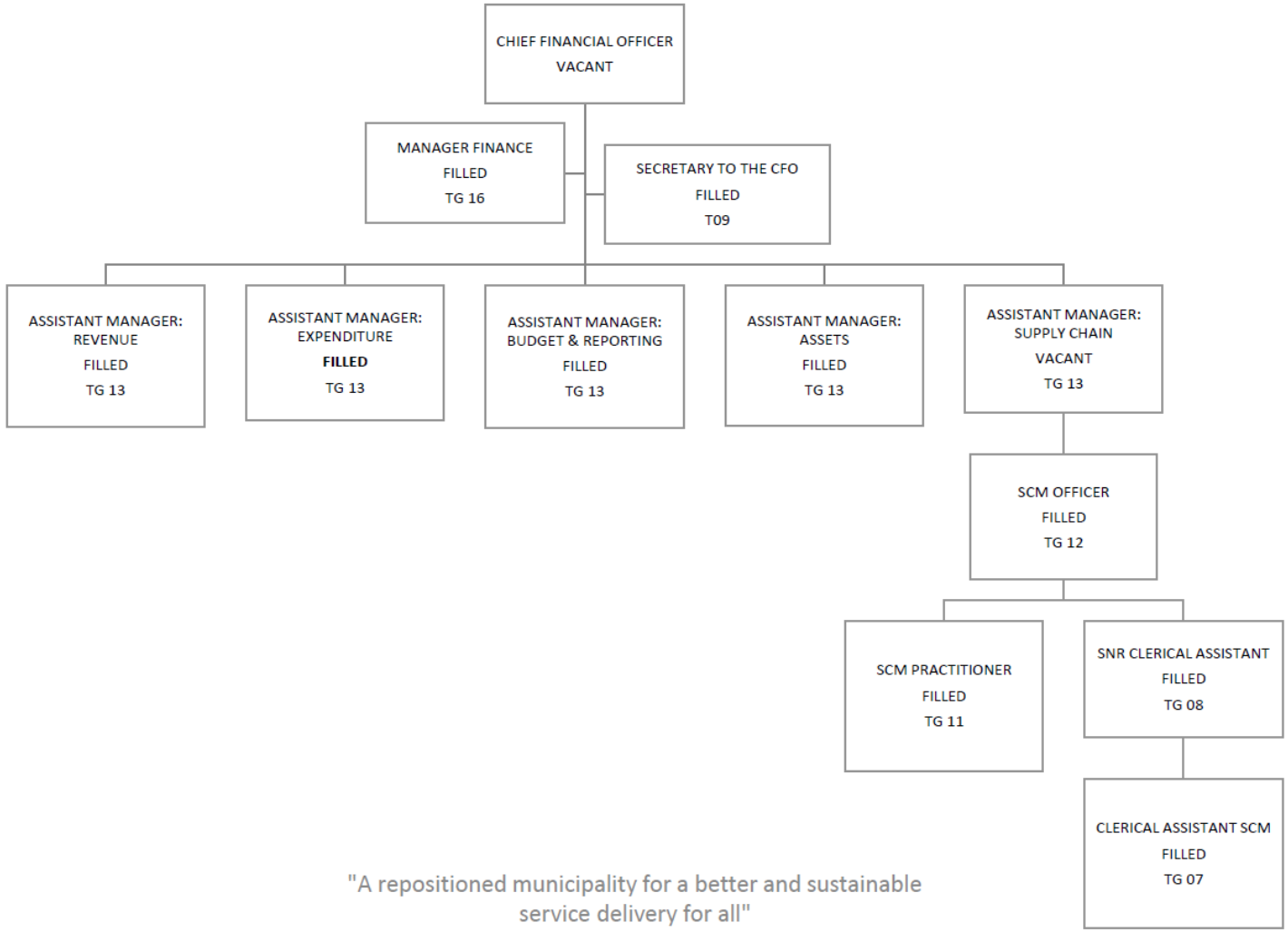
DEPARTMENT OF FINANCE : ASSETS



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FINANCE DEPARTMENT: SUPPLY CHAIN SECTION

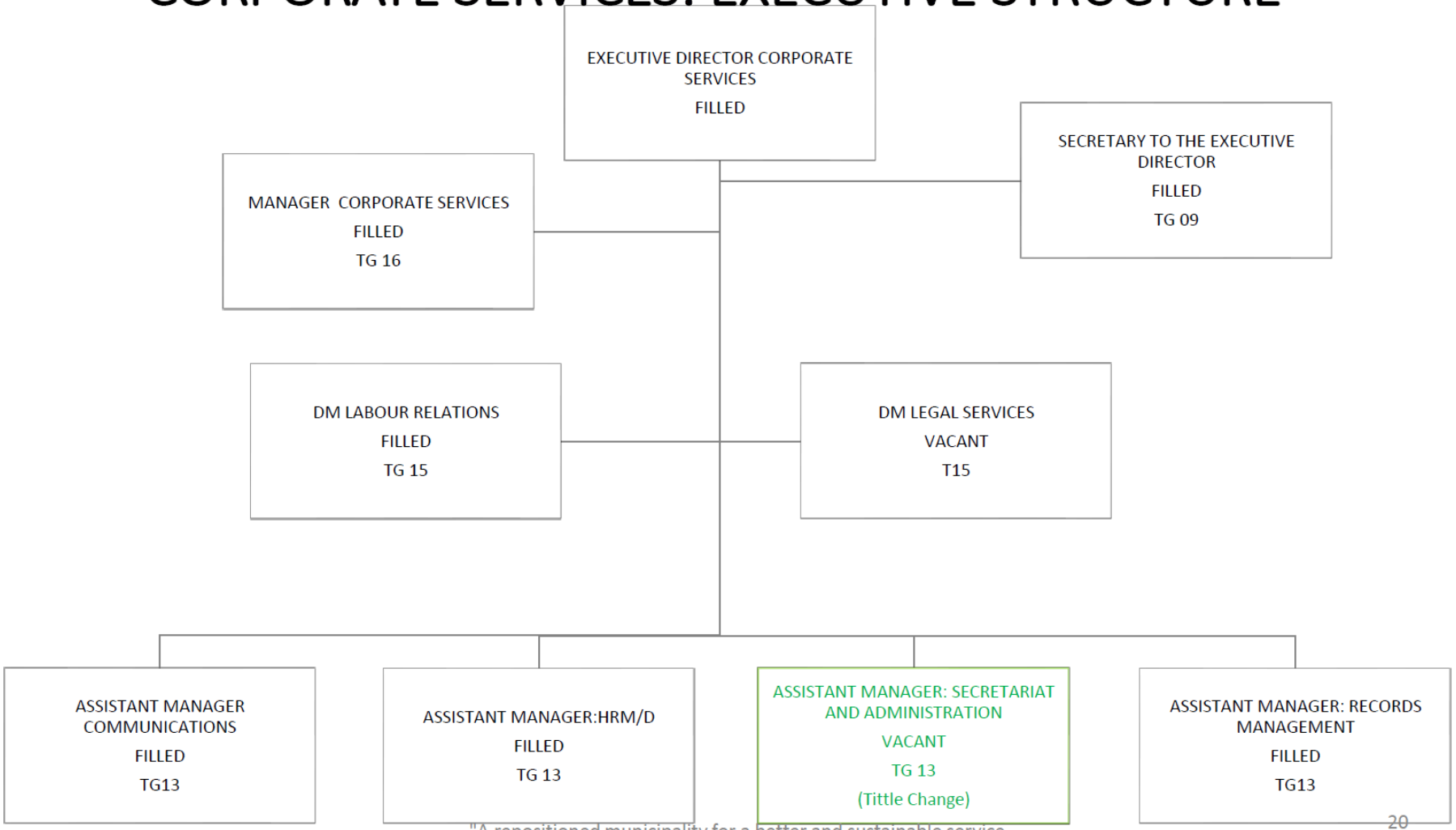


"A repositioned municipality for a better and sustainable service delivery for all"

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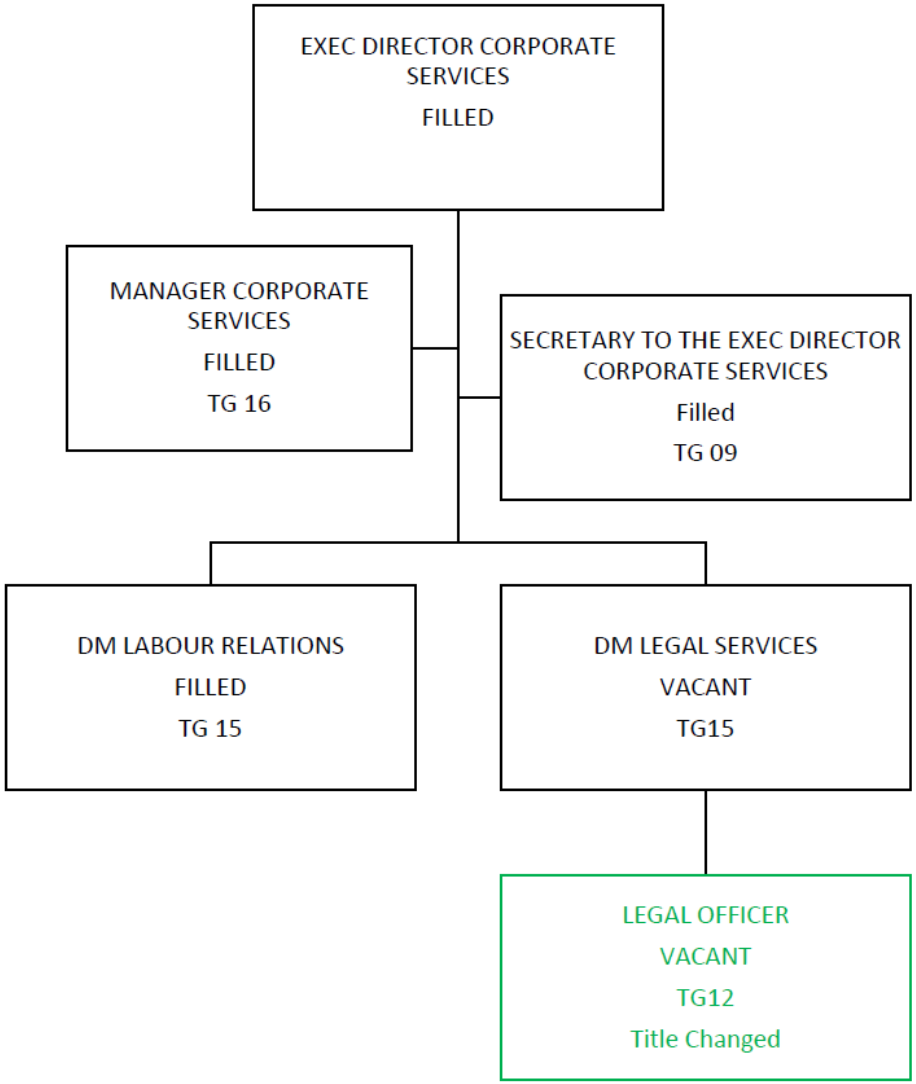
CORPORATE SERVICES DEPARTMENT

CORPORATE SERVICES: EXECUTIVE STRUCTURE

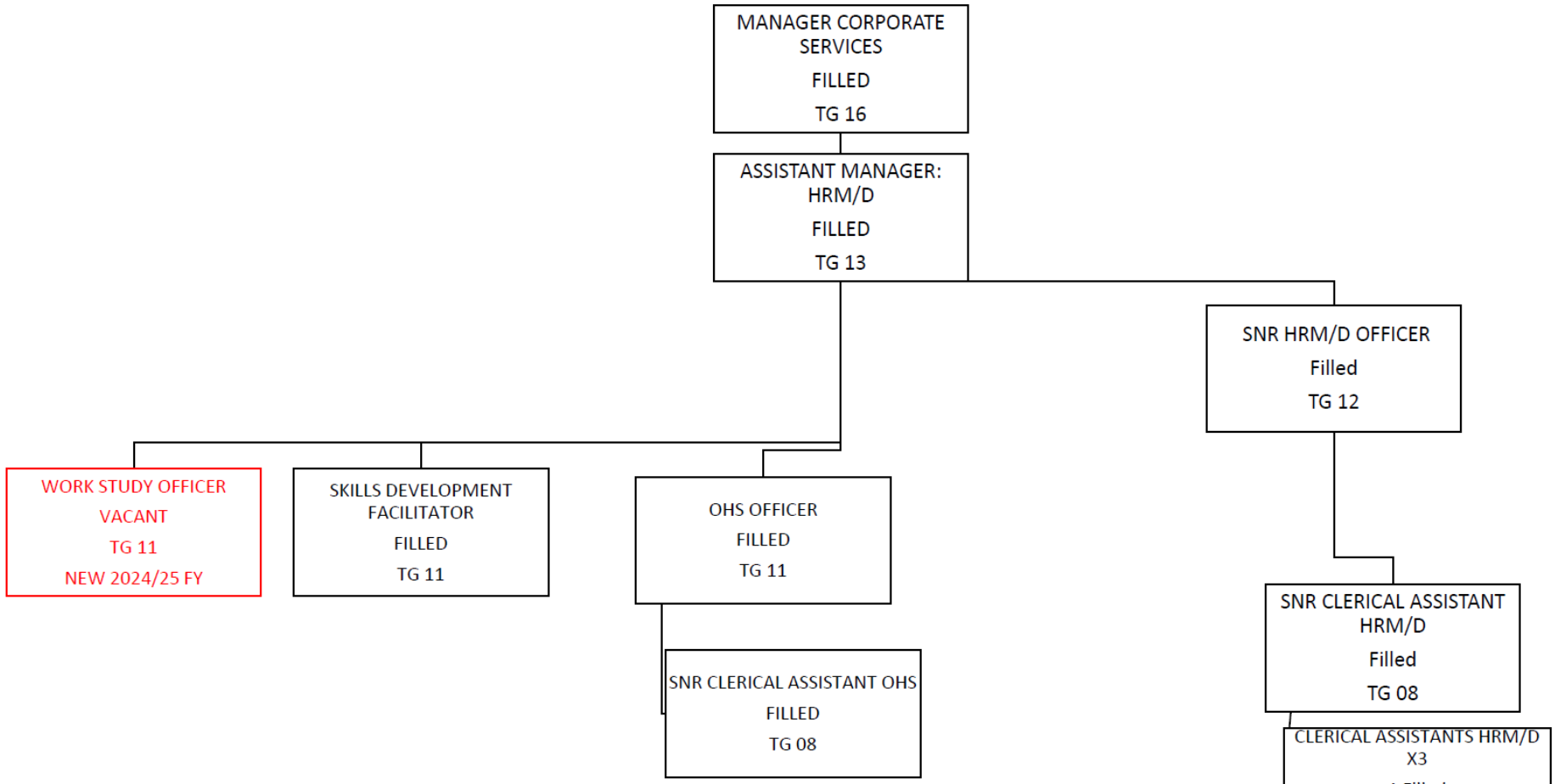


20

CORPORATE SERVICES: LEGAL SECTION



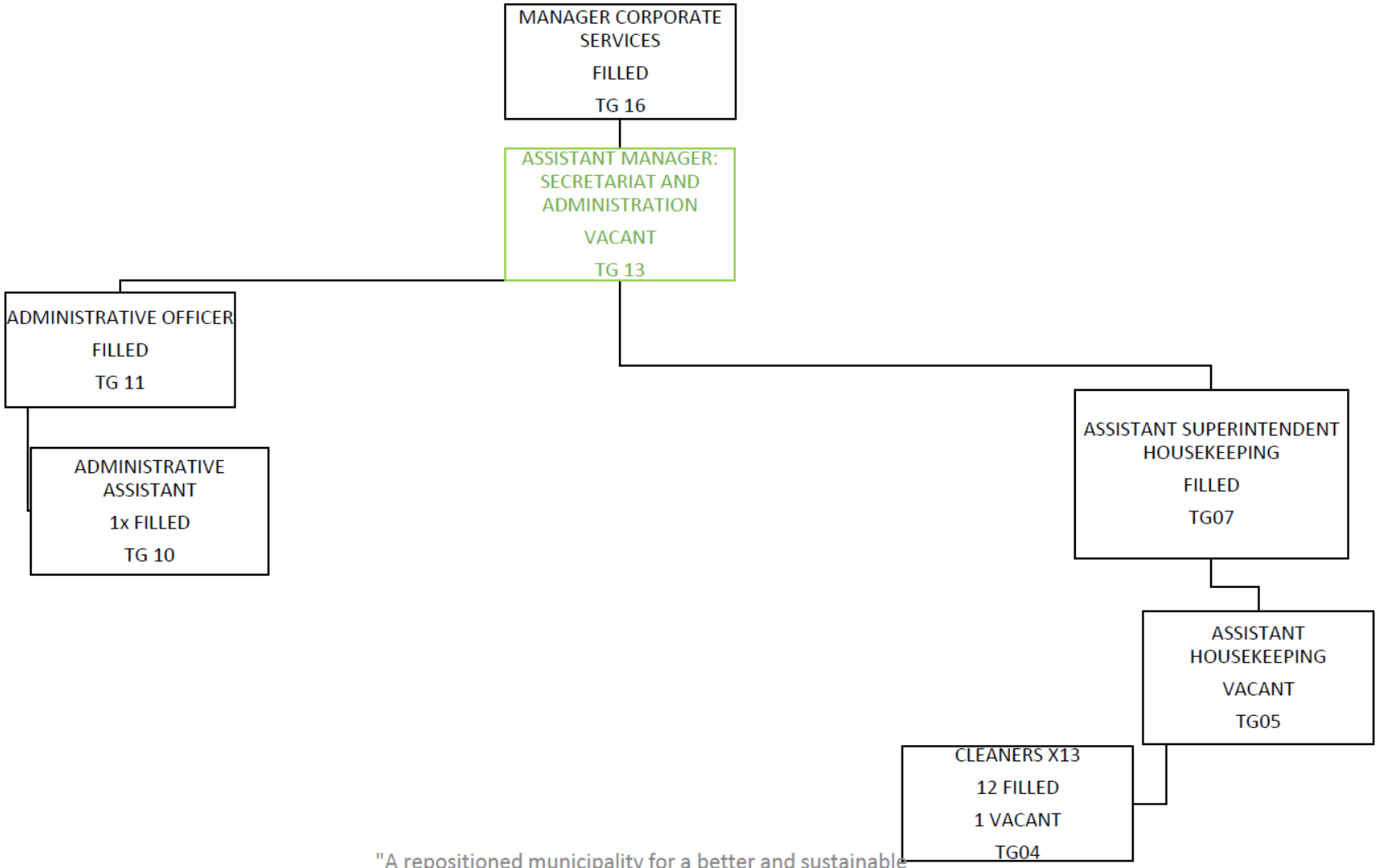
CORPORATE SERVICES: HUMAN RESOURCE MANAGEMENT



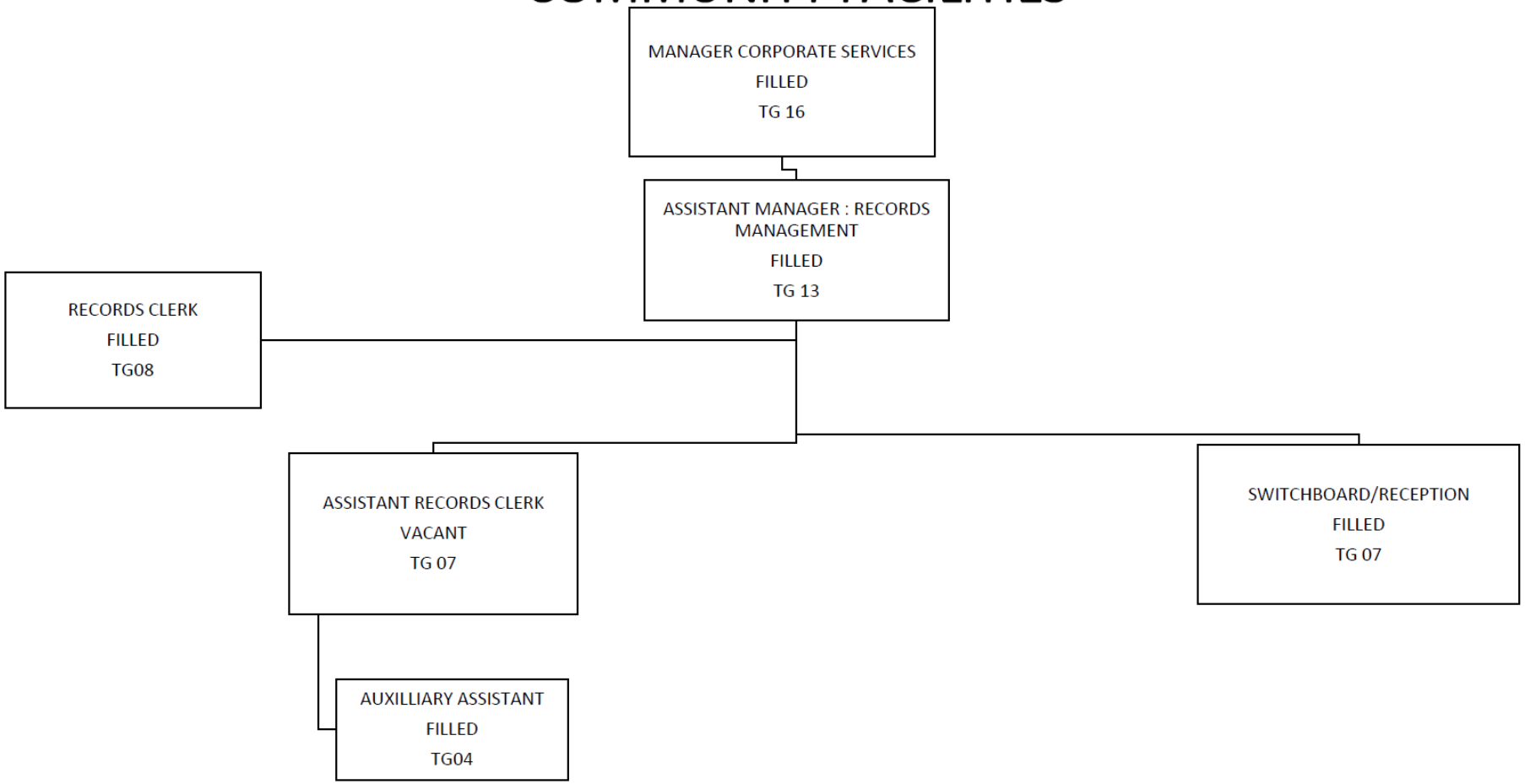
"A repositioned municipality for a better and sustainable service delivery for all"

TOGETHER FOR GROWTH AND DEVELOPMENT

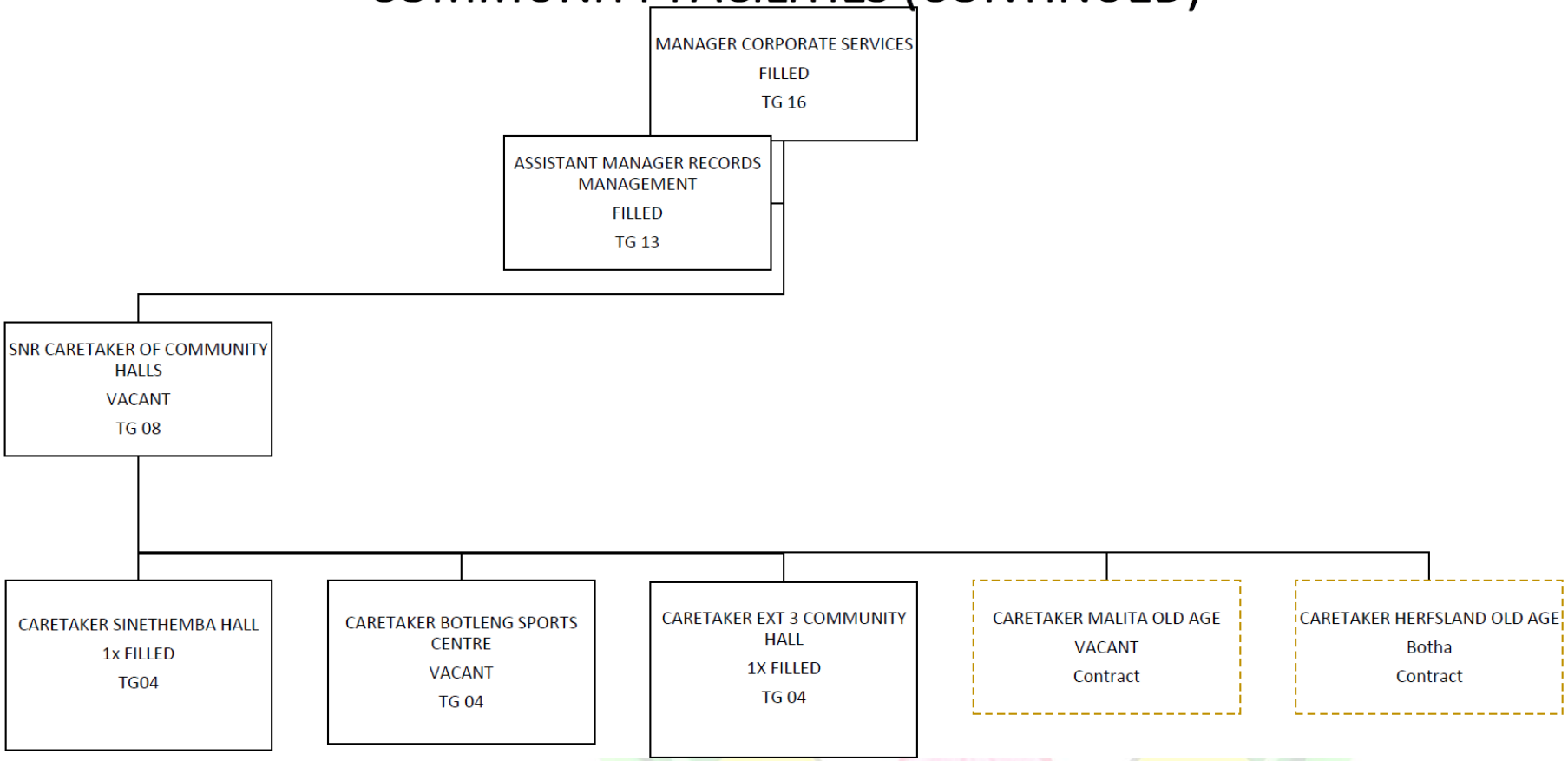
CORPORATE SERVICES: SECRETARIAT,ADMINISTRATION AND HOUSEKEEPING



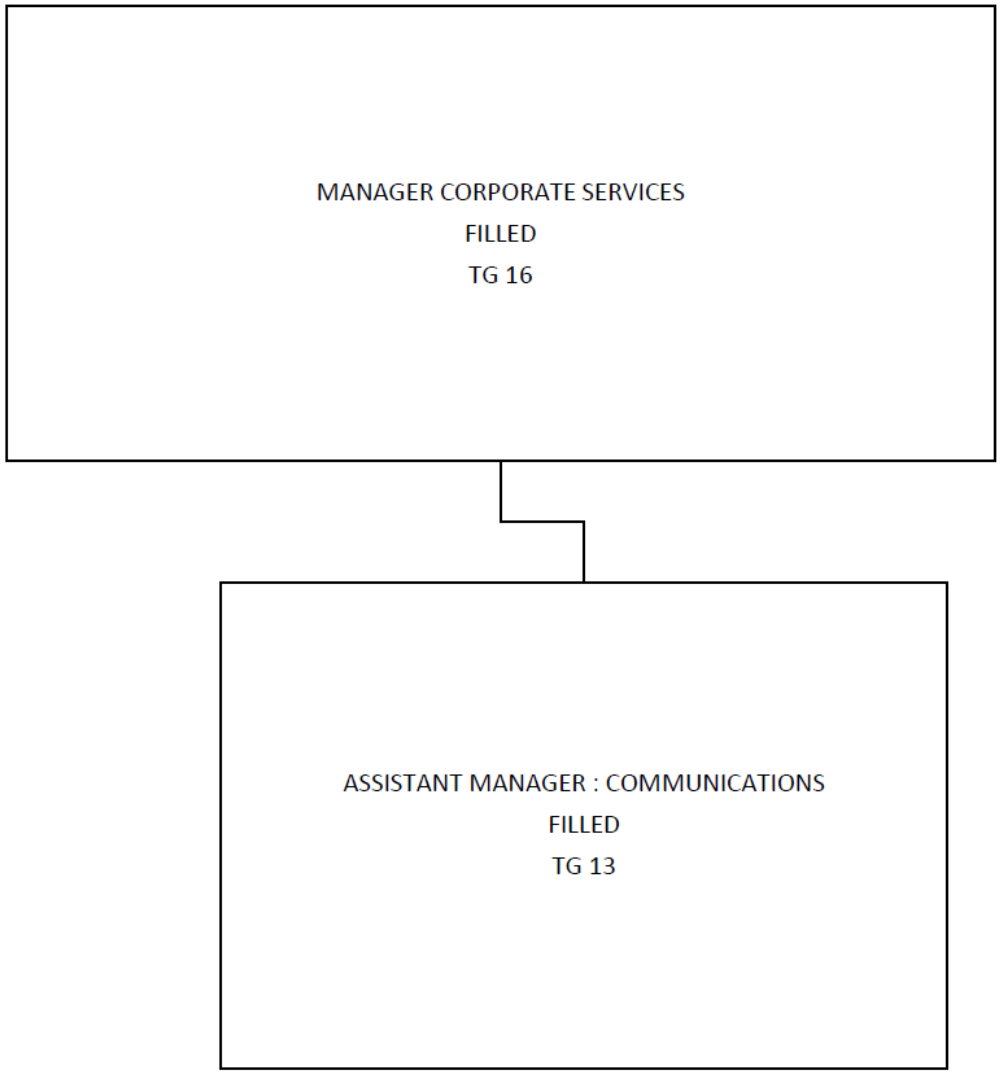
CORPORATE SERVICES: CORPORATE ARCHIVES ADMIN AND COMMUNITY FACILITIES



CORPORATE SERVICES: CORPORATE ARCHIVES ADMIN AND COMMUNITY FACILITIES (CONTINUED)

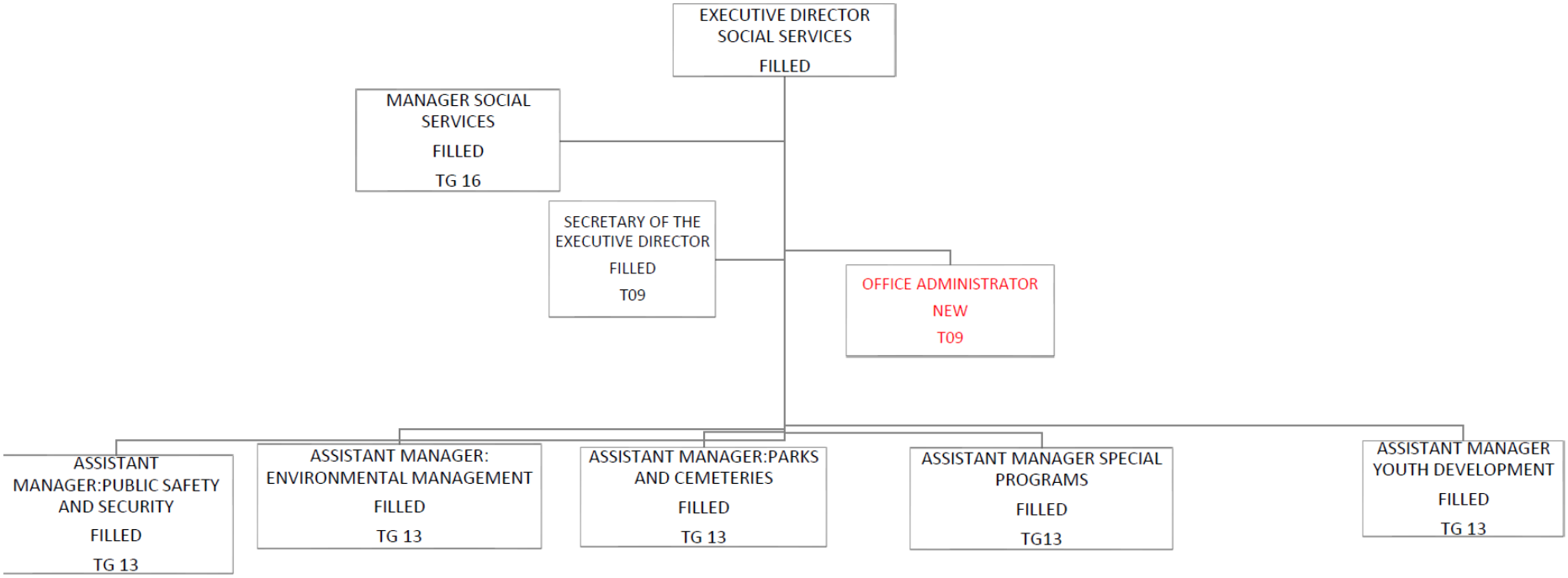


CORPORATE SERVICES: COMMUNICATIONS



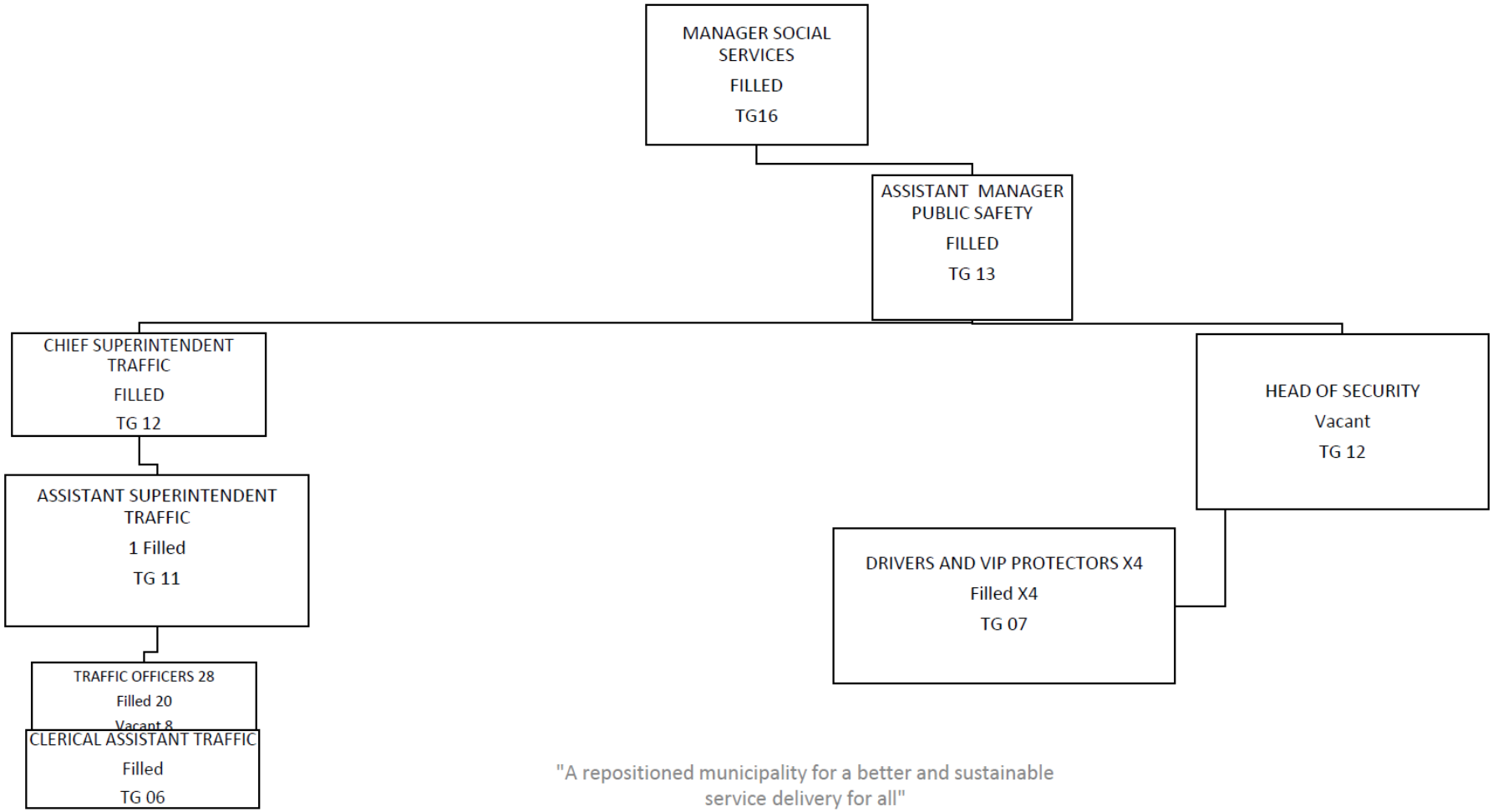
SOCIAL SERVICES DEPARTMENT

SOCIAL SERVICES: EXECUTIVE STRUCTURE

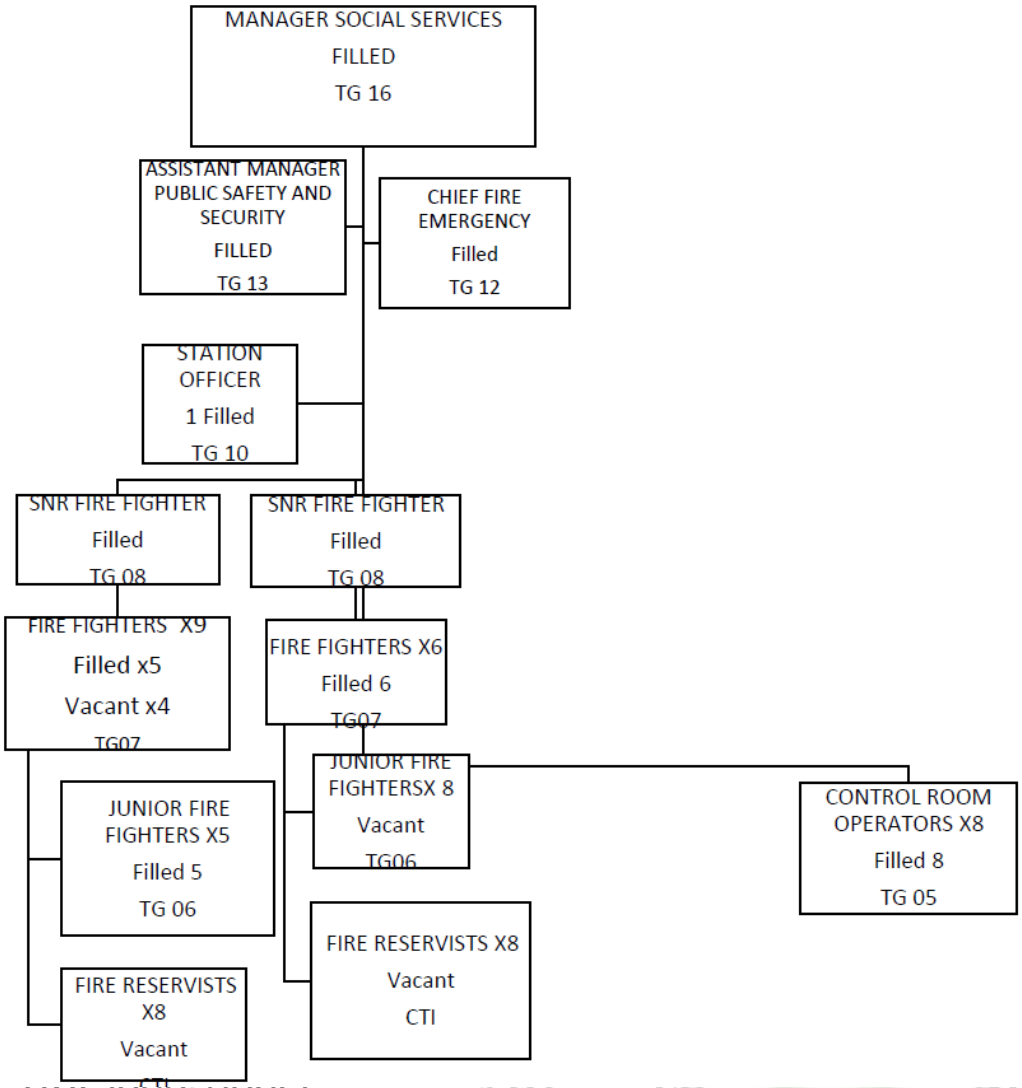


SOCIAL SERVICES:

PUBLIC SAFETY AND SECURITY MANAGEMENT

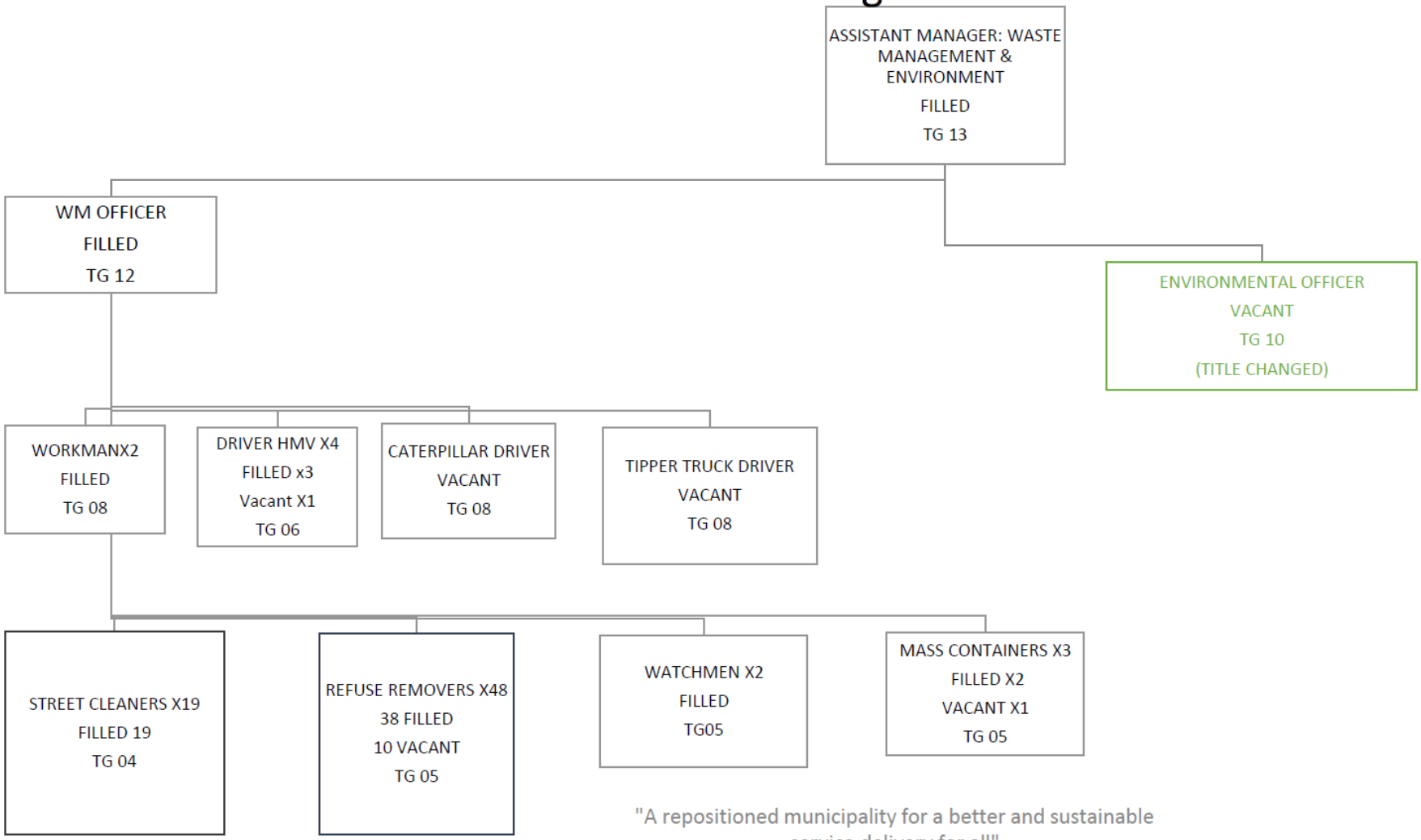


EMERGENCY AND DISASTER MANAGEMENT

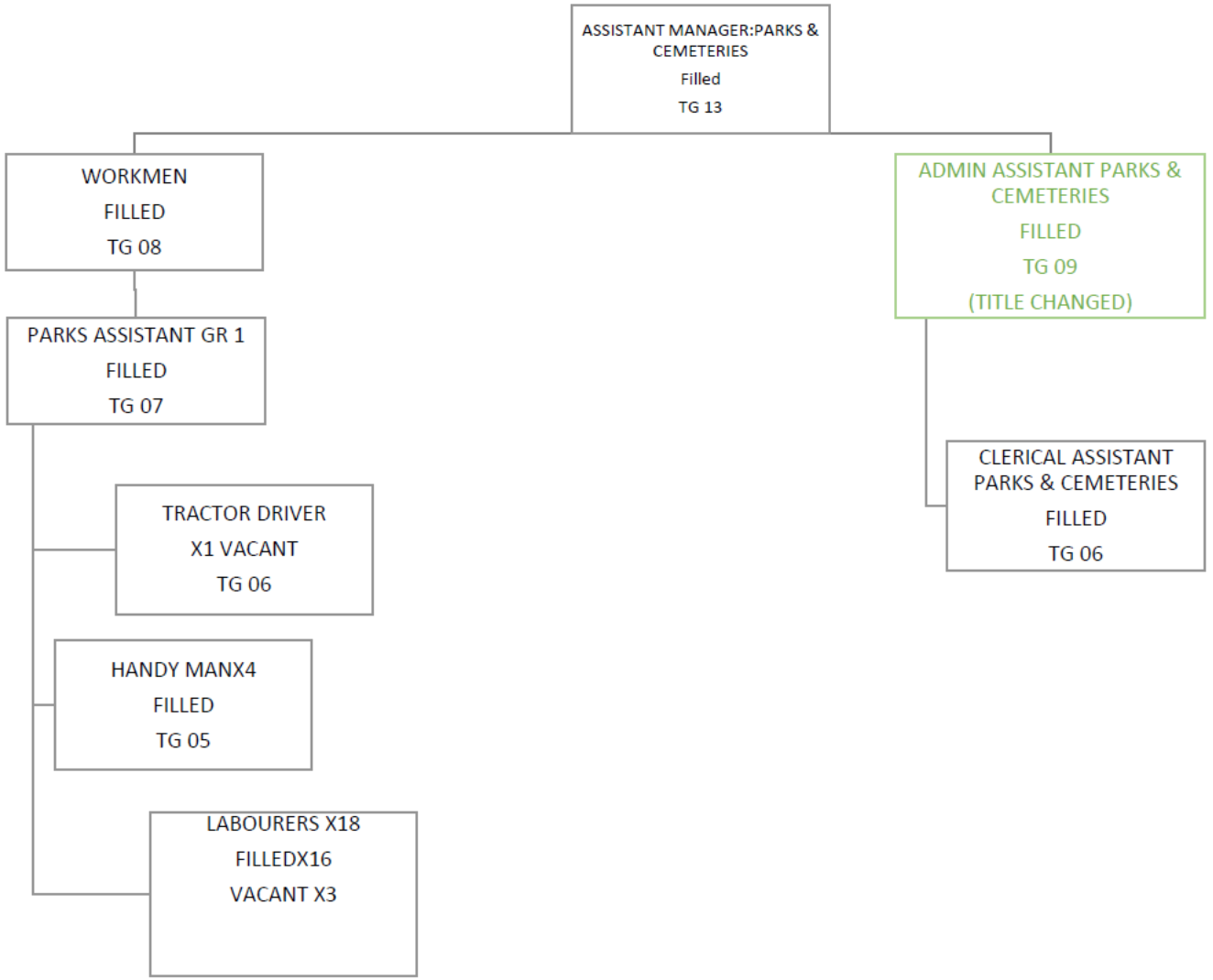


SOCIAL SERVICES:

Waste Management Services

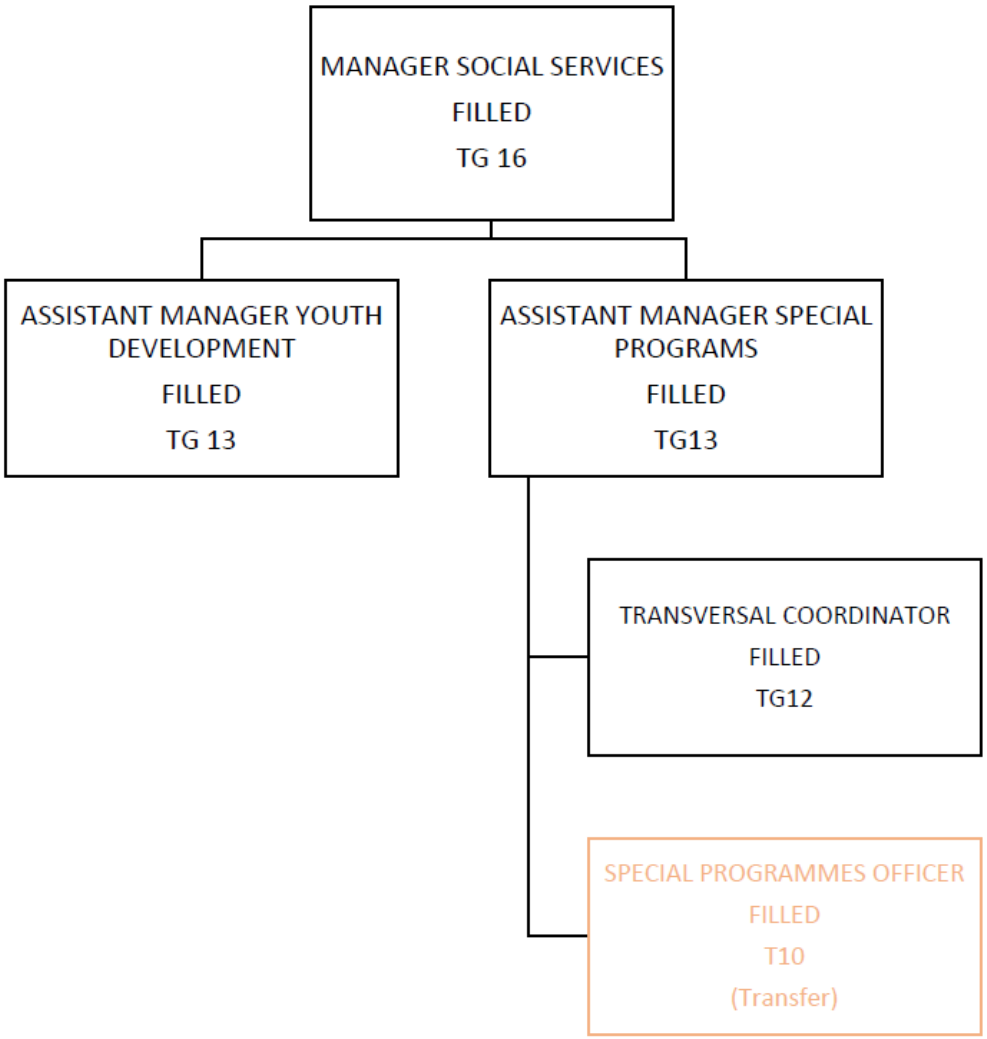


Social Services Parks and Cemeteries Services



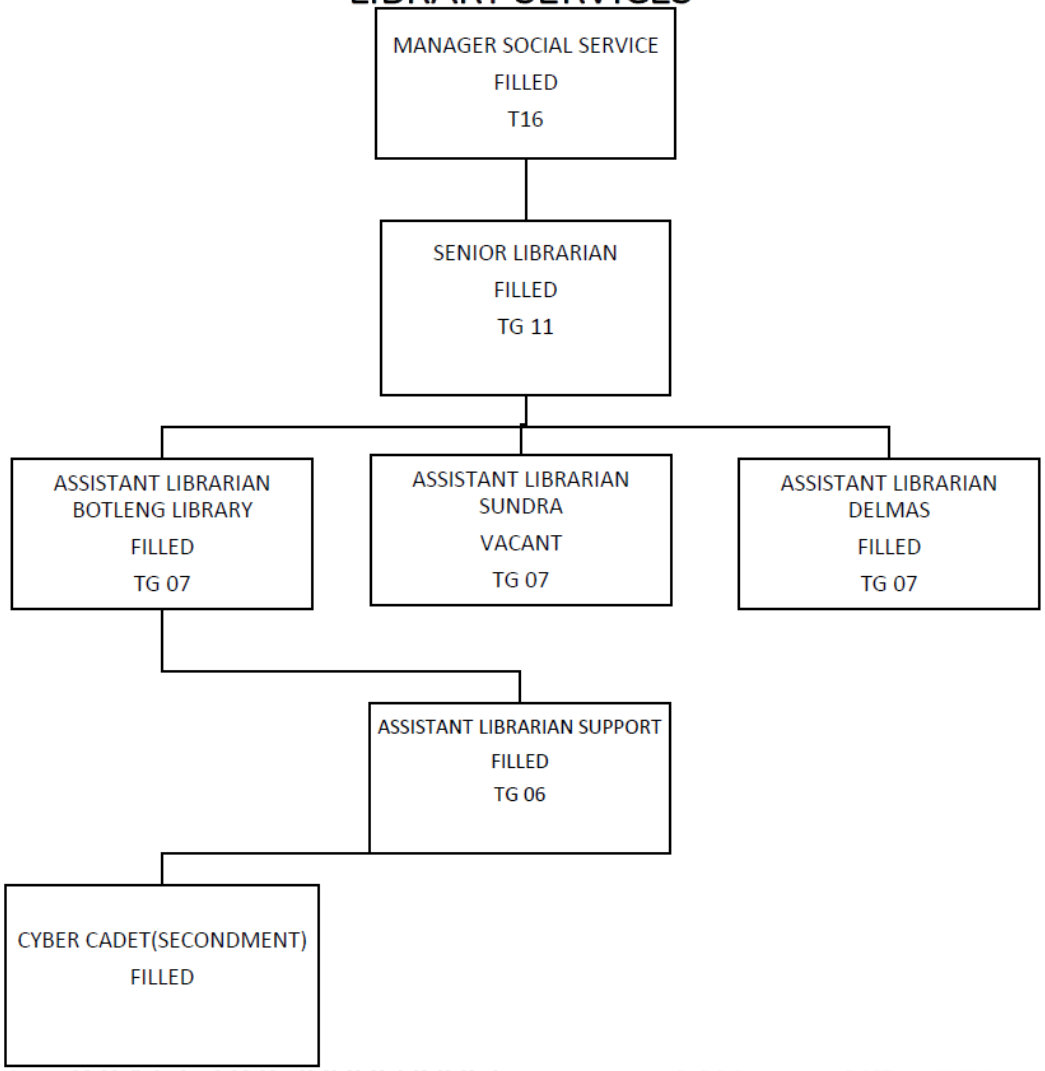
SOCIAL SERVICES:

SPECIAL PROGRAMMES



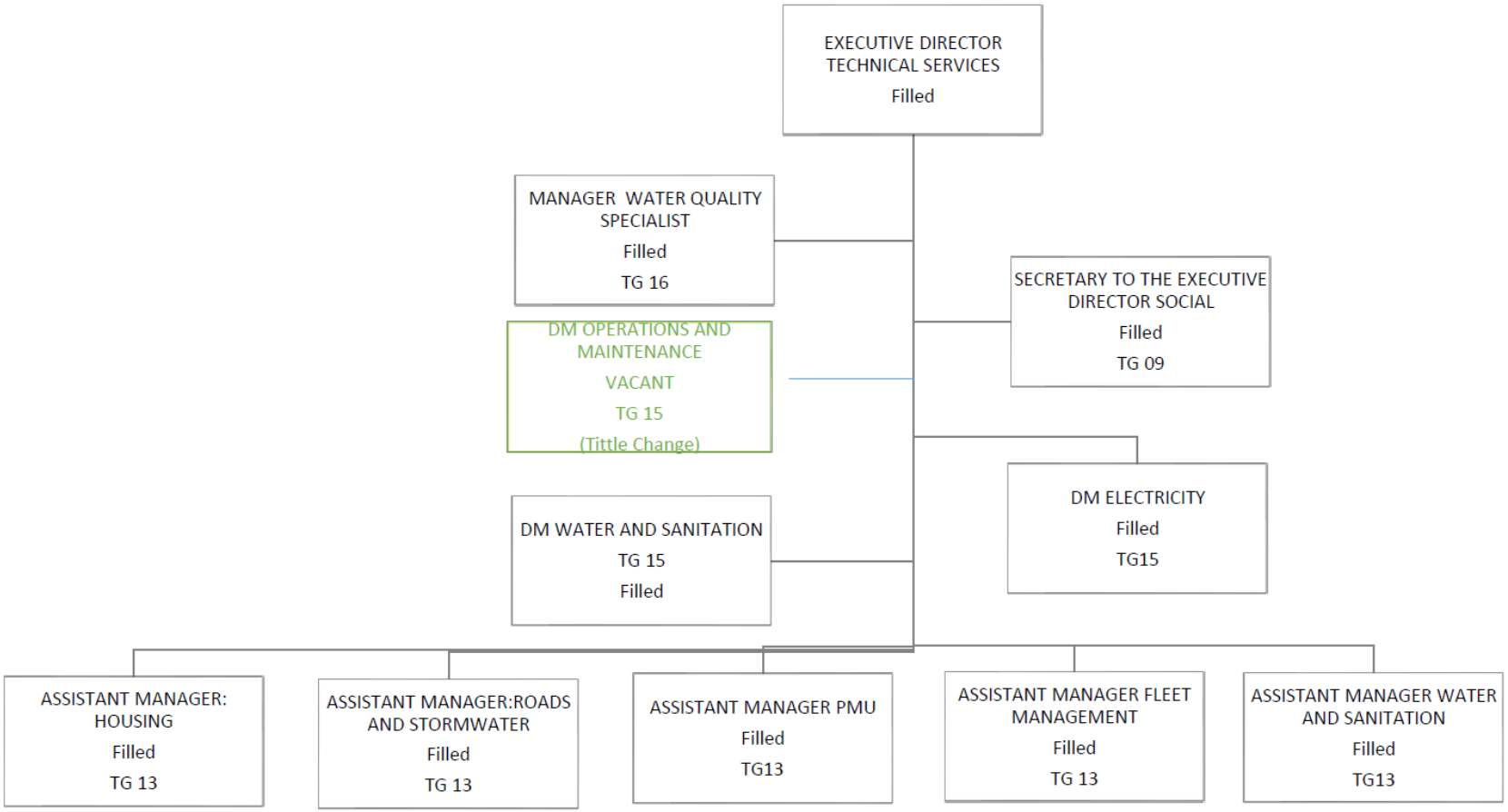
SOCIAL SERVICES:

LIBRARY SERVICES

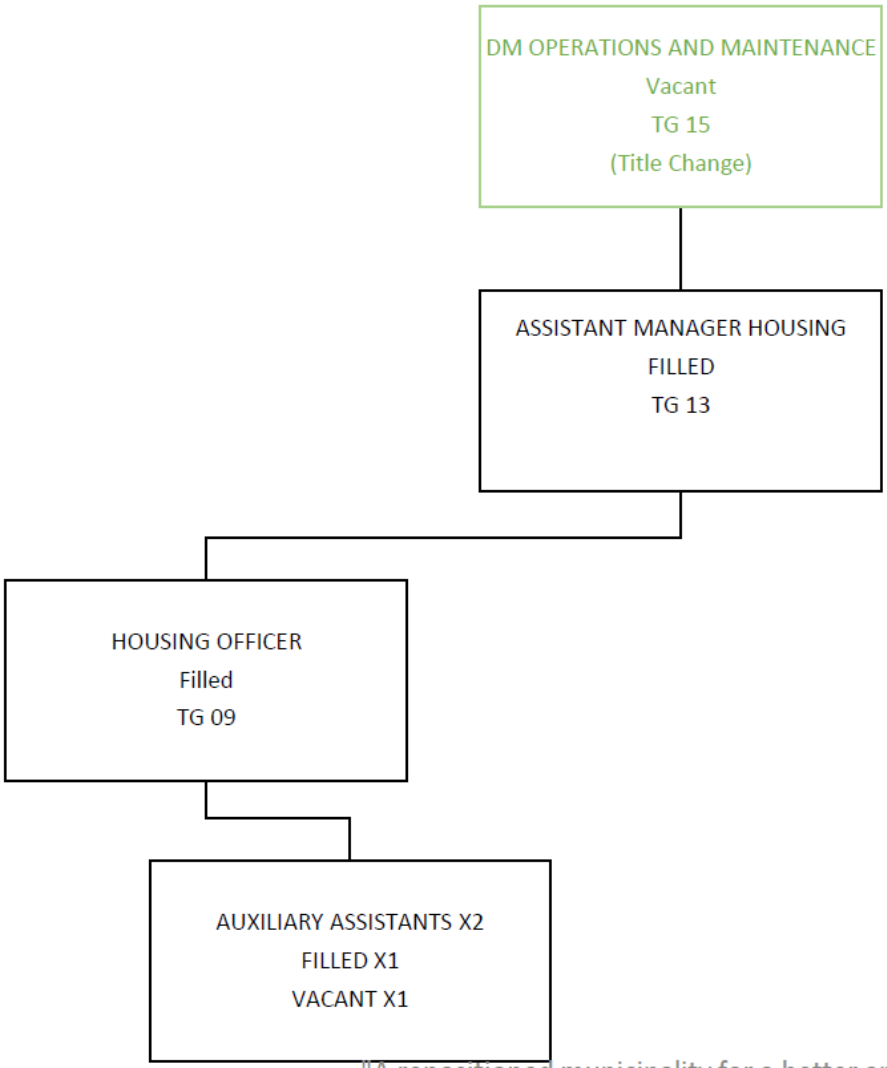


TECHNICAL SERVICES DEPARTMENT

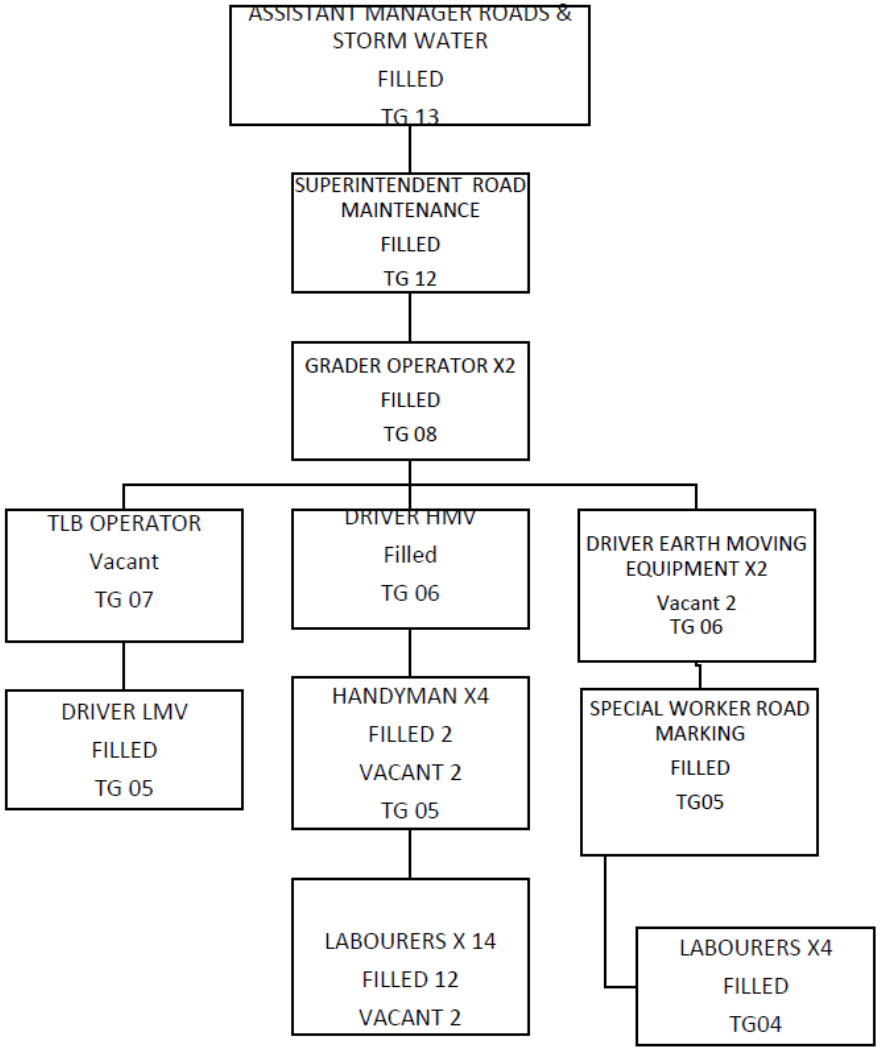
TECHNICAL SERVICES: EXECUTIVE STRUCTURE



TECHNICAL SERVICES:HOUSING SECTION



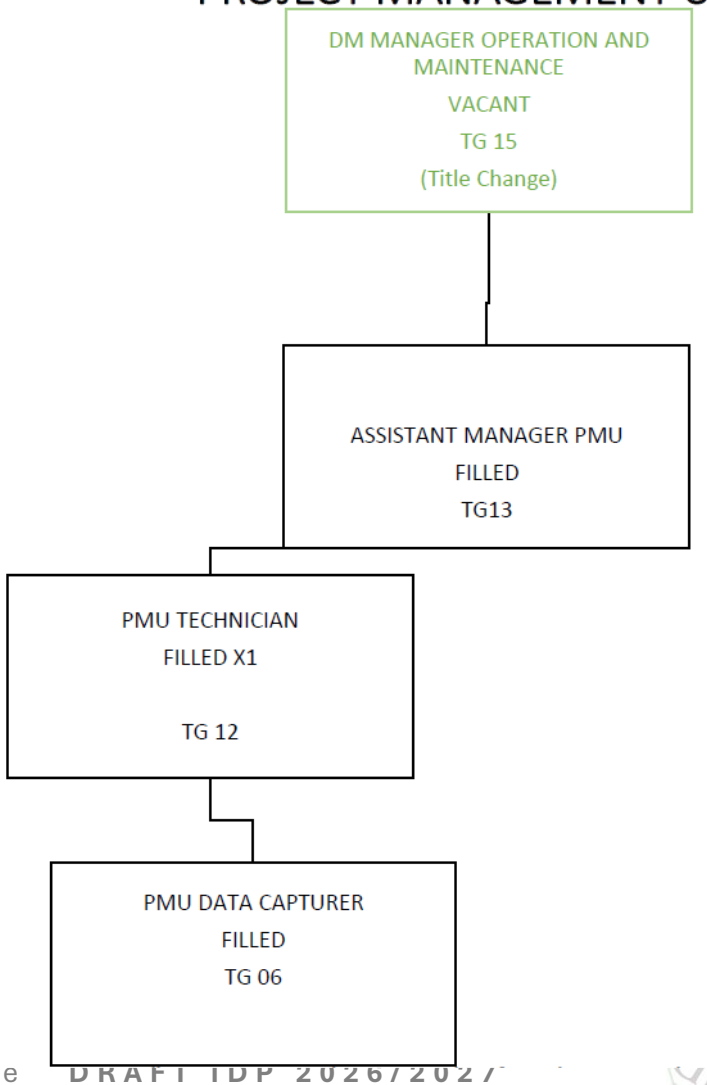
TECHNICAL SERVICES: ROADS & STORMWATER



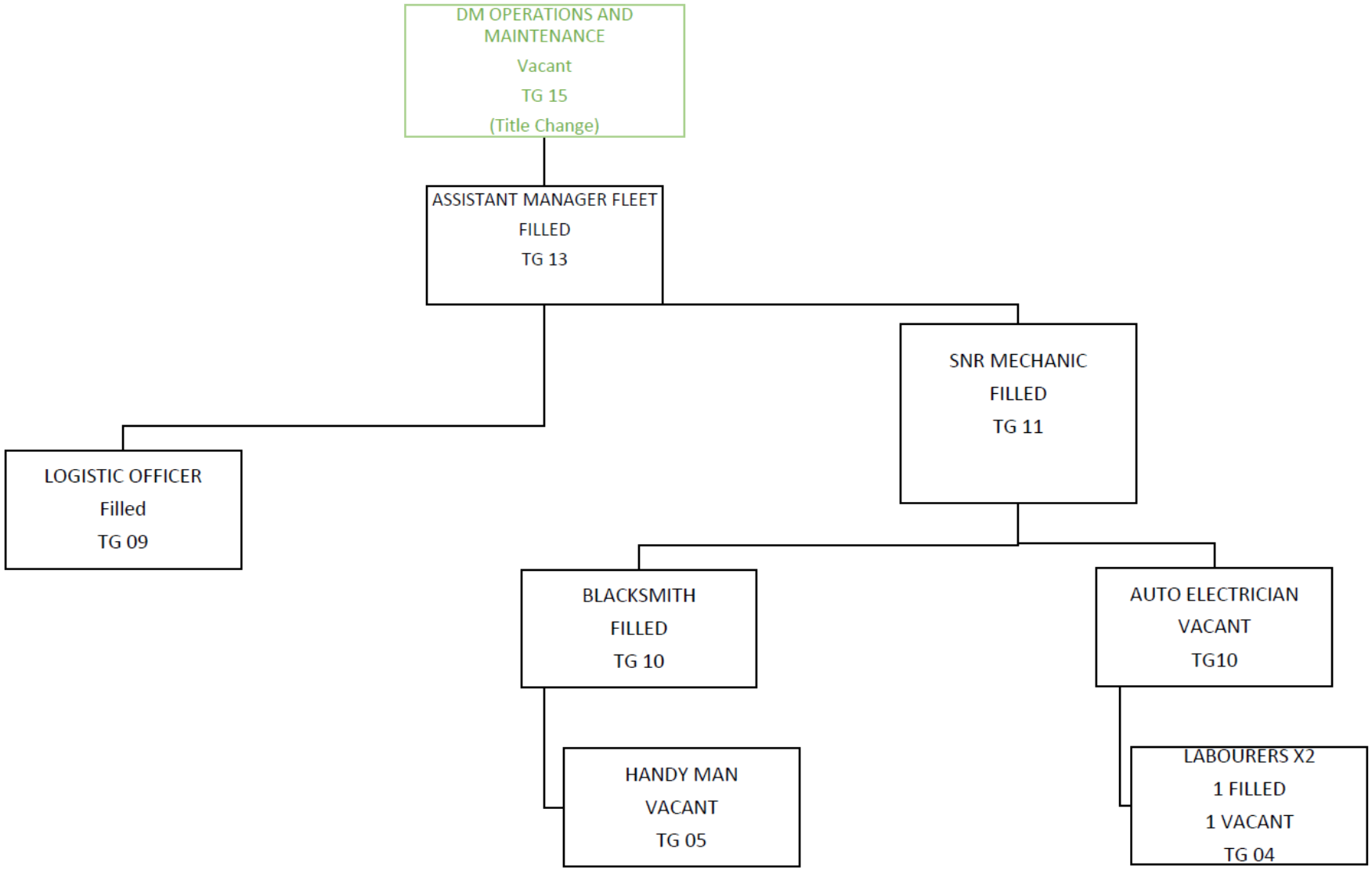
TOGETHER FOR GROWTH AND DEVELOPMENT

TECHNICAL SERVICES:

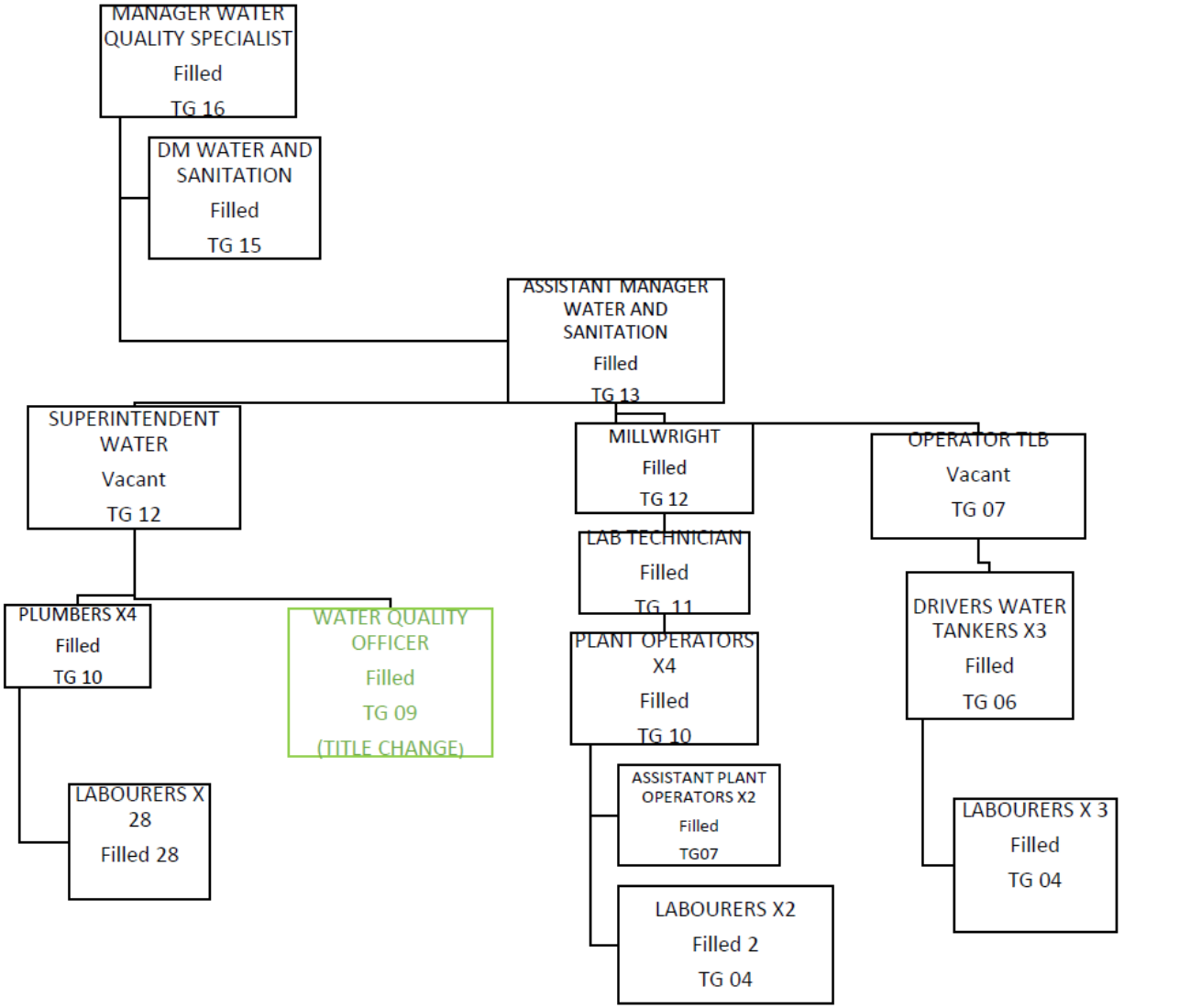
PROJECT MANAGEMENT UNIT



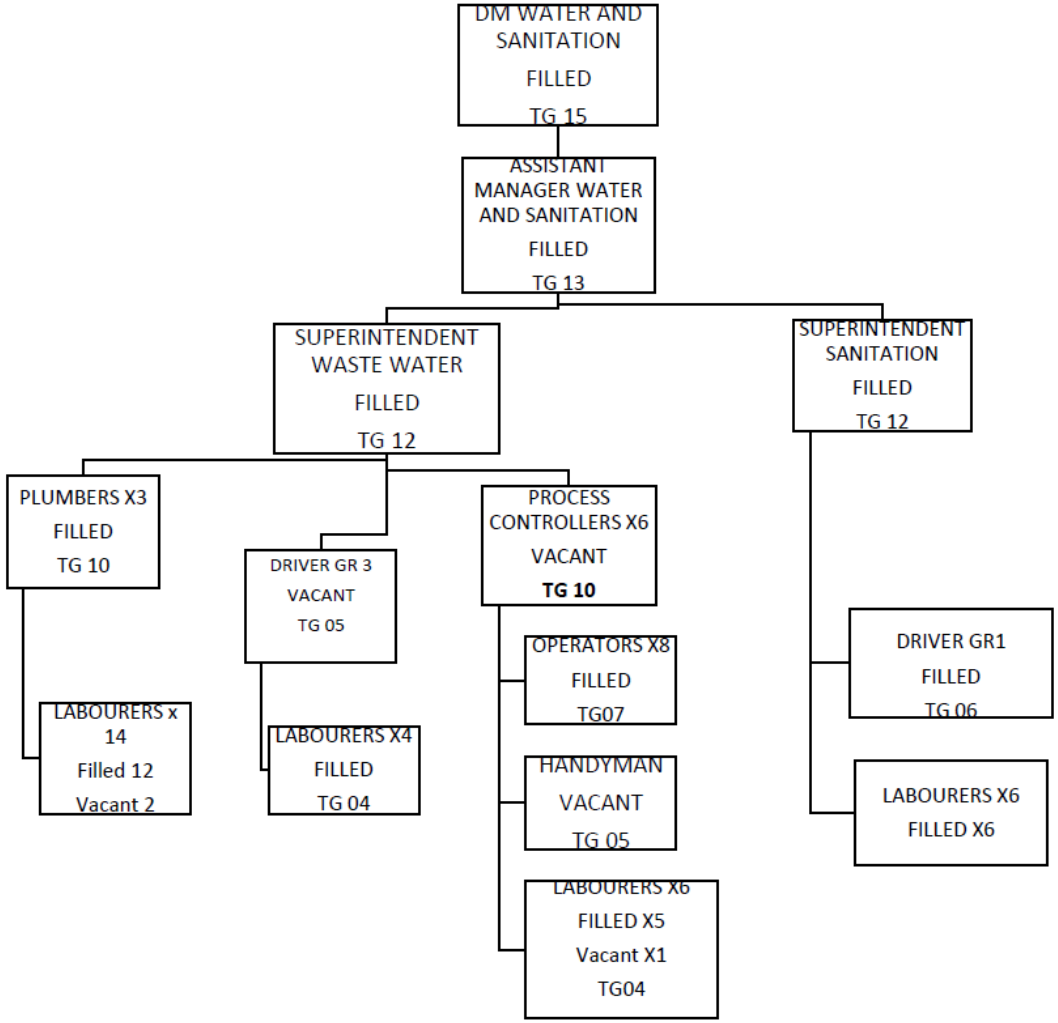
FLEET MANAGEMENT



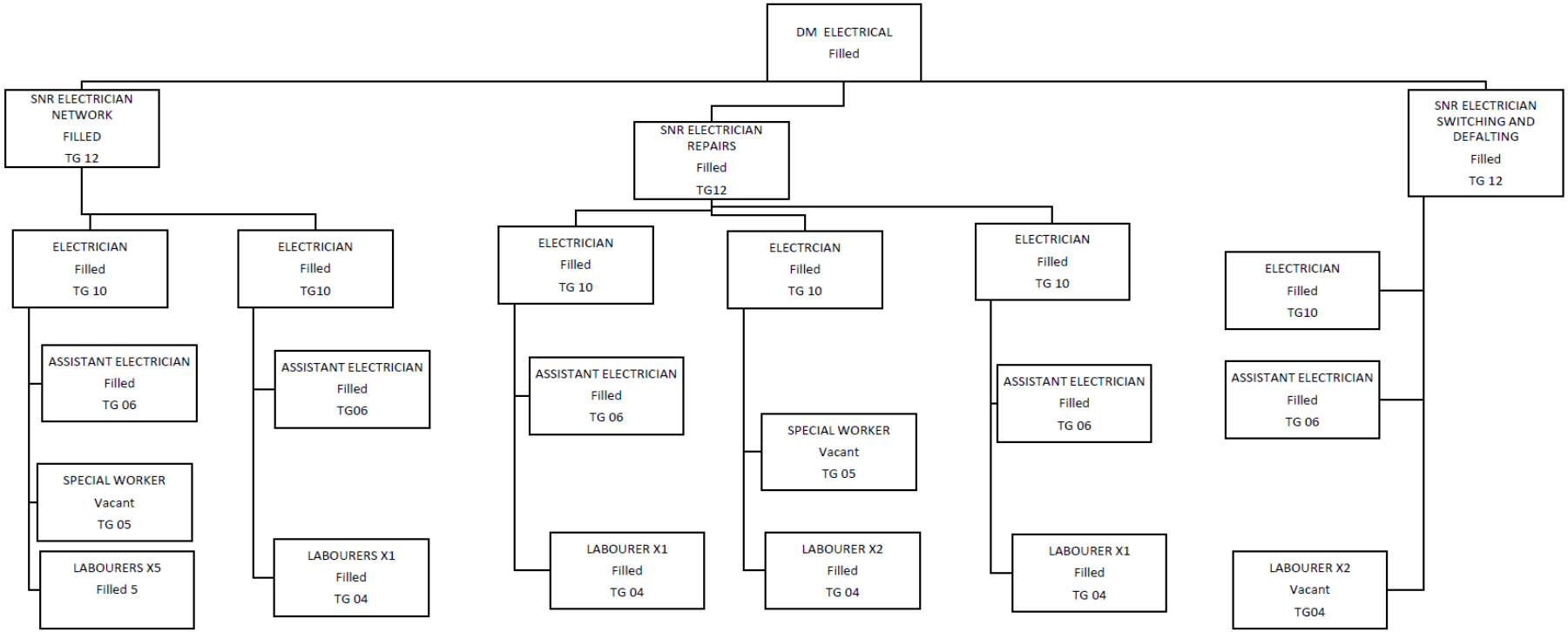
WATER SERVICES



SANITATION SERVICES



TECHNICAL SERVICES: ELECTRICAL AND ENERGY



	Budget 2026/27	Budget 2027/28
GRANT ALLOCATION	**AMOUNT**	**AMOUNT**
MUNICIPAL INFRASTRUCTURE GRANT	29 948 000	32 903 000
INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME	2 088 000	10 108 000
EQUITABLE SHARE	163 014 000	169 477 000
FINANCIAL MANAGEMENT GRANT	2 000 000	2 100 000
MUNICIPAL OWN FUNDING	7 850 000	8 109 050
EXPANDED PUBLIC WORKS PROGRAMME	2 134 000	-
	207 034 000	**222 697 050**

Budget 2028/29
AMOUNT
33 842 000
10 565 000
174 773 000
2 200 000
8 368 538
-
229 748 538

VICTOR KHANYE LOCAL MUNICIPALITY

DETAILED OPERATION DRAFT BUDGET

2026/2027

DRAFT ANNUAL BUDGET

MP311 Victor Khanye - Table A1 Budget Summary

Description	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousands	Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
Financial Performance										
Property rates	93,307	109,834	108,696	128,920	138,920	138,920	756,392	164,060	169,474	174,897
Service charges	247,341	281,709	315,713	355,029	362,032	362,032	211,348	392,814	426,161	462,407
Investment revenue	763	1,637	1,265	–	–	–	–	–	–	–
Transfer and subsidies - Operational	131,228	143,890	153,285	161,007	161,007	161,007	157,136	167,148	171,547	176,973
Other own revenue	107,999	154,409	171,201	303,539	311,542	311,542	119,044	327,762	338,579	349,413
Total Revenue (excluding capital transfers and contributions)	580,638	691,478	750,159	948,495	973,500	973,500	1,243,919	1,051,784	1,105,760	1,163,689
Employee costs	176,955	192,679	207,328	211,691	219,640	219,640	143,484	229,414	241,458	254,014
Remuneration of councillors	8,522	9,364	9,790	12,146	12,146	12,146	6,561	12,595	13,011	13,011
Depreciation, amortisation and impairment	67,871	60,960	60,151	53,279	56,591	56,591	29,350	58,685	60,621	62,561
Interest, Dividends and Rent on Land	94,766	92,951	97,555	50,000	60,000	60,000	79,403	40,000	41,320	42,642
Inventory consumed and bulk purchases	212,706	253,938	297,491	352,797	344,092	344,092	226,247	347,186	372,255	399,249
Transfers and subsidies	–	–	–	–	–	–	–	–	–	–
Other expenditure	240,688	414,546	434,350	314,105	309,610	309,610	111,150	347,902	346,598	331,927
Total Expenditure	801,506	1,024,437	1,106,667	994,017	1,002,079	1,002,079	596,195	1,035,782	1,075,263	1,103,404
Surplus/(Deficit)	(220,869)	(332,959)	(356,507)	(45,522)	(28,579)	(28,579)	647,724	16,001	30,497	60,286
Transfers and subsidies - capital (monetary allocations)	52,976	57,129	44,337	46,618	46,618	46,618	–	29,948	32,903	33,642
Transfers and subsidies - capital (in-kind)	31,716	15,779	16,063	30,500	30,500	30,500	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(136,177)	(260,051)	(296,107)	31,596	48,539	48,539	647,724	45,949	63,400	94,128
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(136,177)	(260,051)	(296,107)	31,596	48,539	48,539	647,724	45,949	63,400	94,128
Capital expenditure & funds sources										
Capital expenditure	64,723	87,591	86,343	65,245	64,495	64,495	21,895	37,432	38,681	8,369
Transfers recognised - capital	65,587	88,593	77,304	46,645	46,645	46,645	15,125	29,582	30,572	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	(2,368)	(1,003)	7,924	18,600	17,850	17,850	6,267	7,850	8,109	8,369
Total sources of capital funds	63,219	87,590	85,229	65,245	64,495	64,495	21,393	37,432	38,681	8,369
Financial position										
Total current assets	499,290	537,293	577,142	202,468	773,722	773,722	1,463,658	335,242	575,873	885,442
Total non current assets	1,011,231	1,034,668	1,057,141	1,030,231	1,060,872	1,060,872	1,049,686	986,183	964,243	910,050
Total current liabilities	1,376,117	1,689,804	2,044,004	932	2,192,775	2,192,775	2,274,913	1,692,978	1,759,631	1,824,690
Total non current liabilities	51,833	57,612	61,841	686,528	64,841	64,841	61,841	11,566	11,566	11,566
Community wealth/Equity	82,571	(175,455)	(471,562)	545,239	(423,022)	(423,022)	130,297	(377,073)	(313,673)	(219,545)
Cash flows										
Net cash from (used) operating	202,363	(325,296)	(434,262)	119,775	78,486	78,486	78,486	151,865	150,408	148,542
Net cash from (used) investing	(42,475)	(75,837)	(64,037)	(65,245)	(64,495)	(64,495)	(64,495)	(37,432)	(38,681)	(8,369)
Net cash from (used) financing	–	–	1,453	–	–	–	–	–	–	–
Cash/cash equivalents at the year end:	165,493	(396,263)	(493,121)	76,659	26,352	26,352	26,352	82,319	194,046	334,219
Cash backing/surplus reconciliation										
Cash and investments available	165,493	(396,263)	(493,121)	76,659	22,179	22,179	26,352	78,146	189,873	330,046
Application of cash and investments	1,165,876	1,496,734	1,789,564	(117,844)	1,733,243	1,733,243	1,895,135	1,748,319	1,764,825	1,744,534
Balance - surplus (shortfall)	(1,000,383)	(1,892,997)	(2,282,684)	194,503	(1,711,064)	(1,711,064)	(1,868,783)	(1,670,173)	(1,574,952)	(1,414,487)
Asset management										
Asset register summary (WDV)	968,262	1,086,323	976,006	1,030,231	983,910	983,910		909,222	887,281	833,088
Depreciation	56,730	55,673	58,420	53,279	56,591	56,591		58,685	60,621	62,561
Renewal and Upgrading of Existing Assets	56,792	19,511	41,966	55,645	55,645	55,645		14,888	10,072	2,132
Repairs and Maintenance	50,467	41,186	48,524	28,728	39,574	39,574		28,150	31,145	32,142
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–		–	–	–
Revenue cost of free services provided	(12,597)	(1,642)	–	(8,022)	(8,022)	(8,022)		–	(8,752)	(9,549)
Households below minimum service level										
Water:	–	–	–	–	–	–		–	–	–
Sanitation/sewerage:	–	–	–	–	–	–		–	–	–
Energy:	–	–	–	–	–	–		–	–	–
Refuse:	–	–	–	–	–	–		–	–	–

MP311 Victor Khanye - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue - Functional										
Governance and administration		**248,096**	**339,652**	**388,614**	**311,972**	**328,275**	**328,275**	**371,624**	**384,636**	**397,396**
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		248,096	339,652	388,614	311,972	328,275	328,275	371,624	384,636	397,396
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**18,627**	**15,523**	**13,829**	**7,760**	**7,760**	**7,760**	**8,132**	**6,196**	**6,395**
Community and social services		3,095	1,789	2,208	2,608	2,608	2,608	2,790	677	699
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		12,879	12,095	7,471	3,511	3,511	3,511	3,640	3,761	3,881
Housing		2,654	1,640	4,150	1,641	1,641	1,641	1,702	1,758	1,815
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**29,826**	**–**	**(2,290)**	**4,356**	**6,056**	**6,056**	**6,280**	**6,487**	**6,694**
Planning and development		–	–	–	4,356	6,056	6,056	6,280	6,487	6,694
Road transport		29,826	–	(2,290)	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**368,780**	**409,210**	**410,407**	**701,525**	**708,528**	**708,528**	**695,696**	**741,344**	**787,046**
Energy sources		131,296	166,207	174,972	329,394	333,397	333,397	357,688	384,921	413,841
Water management		99,124	117,780	117,454	208,373	208,373	208,373	200,072	213,851	226,078
Waste water management		22,513	27,728	29,237	113,471	113,471	113,471	83,842	86,669	89,437
Waste management		115,846	97,496	88,744	50,286	53,286	53,286	54,095	55,903	57,690
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Revenue - Functional	2	**665,329**	**764,386**	**810,559**	**1,025,613**	**1,050,618**	**1,050,618**	**1,081,732**	**1,138,663**	**1,197,531**
Expenditure - Functional										
Governance and administration		**298,771**	**480,978**	**508,492**	**347,625**	**360,188**	**360,188**	**275,051**	**287,949**	**298,641**
Executive and council		33,476	35,251	47,972	45,242	55,715	55,715	59,116	61,688	63,916
Finance and administration		265,295	445,721	460,520	302,383	304,472	304,472	215,935	226,261	234,725
Internal audit		–	5	–	–	–	–	–	–	–
Community and public safety		**33,033**	**74,529**	**77,185**	**103,623**	**102,636**	**102,636**	**112,066**	**117,060**	**122,237**
Community and social services		13,574	33,260	30,918	34,792	38,007	38,007	39,765	41,825	43,971
Sport and recreation		553	1,443	4,011	2,493	3,989	3,989	4,155	4,292	4,430
Public safety		18,906	38,566	40,489	64,699	58,760	58,760	66,035	68,726	71,509
Housing		–	1,260	1,766	1,639	1,879	1,879	2,111	2,217	2,328
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**59,470**	**45,837**	**44,710**	**68,810**	**59,380**	**59,380**	**62,617**	**67,026**	**69,469**
Planning and development		12,347	15,234	6,151	19,956	18,555	18,555	17,522	19,149	19,778
Road transport		45,475	30,067	41,150	47,093	39,565	39,565	43,233	45,952	47,702
Environmental protection		1,648	536	(2,591)	1,760	1,260	1,260	1,862	1,926	1,989
Trading services		**410,233**	**423,094**	**476,281**	**473,960**	**479,875**	**479,875**	**586,048**	**603,228**	**613,056**
Energy sources		248,502	248,114	310,743	275,709	292,336	292,336	364,188	377,954	387,214
Water management		97,202	113,465	117,464	130,169	121,341	121,341	145,004	146,977	146,716
Waste water management		32,887	38,363	42,384	53,845	52,398	52,398	58,982	60,731	62,243
Waste management		31,641	23,152	5,690	14,237	13,801	13,801	17,874	17,567	16,882
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Expenditure - Functional	3	**801,506**	**1,024,437**	**1,106,667**	**994,017**	**1,002,079**	**1,002,079**	**1,035,782**	**1,075,263**	**1,103,404**
Surplus/(Deficit) for the year		**(136,177)**	**(260,051)**	**(296,107)**	**31,596**	**48,539**	**48,539**	**45,949**	**63,400**	**94,128**

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes

2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)

3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)

4. All amounts must be classified under a functional classification . The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

MP311 Victor Khanye - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classificat

Functional Classification Description	###	2022/23	2023/24	2024/25
R thousand	1	Audited	Audited	Audited
Revenue - Functional				
Municipal governance and administration		248,096	339,652	388,614
Executive and council		—	—	—
Mayor and Council		—	—	—
Municipal Manager, Town Secretary and Chief Executive		—	—	—
Finance and administration		248,096	339,652	388,614
Administrative and Corporate Support		20,166	34,857	5,927
Asset Management		—	—	—
Finance		227,875	304,795	382,687
Fleet Management		—	—	—
Human Resources		—	—	—
Information Technology		—	—	—
Legal Services		—	—	—
Marketing, Customer Relations, Publicity and Media Co-ordination		—	—	—
Property Services		55	—	—
Risk Management		—	—	—
Security Services		—	—	—
Supply Chain Management		—	—	—
Valuation Service		—	—	—
Internal audit		—	—	—
Governance Function		—	—	—
Community and public safety		18,627	15,523	13,829
Community and social services		3,095	1,789	2,208
Aged Care		—	—	—
Agricultural		—	—	—
Animal Care and Diseases		—	—	—
Cemeteries, Funeral Parlours and Crematoriums		318	355	547
Child Care Facilities		—	—	—
Community Halls and Facilities		2,777	1,434	1,661
Consumer Protection		—	—	—
Cultural Matters		—	—	—
Disaster Management		—	—	—
Education		—	—	—
Indigenous and Customary Law		—	—	—
Industrial Promotion		—	—	—
Language Policy		—	—	—
Libraries and Archives		—	—	—
Literacy Programmes		—	—	—
Media Services		—	—	—
Museums and Art Galleries		—	—	—
Population Development		—	—	—
Provincial Cultural Matters		—	—	—
Theatres		—	—	—
Zoo's		—	—	—
Sport and recreation		—	—	—
Beaches and Jetties		—	—	—
Casinos, Racing, Gambling, Wagering		—	—	—
Community Parks (including Nurseries)		—	—	—
Recreational Facilities		—	—	—
Sports Grounds and Stadiums		—	—	—
Public safety		12,879	12,095	7,471
Civil Defence		—	—	—
Cleansing		—	—	—
Control of Public Nuisances		—	—	—
Fencing and Fences		—	—	—
Fire Fighting and Protection		761	1,267	1,083
Licensing and Control of Animals		—	—	—

TOGETHER FOR GROWTH AND DEVELOPMENT

Police Forces, Traffic and Street Parking Control	12,117	10,828	6,388
Pounds	—	—	—
Housing	2,654	1,640	4,150
Housing	2,654	1,640	4,150
Informal Settlements	—	—	—
Health	—	—	—
Ambulance	—	—	—
Health Services	—	—	—
Laboratory Services	—	—	—
Food Control	—	—	—
Health Surveillance and Prevention of Communicable Diseases including	—	—	—
Vector Control	—	—	—
Chemical Safety	—	—	—
Economic and environmental services	29,826	—	(2,290)
Planning and development	—	—	—
Billboards	—	—	—
Corporate Wide Strategic Planning (IDPs, LEDs)	—	—	—
Central City Improvement District	—	—	—
Development Facilitation	—	—	—
Economic Development/Planning	—	—	—
Regional Planning and Development	—	—	—
Town Planning, Building Regulations and Enforcement, and City Engineer	—	—	—
Project Management Unit	—	—	—
Provincial Planning	—	—	—
Support to Local Municipalities	—	—	—
Road transport	29,826	—	(2,290)
Public Transport	—	—	—
Road and Traffic Regulation	—	—	—
Roads	29,826	—	(2,290)
Taxi Ranks	—	—	—
Environmental protection	—	—	—
Biodiversity and Landscape	—	—	—
Coastal Protection	—	—	—
Indigenous Forests	—	—	—
Nature Conservation	—	—	—
Pollution Control	—	—	—
Soil Conservation	—	—	—
Trading services	368,780	409,210	410,407
Energy sources	131,296	166,207	174,972
Electricity	131,296	166,207	174,972
Street Lighting and Signal Systems	—	—	—
Nonelectric Energy	—	—	—
Water management	99,124	117,780	117,454
Water Treatment	—	—	—
Water Distribution	99,124	117,780	117,454
Water Storage	—	—	—
Waste water management	22,513	27,728	29,237
Public Toilets	—	—	—
Sewerage	22,513	27,728	29,237
Storm Water Management	—	—	—
Waste Water Treatment	—	—	—
Waste management	115,846	97,496	88,744
Recycling	—	—	—
Solid Waste Disposal (Landfill Sites)	—	—	—
Solid Waste Removal	115,846	97,496	88,744
Street Cleaning	—	—	—
Other	—	—	—
Abattoirs	—	—	—
Air Transport	—	—	—
Forestry	—	—	—
Licensing and Regulation	—	—	—

Pounds	–	–	–
Housing	–	1,260	1,766
Housing	–	1,260	1,766
Informal Settlements	–	–	–
Health	–	–	–
Ambulance	–	–	–
Health Services	–	–	–
Laboratory Services	–	–	–
Food Control	–	–	–
Health Surveillance and Prevention of Communicable Diseases including	–	–	–
Vector Control	–	–	–
Chemical Safety	–	–	–

Economic and environmental services		59,470	45,837	44,710
Planning and development		12,347	15,234	6,151
Billboards		—	—	—
Corporate Wide Strategic Planning (IDPs, LEDs)		9,773	3,801	1,616
Central City Improvement District		—	—	—
Development Facilitation		—	—	422
Economic Development/Planning		(990)	—	1,142
Regional Planning and Development		—	—	—
Town Planning, Building Regulations and Enforcement, and City Engineer		3,564	11,430	2,971
Project Management Unit		—	3	—
Provincial Planning		—	—	—
Support to Local Municipalities		—	—	—
Road transport		45,475	30,067	41,150
Public Transport		2,086	1,235	21
Road and Traffic Regulation		—	—	—
Roads		43,389	28,833	41,129
Taxi Ranks		—	—	—
Environmental protection		1,648	536	(2,591)
Biodiversity and Landscape		—	—	—
Coastal Protection		—	—	—
Indigenous Forests		—	—	—
Nature Conservation		—	—	—
Pollution Control		1,648	536	(2,591)
Soil Conservation		—	—	—
Trading services		410,233	423,094	476,281
Energy sources		248,502	248,114	310,743
Electricity		248,502	248,114	310,743
Street Lighting and Signal Systems		—	—	—
Nonelectric Energy		—	—	—
Water management		97,202	113,465	117,464
Water Treatment		4,995	4,731	3,340
Water Distribution		92,207	108,730	113,533
Water Storage		—	4	591
Waste water management		32,887	38,363	42,384
Public Toilets		—	—	—
Sewerage		32,728	35,448	34,638
Storm Water Management		159	2,791	2
Waste Water Treatment		—	124	7,745
Waste management		31,641	23,152	5,690
Recycling		—	—	—
Solid Waste Disposal (Landfill Sites)		1,546	2,805	2,019
Solid Waste Removal		30,096	20,347	3,671
Street Cleaning		—	—	—
Other		—	—	—
Abattoirs		—	—	—
Air Transport		—	—	—
Forestry		—	—	—
Licensing and Regulation		—	—	—
Markets		—	—	—
Tourism		—	—	—
Total Expenditure - Functional	3	801,506	1,024,437	1,106,667
Surplus/(Deficit) for the year		(136,177)	(260,051)	(296,107)

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist national and international accounts and comparison

2. Total Revenue by Functional Classification must reconcile to total operating revenue shown in Financial Performance (revenue and expenditure)

3. Total Expenditure by Functional Classification must reconcile to total operating expenditure shown in Financial Performance (revenue and expenditure)

4. All amounts must be classified under a Functional classification. The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Re under 'Other'. Assign associate share to relevant classification

Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
Original Budget	Adjusted	Full Year	Budget Year	Budget Year +1	Budget Year +2
311,972	328,275	328,275	371,624	384,636	397,396
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
311,972	328,275	328,275	371,624	384,636	397,396
626	626	626	650	671	692
—	—	—	—	—	—
311,346	327,648	327,648	370,974	383,965	396,704
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
7,760	7,760	7,760	8,132	6,196	6,395
2,608	2,608	2,608	2,790	677	699
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
632	632	632	656	677	699
—	—	—	—	—	—
1,976	1,976	1,976	2,134	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—

2,049	2,049	2,049	2,125	2,195	2,265
—	—	—	—	—	—
1,641	1,641	1,641	1,702	1,758	1,815
1,641	1,641	1,641	1,702	1,758	1,815
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
4,356	6,056	6,056	6,280	6,487	6,694
4,356	6,056	6,056	6,280	6,487	6,694
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
4,356	6,056	6,056	6,280	6,487	6,694
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—

68,810	59,380	59,380	62,617	67,026	69,469
19,956	18,555	18,555	17,522	19,149	19,778
—	—	—	—	—	—
5,334	10,307	10,307	7,622	7,889	8,158
—	—	—	—	—	—
—	668	668	120	124	128
1,542	—	—	—	—	—
—	—	—	—	—	—
13,080	7,580	7,580	9,780	11,136	11,492
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
47,093	39,565	39,565	43,233	45,952	47,702
—	—	—	—	—	—
—	—	—	—	—	—
47,093	39,565	39,565	43,233	45,952	47,702
—	—	—	—	—	—
1,760	1,260	1,260	1,862	1,926	1,989
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
1,760	1,260	1,260	1,862	1,926	1,989
—	—	—	—	—	—
473,960	479,875	479,875	586,048	603,228	613,056
275,709	292,336	292,336	364,188	377,954	387,214
275,709	292,336	292,336	364,188	377,954	387,214
—	—	—	—	—	—
—	—	—	—	—	—
130,169	121,341	121,341	145,004	146,977	146,716
4,800	6,200	6,200	7,500	8,781	9,508
125,369	115,141	115,141	137,504	138,197	137,209
—	—	—	—	—	—
53,845	52,398	52,398	58,982	60,731	62,243
—	—	—	—	—	—
50,345	45,998	45,998	55,382	57,012	58,405
1,500	1,400	1,400	1,600	1,653	1,706
2,000	5,000	5,000	2,000	2,066	2,132
14,237	13,801	13,801	17,874	17,567	16,882
—	—	—	—	—	—
3,000	3,000	3,000	7,000	7,231	7,462
11,237	10,801	10,801	10,874	10,336	9,420
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
994,017	1,002,079	1,002,079	1,035,782	1,075,263	1,103,404
31,596	48,539	48,539	45,949	63,400	94,128

gulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed

TOGETHER FOR GROWTH AND DEVELOPMENT

–	–	–	–	–	–
1,639	1,879	1,879	2,111	2,217	2,328
1,639	1,879	1,879	2,111	2,217	2,328
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–

MP311 Victor Khanye - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	####	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited	Audited	Audited	Original Budget	Adjusted	Full Year	Budget Year	Budget Year +1	Budget Year +2
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		–	–	–	–	–	–	–	–	–
Vote 2 - Budget and Treasury		227,930	304,795	382,687	311,346	327,648	327,648	370,974	383,965	396,704
Vote 3 - Corporate Services		20,166	34,857	5,927	626	626	626	650	671	692
Vote 4 - Community and Social Services		3,095	1,789	2,208	2,608	2,608	2,608	2,790	677	699
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		12,879	12,095	7,471	3,511	3,511	3,511	3,640	3,761	3,881
Vote 7 - Housing		2,654	1,640	4,150	1,641	1,641	1,641	1,702	1,758	1,815
Vote 8 - Health Services		–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		–	–	–	4,356	6,056	6,056	6,280	6,487	6,694
Vote 10 - Roads Transport		29,826	–	(2,290)	–	–	–	–	–	–
Vote 11 - Electricity Services		131,296	166,207	174,972	329,394	333,397	333,397	357,688	384,921	413,841
Vote 12 - Water Services		99,124	117,780	117,454	191,373	191,373	191,373	200,072	213,851	226,078
Vote 13 - Waste Water Management		22,513	27,728	29,237	130,471	130,471	130,471	83,842	86,669	89,437
Vote 14 - Solid Waste Management		115,846	97,496	88,744	50,286	53,286	53,286	54,095	55,903	57,690
Vote 15 -		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**665,329**	**764,386**	**810,559**	**1,025,613**	**1,050,618**	**1,050,618**	**1,081,732**	**1,138,663**	**1,197,531**
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Office of the Municipal Manager		50,299	44,009	57,913	60,781	72,027	72,027	79,654	82,906	85,816
Vote 2 - Budget and Treasury		212,182	387,433	410,606	241,828	242,995	242,995	149,676	156,362	162,135
Vote 3 - Corporate Services		29,952	40,319	26,326	28,745	28,190	28,190	29,259	31,585	32,950
Vote 4 - Community and Social Services		13,574	33,260	30,918	34,792	38,007	38,007	39,765	41,825	43,971
Vote 5 - Sport and Recreation		553	1,443	4,011	2,493	3,989	3,989	4,155	4,292	4,430
Vote 6 - Public Safety		18,906	38,566	40,489	64,699	58,760	58,760	66,035	68,726	71,509
Vote 7 - Housing		–	1,260	1,766	1,639	1,879	1,879	2,111	2,217	2,328
Vote 8 - Health Services		–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		12,347	15,234	5,729	19,956	17,887	17,887	17,402	19,025	19,650
Vote 10 - Roads Transport		51,814	30,490	49,859	62,244	44,902	44,902	47,538	50,255	51,988
Vote 11 - Electricity Services		248,502	248,114	310,743	275,709	292,336	292,336	364,188	377,954	387,214
Vote 12 - Water Services		92,207	108,734	114,124	125,369	115,141	115,141	137,504	138,197	137,209
Vote 13 - Waste Water Management		37,882	43,094	45,725	58,645	58,598	58,598	66,482	69,512	71,751
Vote 14 - Solid Waste Management		33,290	23,688	3,099	15,997	15,061	15,061	19,736	19,492	18,872
Vote 15 -		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**801,506**	**1,015,642**	**1,101,307**	**992,897**	**989,773**	**989,773**	**1,023,507**	**1,062,348**	**1,089,821**
Surplus/(Deficit) for the year	2	**(136,177)**	**(251,256)**	**(290,748)**	**32,716**	**60,845**	**60,845**	**58,225**	**76,316**	**107,710**

References

1. Insert 'Vote'; e.g. department, if different to functional classification structure

2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

3. Assign share in 'associate' to relevant Vote

MP311 Victor Khanye - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	###	2022/23	2023/24	2024/25	Current Year 2025/26		
R thousand		Audited	Audited	Audited	Original Budget	Adjusted	Full Year
Revenue by Vote	1						
Vote 1 - Office of the Municipal Manager		—	—	—	—	—	—
1.1 - Mayor and Council		—	—	—	—	—	—
1.2 - Municipal Manager, Town Secretary and Chief Executive		—	—	—	—	—	—
1.3 - Information Technology		—	—	—	—	—	—
1.4 -		—	—	—	—	—	—
1.5 -		—	—	—	—	—	—
1.6 -		—	—	—	—	—	—
1.7 -		—	—	—	—	—	—
1.8 -		—	—	—	—	—	—
1.9 -		—	—	—	—	—	—
1.10 -		—	—	—	—	—	—
Vote 2 - Budget and Treasury		227,930	304,795	382,687	311,346	327,648	327,648
2.1 - Finance		227,875	304,795	382,687	311,346	327,648	327,648
2.2 - Property Services		55	—	—	—	—	—
2.3 - Supply Chain Management		—	—	—	—	—	—
2.4 - Budget and Treasury Office		—	—	—	—	—	—
2.5 -		—	—	—	—	—	—
2.6 -		—	—	—	—	—	—
2.7 -		—	—	—	—	—	—
2.8 -		—	—	—	—	—	—
2.9 -		—	—	—	—	—	—
2.10 -		—	—	—	—	—	—
Vote 3 - Corporate Services		20,166	34,857	5,927	626	626	626
3.1 - Administrative and Corporate Support		20,166	34,857	5,927	626	626	626
3.2 -		—	—	—	—	—	—
3.3 -		—	—	—	—	—	—
3.4 -		—	—	—	—	—	—
3.5 -		—	—	—	—	—	—
3.6 -		—	—	—	—	—	—
3.7 -		—	—	—	—	—	—
3.8 -		—	—	—	—	—	—
3.9 -		—	—	—	—	—	—
3.10 -		—	—	—	—	—	—
Vote 4 - Community and Social Services		3,095	1,789	2,208	2,608	2,608	2,608
4.1 - DIRECTOR:COMMUNITY SERVICES		—	—	—	—	—	—
4.2 - Libraries and Archives		—	—	—	—	—	—
4.3 - Community Halls and Facilities		2,777	1,434	1,661	1,976	1,976	1,976
4.4 - Cemeteries, Funeral Parlours and Crematoriums		318	355	547	632	632	632
4.5 -		—	—	—	—	—	—
4.6 -		—	—	—	—	—	—
4.7 -		—	—	—	—	—	—
4.8 -		—	—	—	—	—	—
4.9 -		—	—	—	—	—	—
4.10 -		—	—	—	—	—	—
Vote 5 - Sport and Recreation		—	—	—	—	—	—
5.1 - PARKS AND RECREATION		—	—	—	—	—	—
5.2 -		—	—	—	—	—	—
5.3 -		—	—	—	—	—	—
5.4 -		—	—	—	—	—	—
5.5 -		—	—	—	—	—	—
5.6 -		—	—	—	—	—	—
5.7 -		—	—	—	—	—	—
5.8 -		—	—	—	—	—	—
5.9 -		—	—	—	—	—	—
5.10 -		—	—	—	—	—	—
Vote 6 - Public Safety		12,879	12,095	7,471	3,511	3,511	3,511
6.1 - Police Forces, Traffic and Street Parking Control		12,117	10,828	6,388	2,049	2,049	2,049
6.2 - Fire Fighting and Protection		761	1,267	1,083	1,462	1,462	1,462

TOGETHER FOR GROWTH AND DEVELOPMENT

6.3 -	—	—	—	—	—	—
6.4 -	—	—	—	—	—	—
6.5 -	—	—	—	—	—	—
6.6 -	—	—	—	—	—	—
6.7 -	—	—	—	—	—	—
6.8 -	—	—	—	—	—	—
6.9 -	—	—	—	—	—	—
6.10 -	—	—	—	—	—	—
Vote 7 - Housing	**2,654**	**1,640**	**4,150**	**1,641**	**1,641**	**1,641**
7.1 - Housing	2,654	1,640	4,150	1,641	1,641	1,641
7.2 -	—	—	—	—	—	—
7.3 -	—	—	—	—	—	—
7.4 -	—	—	—	—	—	—
7.5 -	—	—	—	—	—	—
7.6 -	—	—	—	—	—	—
7.7 -	—	—	—	—	—	—
7.8 -	—	—	—	—	—	—
7.9 -	—	—	—	—	—	—
7.10 -	—	—	—	—	—	—
Vote 8 - Health Services	**—**	**—**	**—**	**—**	**—**	**—**
8.1 - Health Services	—	—	—	—	—	—
8.2 -	—	—	—	—	—	—
8.3 -	—	—	—	—	—	—
8.4 -	—	—	—	—	—	—
8.5 -	—	—	—	—	—	—
8.6 -	—	—	—	—	—	—
8.7 -	—	—	—	—	—	—
8.8 -	—	—	—	—	—	—
8.9 -	—	—	—	—	—	—
8.10 -	—	—	—	—	—	—
Vote 9 - Planning and Development	**—**	**—**	**—**	**4,356**	**6,056**	**6,056**
9.1 - Corporate Wide Strategic Planning (IDPs, LEDs)	—	—	—	4,356	6,056	6,056
9.2 -	—	—	—	—	—	—
9.3 -	—	—	—	—	—	—
9.4 -	—	—	—	—	—	—
9.5 -	—	—	—	—	—	—
9.6 -	—	—	—	—	—	—
9.7 -	—	—	—	—	—	—
9.8 -	—	—	—	—	—	—
9.9 -	—	—	—	—	—	—
9.10 -	—	—	—	—	—	—
Vote 10 - Roads Transport	**29,826**	**—**	**(2,290)**	**—**	**—**	**—**
10.1 - Roads	29,826	—	(2,290)	—	—	—
10.2 - Fleet Management	—	—	—	—	—	—
10.3 - Licensing and Regulation	—	—	—	—	—	—
10.4 - Agricultural	—	—	—	—	—	—
10.5 -	—	—	—	—	—	—
10.6 -	—	—	—	—	—	—
10.7 -	—	—	—	—	—	—
10.8 -	—	—	—	—	—	—
10.9 -	—	—	—	—	—	—
10.10 -	—	—	—	—	—	—
Vote 11 - Electricity Services	**131,296**	**166,207**	**174,972**	**329,394**	**333,397**	**333,397**
11.1 - Electricity	131,296	166,207	174,972	329,394	333,397	333,397
11.2 -	—	—	—	—	—	—
11.3 -	—	—	—	—	—	—
11.4 -	—	—	—	—	—	—
11.5 -	—	—	—	—	—	—
11.6 -	—	—	—	—	—	—
11.7 -	—	—	—	—	—	—
11.8 -	—	—	—	—	—	—
11.9 -	—	—	—	—	—	—
11.10 -	—	—	—	—	—	—

Vote 12 - Water Services		**99,124**	**117,780**	**117,454**	**191,373**	**191,373**	**191,373**
12.1 - Water Distribution		99,124	117,780	117,454	191,373	191,373	191,373
12.2 -		–	–	–	–	–	–
12.3 -		–	–	–	–	–	–
12.4 -		–	–	–	–	–	–
12.5 -		–	–	–	–	–	–
12.6 -		–	–	–	–	–	–
12.7 -		–	–	–	–	–	–
12.8 -		–	–	–	–	–	–
12.9 -		–	–	–	–	–	–
12.10 -		–	–	–	–	–	–
Vote 13 - Waste Water Management		**22,513**	**27,728**	**29,237**	**130,471**	**130,471**	**130,471**
13.1 - Sewerage		22,513	27,728	29,237	130,471	130,471	130,471
13.2 -		–	–	–	–	–	–
13.3 -		–	–	–	–	–	–
13.4 -		–	–	–	–	–	–
13.5 -		–	–	–	–	–	–
13.6 -		–	–	–	–	–	–
13.7 -		–	–	–	–	–	–
13.8 -		–	–	–	–	–	–
13.9 -		–	–	–	–	–	–
13.10 -		–	–	–	–	–	–
Vote 14 - Solid Waste Management		**115,846**	**97,496**	**88,744**	**50,286**	**53,286**	**53,286**
14.1 - Solid Waste Removal		115,846	97,496	88,744	50,286	53,286	53,286
14.2 -		–	–	–	–	–	–
14.3 -		–	–	–	–	–	–
14.4 -		–	–	–	–	–	–
14.5 -		–	–	–	–	–	–
14.6 -		–	–	–	–	–	–
14.7 -		–	–	–	–	–	–
14.8 -		–	–	–	–	–	–
14.9 -		–	–	–	–	–	–
14.10 -		–	–	–	–	–	–
Vote 15 -		**–**	**–**	**–**	**–**	**–**	**–**
15.1 -		–	–	–	–	–	–
15.2 -		–	–	–	–	–	–
15.3 -		–	–	–	–	–	–
15.4 -		–	–	–	–	–	–
15.5 -		–	–	–	–	–	–
15.6 -		–	–	–	–	–	–
15.7 -		–	–	–	–	–	–
15.8 -		–	–	–	–	–	–
15.9 -		–	–	–	–	–	–
15.10 -		–	–	–	–	–	–
Total Revenue by Vote	2	**665,329**	**764,386**	**810,559**	**1,025,613**	**1,050,618**	**1,050,618**

Expenditure by Vote	1						
Vote 1 - Office of the Municipal Manager		**50,299**	**44,009**	**57,913**	**60,781**	**72,027**	**72,027**
1.1 - Mayor and Council		19,689	12,295	12,448	15,085	14,905	14,905
1.2 - Municipal Manager, Town Secretary and Chief Executive		13,787	22,956	35,524	30,156	40,810	40,810
1.3 - Information Technology		16,822	8,757	9,941	15,540	16,312	16,312
1.4 -		—	—	—	—	—	—
1.5 -		—	—	—	—	—	—
1.6 -		—	—	—	—	—	—
1.7 -		—	—	—	—	—	—
1.8 -		—	—	—	—	—	—
1.9 -		—	—	—	—	—	—
1.10 -		—	—	—	—	—	—
Vote 2 - Budget and Treasury		**212,182**	**387,433**	**410,606**	**241,828**	**242,995**	**242,995**
2.1 - Finance		212,174	387,433	410,606	241,828	242,995	242,995
2.2 - Property Services		—	—	—	—	—	—
2.3 - Supply Chain Management		8	—	—	—	—	—
2.4 - Budget and Treasury Office		—	—	—	—	—	—
2.5 -		—	—	—	—	—	—
2.6 -		—	—	—	—	—	—
2.7 -		—	—	—	—	—	—
2.8 -		—	—	—	—	—	—
2.9 -		—	—	—	—	—	—
2.10 -		—	—	—	—	—	—
Vote 3 - Corporate Services		**29,952**	**40,319**	**26,326**	**28,745**	**28,190**	**28,190**
3.1 - Administrative and Corporate Support		29,952	40,319	26,326	28,745	28,190	28,190
3.2 -		—	—	—	—	—	—
3.3 -		—	—	—	—	—	—
3.4 -		—	—	—	—	—	—
3.5 -		—	—	—	—	—	—
3.6 -		—	—	—	—	—	—
3.7 -		—	—	—	—	—	—
3.8 -		—	—	—	—	—	—
3.9 -		—	—	—	—	—	—
3.10 -		—	—	—	—	—	—
Vote 4 - Community and Social Services		**13,574**	**33,260**	**30,918**	**34,792**	**38,007**	**38,007**
4.1 - DIRECTOR:COMMUNITY SERVICES		—	—	—	—	—	—
4.2 - Libraries and Archives		2,584	3,172	2,071	2,164	2,194	2,194
4.3 - Community Halls and Facilities		7,195	924	(758)	1,294	13	13
4.4 - Cemeteries, Funeral Parlours and Crematoriums		3,794	29,164	29,605	31,335	35,801	35,801
4.5 -		—	—	—	—	—	—
4.6 -		—	—	—	—	—	—
4.7 -		—	—	—	—	—	—
4.8 -		—	—	—	—	—	—
4.9 -		—	—	—	—	—	—
4.10 -		—	—	—	—	—	—
Vote 5 - Sport and Recreation		**553**	**1,443**	**4,011**	**2,493**	**3,989**	**3,989**
5.1 - PARKS AND RECREATION		553	1,443	4,011	2,493	3,989	3,989
5.2 -		—	—	—	—	—	—
5.3 -		—	—	—	—	—	—
5.4 -		—	—	—	—	—	—
5.5 -		—	—	—	—	—	—
5.6 -		—	—	—	—	—	—
5.7 -		—	—	—	—	—	—
5.8 -		—	—	—	—	—	—
5.9 -		—	—	—	—	—	—
5.10 -		—	—	—	—	—	—
Vote 6 - Public Safety		**18,906**	**38,566**	**40,489**	**64,699**	**58,760**	**58,760**
6.1 - Police Forces, Traffic and Street Parking Control		6,519	26,861	34,349	44,660	40,041	40,041
6.2 - Fire Fighting and Protection		12,387	11,705	6,141	20,039	18,720	18,720
6.3 -		—	—	—	—	—	—
6.4 -		—	—	—	—	—	—
6.5 -		—	—	—	—	—	—
6.6 -		—	—	—	—	—	—

TOGETHER FOR GROWTH AND DEVELOPMENT

6.7 -	—	—	—	—	—	—
6.8 -	—	—	—	—	—	—
6.9 -	—	—	—	—	—	—
6.10 -	—	—	—	—	—	—
Vote 7 - Housing	—	1,260	1,766	1,639	1,879	1,879
7.1 - Housing	—	1,260	1,766	1,639	1,879	1,879
7.2 -	—	—	—	—	—	—
7.3 -	—	—	—	—	—	—
7.4 -	—	—	—	—	—	—
7.5 -	—	—	—	—	—	—
7.6 -	—	—	—	—	—	—
7.7 -	—	—	—	—	—	—
7.8 -	—	—	—	—	—	—
7.9 -	—	—	—	—	—	—
7.10 -	—	—	—	—	—	—
Vote 8 - Health Services	—	—	—	—	—	—
8.1 - Health Services	—	—	—	—	—	—
8.2 -	—	—	—	—	—	—
8.3 -	—	—	—	—	—	—
8.4 -	—	—	—	—	—	—
8.5 -	—	—	—	—	—	—
8.6 -	—	—	—	—	—	—
8.7 -	—	—	—	—	—	—
8.8 -	—	—	—	—	—	—
8.9 -	—	—	—	—	—	—
8.10 -	—	—	—	—	—	—
Vote 9 - Planning and Development	12,347	15,234	5,729	19,956	17,887	17,887
9.1 - Corporate Wide Strategic Planning (IDPs, LEDs)	12,347	15,234	5,729	19,956	17,887	17,887
9.2 -	—	—	—	—	—	—
9.3 -	—	—	—	—	—	—
9.4 -	—	—	—	—	—	—
9.5 -	—	—	—	—	—	—
9.6 -	—	—	—	—	—	—
9.7 -	—	—	—	—	—	—
9.8 -	—	—	—	—	—	—
9.9 -	—	—	—	—	—	—
9.10 -	—	—	—	—	—	—
Vote 10 - Roads Transport	51,814	30,490	49,859	62,244	44,902	44,902
10.1 - Roads	45,475	21,272	36,212	45,974	27,927	27,927
10.2 - Fleet Management	6,339	9,218	13,647	16,270	16,975	16,975
10.3 - Licensing and Regulation	—	—	—	—	—	—
10.4 - Agricultural	—	—	—	—	—	—
10.5 -	—	—	—	—	—	—
10.6 -	—	—	—	—	—	—
10.7 -	—	—	—	—	—	—
10.8 -	—	—	—	—	—	—
10.9 -	—	—	—	—	—	—
10.10 -	—	—	—	—	—	—
Vote 11 - Electricity Services	248,502	248,114	310,743	275,709	292,336	292,336
11.1 - Electricity	248,502	248,114	310,743	275,709	292,336	292,336
11.2 -	—	—	—	—	—	—
11.3 -	—	—	—	—	—	—
11.4 -	—	—	—	—	—	—
11.5 -	—	—	—	—	—	—
11.6 -	—	—	—	—	—	—
11.7 -	—	—	—	—	—	—
11.8 -	—	—	—	—	—	—
11.9 -	—	—	—	—	—	—
11.10 -	—	—	—	—	—	—
Vote 12 - Water Services	92,207	108,734	114,124	125,369	115,141	115,141
12.1 - Water Distribution	92,207	108,734	114,124	125,369	115,141	115,141
12.2 -	—	—	—	—	—	—
12.3 -	—	—	—	—	—	—

TOGETHER FOR GROWTH AND DEVELOPMENT

12.4 -		–	–	–	–	–	–
12.5 -		–	–	–	–	–	–
12.6 -		–	–	–	–	–	–
12.7 -		–	–	–	–	–	–
12.8 -		–	–	–	–	–	–
12.9 -		–	–	–	–	–	–
12.10 -		–	–	–	–	–	–
Vote 13 - Waste Water Management		**37,882**	**43,094**	**45,725**	**58,645**	**58,598**	**58,598**
13.1 - Sewerage		37,882	43,094	45,725	58,645	58,598	58,598
13.2 -		–	–	–	–	–	–
13.3 -		–	–	–	–	–	–
13.4 -		–	–	–	–	–	–
13.5 -		–	–	–	–	–	–
13.6 -		–	–	–	–	–	–
13.7 -		–	–	–	–	–	–
13.8 -		–	–	–	–	–	–
13.9 -		–	–	–	–	–	–
13.10 -		–	–	–	–	–	–
Vote 14 - Solid Waste Management		**33,290**	**23,688**	**3,099**	**15,997**	**15,061**	**15,061**
14.1 - Solid Waste Removal		33,290	23,688	3,099	15,997	15,061	15,061
14.2 -		–	–	–	–	–	–
14.3 -		–	–	–	–	–	–
14.4 -		–	–	–	–	–	–
14.5 -		–	–	–	–	–	–
14.6 -		–	–	–	–	–	–
14.7 -		–	–	–	–	–	–
14.8 -		–	–	–	–	–	–
14.9 -		–	–	–	–	–	–
14.10 -		–	–	–	–	–	–
Vote 15 -		**–**	**–**	**–**	**–**	**–**	**–**
15.1 -		–	–	–	–	–	–
15.2 -		–	–	–	–	–	–
15.3 -		–	–	–	–	–	–
15.4 -		–	–	–	–	–	–
15.5 -		–	–	–	–	–	–
15.6 -		–	–	–	–	–	–
15.7 -		–	–	–	–	–	–
15.8 -		–	–	–	–	–	–
15.9 -		–	–	–	–	–	–
15.10 -		–	–	–	–	–	–
Total Expenditure by Vote	2	**801,506**	**1,015,642**	**1,101,307**	**992,897**	**989,773**	**989,773**
Surplus/(Deficit) for the year	2	**(136,177)**	**(251,256)**	**(290,748)**	**32,716**	**60,845**	**60,845**

References

1. Insert 'Vote'; e.g. Department, if different to Functional structure

2. Must reconcile to Financial Performance ('Revenue and Expenditure by Functional Classification' and 'Revenue and Expenditure')

3. Assign share in 'associate' to relevant Vote

2026/27 Medium Term Revenue & Expenditure Framework		
Budget Year	Budget Year +1	Budget Year +2
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
370,974	383,965	396,704
370,974	383,965	396,704
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
650	671	692
650	671	692
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
2,790	677	699
—	—	—
—	—	—
2,134	—	—
656	677	699
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—

1,702	1,758	1,815
1,702	1,758	1,815
6,280	6,487	6,694
6,280	6,487	6,694
357,688	384,921	413,841
357,688	384,921	413,841

TOGETHER FOR GROWTH AND DEVELOPMENT

	200,072	213,851	226,078
	200,072	213,851	226,078
	83,842	86,669	89,437
	83,842	86,669	89,437
	54,095	55,903	57,690
	54,095	55,903	57,690
	1,081,732	1,138,663	1,197,531

TOGETHER FOR GROWTH AND DEVELOPMENT

79,654	82,906	85,816
15,935	16,462	16,573
43,181	45,226	47,343
20,538	21,219	21,900
149,676	156,362	162,135
149,676	156,362	162,135
29,259	31,585	32,950
29,259	31,585	32,950
39,765	41,825	43,971
2,199	2,314	2,434
14	14	15
37,552	39,496	41,522
4,155	4,292	4,430
4,155	4,292	4,430
66,035	68,726	71,509
45,228	46,936	48,703
20,807	21,789	22,806

TOGETHER FOR GROWTH AND DEVELOPMENT

2,111	2,217	2,328
2,111	2,217	2,328
17,402	19,025	19,650
17,402	19,025	19,650
47,538	50,255	51,988
31,077	33,160	34,247
16,461	17,095	17,741
364,188	377,954	387,214
364,188	377,954	387,214
137,504	138,197	137,209
137,504	138,197	137,209

TOGETHER FOR GROWTH AND DEVELOPMENT

66,482	69,512	71,751
66,482	69,512	71,751
19,736	19,492	18,872
19,736	19,492	18,872

MP311 Victor Khanye - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue											
Exchange Revenue											
Service charges - Electricity	2	155,582	196,063	213,908	246,628	250,631	250,631	142,883	272,837	297,011	323,326
Service charges - Water	2	48,880	61,144	72,969	78,691	78,691	78,691	48,992	86,057	94,111	102,920
Service charges - Waste Water Management	2	22,354	11,949	13,174	14,392	14,392	14,392	8,785	14,924	15,417	15,910
Service charges - Waste Management	2	20,525	12,552	15,661	15,318	18,318	18,318	10,688	18,996	19,622	20,250
Sale of Goods and Rendering of Services	2	1,486	2,266	2,228	7,231	9,086	9,086	2,582	9,422	9,733	10,044
Agency services	2	-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	37,799	50,776	68,849	165,255	165,255	165,255	388	165,255	170,708	176,171
Interest earned from Current and Non Current Assets	2	763	1,637	1,265	-	-	-	-	-	-	-
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	2,709	1,640	1,860	1,641	1,641	1,641	1,392	1,702	1,758	1,815
Licence and permits	2	-	-	-	-	-	-	-	-	-	-
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	1,237	337	1,533	806	431	431	586	1,255	1,297	1,338
Non-Exchange Revenue											
Property rates	2	93,307	109,834	108,696	128,920	138,920	138,920	756,392	164,060	169,474	174,897
Surcharges and Taxes	2	32,885	50,758	69,951	73,281	73,281	73,281	44,277	75,993	78,500	81,012
Fines, penalties and forfeits	2	12,124	11,239	6,801	2,235	2,235	2,235	1,169	2,318	2,394	2,471
Licences or permits	2	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	2	131,228	143,890	153,285	161,007	161,007	161,007	157,136	167,148	171,547	176,973
Interest	2	17,377	34,213	13,718	53,090	59,612	59,612	68,651	71,818	74,188	76,562
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Gains	2	2,381	3,179	6,262	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		**580,638**	**691,478**	**750,159**	**948,495**	**973,500**	**973,500**	**1,243,919**	**1,051,784**	**1,105,760**	**1,163,689**
Expenditure											
Employee related costs	2	176,955	192,679	207,328	211,691	219,640	219,640	143,484	229,414	241,458	254,014
Remuneration of councillors	2	8,522	9,364	9,790	12,146	12,146	12,146	6,561	12,595	13,011	13,011
Bulk purchases - electricity	2	167,220	202,461	227,563	228,174	226,174	226,174	169,971	246,145	267,879	291,533
Inventory consumed	2,8	45,486	51,477	69,928	124,623	117,918	117,918	56,276	101,041	104,375	107,715
Debt impairment	2,3	71,704	225,277	149,695	89,408	61,908	61,908	-	98,203	82,491	58,922
Depreciation, amortisation and impairment	2	67,871	60,960	60,151	53,279	56,591	56,591	29,350	58,685	60,621	62,561
Interest, Dividends and Rent on Land	2	94,766	92,951	97,555	50,000	60,000	60,000	79,403	40,000	41,320	42,642
Contracted services	2	90,057	123,329	110,395	128,878	144,932	144,932	70,828	132,540	143,082	148,107
Transfers and subsidies	2	-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off	2	-	8,885	73,709	31,594	31,383	31,383	2,795	31,383	32,418	33,456
Operational costs	2	67,416	64,641	51,150	64,224	71,387	71,387	37,527	85,776	88,607	91,442
Disposal of Fixed and Intangible Assets	2	4,743	1,247	9,065	-	-	-	-	-	-	-
Other Losses	2	6,767	(8,834)	40,336	-	-	-	-	-	-	-
Total Expenditure		**801,506**	**1,024,437**	**1,106,667**	**994,017**	**1,002,079**	**1,002,079**	**596,195**	**1,035,782**	**1,075,263**	**1,103,404**
Surplus/(Deficit)		**(220,869)**	**(332,959)**	**(356,507)**	**(45,522)**	**(28,579)**	**(28,579)**	**647,724**	**16,001**	**30,497**	**60,286**
Transfers and subsidies - capital (monetary allocations)	6	52,976	57,129	44,337	46,618	46,618	46,618	-	29,948	32,903	33,842
Transfers and subsidies - capital (in-kind)	6	31,716	15,779	16,063	30,500	30,500	30,500	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		**(136,177)**	**(260,051)**	**(296,107)**	**31,596**	**48,539**	**48,539**	**647,724**	**45,949**	**63,400**	**94,128**
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		**(136,177)**	**(260,051)**	**(296,107)**	**31,596**	**48,539**	**48,539**	**647,724**	**45,949**	**63,400**	**94,128**
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		**(136,177)**	**(260,051)**	**(296,107)**	**31,596**	**48,539**	**48,539**	**647,724**	**45,949**	**63,400**	**94,128**
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	**(136,177)**	**(260,051)**	**(296,107)**	**31,596**	**48,539**	**48,539**	**647,724**	**45,949**	**63,400**	**94,128**

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Debt impairment includes Impairment and Reversal of Impairment Losses
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method (Includes Joint Ventures)
8. All materials consumed including water consumed and materials used in operations.

TOGETHER FOR GROWTH AND DEVELOPMENT

Vote Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Office of the Municipal Manager		—	—	—	—	—	—	—	—	—	—
Vote 2 - Budget and Treasury		—	—	—	—	—	—	—	—	—	—
Vote 3 - Corporate Services		—	—	—	—	—	—	—	—	—	—
Vote 4 - Community and Social Services		—	—	—	—	—	—	—	—	—	—
Vote 5 - Sport and Recreation		—	—	—	—	—	—	—	—	—	—
Vote 6 - Public Safety		—	—	—	—	—	—	—	—	—	—
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—
Vote 8 - Health Services		—	—	—	—	—	—	—	—	—	—
Vote 9 - Planning and Development		—	—	—	—	—	—	—	—	—	—
Vote 10 - Roads Transport		—	—	—	—	—	—	—	—	—	—
Vote 11 - Electricity Services		—	—	—	—	—	—	—	—	—	—
Vote 12 - Water Services		—	—	—	—	—	—	—	—	—	—
Vote 13 - Waste Water Management		—	—	—	—	—	—	—	—	—	—
Vote 14 - Solid Waste Management		—	—	—	—	—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—	—	—	—	—
Capital multi-year expenditure sub-total	7	—	—	—	—	—	—	—	—	—	—
Single-year expenditure *to be appropriated*	2										
Vote 1 - Office of the Municipal Manager		(620)	1,123	3,627	3,600	2,850	2,850	—	1,850	1,911	1,972
Vote 2 - Budget and Treasury		707	7,092	31,286	500	500	500	—	500	517	533
Vote 3 - Corporate Services		18,065	(2,159)	9,163	450	450	450	—	450	465	480
Vote 4 - Community and Social Services		—	—	587	200	200	200	—	200	207	213
Vote 5 - Sport and Recreation		20	—	—	—	—	—	—	—	—	—
Vote 6 - Public Safety		25	—	(980)	300	300	300	—	300	310	320
Vote 7 - Housing		—	—	—	—	—	—	—	—	—	—
Vote 8 - Health Services		—	—	—	—	—	—	—	—	—	—
Vote 9 - Planning and Development		81	—	29	550	550	550	—	550	568	586
Vote 10 - Roads Transport		8,784	38,510	58,058	23,700	23,700	23,700	—	5,888	3,758	2,132
Vote 11 - Electricity Services		7,923	2,199	2,352	5,000	5,000	5,000	—	—	—	—
Vote 12 - Water Services		16,705	41,449	(20,390)	20,500	20,500	20,500	—	3,000	—	—
Vote 13 - Waste Water Management		9,519	—	528	6,445	6,445	6,445	—	6,000	6,314	—
Vote 14 - Solid Waste Management		3,515	(622)	2,083	4,000	4,000	4,000	—	18,694	24,632	2,132
Vote 15 -		—	—	—	—	—	—	—	—	—	—
Capital single-year expenditure sub-total		**64,723**	**87,591**	**86,343**	**65,245**	**64,495**	**64,495**	—	**37,432**	**38,681**	**8,369**
Total Capital Expenditure - Vote		**64,723**	**87,591**	**86,343**	**65,245**	**64,495**	**64,495**	—	**37,432**	**38,681**	**8,369**
Capital Expenditure - Functional											
Governance and administration		**19,710**	**6,215**	**50,310**	**10,550**	**9,800**	**9,800**	**6,868**	**4,800**	**4,958**	**5,117**
Executive and council		(674)	—	185	350	350	350	—	350	362	373
Finance and administration		20,385	6,215	50,125	10,200	9,450	9,450	6,868	4,450	4,597	4,744
Internal audit		—	—	—	—	—	—	—	—	—	—
Community and public safety		**46**	—	**(393)**	**500**	**500**	**500**	**555**	**500**	**517**	**533**
Community and social services		—	—	(393)	200	200	200	555	200	207	213
Sport and recreation		20	—	—	—	—	—	—	—	—	—
Public safety		25	—	—	300	300	300	—	300	310	320
Housing		—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—
Economic and environmental services		**6,678**	**10,881**	**16,007**	**18,250**	**18,250**	**18,250**	**7,520**	**4,438**	**2,260**	**586**
Planning and development		81	—	29	550	550	550	30	550	568	586
Road transport		6,597	10,881	15,978	17,700	17,700	17,700	7,491	3,888	1,692	—
Environmental protection		—	—	—	—	—	—	—	—	—	—
Trading services		**38,289**	**70,495**	**20,420**	**35,945**	**35,945**	**35,945**	**6,951**	**27,694**	**30,946**	**2,132**
Energy sources		8,551	29,668	38,198	5,000	5,000	5,000	1,831	—	—	—
Water management		16,705	41,449	(20,390)	20,500	20,500	20,500	900	3,000	—	—
Waste water management		9,519	—	528	6,445	6,445	6,445	2,887	6,000	6,314	—
Waste management		3,515	(622)	2,083	4,000	4,000	4,000	1,333	18,694	24,632	2,132
Other		—	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Functional	3	**64,723**	**87,591**	**86,343**	**65,245**	**64,495**	**64,495**	**21,895**	**37,432**	**38,681**	**8,369**
Funded by:											
National Government		65,587	88,593	77,304	46,645	46,645	46,645	15,125	29,582	30,572	—
Provincial Government		—	—	—	—	—	—	—	—	—	—
District Municipality		—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		—	—	—	—	—	—	—	—	—	—
Transfers recognised - capital	4	**65,587**	**88,593**	**77,304**	**46,645**	**46,645**	**46,645**	**15,125**	**29,582**	**30,572**	**—**
Borrowing	6	—	—	—	—	—	—	—	—	—	—
Internally generated funds		**(2,368)**	**(1,003)**	**7,924**	**18,600**	**17,850**	**17,850**	**6,267**	**7,850**	**8,109**	**8,369**
Total Capital Funding	7	**63,219**	**87,590**	**85,229**	**65,245**	**64,495**	**64,495**	**21,393**	**37,432**	**38,681**	**8,369**

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).

2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year

3. Capital expenditure by functional classification must reconcile to the appropriations by vote

4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)

6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

7. Total Capital Funding must balance with Total Capital Expenditure

8. Include any capitalised interest (MFMA section 45) as part of relevant capital budget

MP311 Victor Khanye - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	###	2022/23	2023/24	2024/25	Current Year 2025/26		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
Capital expenditure - Municipal Vote							
Multi-year expenditure appropriation	2						
Vote 1 - Office of the Municipal Manager		–	–	–	–	–	–
1.1 - Mayor and Council		–	–	–	–	–	–
1.2 - Municipal Manager, Town Secretary and Chief Executive		–	–	–	–	–	–
1.3 - Information Technology		–	–	–	–	–	–
1.4 -		–	–	–	–	–	–
1.5 -		–	–	–	–	–	–
1.6 -		–	–	–	–	–	–
1.7 -		–	–	–	–	–	–
1.8 -		–	–	–	–	–	–
1.9 -		–	–	–	–	–	–
1.10 -		–	–	–	–	–	–
Vote 2 - Budget and Treasury		–	–	–	–	–	–
2.1 - Finance		–	–	–	–	–	–
2.2 - Property Services		–	–	–	–	–	–
2.3 - Supply Chain Management		–	–	–	–	–	–
2.4 - Budget and Treasury Office		–	–	–	–	–	–
2.5 -		–	–	–	–	–	–
2.6 -		–	–	–	–	–	–
2.7 -		–	–	–	–	–	–
2.8 -		–	–	–	–	–	–
2.9 -		–	–	–	–	–	–
2.10 -		–	–	–	–	–	–
Vote 3 - Corporate Services		–	–	–	–	–	–
3.1 - Administrative and Corporate Support		–	–	–	–	–	–
3.2 -		–	–	–	–	–	–
3.3 -		–	–	–	–	–	–
3.4 -		–	–	–	–	–	–
3.5 -		–	–	–	–	–	–
3.6 -		–	–	–	–	–	–
3.7 -		–	–	–	–	–	–
3.8 -		–	–	–	–	–	–
3.9 -		–	–	–	–	–	–
3.10 -		–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–
4.1 - DIRECTOR:COMMUNITY SERVICES		–	–	–	–	–	–
4.2 - Libraries and Archives		–	–	–	–	–	–
4.3 - Community Halls and Facilities		–	–	–	–	–	–
4.4 - Cemeteries, Funeral Parlours and Crematoriums		–	–	–	–	–	–
4.5 -		–	–	–	–	–	–
4.6 -		–	–	–	–	–	–
4.7 -		–	–	–	–	–	–
4.8 -		–	–	–	–	–	–
4.9 -		–	–	–	–	–	–
4.10 -		–	–	–	–	–	–
Vote 5 - Sport and Recreation		–	–	–	–	–	–
5.1 - PARKS AND RECREATION		–	–	–	–	–	–
5.2 -		–	–	–	–	–	–
5.3 -		–	–	–	–	–	–
5.4 -		–	–	–	–	–	–
5.5 -		–	–	–	–	–	–
5.6 -		–	–	–	–	–	–
5.7 -		–	–	–	–	–	–
5.8 -		–	–	–	–	–	–
5.9 -		–	–	–	–	–	–
5.10 -		–	–	–	–	–	–

TOGETHER FOR GROWTH AND DEVELOPMENT

Vote 6 - Public Safety	–	–	–	–	–	–
6.1 - Police Forces, Traffic and Street Parking Control	–	–	–	–	–	–
6.2 - Fire Fighting and Protection	–	–	–	–	–	–
6.3 -	–	–	–	–	–	–
6.4 -	–	–	–	–	–	–
6.5 -	–	–	–	–	–	–
6.6 -	–	–	–	–	–	–
6.7 -	–	–	–	–	–	–
6.8 -	–	–	–	–	–	–
6.9 -	–	–	–	–	–	–
6.10 -	–	–	–	–	–	–
Vote 7 - Housing	–	–	–	–	–	–
7.1 - Housing	–	–	–	–	–	–
7.2 -	–	–	–	–	–	–
7.3 -	–	–	–	–	–	–
7.4 -	–	–	–	–	–	–
7.5 -	–	–	–	–	–	–
7.6 -	–	–	–	–	–	–
7.7 -	–	–	–	–	–	–
7.8 -	–	–	–	–	–	–
7.9 -	–	–	–	–	–	–
7.10 -	–	–	–	–	–	–

TOGETHER FOR GROWTH AND DEVELOPMENT

Vote 8 - Health Services	–	–	–	–	–	–	–
8.1 - Health Services	–	–	–	–	–	–	–
8.2 -	–	–	–	–	–	–	–
8.3 -	–	–	–	–	–	–	–
8.4 -	–	–	–	–	–	–	–
8.5 -	–	–	–	–	–	–	–
8.6 -	–	–	–	–	–	–	–
8.7 -	–	–	–	–	–	–	–
8.8 -	–	–	–	–	–	–	–
8.9 -	–	–	–	–	–	–	–
8.10 -	–	–	–	–	–	–	–
Vote 9 - Planning and Development	–	–	–	–	–	–	–
9.1 - Corporate Wide Strategic Planning (IDPs, LEDs)	–	–	–	–	–	–	–
9.2 -	–	–	–	–	–	–	–
9.3 -	–	–	–	–	–	–	–
9.4 -	–	–	–	–	–	–	–
9.5 -	–	–	–	–	–	–	–
9.6 -	–	–	–	–	–	–	–
9.7 -	–	–	–	–	–	–	–
9.8 -	–	–	–	–	–	–	–
9.9 -	–	–	–	–	–	–	–
9.10 -	–	–	–	–	–	–	–
Vote 10 - Roads Transport	–	–	–	–	–	–	–
10.1 - Roads	–	–	–	–	–	–	–
10.2 - Fleet Management	–	–	–	–	–	–	–
10.3 - Licensing and Regulation	–	–	–	–	–	–	–
10.4 - Agricultural	–	–	–	–	–	–	–
10.5 -	–	–	–	–	–	–	–
10.6 -	–	–	–	–	–	–	–
10.7 -	–	–	–	–	–	–	–
10.8 -	–	–	–	–	–	–	–
10.9 -	–	–	–	–	–	–	–
10.10 -	–	–	–	–	–	–	–
Vote 11 - Electricity Services	–	–	–	–	–	–	–
11.1 - Electricity	–	–	–	–	–	–	–
11.2 -	–	–	–	–	–	–	–
11.3 -	–	–	–	–	–	–	–
11.4 -	–	–	–	–	–	–	–
11.5 -	–	–	–	–	–	–	–
11.6 -	–	–	–	–	–	–	–
11.7 -	–	–	–	–	–	–	–
11.8 -	–	–	–	–	–	–	–
11.9 -	–	–	–	–	–	–	–
11.10 -	–	–	–	–	–	–	–
Vote 12 - Water Services	–	–	–	–	–	–	–
12.1 - Water Distribution	–	–	–	–	–	–	–
12.2 -	–	–	–	–	–	–	–
12.3 -	–	–	–	–	–	–	–
12.4 -	–	–	–	–	–	–	–
12.5 -	–	–	–	–	–	–	–
12.6 -	–	–	–	–	–	–	–
12.7 -	–	–	–	–	–	–	–
12.8 -	–	–	–	–	–	–	–
12.9 -	–	–	–	–	–	–	–
12.10 -	–	–	–	–	–	–	–
Vote 13 - Waste Water Management	–	–	–	–	–	–	–
13.1 - Sewerage	–	–	–	–	–	–	–
13.2 -	–	–	–	–	–	–	–
13.3 -	–	–	–	–	–	–	–
13.4 -	–	–	–	–	–	–	–
13.5 -	–	–	–	–	–	–	–
13.6 -	–	–	–	–	–	–	–
13.7 -	–	–	–	–	–	–	–

TOGETHER FOR GROWTH AND DEVELOPMENT

13.8 -		—	—	—	—	—	—
13.9 -		—	—	—	—	—	—
13.10 -		—	—	—	—	—	—
Vote 14 - Solid Waste Management		—	—	—	—	—	—
14.1 - Solid Waste Removal		—	—	—	—	—	—
14.2 -		—	—	—	—	—	—
14.3 -		—	—	—	—	—	—
14.4 -		—	—	—	—	—	—
14.5 -		—	—	—	—	—	—
14.6 -		—	—	—	—	—	—
14.7 -		—	—	—	—	—	—
14.8 -		—	—	—	—	—	—
14.9 -		—	—	—	—	—	—
14.10 -		—	—	—	—	—	—
Vote 15 -		—	—	—	—	—	—
15.1 -		—	—	—	—	—	—
15.2 -		—	—	—	—	—	—
15.3 -		—	—	—	—	—	—
15.4 -		—	—	—	—	—	—
15.5 -		—	—	—	—	—	—
15.6 -		—	—	—	—	—	—
15.7 -		—	—	—	—	—	—
15.8 -		—	—	—	—	—	—
15.9 -		—	—	—	—	—	—
15.10 -		—	—	—	—	—	—
Capital multi-year expenditure sub-total		—	—	—	—	—	—
Capital expenditure - Municipal Vote							
Single-year expenditure appropriation	2						
Vote 1 - Office of the Municipal Manager		(620)	1,123	3,627	3,600	2,850	2,850
1.1 - Mayor and Council		(78)	—	—	150	150	150
1.2 - Municipal Manager, Town Secretary and Chief Executiv		(596)	—	185	200	200	200
1.3 - Information Technology		54	1,123	3,442	3,250	2,500	2,500
1.4 -		—	—	—	—	—	—
1.5 -		—	—	—	—	—	—
1.6 -		—	—	—	—	—	—
1.7 -		—	—	—	—	—	—
1.8 -		—	—	—	—	—	—
1.9 -		—	—	—	—	—	—
1.10 -		—	—	—	—	—	—
Vote 2 - Budget and Treasury		707	7,092	31,286	500	500	500
2.1 - Finance		707	7,092	31,286	500	500	500
2.2 - Property Services		—	—	—	—	—	—
2.3 - Supply Chain Management		—	—	—	—	—	—
2.4 - Budget and Treasury Office		—	—	—	—	—	—
2.5 -		—	—	—	—	—	—
2.6 -		—	—	—	—	—	—
2.7 -		—	—	—	—	—	—
2.8 -		—	—	—	—	—	—
2.9 -		—	—	—	—	—	—
2.10 -		—	—	—	—	—	—
Vote 3 - Corporate Services		18,065	(2,159)	9,163	450	450	450
3.1 - Administrative and Corporate Support		18,065	(2,159)	9,163	450	450	450
3.2 -		—	—	—	—	—	—
3.3 -		—	—	—	—	—	—
3.4 -		—	—	—	—	—	—
3.5 -		—	—	—	—	—	—
3.6 -		—	—	—	—	—	—
3.7 -		—	—	—	—	—	—
3.8 -		—	—	—	—	—	—
3.9 -		—	—	—	—	—	—
3.10 -		—	—	—	—	—	—
Vote 4 - Community and Social Services		—	—	587	200	200	200
4.1 - DIRECTOR:COMMUNITY SERVICES		—	—	—	—	—	—
4.2 - Libraries and Archives		—	—	—	—	—	—

TOGETHER FOR GROWTH AND DEVELOPMENT

4.3 - Community Halls and Facilities	–	–	–	–	–	–
4.4 - Cemeteries, Funeral Parlours and Crematoriums	–	–	587	200	200	200
4.5 -	–	–	–	–	–	–
4.6 -	–	–	–	–	–	–
4.7 -	–	–	–	–	–	–
4.8 -	–	–	–	–	–	–
4.9 -	–	–	–	–	–	–
4.10 -	–	–	–	–	–	–
Vote 5 - Sport and Recreation	20	–	–	–	–	–
5.1 - PARKS AND RECREATION	20	–	–	–	–	–
5.2 -	–	–	–	–	–	–
5.3 -	–	–	–	–	–	–
5.4 -	–	–	–	–	–	–
5.5 -	–	–	–	–	–	–
5.6 -	–	–	–	–	–	–
5.7 -	–	–	–	–	–	–
5.8 -	–	–	–	–	–	–
5.9 -	–	–	–	–	–	–
5.10 -	–	–	–	–	–	–
Vote 6 - Public Safety	25	–	(980)	300	300	300
6.1 - Police Forces, Traffic and Street Parking Control	–	–	–	–	–	–
6.2 - Fire Fighting and Protection	25	–	(980)	300	300	300
6.3 -	–	–	–	–	–	–
6.4 -	–	–	–	–	–	–
6.5 -	–	–	–	–	–	–
6.6 -	–	–	–	–	–	–
6.7 -	–	–	–	–	–	–
6.8 -	–	–	–	–	–	–
6.9 -	–	–	–	–	–	–
6.10 -	–	–	–	–	–	–
Vote 7 - Housing	–	–	–	–	–	–
7.1 - Housing	–	–	–	–	–	–
7.2 -	–	–	–	–	–	–
7.3 -	–	–	–	–	–	–
7.4 -	–	–	–	–	–	–
7.5 -	–	–	–	–	–	–
7.6 -	–	–	–	–	–	–
7.7 -	–	–	–	–	–	–
7.8 -	–	–	–	–	–	–
7.9 -	–	–	–	–	–	–
7.10 -	–	–	–	–	–	–
Vote 8 - Health Services	–	–	–	–	–	–
8.1 - Health Services	–	–	–	–	–	–
8.2 -	–	–	–	–	–	–
8.3 -	–	–	–	–	–	–
8.4 -	–	–	–	–	–	–
8.5 -	–	–	–	–	–	–
8.6 -	–	–	–	–	–	–
8.7 -	–	–	–	–	–	–
8.8 -	–	–	–	–	–	–
8.9 -	–	–	–	–	–	–
8.10 -	–	–	–	–	–	–

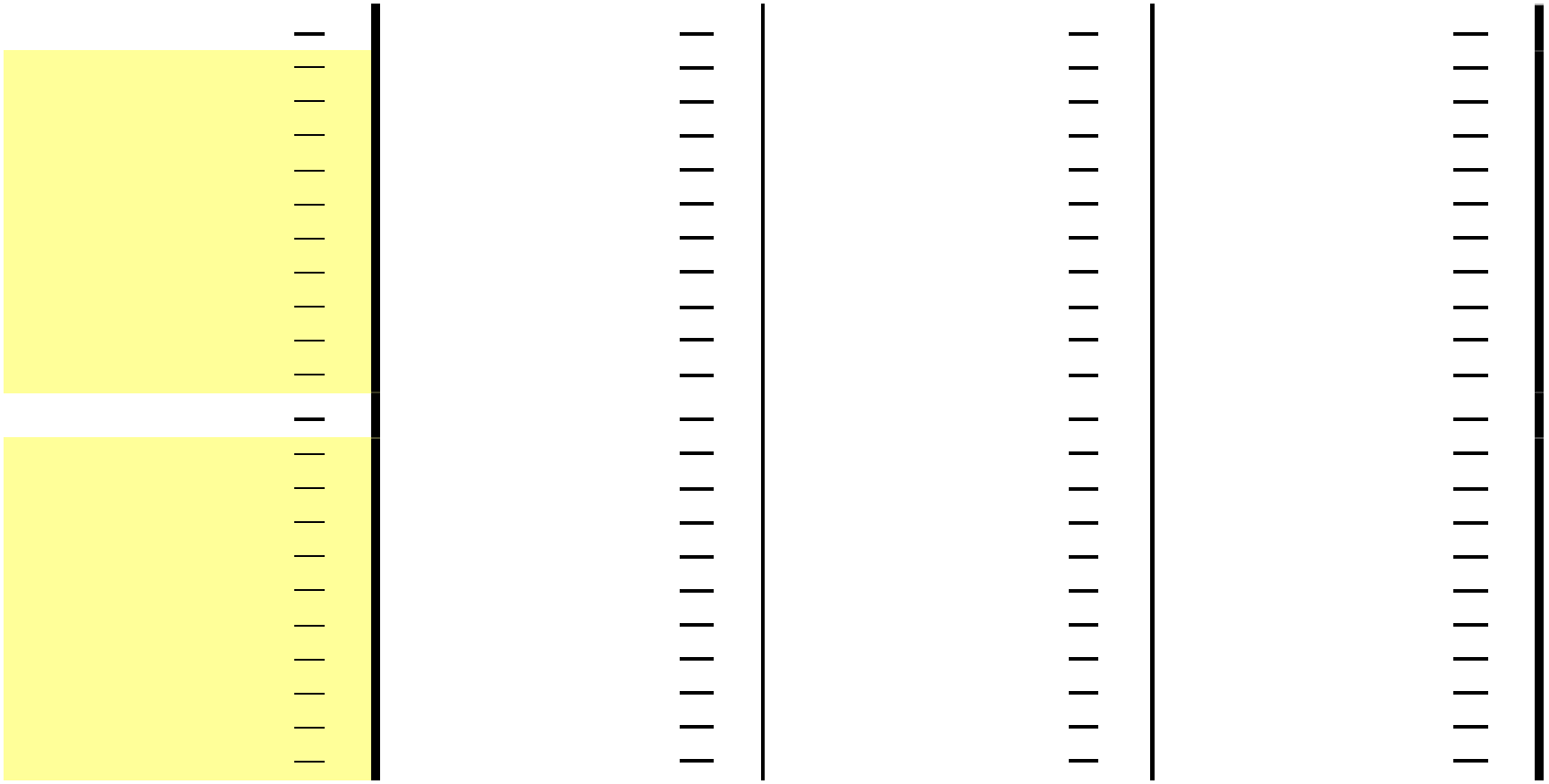
TOGETHER FOR GROWTH AND DEVELOPMENT

Vote 9 - Planning and Development	81	–	29	550	550	550
9.1 - Corporate Wide Strategic Planning (IDPs, LEDs)	81	–	29	550	550	550
9.2 -	–	–	–	–	–	–
9.3 -	–	–	–	–	–	–
9.4 -	–	–	–	–	–	–
9.5 -	–	–	–	–	–	–
9.6 -	–	–	–	–	–	–
9.7 -	–	–	–	–	–	–
9.8 -	–	–	–	–	–	–
9.9 -	–	–	–	–	–	–
9.10 -	–	–	–	–	–	–
Vote 10 - Roads Transport	8,784	38,510	58,058	23,700	23,700	23,700
10.1 - Roads	7,225	38,350	51,824	17,700	17,700	17,700
10.2 - Fleet Management	1,559	160	6,234	6,000	6,000	6,000
10.3 - Licensing and Regulation	–	–	–	–	–	–
10.4 - Agricultural	–	–	–	–	–	–
10.5 -	–	–	–	–	–	–
10.6 -	–	–	–	–	–	–
10.7 -	–	–	–	–	–	–
10.8 -	–	–	–	–	–	–
10.9 -	–	–	–	–	–	–
10.10 -	–	–	–	–	–	–
Vote 11 - Electricity Services	7,923	2,199	2,352	5,000	5,000	5,000
11.1 - Electricity	7,923	2,199	2,352	5,000	5,000	5,000
11.2 -	–	–	–	–	–	–
11.3 -	–	–	–	–	–	–
11.4 -	–	–	–	–	–	–
11.5 -	–	–	–	–	–	–
11.6 -	–	–	–	–	–	–
11.7 -	–	–	–	–	–	–
11.8 -	–	–	–	–	–	–
11.9 -	–	–	–	–	–	–
11.10 -	–	–	–	–	–	–
Vote 12 - Water Services	16,705	41,449	(20,390)	20,500	20,500	20,500
12.1 - Water Distribution	16,705	41,449	(20,390)	20,500	20,500	20,500
12.2 -	–	–	–	–	–	–
12.3 -	–	–	–	–	–	–
12.4 -	–	–	–	–	–	–
12.5 -	–	–	–	–	–	–
12.6 -	–	–	–	–	–	–
12.7 -	–	–	–	–	–	–
12.8 -	–	–	–	–	–	–
12.9 -	–	–	–	–	–	–
12.10 -	–	–	–	–	–	–
Vote 13 - Waste Water Management	9,519	–	528	6,445	6,445	6,445
13.1 - Sewerage	9,519	–	528	6,445	6,445	6,445
13.2 -	–	–	–	–	–	–
13.3 -	–	–	–	–	–	–
13.4 -	–	–	–	–	–	–
13.5 -	–	–	–	–	–	–
13.6 -	–	–	–	–	–	–
13.7 -	–	–	–	–	–	–
13.8 -	–	–	–	–	–	–
13.9 -	–	–	–	–	–	–
13.10 -	–	–	–	–	–	–
Vote 14 - Solid Waste Management	3,515	(622)	2,083	4,000	4,000	4,000
14.1 - Solid Waste Removal	3,515	(622)	2,083	4,000	4,000	4,000
14.2 -	–	–	–	–	–	–
14.3 -	–	–	–	–	–	–
14.4 -	–	–	–	–	–	–
14.5 -	–	–	–	–	–	–
14.6 -	–	–	–	–	–	–
14.7 -	–	–	–	–	–	–
14.8 -	–	–	–	–	–	–
14.9 -	–	–	–	–	–	–
14.10 -	–	–	–	–	–	–
Vote 15 -	–	–	–	–	–	–
15.1 -	–	–	–	–	–	–
15.2 -	–	–	–	–	–	–
15.3 -	–	–	–	–	–	–
15.4 -	–	–	–	–	–	–

TOGETHER FOR GROWTH AND DEVELOPMENT

	2026/27 Medium Term Revenue & Expenditure Framework		
Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29

TOGETHER FOR GROWTH AND DEVELOPMENT



15.5 -		–	–	–	–	–	–
15.6 -		–	–	–	–	–	–
15.7 -		–	–	–	–	–	–
15.8 -		–	–	–	–	–	–
15.9 -		–	–	–	–	–	–
15.10 -		–	–	–	–	–	–
Capital single-year expenditure sub-total		64,723	87,591	86,343	65,245	64,495	64,495
Total Capital Expenditure		64,723	87,591	86,343	65,245	64,495	64,495

MP311 Victor Khanye - Table A6 Budgeted Financial Position

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
ASSETS											
Current assets											
Cash and cash equivalents	1	6,653	6,397	12,361	76,659	(13,186)	(13,186)	51,410	89,319	208,277	355,913
Short term investments	2	–	–	–	–	–	–	–	–	–	–
Trade and other receivables from exchange transactions	3	264,392	235,666	227,456	(43,436)	102,215	102,215	370,224	(73,909)	(181,179)	(255,470)
Receivables from non-exchange transactions	3	23,205	23,529	16,333	146,472	107,936	107,936	701,411	72,998	174,520	279,291
Current portion of non-current receivables	4	–	–	–	–	–	–	–	–	–	–
Inventory	5	2,121	2,754	2,418	(35,945)	128,414	128,414	3,222	128,414	128,414	128,414
VAT Receivable	6	202,919	268,947	318,573	58,718	448,342	448,342	338,406	118,420	245,842	377,295
Other current assets	7	(0)	0	0	–	0	0	(1,016)	–	–	0
Total current assets		**499,290**	**537,293**	**577,142**	**202,468**	**773,722**	**773,722**	**1,463,658**	**335,242**	**575,873**	**885,442**
Non current assets											
Investments	8	–	–	–	–	(4,173)	(4,173)	–	(4,173)	(4,173)	(4,173)
Investment property	9	89,396	92,926	97,136	66,580	95,874	95,874	95,508	94,565	93,212	91,817
Property, plant and equipment	10	920,697	940,604	958,866	964,328	969,940	969,940	952,040	898,537	879,991	829,302
Biological assets	11	–	–	–	–	–	–	–	–	–	–
Living resources	12	–	–	–	–	–	–	–	–	–	–
Heritage assets	13	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Intangible assets	14	64	64	64	(1,752)	(1,843)	(1,843)	64	(3,820)	(5,863)	(7,971)
Trade and other receivables from exchange transactions	15	–	–	–	–	–	–	–	–	–	–
Non-current receivables from non-exchange transactions	15	–	–	–	–	–	–	–	–	–	–
Other non-current assets	16	–	–	–	–	–	–	–	–	–	–
Total non current assets		**1,011,231**	**1,034,668**	**1,057,141**	**1,030,231**	**1,060,872**	**1,060,872**	**1,049,686**	**986,183**	**964,243**	**910,050**
TOTAL ASSETS		**1,510,521**	**1,571,962**	**1,634,283**	**1,232,699**	**1,834,594**	**1,834,594**	**2,513,344**	**1,321,425**	**1,540,116**	**1,795,492**
LIABILITIES											
Current liabilities											
Bank overdraft	17	–	–	–	–	–	–	–	–	–	–
Financial liabilities	18	6,804	7,224	4,692	–	4,692	4,692	4,692	4,692	4,692	4,692
Consumer deposits	19	1,652	1,688	1,710	(8,865)	1,710	1,710	1,830	1,710	1,710	1,710
Trade and other payables from exchange transactions	20	1,247,670	1,501,186	1,807,908	54,357	1,870,049	1,870,049	1,960,797	1,729,088	1,820,455	1,912,342
Trade and other payables from non-exchange transactions	21	0	0	2,911	(117,122)	(27,589)	(27,589)	31,646	(68,435)	(112,755)	(160,849)
Provision	22	2,376	8,204	7,848	11,546	7,848	7,848	7,848	7,848	7,848	7,848
VAT Payable	23	116,434	170,130	218,082	61,015	335,212	335,212	247,247	18,076	37,681	58,947
Other current liabilities	24	1,182	1,373	853	–	853	853	853	–	–	–
Total current liabilities		**1,376,117**	**1,689,804**	**2,044,004**	**932**	**2,192,775**	**2,192,775**	**2,274,913**	**1,692,978**	**1,759,631**	**1,824,690**
Non current liabilities											
Financial liabilities	25	1,349	(2,301)	(3,419)	7,528	(3,419)	(3,419)	(3,419)	(3,419)	(3,419)	(3,419)
Provision	26	9,880	10,666	11,985	679,000	14,985	14,985	11,985	14,985	14,985	14,985
Long term portion of trade payables	27	–	–	–	–	–	–	–	–	–	–
Other non-current liabilities	28	40,603	49,247	53,275	–	53,275	53,275	53,275	–	–	–
Total non current liabilities		**51,833**	**57,612**	**61,841**	**686,528**	**64,841**	**64,841**	**61,841**	**11,566**	**11,566**	**11,566**
TOTAL LIABILITIES		**1,427,950**	**1,747,416**	**2,105,845**	**687,460**	**2,257,616**	**2,257,616**	**2,336,754**	**1,704,545**	**1,771,197**	**1,836,256**
NET ASSETS		**82,571**	**(175,455)**	**(471,562)**	**545,239**	**(423,022)**	**(423,022)**	**176,590**	**(383,120)**	**(231,081)**	**(40,764)**
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	29	82,571	(175,455)	(471,562)	545,239	(423,022)	(423,022)	130,297	(377,073)	(313,673)	(219,545)
Reserves and funds	30	–	–	–	–	–	–	–	–	–	–
Other	31	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	32	**82,571**	**(175,455)**	**(471,562)**	**545,239**	**(423,022)**	**(423,022)**	**130,297**	**(377,073)**	**(313,673)**	**(219,545)**

References

1. Detail breakdown in Table SA3.
2. Detail breakdown in Table SA3.
3. Detail breakdown in Table SA3 for Trade receivables from Exchange and Non-exchange transactions
4. Detail breakdown in Table SA3.
5. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements) detail in SA3
6. Detail breakdown in Table SA3.
7. Detail breakdown in Table SA3.
8 Detail breakdown in Table SA3.
9. Detail breakdown in Table SA3.
10. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements) detail in SA3
11. Detail breakdown in Table SA3.
12. Detail breakdown in Table SA3.
13. Detail breakdown in Table SA3.
14. Detail breakdown in Table SA3.
15. Detail breakdown in Table SA3 for Non- Current Trade receivables from Exchange and Non-exchange transactions
16. Detail breakdown in Table SA3.
17. Detail breakdown in Table SA3.
18. Detail breakdown in Table SA3.
19. Detail breakdown in Table SA3.
20. Detail breakdown in Table SA3.
21. Detail breakdown in Table SA3.
22. Detail breakdown in Table SA3.
23. Detail breakdown in Table SA3.
24. Detail breakdown in Table SA3.
25. Detail breakdown in Table SA3.
26. Detail breakdown in Table SA3.
27. Detail breakdown in Table SA3.
28. Detail breakdown in Table SA3.
29. Detail breakdown in Table SA3.
30. Detail breakdown in Table SA3. Includes reserves to be funded by statute.
31. Detail breakdown in Table SA3.
32. Net assets must balance with Total Community Wealth/Equity

TOGETHER FOR GROWTH AND DEVELOPMENT

MP311 Victor Khanye - Table A7 Budgeted Cash Flows

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		83,276	–	–	236,078	230,652	230,652	230,652	238,552	246,424	254,310
Service charges		225,544	–	–	450,169	314,129	314,129	314,129	313,155	339,781	368,724
Other revenue		61,430	–	–	23,809	79,316	79,316	79,316	12,501	13,556	9,359
Transfers and Subsidies - Operational	1	110,483	–	–	161,007	161,007	161,007	161,007	167,148	171,547	176,973
Transfers and Subsidies - Capital	1	15,000	30,000	–	46,618	46,618	46,618	46,618	29,948	32,903	33,842
Interest		708	–	–	–	224,867	224,867	224,867	237,073	244,896	252,733
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(294,077)	(355,296)	(434,262)	(797,906)	(978,103)	(978,103)	(978,103)	(806,512)	(857,380)	(904,757)
Finance charges		–	–	–	–	–	–	–	(40,000)	(41,320)	(42,642)
Transfers and Subsidies	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**202,363**	**(325,296)**	**(434,262)**	**119,775**	**78,486**	**78,486**	**78,486**	**151,865**	**150,408**	**148,542**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Insurance Refund - Capital		–	–	–	–	–	–	–	–	–	–
Interest on Short Term Investment (Greater then 90 days) and Long Term Investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(42,475)	(75,837)	(64,037)	(65,245)	(64,495)	(64,495)	(64,495)	(37,432)	(38,681)	(8,369)
Retention (Capital)		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(42,475)**	**(75,837)**	**(64,037)**	**(65,245)**	**(64,495)**	**(64,495)**	**(64,495)**	**(37,432)**	**(38,681)**	**(8,369)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	–	1,453	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**–**	**1,453**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD		**159,888**	**(401,133)**	**(496,846)**	**54,530**	**13,991**	**13,991**	**13,991**	**114,433**	**111,727**	**140,174**
Cash/cash equivalents at the year begin:	2	**5,605**	**4,870**	**3,725**	**22,130**	**12,361**	**12,361**	**12,361**	**(32,114)**	**82,319**	**194,046**
Cash/cash equivalents at the year end:	2	**165,493**	**(396,263)**	**(493,121)**	**76,659**	**26,352**	**26,352**	**26,352**	**82,319**	**194,046**	**334,219**

MP311 Victor Khanye - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited	Audited	Audited	Original Budget	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year +1	Budget Year +2
Cash and investments available											
Cash/cash equivalents at the year end	1	165,493	(396,263)	(493,121)	76,659	26,352	26,352	26,352	82,319	194,046	334,219
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Non current Investments	1	–	–	–	–	(4,173)	(4,173)	–	(4,173)	(4,173)	(4,173)
Cash and investments available:		**165,493**	**(396,263)**	**(493,121)**	**76,659**	**22,179**	**22,179**	**26,352**	**78,146**	**189,873**	**330,046**
Application of cash and investments											
Unspent conditional transfers		0	0	2,911	(117,122)	(27,589)	(27,589)	31,646	(27,589)	(27,589)	(27,589)
Unspent borrowing											
Statutory requirements	2	12,686	(14,029)	(29,956)	(20,719)	(38,923)	(38,923)	24,396	38,176	(41,698)	(127,493)
Other working capital requirements	3	1,149,633	1,501,186	1,807,908	8,451	1,791,055	1,791,055	1,847,794	1,729,884	1,826,264	1,891,768
Other provisions		3,558	9,577	8,701	11,546	8,701	8,701	(8,701)	7,848	7,848	7,848
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		**1,165,876**	**1,496,734**	**1,789,564**	**(117,844)**	**1,733,243**	**1,733,243**	**1,895,135**	**1,748,319**	**1,764,825**	**1,744,534**
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		**(1,000,383)**	**(1,892,997)**	**(2,282,684)**	**194,503**	**(1,711,064)**	**(1,711,064)**	**(1,868,783)**	**(1,670,173)**	**(1,574,952)**	**(1,414,487)**
Creditors transferred to Debt Relief - Non-Current portion		–	–	–	–	–	–	–	–	–	–
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		**(1,000,383)**	**(1,892,997)**	**(2,282,684)**	**194,503**	**(1,711,064)**	**(1,711,064)**	**(1,868,783)**	**(1,670,173)**	**(1,574,952)**	**(1,414,487)**

References

1. Must reconcile with Budgeted Cash Flows

2. For example: VAT, taxation

3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)

4. For example: sinking fund requirements for borrowing

5. Council approval required for each reserve created and basis of cash backing of reserves - Total Reserves to be backed by cash/investments excl Valuation reserve

Other working capital requirements											
Debtors		98,037	–	–	45,906	78,994	78,994	133,003	(796)	(5,809)	20,574
Creditors due		1,247,670	1,501,186	1,807,908	54,357	1,870,049	1,870,049	1,980,797	1,729,088	1,820,455	1,912,342
Total		(1,149,633)	(1,501,186)	(1,807,908)	(8,451)	(1,791,055)	(1,791,055)	(1,847,794)	(1,729,884)	(1,826,264)	(1,891,768)
Debtors collection assumptions											
Balance outstanding - debtors		287,597	259,195	243,790	103,036	210,152	210,152	1,071,635	(911)	(6,659)	23,820
Estimate of debtors collection rate		34.1%	0.0%	0.0%	44.6%	37.6%	37.6%	12.4%	87.4%	87.2%	86.4%
Long term investments committed											
Balance (*Insert description; eg sinking fund)*											
		–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Compensation for Occupational Injuries and Diseases				–	–	–	–	–	–	–	–
Employee Benefit reserve				–	–	–	–	–	–	–	–
Non-current Provisions reserve				–	–	–	–	–	–	–	–
Valuation reserve				–	–	–	–	–	–	–	–
Investment in associate account				–	–	–	–	–	–	–	–
Capitalisation				–	–	–	–	–	–	–	–
	6	–	–	–	–	–	–	–	–	–	–

Note:

6. Above reserves do not include Revaluation reserve. Revaluation reserve not required to be cash backed

MP311 Victor Khanye - Table A9 Asset Management

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
CAPITAL EXPENDITURE										
Total New Assets	1	7,932	68,081	44,377	9,600	8,850	8,850	22,544	28,609	6,236
Roads Infrastructure		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		9,480	29,741	39,371	—	—	—	—	—	—
Water Supply Infrastructure		—	37,619	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		(2,949)	(622)	2,083	2,000	2,000	2,000	16,694	22,566	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		*6,531*	*66,738*	*41,454*	*2,000*	*2,000*	*2,000*	*16,694*	*22,566*	—
Community Facilities		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Community Assets		—	—	—	—	—	—	—	—	—
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Intangible Assets		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	213	500	500	500	500	517	533
Furniture and Office Equipment		(554)	1,183	26	400	150	150	150	155	160
Machinery and Equipment		639	—	3,664	4,700	4,200	4,200	3,200	3,306	3,411
Transport Assets		1,316	160	(980)	2,000	2,000	2,000	2,000	2,066	2,132
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Mature		—	-	-	-	-	-	-	-	-
Immature		—	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	38,596	19,458	32,778	55,645	55,645	55,645	14,888	10,072	2,132
Roads Infrastructure		4,800	8,536	14,745	22,700	22,700	22,700	3,888	1,692	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Water Supply Infrastructure		16,705	3,830	(20,390)	20,500	20,500	20,500	3,000	—	—
Sanitation Infrastructure		16,225	7,092	31,602	6,445	6,445	6,445	6,000	6,314	—
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		*37,731*	*19,458*	*25,958*	*49,645*	*49,645*	*49,645*	*12,888*	*8,006*	—
Community Facilities		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Community Assets		—	—	—	—	—	—	—	—	—
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Intangible Assets		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	—	—	—	—	—	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
Machinery and Equipment		866	—	586	—	—	—	—	—	—
Transport Assets		—	—	6,234	6,000	6,000	6,000	2,000	2,066	2,132
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Mature		—	-	-	-	-	-	-	-	-
Immature		—	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	18,195	53	9,188	—	—	—	—	—	—
Roads Infrastructure		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Water Supply Infrastructure		—	—	—	—	—	—	—	—	—
Sanitation Infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—

TOGETHER FOR GROWTH AND DEVELOPMENT

Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		18,195	53	9,188	–	–	–	–	–	–
Community Assets		***18,195***	***53***	***9,188***	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	**64,723**	**87,591**	**86,343**	**65,245**	**64,495**	**64,495**	**37,432**	**38,681**	**8,369**
Roads Infrastructure		4,800	8,536	14,745	22,700	22,700	22,700	3,888	1,692	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		9,480	29,741	39,371	–	–	–	–	–	–
Water Supply Infrastructure		16,705	41,449	(20,390)	20,500	20,500	20,500	3,000	–	–
Sanitation Infrastructure		16,225	7,092	31,602	6,445	6,445	6,445	6,000	6,314	–
Solid Waste Infrastructure		(2,949)	(622)	2,083	2,000	2,000	2,000	16,694	22,566	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***44,262***	***86,196***	***67,412***	***51,645***	***51,645***	***51,645***	***29,582***	***30,572***	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		18,195	53	9,188	–	–	–	–	–	–
Community Assets		***18,195***	***53***	***9,188***	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	213	500	500	500	500	517	533
Furniture and Office Equipment		(554)	1,183	26	400	150	150	150	155	160
Machinery and Equipment		1,504	–	4,251	4,700	4,200	4,200	3,200	3,306	3,411
Transport Assets		1,316	160	5,254	8,000	8,000	8,000	4,000	4,132	4,264
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		**64,723**	**87,591**	**86,343**	**65,245**	**64,495**	**64,495**	**37,432**	**38,681**	**8,369**
ASSET REGISTER SUMMARY - PPE (WDV)	5	968,262	1,086,323	976,006	1,030,231	983,910	983,910	909,222	887,281	833,088
Roads Infrastructure		166,037	151,904	127,325	(5,647)	115,476	115,476	59,731	41,785	21,519
Storm water Infrastructure		(0)	0	0	–	0	0	0	0	0
Electrical Infrastructure		93,626	114,473	134,785	(13,796)	118,484	118,484	107,029	95,196	82,984
Water Supply Infrastructure		165,517	198,234	187,364	44,500	201,864	201,864	177,880	172,524	166,996
Sanitation Infrastructure		157,990	147,676	139,438	(17,301)	134,733	134,733	129,855	124,816	119,615
Solid Waste Infrastructure		10,179	7,409	6,791	(8,620)	2,388	2,388	1,616	(3,100)	(7,967)
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***593,349***	***619,696***	***595,703***	***(864)***	***572,945***	***572,945***	***476,111***	***431,221***	***383,148***
Community Assets		55,183	52,884	59,680	910,898	56,994	56,994	55,089	53,121	51,090
Heritage Assets		1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Investment properties		89,396	92,926	97,136	66,580	95,874	95,874	94,565	93,212	91,817
Other Assets		409	102,025	268	(4,356)	2,508	2,508	(1,519)	(5,680)	(9,974)
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		64	64	64	(1,752)	(1,843)	(1,843)	(3,820)	(5,863)	(7,971)
Computer Equipment		1,271	1,385	3,715	8,000	6,198	6,198	7,698	9,247	10,847
Furniture and Office Equipment		2,063	2,119	2,087	(18,065)	182	182	(1,840)	(3,928)	(6,083)
Machinery and Equipment		1,731	1,274	1,052	–	1,089	1,089	1,089	1,089	1,089
Transport Assets		13,790	11,716	14,068	14,000	20,068	20,068	22,068	24,134	26,266

TOGETHER FOR GROWTH AND DEVELOPMENT

Land		209,931	201,158	201,158	54,714	228,821	228,821	258,707	289,653	291,785
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Living Resources		–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	**968,262**	**1,086,323**	**976,006**	**1,030,231**	**983,910**	**983,910**	**909,222**	**887,281**	**833,088**
EXPENDITURE OTHER ITEMS		**107,197**	**96,859**	**106,943**	**82,007**	**96,165**	**96,165**	**86,835**	**91,766**	**94,703**
Depreciation	7	56,730	55,673	58,420	53,279	56,591	56,591	58,685	60,621	62,561
Repairs and Maintenance by Asset Class	3	**50,467**	**41,186**	**48,524**	**28,728**	**39,574**	**39,574**	**28,150**	**31,145**	**32,142**
Roads Infrastructure		392	693	2,399	4,000	3,000	3,000	3,000	3,099	3,198
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		37,003	29,069	37,487	6,000	24,162	24,162	10,000	11,363	11,727
Water Supply Infrastructure		2,915	2,332	2,096	2,000	1,000	1,000	1,000	1,033	1,066
Sanitation Infrastructure		825	2,791	5,298	2,000	2,500	2,500	500	517	533
Solid Waste Infrastructure		1,680	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	449	1,093	3,778	712	712	1,900	1,963	2,026
Information and Communication Infrastructure		7,653	5,852	150	10,950	8,200	8,200	11,750	13,171	13,592
Infrastructure		***50,467***	***41,186***	***48,524***	***28,728***	***39,574***	***39,574***	***28,150***	***31,145***	***32,142***
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		**107,197**	**96,859**	**106,943**	**82,007**	**96,165**	**96,165**	**86,835**	**91,766**	**94,703**
Renewal and upgrading of Existing Assets as % of total capex		*87.7%*	*22.3%*	*48.6%*	*85.3%*	*86.3%*	*86.3%*	*39.8%*	*26.0%*	*25.5%*
Renewal and upgrading of Existing Assets as % of deprecn		*100.1%*	*35.0%*	*71.8%*	*104.4%*	*98.3%*	*98.3%*	*25.4%*	*16.6%*	*3.4%*
R&M as a % of PPE & Investment Property		*5.2%*	*3.8%*	*5.0%*	*2.8%*	*4.0%*	*4.0%*	*3.1%*	*3.5%*	*3.8%*
Renewal and upgrading and R&M as a % of PPE and Investment Property		*11.1%*	*5.6%*	*9.3%*	*8.2%*	*9.7%*	*9.7%*	*4.7%*	*4.6%*	*4.1%*

References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Detail of upgrading of existing assets provided in Table SA34e
7. Detail of depreciation provided in Table SA34d

MP311 Victor Khanye - Table A10 Basic service delivery measurement

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Household service targets	1									
Water:										
Piped water inside dwelling		—	—	—	—	—	—	—	—	—
Piped water inside yard (but not in dwelling)		—	—	—	—	—	—	—	—	—
Using public tap (at least min.service level)	2	—	—	—	—	—	—	—	—	—
Other water supply (at least min.service level)	4	—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total		—	—	—	—	—	—	—	—	—
Using public tap (< min.service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	—	—	—	—	—	—
Total number of households	5	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		—	—	—	—	—	—	—	—	—
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—	—
Chemical toilet		—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)		—	—	—	—	—	—	—	—	—
Other toilet provisions (> min.service level)		—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total		—	—	—	—	—	—	—	—	—
Bucket toilet		—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)		—	—	—	—	—	—	—	—	—
No toilet provisions		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	—	—	—	—	—	—
Total number of households	5	—	—	—	—	—	—	—	—	—
Energy:										
Electricity (at least min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (min.service level)		—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total		—	—	—	—	—	—	—	—	—
Electricity (< min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	—	—	—	—	—	—
Total number of households	5	—	—	—	—	—	—	—	—	—
Refuse:										
Removed at least once a week		—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total		—	—	—	—	—	—	—	—	—
Removed less frequently than once a week		—	—	—	—	—	—	—	—	—
Using communal refuse dump		—	—	—	—	—	—	—	—	—
Using own refuse dump		—	—	—	—	—	—	—	—	—
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		—	—	—	—	—	—	—	—	—
Total number of households	5	—	—	—	—	—	—	—	—	—
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free minimum level service)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed at least once a week)		—	—	—	—	—	—	—	—	—
Informal Settlements		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed once a week for indigent households)		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided	8	—	—	—	—	—	—	—	—	—
Highest level of free service provided per household										
Property rates (R value threshold)		—	—	—	—	—	—	—	—	—
Water (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)		—	—	—	—	—	—	—	—	—
Electricity (kwh per household per month)		—	—	—	—	—	—	—	—	—
Refuse (average litres per week)		—	—	—	—	—	—	—	—	—
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)		—	—	—	—	—	—	—	—	—
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		—	—	—	—	—	—	—	—	—
Water (in excess of 6 kilolitres per indigent household per month)		—	—	—	(3,888)	(3,888)	(3,888)	—	(4,252)	(4,650)
Sanitation (in excess of free sanitation service to indigent households)		(9)	—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)		(12,588)	(1,642)	—	(4,134)	(4,134)	(4,134)	—	(4,500)	(4,899)
Refuse (in excess of one removal a week for indigent households)		—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies	6	—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Total revenue cost of subsidised services provided		(12,597)	(1,642)	—	(8,022)	(8,022)	(8,022)	—	(8,752)	(9,549)

References

1. Include services provided by another entity; e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc.
5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)
6. Include value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)
8. Must reflect the cost to the municipality of providing the Free Basic Service
9. Reflect the cost of free or subsidised services in excess to the National policy that are not funded from the Free Basic Services component of the Equitable Share

VICTOR KHANYE LOCAL MUNICIPALITY

DETAILED CAPITAL PROGRAM

2026/2027

ANNUAL BUDGET

ANNEXURE B

VICTOR KHANYE LOCAL MUNICIPALITY

CAPITAL PROGRAM

2026/2027 to 2028/2029

	DETAILS	BUDGETED SPENDING - 2026/2027						
		IDP Program	PURCHASED / CONSTRUCTED		TOTAL	FUNDING SOURCE	2027/2028	2028/2029
			NEW	REPLACEMENT				
1	2	3	4	5	7	8	7	8
	CAPITAL EXPENDITURE							
2	Budget & Treasury	RE / GGC	500 000	0	500 000		516 500	533 028
	Finance: Office furniture & equipment, Computer Equipment		500 000	0	500 000	Revenue	516 500	533 028
3	Office of the Municipal Manager	MM	350 000	0	350 000		361 550	373 119
	Office furniture & equipment		350 000	0	350 000	Revenue	361 550	373 119
4	Corporate Services	TSD	450 000	0	450 000		464 850	479 725
	Office furniture & equipment		450 000	0	450 000	Revenue	464 850	479 725
5	Community Parks (including Nurseries)	CS	200 000		200 000		206 600	213 211
	Office furniture & equipment		200 000		200 000	Revenue	206 600	213 211
6	Information Technology	IT	1 500 000		1 500 000		1 549 500	1 599 084
	Computer equipement		1 500 000		1 500 000	Revenue	1 549 500	1 599 084
7	Waste Management: Sanitation	WS	6 000 000	0	6 000 000		6 313 560	0
	Upgarding of Botleng extension 3 outfall sewer pipeline		6 000 000	0	6 000 000	MIG	6 313 560	0
8	Economic Development	ED	150 000	0	150 000		154 950	159 908
	Office furniture & equipment		150 000	0	150 000	Revenue	154 950	159 908
9	Fire Fighting Department	FF	300 000	0	300 000		309 900	319 817
	Office furniture & equipment		300 000	0	300 000	Revenue	309 900	319 817
10	Town Planning Building Regulation	TB	400 000	0	400 000		413 200	426 422
	Office furniture & equipment		400 000	0	400 000	Revenue	413 200	426 422
11	Fleet Management		2 000 000	0	2 000 000		2 066 000	2 132 112
	Acqusition of fleet		2 000 000	0	2 000 000	Revenue	2 066 000	2 132 112
12	Electrical Services	ES	2 088 000	0	2 088 000		10 108 000	10 565 000
	Intergrated national electricity programme		2 088 000	0	2 088 000	INEP	10 108 000	10 565 000
13	Road Transport	RSW	3 887 553	0	3 887 553		1 692 100	0
	Tarring of roads and stormwater drainage		2 192 403	0	2 192 403	MIG	0	0
	5% PMU		1 695 150		1 695 150	MIG	1 692 100	0
14	Water	WS	3 000 000	0	3 000 000		0	0
	Upgrading and refurbishment of Botleng Booster pump station (10%)		3 000 000	0	3 000 000	MIG	0	0
15	Solid Waste	SW	18 693 947	0	18 693 947		21 318 453	2 132 112
	Development of the 2nd phase of the landfill site in Delmas- Phase 2		13 693 947		13 693 947	MIG	16 252 453	0
	Supply and Delivery Plant for Operation of Landfill site		3 000 000		3 000 000	MIG	3 000 000	
	Compator Truck		2 000 000		2 000 000	Revenue	2 066 000	2 132 112
	TOTAL CAPITAL EXPENDITURE		36 819 500	0	36 819 500		42 686 063	16 055 187
	SOURCE OF FINANCE							
	Contributions from revenue		7 850 000		7 850 000		8 109 050	8 368 538
	Municipal Infrastructure Grant (MIG)		29 581 500		29 581 500		27 258 113	0
	Intergrated national electricity programme(INEP)		2 088 000		2 088 000		10 108 000	10 565 000
	TOTAL CAPITAL FUNDING		39 519 500	0	39 519 500		45 475 163	18 933 538

NOTE: 1. Carry-over projects are only an estimation at this stage as the actual figure will be determined with greater accuracy closer to financial year-end.

VICTOR KHANYE LOCAL MUNICIPALITY

BUDGET RELATED POLICIES

2026/2027

ANNUAL BUDGET

ANNEXURE C

VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

Smart Meter Policy- Debt relief Programme	
Policy Number:	Approved by Council:
Resolution No:	Review Date:

SMART METER POLICY

Introduction

Background of Victor Khanye Local Municipality

Brief History and Current Energy Scenario: Victor Khanye Local Municipality, named after the renowned South African intellectual and political leader, has a rich historical background. This Victor Khanye Local Municipality, encompassing the city of Victor Khanye Local Municipality and surrounding areas, has been a centre of significant economic and social developments. Historically known for its diamond mining, the area has evolved into a hub with diverse economic activities.

In recent years, the energy scenario in Victor Khanye Local Municipality has been characterized by a mix of traditional and modern sources. The Victor Khanye Local Municipality relies predominantly on the national grid for electricity, supplemented by a growing interest in renewable energy sources. However, challenges such as energy supply instability and increasing demand have highlighted the need for innovative solutions to ensure sustainable energy management.

The Victor Khanye Local Municipality has shown a commitment to sustainable development and innovation, recognizing the importance of transitioning to more efficient and environmentally friendly energy systems. This commitment is in line with South Africa's national strategies for sustainable development, which emphasize reducing carbon emissions and enhancing energy efficiency.

Overview of Current Metering Systems

Limitations of Existing Metering Systems: The current metering systems in Victor Khanye Local Municipality primarily consist of traditional electromechanical meters for electricity and mechanical meters for water. These systems have several limitations:

Inaccuracies: Traditional meters often suffer from accuracy issues due to aging, wear and tear, and environmental factors. This can lead to incorrect billing and disputes between the Victor Khanye Local Municipality and consumers.

Manual Reading Processes: The meters require manual reading, which is labour-intensive, time-consuming, and prone to human error. This process also limits the frequency of readings, often leading to estimated bills rather than actual usage billing.

Maintenance Issues: The older metering infrastructure is more prone to breakdowns and requires regular maintenance. This not only increases operational costs but also leads to service interruptions and customer dissatisfaction.

Limited Data for Analysis: Traditional meters provide limited data, offering little beyond basic consumption totals. This lack of detailed data hampers effective energy management and planning.

Need for Smart Metering Technology

Addressing Current Challenges and Contributing to a Sustainable Energy Ecosystem:

Improved Efficiency and Accuracy: Smart meters provide real-time, accurate readings of electricity and water consumption. This precision eliminates the inaccuracies associated with manual readings and aging infrastructure, leading to fair and transparent billing.

Remote Monitoring and Control: With smart meters, the Victor Khanye Local Municipality can remotely monitor and manage the energy and water distribution network. This capability enhances service delivery, allows for quicker response to issues, and reduces the need for physical meter readings.

Enhanced Consumer Engagement: Smart meters empower consumers with detailed information about their consumption patterns. This access to data can drive more conscious usage, promote energy-saving behaviours, and lead to cost savings.

Facilitating Renewable Energy Integration: Smart meters are integral in managing distributed energy resources, such as solar panels. They can help balance the grid by monitoring and managing energy flows, essential for a Victor Khanye Local Municipality investing in renewable sources.

Data-Driven Decision Making: The rich data provided by smart meters enables the Victor Khanye Local Municipality to make informed decisions about energy and water management, infrastructure investment, and demand-side management programs.

2. Objectives of the Policy

Objectives of the Policy

Billing Accuracy and Efficiency

One of the primary objectives of implementing smart meters in Victor Khanye Local Municipality is to enhance billing accuracy and efficiency. Smart meters provide real-time, accurate data on electricity and water consumption, directly addressing issues of inaccuracy inherent in traditional metering systems. These advanced meters digitally record consumption and transmit data automatically, eliminating the need for manual meter readings and the human errors associated with this process. This automation significantly reduces administrative overheads and operational costs associated with meter reading and data entry. Additionally, the precision of smart meters ensures that consumers are billed strictly based on their actual usage, fostering transparency and trust between the Victor Khanye Local Municipality and its residents. This accuracy not only streamlines the billing process but also minimizes disputes over charges, leading to a more efficient and consumer-friendly billing system.

Resource Management and Conservation

The installation of smart meters plays a crucial role in enhancing resource management and conservation. These meters provide detailed data on usage patterns, including peak usage times, which can be invaluable for planning and managing the Victor Khanye Local Municipality's energy and water resources more effectively. This information allows the XYZ Municipality to identify areas of high demand, anticipate future resource needs, and optimize the distribution network accordingly. Moreover, the ability to monitor consumption patterns in real-time enables the identification of unusual spikes in usage, which could indicate leaks or inefficiencies in the system. Early detection and resolution of such issues not only conserve resources but also save costs. Furthermore, the data collected by smart meters can inform the development of targeted conservation programs and policies, leading to more sustainable resource management practices.

Consumer Awareness

Smart meters empower consumers with immediate access to their consumption data, fostering greater awareness and responsibility towards energy and water usage. This real-time information enables residents to understand their consumption patterns, identify areas where they can reduce usage, and make informed decisions to lower their bills. For instance, consumers can track how specific appliances or behaviors impact their consumption and make changes accordingly. This heightened awareness often leads to more energy-efficient and environmentally conscious behaviors. Additionally, the Victor Khanye Local Municipality can use this data to provide personalized feedback and tips to consumers, further encouraging conservation efforts. By promoting a culture of energy and water conservation

through increased awareness, smart meters contribute to a broader communal effort towards sustainability.

3. Scope and ...

Scope and Applicability

Geographical Areas Covered

The scope of the smart meter installation policy encompasses the entirety of Victor Khanye Local Municipality , a region that includes both urban and rural areas. The policy applies to all sectors within the Victor Khanye Local Municipality's boundaries, covering the city of Victor Khanye Local Municipality and its surrounding locales. However, the implementation will be strategically phased, with initial focus areas likely to be those with higher population densities and more significant infrastructure challenges. This approach ensures that the benefits of smart metering are first realized in areas where they can make the most impact. Additionally, special consideration will be given to areas experiencing frequent billing disputes or resource management challenges, as smart meters can provide immediate solutions in these contexts. The policy's geographical inclusivity ensures that all parts of the Victor Khanye Local Municipality, irrespective of their urban or rural status, will eventually benefit from the advanced metering infrastructure.

Consumer Types

The smart meter installation policy is inclusive of all consumer types within Victor Khanye Local Municipality. This includes residential customers, who form the majority of the consumer base, as well as commercial and industrial customers. Residential areas will benefit from more accurate billing and enhanced ability to manage home energy and water use. Commercial consumers, including businesses and service providers, will gain from better data to manage their operational costs more effectively. For industrial consumers, the precise and real-time data provided by smart meters will be crucial for large-scale resource management and can contribute significantly to optimizing production processes and reducing costs. By covering all consumer types, the policy ensures a comprehensive upgrade to the Victor Khanye Local Municipality's metering infrastructure, addressing the diverse needs and challenges of each consumer category.

Implementation Timeframe

The rollout of the smart meter installation policy is planned as a multi-phase project over several years. The initial phase, potentially covering the first year, will focus on pilot areas to test the system and refine the installation process. This phase will provide valuable insights into the challenges and best practices for a broader rollout. Subsequent phases will see a scaled expansion, with the aim of covering significant portions of the Victor Khanye Local Municipality each year. The entire project might span over five years, with the final phase focusing on remote and less populated

areas. This phased approach allows for the evaluation and adjustment of strategies based on feedback and results from the early stages. It also ensures that the Victor Khanye Local Municipality and its residents have ample time to adapt to the new technology and its implications. The timeline is subject to review and modification based on various factors, including technological advancements, budgetary considerations, and feedback from the initial phases of implementation.

4. Technology .....

Technology Specifications

Smart Meter Technology

Smart meters represent a significant technological advancement over traditional utility meters. These modern devices use digital technology to measure electricity and water usage. Key features include:

Remote Reading and Control: Smart meters transmit usage data wirelessly to the utility provider, eliminating the need for manual meter readings. This capability enables remote monitoring and control of utility supply, allowing for efficient management of resources and quick response to issues.

Real-Time Data Transmission: One of the most critical aspects of smart meters is their ability to provide real-time, or near real-time, data on utility consumption. This continuous data stream offers an up-to-date picture of usage patterns, enabling more accurate billing and informed resource management.

Advanced Data Analytics Capabilities: Smart meters are equipped with capabilities to analyse and report data. This feature is crucial for identifying trends, predicting future usage, and managing peak load times more effectively.

Consumer Interaction: These meters often have user interfaces that allow consumers to view their consumption data directly. This feature can be a significant driver for behavioural change in energy and water use.

Automatic Outage Detection: Smart meters can immediately report outages, significantly improving the speed and efficiency of response to such incidents.

Standards and Specifications

To ensure the effectiveness and reliability of the smart metering system, the meters must adhere to certain technical standards and specifications, including:

Accuracy: They must meet stringent accuracy requirements to ensure fair billing and consumer trust.

Durability and Reliability: The meters should be robust, able to withstand local environmental conditions, and have a long operational life with minimal maintenance needs.

Interoperability: It is crucial that the smart meters are compatible with different types of home and building management systems, as well as with other smart meters. This interoperability is essential for a cohesive smart grid system.

Security Standards: Given the sensitive nature of usage data, the meters must comply with high standards of data security to protect against unauthorized access and ensure consumer privacy.

Compliance with Regulatory Standards: The meters should comply with all relevant local and international standards for utility metering and wireless communication.

Integration with Existing Infrastructure

Integrating smart meters with the existing electrical and water supply systems of Victor Khanye Local Municipality involves several considerations:

Compatibility with Current Systems: The smart meters must be compatible with the existing distribution infrastructure. This compatibility is crucial for a seamless transition from old to new systems.

Upgrading Supporting Infrastructure: In some cases, parts of the existing infrastructure may need upgrades to support the advanced functionalities of smart meters. This might include enhancing communication networks and data management systems.

Transition Management: A clear plan is necessary to manage the transition from traditional to smart meters, ensuring minimal disruption to consumers.

Training and Capacity Building: Adequate training must be provided to municipal sta and service providers for the installation, operation, and maintenance of the new system.

Consumer Interface Systems: Integration also involves setting up interfaces and platforms for consumers to access their consumption data, which is a key feature of smart meter technology.

5. Installation Process

Installation Process

Installation Phases

The installation of smart meters in Victor Khanye Local Municipality is planned to be carried out in distinct phases, allowing for a systematic and efficient rollout:

Pilot Phase: The initial phase involves a pilot project in select areas. This phase is crucial for testing the technology, refining installation processes, and training personnel. Feedback from this phase will inform adjustments and improvements for subsequent phases.

Phase One - High Priority Areas: Based on the success of the pilot, the first major phase targets areas with high population density and critical infrastructure needs. This includes urban centers and commercial districts where the impact of smart meters can be most immediately felt in terms of energy management and billing accuracy.

Phase Two - Expansion to Residential and Industrial Areas: Following successful implementation in high-priority areas, the next phase expands to broader residential areas and industrial zones. This phase will cover a larger portion of the Victor Khanye Local Municipality, aiming to include diverse consumer types.

Final Phase - Comprehensive Coverage: The final phase targets remaining areas, including remote and rural locations. Special attention will be given to ensuring that these areas, which might face unique challenges such as accessibility or infrastructure limitations, are adequately covered.

Criteria for Prioritizing Areas

The criteria for prioritizing areas for smart meter installation include:

Population Density: Areas with higher population densities are prioritized to maximize the impact on billing accuracy and resource management for a larger number of consumers.

Infrastructure Readiness: Regions where the existing infrastructure can easily accommodate smart meters without significant upgrades are prioritized to expedite the rollout process.

Historical Data Accuracy Issues: Areas with a history of billing disputes or meter reading inaccuracies are given priority to quickly rectify these longstanding issues.

Demand Management Needs: Areas with high energy demand or water usage are prioritized to better manage peak load times and overall resource allocation.

Strategic Importance: Commercial and industrial areas, being high energy and water users, are also prioritized for their strategic importance in the local economy.

Procedures for Different Premises

The installation process varies slightly depending on the type of premises:

Residential Premises: For homes, the process involves scheduling installation at a convenient time, ensuring minimal disruption to the household. Installers need to educate homeowners about the functionality and benefits of the smart meters.

Commercial Premises: In commercial settings, considerations include minimal disruption to business operations. Installations may be scheduled during off-peak hours or closed days.

Industrial Premises: Industrial installations require careful planning due to the complexity and scale of the operations. Coordination with facility managers is crucial to avoid interference with production processes.

Special Considerations: For premises in remote or difficult-to-access areas, special logistical arrangements are necessary. Similarly, older buildings may require additional preparation work to accommodate the new technology.

Throughout the installation process, clear communication and support are key. Consumers should be informed in advance about the installation schedule, the process involved, and any necessary preparations on their part. Post-installation, consumer education on how to access and interpret the data from their new smart meters is essential for maximizing the benefits of the technology.

6. Financial consideration

Financial Considerations

Budget and Funding

The financial planning for the smart meter project in Victor Khanye Local Municipality involves a detailed budget that encompasses all aspects of the installation, including the purchase of meters, infrastructure upgrades, labour costs, training, and consumer education programs. The budget needs to be meticulously planned to cover all phases of the project, from the initial pilot phase to the full-scale rollout.

Funding for this project can be sourced from a combination of channels:

Government Grants and Subsidies: As part of national and provincial initiatives to improve energy efficiency and resource management, the Victor Khanye Local Municipality could access grants and subsidies designated for such projects.

Municipal Budget: A portion of the Victor Khanye Local Municipality's budget can be allocated for this project, recognizing the long-term benefits of smart metering in terms of efficiency and cost savings.

Loans and Financing: Loans from financial institutions or development banks could be sought, especially for parts of the project that promise a direct return on investment, such as reducing non-revenue water or enhancing energy efficiency.

Public-Private Partnerships (PPPs): Collaboration with private sector companies specializing in smart metering technology can be a viable option. These partnerships might involve shared financing models where the private entity contributes to the initial investment in return for a share of the efficiency savings or other benefits.

Cost-Benefit Analysis

A cost-benefit analysis of the smart meter installation project should consider both the immediate and long-term financial impacts:

Immediate Costs: These include the purchase of smart meters, installation costs, infrastructure upgrades, and initial consumer education campaigns.

Long-Term Savings: Over time, the Victor Khanye Local Municipality can expect significant savings from reduced labor costs for meter readings, decreased billing inaccuracies, and improved resource management leading to cost savings.

Non-Financial Benefits: These include enhanced customer satisfaction due to accurate billing, improved resource conservation, and the potential for better load management on the energy grid.

Return on Investment (ROI): The ROI should be calculated considering the initial outlay versus the cumulative savings and efficiencies gained over a defined period.

Consumer Billing

Post-installation of smart meters, the billing process for consumers in Victor Khanye Local Municipality will undergo significant changes:

Accurate and Timely Billing: Consumers will be billed based on real-time usage data, ensuring accuracy and transparency in billing.

Potential for Dynamic Tariff Structures: With the detailed consumption data available from smart meters, the Victor Khanye Local XYZ Municipality could introduce dynamic tariff structures. For example, time-of-use tariffs, where consumers are charged different rates depending on the time of day, encouraging off-peak usage.

Consumer Access to Usage Data: Consumers will have access to their usage data, potentially through online portals or mobile apps, allowing them to monitor and manage their consumption more effectively.

Billing Adjustments and Notifications: Smart metering systems enable more sophisticated billing adjustments and notifications, helping consumers to stay informed about their consumption and any changes in tariff structures.

7. Legal and Regulatory Framework

Legal and Regulatory Framework

Regulatory Compliance

The installation and operation of smart meters in Victor Khanye Local Municipality must comply with a range of legal and regulatory requirements. These include:

National Energy Regulations: Compliance with South Africa's national energy policies and regulations is mandatory. This includes adhering to standards set by the National Energy Regulator of South Africa (NERSA) for utility services, ensuring that the smart meters meet specified technical and performance criteria.

Electrical Safety Standards: Smart meters must comply with electrical safety standards to ensure they pose no risk to consumers or the energy grid. This involves adhering to standards for installation, maintenance, and operation.

Telecommunications Regulations: Since smart meters use wireless communication to transmit data, compliance with telecommunications regulations, overseen by the Independent Communications Authority of South Africa (ICASA), is required. This includes ensuring that the frequency bands used for communication do not interfere with other services and are in line with national spectrum allocation policies.

Local Bylaws and Ordinances: The Victor Khanye Local Municipality must ensure that the installation and operation of smart meters are in compliance with local bylaws and ordinances, including those related to building and zoning regulations.

Data Privacy and Security

Protecting consumer data and ensuring privacy are critical aspects of the smart meter program. Measures include:

Data Encryption and Security Protocols: Implement robust encryption and security protocols to protect data transmission and storage. This is essential to prevent unauthorized access and data breaches.

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Data Privacy and Security

Protecting consumer data and ensuring privacy are critical aspects of the smart meter program. Measures include:

Data Encryption and Security Protocols: Implement robust encryption and security protocols to protect data transmission and storage. This is essential to prevent unauthorized access and data breaches.

Compliance with Data Protection Laws: Adherence to South Africa's Protection of Personal Information Act (POPIA) is crucial. This involves ensuring that consumer data is used and stored in a manner that respects privacy and is in line with legal requirements for personal data protection.

Data Access and Use Policies: Establish clear policies on who can access meter data and for what purposes. This includes setting strict limits on data sharing with third parties and using data solely for intended purposes like billing and resource management.

Regular Security Audits and Updates: Conduct regular audits of the smart metering system to identify and rectify potential security vulnerabilities. Keeping the system updated with the latest security patches is also crucial.

Consumer Rights and Obligations

The policy must clearly delineate the rights and obligations of consumers in relation to smart meters:

Right to Data Access: Consumers have the right to access their consumption data. This empowers them to monitor their usage and gain insights into their consumption patterns.

Right to Privacy: Consumers have the right to privacy concerning their usage data. The policy should detail how consumer data will be protected and the circumstances under which it can be shared.

Obligations in Meter Maintenance: While the primary responsibility for maintaining the meters lies with the Victor Khanye Local Municipality or service provider, consumers have certain obligations, such as ensuring safe access to meters and not tampering with the equipment.

Dispute Resolution Mechanisms: The policy should provide clear mechanisms for consumers to raise concerns or disputes related to smart meter readings or billing.

8. Stakeholder engagement .....

Stakeholder Engagement and Communication Strategy

Key Stakeholders

Successful implementation of the smart meter project in Victor Khanye Local Municipality hinges on the active involvement and support of various stakeholders, each playing distinct roles:

Government Bodies: National and local government entities, including energy and utility regulators, are key stakeholders. They are responsible for setting policy frameworks, ensuring regulatory compliance, and possibly providing funding or subsidies. Their role also includes overseeing the project to ensure it aligns with broader energy and environmental goals.

Utility Companies: These are the entities directly responsible for the installation, operation, and maintenance of the smart meters. They play a crucial role in the technical aspects of the project, data management, and customer billing. Utility companies will also be key in addressing operational challenges and ensuring service continuity.

Consumers: This group includes residential, commercial, and industrial users of electricity and water. As the end-users of the smart meters, their cooperation is essential. Consumers are also the primary beneficiaries of the improved efficiency and accuracy the smart meters promise, and their feedback is crucial for refining the system.

Community Leaders and Organizations: Local community leaders and organizations can act as intermediaries, facilitating communication between the project implementers and the community. They can help in sensitizing the community about the benefits of smart meters and in gathering grassroots feedback.

Technology Providers: Companies providing the smart meter technology and related systems are key in ensuring the technical viability of the project. Their role involves not just the supply of technology but also providing technical support and expertise.

Communication Plan

Effective communication is vital for the success of the smart meter initiative. The communication plan should encompass:

Initial Awareness Campaign: Before the rollout, conduct an awareness campaign to introduce the concept of smart meters to the community. This can involve informational brochures, local media advertisements, and digital media campaigns.

Public Meetings and Workshops: Organize meetings and workshops in different areas of the XYZ Municipality to explain the benefits of smart meters, the installation process, and how to use and interpret the data provided by the meters.

Social Media and Online Platforms: Utilize social media and the Victor Khanye Local Municipality's official website to post regular updates about the project's progress, answer FAQs, and provide a platform for feedback.

Regular Updates: Throughout the installation process, keep stakeholders informed about progress, any changes in the schedule, and results from the early phases of the project.

Targeted Communication for Different Stakeholder Groups: Tailor the communication approach for different groups - for example, more technical details for businesses and simpler, more practical information for residential consumers.

Engagement Methods

Engaging with stakeholders and gathering their feedback is an ongoing process:

Feedback Channels: Establish channels like hotlines, email addresses, and social media platforms specifically for stakeholders to ask questions and express concerns.

Surveys and Questionnaires: Conduct regular surveys and questionnaires to gather feedback from consumers on their experience with the smart meters.

Stakeholder Meetings: Hold periodic meetings with key stakeholders such as community leaders, business associations, and consumer groups to discuss challenges, gather suggestions, and update them on progress.

Engagement Through Local Events: Participate in local events and forums to maintain visibility and engagement with the community.

Monitoring Social Media: Actively monitor social media channels for public sentimer and concerns, responding appropriately where needed.

8. Monitoring and evaluation

Monitoring and Evaluation

Performance Indicators

For the smart meter installation project in Victor Khanye Local Municipality, clearly defined Key Performance Indicators (KPIs) are crucial to objectively measure the project's success and guide decision-making. These KPIs include:

Installation Rate: Measures the number of smart meters installed against the planned number within a specific timeframe. This KPI helps in tracking the progress of the physical installation process.

Operational Efficiency: Assessed by the reduction in time and costs associated with meter reading and billing processes post-installation. This KPI reflects the operational benefits of smart meters.

Data Accuracy: Monitors the precision of the data captured by smart meters. This can be measured by the decrease in billing disputes and corrections.

Consumer Satisfaction: Gauged through surveys and feedback mechanisms. High satisfaction levels indicate successful adoption and perceived benefits among consumers.

System Reliability: Measured by the frequency and duration of outages or system failures. Reliable performance is crucial for the credibility of the new system.

Energy and Water Conservation: Tracks any reductions in overall consumption or improvements in efficiency, indicating the effectiveness of smart meters in promoting conservation.

Review and Reporting

Regular review and reporting are vital components of the project's monitoring and evaluation framework:

Regular Progress Reviews: Scheduled reviews, possibly on a quarterly basis, to assess progress against the KPIs. These reviews should involve all key stakeholders, including installation teams, utility companies, and municipal officials.

Reporting Mechanism: Establish a clear reporting mechanism for all parties involved in the project. This could include monthly or quarterly reports detailing the installation progress, operational issues, consumer feedback, and any deviations from the planned schedule or budget.

Public Reporting: Periodic public reporting on the project's progress and performance against KPIs. This maintains transparency and keeps the community informed and engaged.

Data-Driven Adjustments: Utilize the data collected through monitoring to make informed decisions and adjustments to the project plan as necessary.

Feedback and Improvement

The collection and utilization of feedback are essential for the continuous improvement of the policy and its implementation:

Consumer Feedback Channels: Establish and maintain various channels for consumers to provide feedback, such as online portals, customer service hotlines, and email.

Stakeholder Meetings: Regular meetings with key stakeholders, including community groups and business associations, to discuss experiences, concerns, and suggestions for improvement.

Surveys and Questionnaires: Conduct periodic surveys and questionnaires among consumers and other stakeholders to collect structured feedback on various aspects of the smart meter system.

Feedback Integration: Actively integrate the feedback into the ongoing project management process. This involves analyzing the feedback, identifying areas for improvement, and implementing changes where necessary.

Continuous Learning and Adaptation: Encourage a culture of continuous learning and adaptation within the project team and among stakeholders. Share lessons learned and best practices both internally and with other municipalities or organizations undertaking similar projects.

10. Risk management and contingency

Risk Management and Contingency Planning

Potential Risks

Effective risk management is crucial for the smart meter installation project in Victor Khanye Local Municipality. Key potential risks include:

Technological Failures: This includes hardware malfunctions, software glitches, or issues with data transmission. Such failures can disrupt the metering system, leading to inaccurate billing or data loss.

Resistance from Consumers: Consumer resistance can arise due to concerns over privacy, data security, or changes in billing. Misunderstandings or misinformation about smart meters can exacerbate this issue.

Funding Shortfalls: Insufficient funding can delay or halt the project. This risk is particularly pertinent if the project depends heavily on external funding sources like government grants or loans.

Regulatory Changes: Sudden changes in national or local regulations regarding utility metering or data privacy can impact the project's viability.

External Security Threats: Risks such as cyber attacks or physical tampering with the meters, which can compromise data integrity and system functionality.

Mitigation Strategies

To mitigate these risks, the following strategies should be employed:

Robust Testing and Quality Assurance: Implement thorough testing of the smart meters and supporting infrastructure before and during deployment to minimize the risk of technological failures.

Consumer Education and Engagement: Develop a comprehensive communication strategy to educate consumers about the benefits of smart meters, how they work, and the measures taken to protect their privacy and data.

Diversified Funding Strategy: Secure funding from multiple sources to reduce dependency on a single stream and create a financial buffer. This includes exploring options like public-private partnerships and phased implementation to manage costs.

Regular Compliance Reviews: Stay abreast of regulatory changes and ensure ongoing compliance. This includes maintaining flexibility in the project plan to accommodate potential regulatory shifts.

Enhanced Security Measures: Implement robust cybersecurity measures for the metering system and conduct regular security audits. Physical security features for the meters should also be considered.

Crisis Management

In case of unexpected challenges or emergencies, a well-defined contingency plan is necessary:

Rapid Response Team: Establish a dedicated team to respond quickly to crises, be they technological failures, security breaches, or other emergencies.

Emergency Communication Protocols: Develop clear protocols for internal and external communication during a crisis. This includes timely and transparent communication with consumers and stakeholders.

Backup Systems: Ensure backup systems are in place, particularly for data storage and recovery, to minimize disruptions in case of system failures.

Crisis Simulation Exercises: Regularly conduct crisis simulation exercises to test the effectiveness of response plans and refine them based on learnings.

Stakeholder Collaboration: Collaborate with stakeholders, including technology providers, emergency services, and local authorities, to ensure a coordinated response to emergencies.

10. Conclusion

Conclusion

Summary of Goals and Outcomes

The smart meter installation policy in Victor Khanye Local Municipality is a forward-thinking initiative designed to revolutionize how the Victor Khanye Local Municipality manages and bills for electricity and water usage. The primary goals of this policy are manifold:

Enhanced Billing Accuracy and Efficiency: By implementing smart meters, the Victor Khanye Local Municipality aims to significantly reduce billing inaccuracies and administrative costs associated with manual meter readings. This leads to fairer and more transparent billing for consumers.

Improved Resource Management and Conservation: Smart meters provide detailed data on energy and water usage, facilitating better resource management. This data helps in identifying trends, managing demand, and implementing conservation strategies more effectively.

Increased Consumer Awareness and Engagement: The real-time usage data available to consumers through smart meters empowers them to make informed decisions about their consumption, leading to potential cost savings and more sustainable usage behaviors.

Technological Advancement and Innovation: The adoption of smart meters is a step towards modernizing the Victor Khanye Local Municipality's infrastructure, aligning it with global trends in technology and sustainability.

Long-Term Sustainability and Environmental Benefits: By promoting efficient use of resources, the policy contributes to the broader goal of environmental sustainability, aligning with national and global efforts to reduce carbon emissions and conserve natural resources.

The expected outcomes include a more efficient, transparent, and user-friendly metering and billing system, reduced operational costs for the Victor Khanye Local Municipality, and a more engaged and environmentally conscious community.

Call to Action

For the successful implementation of this policy, active participation and support from all stakeholders are essential. This call to action is directed at:

Government and Regulatory Bodies: To continue providing the necessary support and oversight, ensuring the project aligns with national energy and environmental policies.

Utility Companies and Technology Providers: To uphold their commitment to delivering high-quality services and technology solutions, ensuring the system's reliability and effectiveness.

Consumers and the General Public: To engage with the initiative positively, understand the benefits of smart meters, and adapt to the new system for a more sustainable future.

Community Leaders and Organizations: To facilitate communication and understanding between the project implementers and the community, ensuring that concerns are addressed and the benefits are clearly communicated.

Financial Partners and Stakeholders: To continue their support in terms of funding and resources, ensuring the project's financial viability.

In conclusion, the smart meter installation policy presents an opportunity for Victor Khanye Local Municipality to lead in the adoption of innovative technologies for utility management. It is a significant step towards a more efficient, sustainable, and consumer-friendly future. The successful realization of this policy requires a collaborative effort, embracing change, and working together towards a common goal of sustainable development and improved quality of life for all residents.

VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

ASSET MANAGEMENT POLICY
JULY 2026-JUNE 2027

Policy Number:	Approved by Council:
Resolution No:	Review Date:

ABREVIATIONS 3
1. PURPOSE OF THIS DOCUMENT 4
2. BACKGROUND 4
3. OBJECTIVES 6
4. APPROVAL AND EFFECTIVE DATE 6
5. KEY RESPONSIBILITIES 7
6. POLICY AMENDMENT 8
7. RELATIONSHIP WITH OTHER POLICIES 9
8. REFERENCES 9
9. POLICY FORMAT 10
10. POLICY FOR FIXED ASSET ACCOUNTING 11
11. INSURANCE 38
12. POLICY FOR SAFEGUARDING OF ASSETS 39
13. POLICY FOR LIFE-CYCLE MANAGEMENT OF IMMOVABLE ASSETS . 41
14. POLICY IMPLEMENTATION 46

ANNEXURE 47

ABBREVIATIONS

AM	: Asset Management
AMS	: Asset Management System
CFO	: Chief Financial Officer
COGTA	: Department of Co-operative Governance and Traditional Affairs
EMES	: Department of Economic Service-Director
EPWP	: Expanded Public Work Programme
GAMAP	: General Accepted Municipal Accounting Practice
GIS	: Geographical Information System
GRAP	: Standard of Generally Recognised Accounting Practice
HR	: Human Resources
IAM	: Infrastructure Asset Management
IAMP	: Infrastructure Asset Management Plan
IAMS	: Infrastructure Asset Management Strategy
IAR	: Infrastructure Asset Register
IAS	: International Accounting Standards
IDP	: Integrated Development Plan
IT	: Information Technology
KPI	: Key Performance Indicators
LM	: Local Municipality
MFMA	: Municipal Finance Management Act
O&M	: Operation and Maintenance
OHSA	: Occupational Health and Safety Act
R	: Rand
SCM	: Supply Chain Management
SDBIP	: Service Delivery and Budget Implementation Plan
TOR	: Terms of Reference
VAT	: Value Added Tax
VKLM	: Victor Khanye Local Municipality

1. PURPOSE OF THIS DOCUMENT

This document indicated the policy of Victor Khanye Local Municipality (VKLM) for the management of its fixed assets. Detailed procedures are provided in a separate document. The policy commits the Municipality to establishing and maintaining as asset register that complies with the relevant accounting standards, as mentioned in paragraph 8. References, and managing the assets in a way that is aligned with the Municipality Strategy objectives and recognised good practice.

2. BACKGROUND

CONSTITUTIONAL AND LEGAL FRAMEWORK

The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objects:

- Providing democratic and accountable government for local communities;
- Ensuring the provision of services to communities in a sustainable manner;
- Promoting social and economic development;
- Promoting a safe and healthy environment ; and
- Encouraging the involvement of communities and community organisations in matter of local government.

The manner in which a municipality manages its PPE is central to meeting the above challenges. Accordingly the Municipal Systems Act

(MSA) specifically highlights the duty of municipalities to provide services in a manner that is sustainable, and the Municipal Finance Management Act (MFMA) requires municipalities to utilise and maintain their assets in an effective; efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal assets with the Municipal Manager.
The OHS requires municipalities to provide and maintain a safe and healthy working environment, and in particular, to keep its fixed assets safe.

ACCOUNTING STANDARDS

The MFMA requires municipalities to comply with the standards of Generally Recognised Accounting Practice (GRAP), in line with international practice.

Key changes include the recognition of depreciation of assets as an expense, and conditional grant as revenue when it is utilised. A Government Grant Reserve and a Donations and Public Contribution Reserve are established, based on the source of funding. Immovable assets are unbundled and each significant component is individually recognised and accounted for PPE are measured at cost, tough in cases where it is impracticable to established the cost(e.g. where there are no reliable records, or records cannot be linked to specific assets), the cost is deemed to be the fair value of the immovable PPE. In cases where there is an active market for assets, valuation is on a market basis, whereas specialised buildings (such as community facilities) and infrastructure (such as a water supply network) are valued using a depreciated replacement cost. Significant changes in the value of immovable property, plant and equipment over time may be reflected through periodic revaluation.

As a medium capacity municipality, VKLM was required to convert to applicable standard of GRAP on 01 July 2009.

MANAGEMENT OF INFRASTRUCTURE ASSETS

Effective management of infrastructure and community facilities is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councillors and officials are

Asset Management Policy

custodians on behalf of the public of infrastructure assets, the replacement value of which amounts to several hundred million Rand.

Key themes of the latest generation of national legislation introduced relating to municipal infrastructure management include:

- Long-term sustainability and risk management;
- Services delivery efficiency and improvement;
- Performance monitoring and accountability;
- Community interaction and transparent processes;
- Priority development of minimum basic services for all, and
- The provision financial support from central government in addressing the needs of the poor.

Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation- for the above objectives to be achieved, the IDP need to be informed by robust, relevant and holistic information relating to the management of the municipality's infrastructure.

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintenance and renewing existing infrastructure whilst also addressing backlogs in basic services and facing ongoing changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from a number of department of the municipality, including infrastructure, community services, financial planning, and corporate services .

COGTA has prepared guidelines in line with international ~~practice, that~~practice that propose that an Infrastructure Asset Management Plan (IAMP) is prepared for each sector (such as water and sanitation, roads, electricity etc.). These plans are used as inputs into a Comprehensive Infrastructure Plan (CIP) that presents as integrated plan for municipality covering all infrastructure. The arrangements outlined in the COGTA guidelines are further strengthened by the provision of National Treasury's Local Government Capital Asset Management Guidelines. This is in line with the practice adopted in national and provincial spheres of government in terms of Government–wide Immoveable Asset Management Act (GIAMA).

Accordingly, the asset register adopted by a municipality must meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice.

3. OBJECTIVES

The objective of this policy is for the municipality to:

- Implement prevailing accounting standards ; and
- Apply asset management practice in a consistent manner and in accordance with legal requirements and recognised good practice.

APPROVAL AND EFFECTIVE DATE

The CFO is responsible for the submission of this document to Council to consider its adoption after consultation with the Municipal Manager. Council shall indicate the effective date for implementation of the policy.

KEY RESPONSIBILITIES

Municipal Manager

The Municipal Manager is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets. The Municipal Manager shall ensure that:

- The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- The municipality's fixed assets are valued in accordance with the standard of generally recognised accounting practice;
- That the municipality has and maintains a system of internal control for fixed assets, including as asset register; and
- The Directors and their teams comply with this policy.

As accounting officer of the municipality, the Municipal Manager shall be principal custodian of the entire municipality's assets, and shall be responsible for ensuring that this policy is effectively applied on adoption by Council. To this end, the Municipal Manager shall be responsible for the preparation, in consultation with the CFO and Directors, of procedures to effectively and efficiently apply this policy.

Chief Financial Officer

The Chief Financial Officer (CFO) is responsible to the Municipal Manager to ensure that the financial investments in the municipality's assets are safeguarded and maintained.

Chief Financial Officer

The Chief Financial Officer (CFO) is responsible to the Municipal Manager to ensure that the financial investments in the municipality's assets are safeguarded and maintained.

The CFO, as one of the Directors of the municipality, shall also ensure, in exercising his financial responsibilities that:

- Appropriate systems of financial management and internal control are established and carried out diligently;
- The financial and other resources of the municipality are utilised effectively, efficiently, economical and transparently;

- Any unauthorised, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- All revenue due to the municipality is collected, for example rental income relating to immovable assets;
- The systems, procedure and registers required to substantiate the financial values of the municipalities assets are maintained to standards sufficient to satisfy the requirements of the Auditor-General;
- Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilised through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets.
- The Directors and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets;
- This policy and support procedures are established, maintained and effectively communicated.

The CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed. The CFO shall be fixed asset registrar of the municipality and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained.

Assistant Manager: Asset Management

The Assistant Manager: Asset Management (as delegated by the Municipal Manager and the CFO) should ensure that:

- appropriate systems of physical management and control are established and carried out for all assets;
- the municipal resources assigned to them are utilised effectively, efficiently, economically and transparently;
- proper accounting processes and procedures are implemented in conformity with the municipal financial policies and the MFMA to produce reliable data for inclusion in the municipal asset register;
- the asset management systems, processes and controls can provide an accurate, reliable and up-to-date account of assets under their control;

The Assistant Manager: Asset Management may delegate or otherwise assign responsibility for performing these functions to employees in the Asset Management Section but will remain accountable for ensuring these activities are performed. No amendments, deletions or additions to the fixed asset register shall be made other than by the CFO or by the Assistant Manager: Asset Management acting under the written instruction of the CFO.

Directors

Directors (the managers directly accountable to the Municipal Manager) shall ensure that:

- The municipal resources assigned to them and their subordinates are utilised effectively, efficiently, economically and transparently;

- Any unauthorised, irregular or fruitless or wasteful utilisation, and losses resulting from criminal or negligent conduct, are prevented;
- They are able to manage and justify that the asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives; and
- Together with the Assistant Manager: Asset Management, each Director must ensure that all office bound employees in his/her directorate has an updated asset inventory in his/her office available for inspection.

The Directors may delegate or otherwise assign responsibility for performing these functions to individual custodians and users of the assets but they shall remain accountable for ensuring these activities are performed.

6. POLICY AMENDMENT

Changes to this document shall only be applicable if approved by Council. Any proposals in this regard shall be motivated by the CFO in consultation with the Municipal Manager and respective Directors. The recommendations of the CFO shall be considered for adoption by Council.

7. RELATIONSHIP WITH OTHER POLICIES

This policy, once effective, will replace the pre-existing Asset Management and Insurance Policy.

This policy needs to be read in conjunction with other relevant adopted policies of the municipality, including the following:

- Financial Regulations
- Supply Chain Management Policy
- Tariff Policy
- Property Rates Policy
- Risk Management Policy
- Cash and Investment Management Policy
- Inventory Management Policy
- Loss Control Policy

8. REFERENCES

The following references were observed in compiling this document:

- Asset Management Framework, National Treasury, 2004
- Guidelines for Infrastructure Asset Management in Local Government, Department of Provincial and Local Government, 2006
- Local Government Capital Asset Management Guidelines, National Treasury, 2008.

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- ~~Treasury, 2008~~
- Municipal Finance Management Act, 2003
- Disaster Management Act, 2002
- Municipal Systems Act, 2000
- Municipal Structures Act, 2000
- Accounting Standard Board
- MFMA Circular 18 & 44
- Government Gazettes (30013 and 31021)
- GRAP 1 – Presentation of Financial Statements
- GRAP 3 – Accounting Policies, Estimates and Errors
- GRAP 5 – Borrowing Costs
- GRAP 13 – Leases
- GRAP 16 – Investment Properties
- GRAP 17 – Property, Plant and Equipment
- GRAP 21 – Impairment of Non-Cash Generating Assets
- GRAP 23 – Revenue from Non-exchange Transaction ~~s~~ (Donations)
- GRAP 26 - Impairment of Cash Generating Assets
- GRAP 31 – Intangible Assets
- GRAP 100 – Discontinued Operations
- GRAP ~~401~~ 27 - Agriculture
- GRAP 103 – Heritage Assets
- Municipal Asset Transfer and Regulations - Government Gazette No.31346

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9. POLICY FORMAT

Figure 1 gives an overview to the format of presentation of this policy document, and how it links to a separate document that provides the procedure.

POLICY DOCUMENT

Definitions and Rules	Extract from the accounting standards and their interpretation for application in the municipality
Policy Statement	A statement that reflects the specific policy adopted by the municipality, in line with the applicable accounting standards

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VICTOR KHANYE LOCAL MUNICIPALITY

BUDGET PROCESS POLICY AND PROCEDURES 2026/2027

Table of contents

1. Objective 2
2. Compliance with Legal Provisions 2
3. Budget Steering Committee 3
4. Budget-Related Policies 3
5. Delegations and Responsibility for Implementation 4

6. Budget Time Schedule 4
7. Budget to be balanced 4
8. Funding of Expenditure 5
9. Zero -Based Budgeting 5
10. Contents of Budget 5
11. Capital and Operating Components 6
12. Capital Replacement Reserve (CRR) 7
13. Financing of Capital Budget 7
14. Determination of Votes 7
15. Provisions for Leave and Employee Benefits, Bad Debts, Obsolescence 7
and Other expenses 7
16. Provision for Maintenance 8
17. Salaries and Allowances 8
18. Depreciation and Finance Charges 8
19. Indigent Relief 9
20. Allocations from Other Organs of State 9
21. Rates as a Source of Income 9
22. Impact of Rates and Tariffs 9
23. Determination of Growth Factors 9
24. Tabling of Annual Budget 9
25. Publication of Annual Budget 10
26. Consultations on Tabled Budgets 10
27. Approval of Annual Budget 10
28. Adjustment Budgets 10
29. SDBIP and Performance Agreements 12
30. Monitoring and Reporting on Budgets 13

1. Objective

The objective of this policy is to set out the budgeting principles and procedures which the municipality will follow in preparing each annual budget, as well as the adjustment budget.

2. Compliance with Legal Provisions

In the process of preparing the budget, the Municipality, the Mayor, political office bearers, Municipal Manager, Chief Financial Officer and other officials shall comply with all relevant legal requirements, including in particular, the provisions of Chapter 4 (Sections 15 to 33) of the Local Government: Municipal Finance Management Act, 2003 ("the MFMA"), as well as Sections 42, 43, 52, 53, 54, 55, 68, 69, 70, 71, 72, 75, 80, 81 and 83 thereof;

2.1 The Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, as amended ("the Regulations") published in terms of Section 168 of the MFMA under General Notice 393 of 2009;
2.2 The Local Government: Municipal Finance Management Act, 2003 Municipal Regulations on Standard Charts of Accounts ("the mSCoA Regulations") published in terms of Section 168 of the MFMA under Government Notice No. 312 of 2014, and
2.3 All relevant budget-related circulars and notices issued by the National Treasury.

3. Budget Steering Committee

3.1 The Municipal Manager shall establish a Budget Steering Committee as required by Regulation 4 of the Regulations.
3.2 The function of the Budget Steering Committee is to provide technical assistance to the Mayor in discharging his responsibilities set out in Section 53 of the MFMA

4. Budget-Related Policies

4.1 The Municipal Manager must ensure that budget related policies of the Municipality, or any necessary amendments to such policies, are prepared for tabling in Council by the applicable deadlines specified in terms of Section 21.(1) (b) of the MFMA.
4.2 The Municipality may consult with professional bodies and advisors for purposes of preparing such policies.
4.3 Policies that affect or are affected by the annual budget include the following:

- The tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
- The rates policy which the municipality must adopt in terms of section 3 of the Municipal Property Rates Act;
- The credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;
- The cash management and investment policy which the municipality must adopt in terms of section 13(2) of the MFMA;
- The borrowing policy which must comply with Chapter 6 of the MFMA;
- The funding and reserves policy which must comply with regulation 8 of the Regulations;

- The policy related to the long-term financial plan;
- The supply chain management policy which the municipality is required to adopt in terms of section 111 of the Act;
- The policy dealing with the management and disposal of assets;
- The policies dealing with infrastructure investment and capital projects, including:
  ○ the policy governing the planning and approval of capital projects; and ○ the policy on developer contributions for property developments;
- The indigents policy;
- The policy related to the provision of free basic services;
- The policy related to budget implementation and monitoring including – ○ the shifting of funds within votes; ○ the introduction of adjustments budgets; ○ unforeseen and unavoidable expenditure; and ○ management and oversight;
- The policy related to managing water including – ○ the management of losses: and ○ the promotion of conservation and efficiency;
- The policies relating to personnel, including policies on overtime, vacancies and temporary staff;
- Asset Management Policy; (needs consideration and updating to bring out category requirements in mSCOA)

5. Delegations and Responsibility for Implementation

5.1 All such powers as may be necessary for the Municipal Manager and the Chief Financial Officer to carry out their respective responsibilities under this policy shall be delegated or sub delegated, as the case may require, to them in accordance with the relevant provisions of the MFMA and the Municipal Systems Act and recorded in the appropriate register of delegations.

5.2 The Municipal Manager shall be responsible for the implementation of this policy, provided that the Municipal Manager shall delegate such powers to the Chief Financial Officer.

6. Budget Time Schedule

6.1 The Mayor shall table the budget time schedule as required by Section 21.(1) (b) of the MFMA, for the adoption by Council.

6.2 Such time schedule shall indicate the target dates for the draft revision of the IDP and the preparation of the annual budget for that budget year. The target dates shall follow the prescriptions of the MFMA.

6.3 The Chief Financial Officer shall be responsible for ensuring that the time schedule is adhered to.

7. Budget to be balanced

The annual or adjustments budget shall be approved by Council only if it has been properly balanced, that is, if the sources of finance which are realistically envisaged to fund the budget equal the proposed expenses.

8. Funding of Expenditure

8.1 In accordance with the provisions of Section 18.(1) of the MFMA, an annual budget may be funded only from:

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for capital projects.

8.2 Realistically anticipated revenues to be received may only be included in the annual budget if there is acceptable documentation that guarantees the funds, as provided by Regulation 10.(2).

8.3 All expenses, excluding depreciation expenses, shall be cash-funded.

9. Zero -Based Budgeting

Except in so far as capital projects represent a contractual commitment of the Municipality extending over more than one financial year, the annual budget shall be prepared from a zero base.

10. Contents of Budget

10.1 The budget must comply with the provisions of Section 17.(1) of the MFMA, and in particular:

- The budget must be in the format prescribed by the Regulations;
- The budget must reflect the realistically expected revenues by Function and mSCOA funding source for the budget year concerned;
- The expenses reflected in the budget must be divided into the votes of the various Functions and sub-functions of the municipality;

- The budget must also contain:
  - All six mSCOA segments i.e. Function, Project, Item, Funding, Region, and Costing. ○ The foregoing information for the two years immediately succeeding the financial year to which the budget relates;
  - The actual revenues and expenses for the previous financial year; ○ The estimated revenues and expenses for the current year, and ○ The monthly cash flow projects for the revenue and expenditure budgeted.

- The budget must be accompanied by all of the documents referred to in Section 17.(3) of the MFMA.

- For the purposes of Section 17.(3)(k) of the MFMA, the salary, allowances and benefits of each person referred to therein must be stated individually.

11. Capital and Operating Components

11.1 The annual budget and adjustments budget shall, as required by Section 17.(2) of the MFMA consist of:

- The capital component, and The operating component.

11.2 The operating component shall duly reflect the impact of the capital component on:

- Depreciation charges;
- Repairs and maintenance expenses; Interest payable on external borrowings; and
- Other operating expenses.

11.3 Before approving the capital budget component of the annual or adjustments budget, Council shall consider the impact of the capital component on the present and future operating budgets of the municipality in relation to the items referred to in paragraph 11.2.

11.4 Each department head shall, prior to providing for any expenditure in respect of any capital item in the budget of his or her department's budget, and in any event no later than 31 January prepare and submit to the Chief Financial Officer a business plan relating to such capital item, which business plan shall contain the following information regarding such item:

- A full description;
- Its purpose and link to the IDP and Capital Investment Plans;
- The expected beneficiaries;
- Alternative means of providing the same benefits;
- An acquisition, construction and implementation plan (as applicable);
- The expected useful life;
- The principal cost;
- The sources of funding;
- A schedule of financing costs;
- A maintenance plan;
- A schedule of envisaged maintenance costs; A depreciation schedule; and
- Insurance costs.

12. Capital Replacement Reserve (CRR)

Council may establish a capital replacement reserve for the purpose of financing capital projects and the acquisition of capital assets. Such reserve shall be established from the following sources of revenue:

- Inappropriate cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
- Interest on the investments of the asset financing reserve, appropriated in terms of the banking and investments policy;
- Further amounts appropriated as contributions in each annual or adjustments budget; and
- Net gains on the sale of fixed assets.

13. Financing of Capital Budget

The Chief Financial Officer shall make recommendations on the financing of the draft capital budget for the ensuing and future financial years, indicating the impact of viable alternative financing scenarios on future expenses, and specifically
Commenting on the relative financial merits of internal and external financing options.

The provisions of Regulation 11 must be complied with in relation to the funding of capital expenditure.

14. Determination of Votes

In preparing the operating budget, the Chief Financial Officer shall determine the number and type of votes to be used, provided that in so doing the Chief Financial Officer shall properly and adequately consider the Government Finance Statistics (GFS) Classification Framework and mSCOA, reflect the organizational structure of the Municipality, and further in so doing shall comply with the budget format prescribed by the Regulations.

Each departmental head shall be responsible for determining the line items to be shown under each vote, subject to compliance with mSCOA and the approval of the Chief Financial Officer or official(s) delegated by him/her.

15. Provisions for Leave and Employee Benefits, Bad Debts, Obsolescence and Other expenses

During each annual and adjustments budget the municipality shall establish and/or make budget provision for, or reduce contributions for future expenses accruing in each year, estimated up to the end of each financial year (30 June), for the following:

- Accrued leave entitlements of officials;
- Staff benefits, including post-retirement benefits (pension and/or medical aid);
- Bad debts in respect of its approved rates and tariffs policies;
- Obsolescence and deterioration of stock;
- Performance bonuses;
- Restoration of landfill site(s), and
- Any other need where an obligation exists.

16. Provision for Maintenance

The Municipality shall adequately provide in each annual and adjustments budget for the maintenance of its fixed and movable assets in accordance with its fixed asset management policy. 15% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance.

Notwithstanding anything contained to the contrary in any other policy of the Municipality, no funds budgeted for maintenance may be used or transferred for any other purpose without the express consent of the Chief Financial Officer.

17. Salaries and Allowances

The budget for salaries, allowances and salary-related benefits shall be separately prepared, and shall not exceed 35% of the aggregate operating budget component of the annual or adjustments budget. For purposes of applying this principle, the remuneration of political office bearers and other councilors shall not be included in this limit.

18. Depreciation and Finance Charges

18.1 Depreciation and finance charges together shall not exceed 5% of the aggregate expenses budgeted for in the operating budget component of each annual or adjustments budget.

18.2 Finance charges payable by the municipality shall be apportioned between departments or votes on the basis of the proportion at the last balance sheet date of the carrying value of the fixed assets belonging to such department or vote to the aggregate carrying value of all fixed assets in the municipality. However, where it is Council's policy to raise external loans only for the financing of fixed assets in specified services, finance charges shall be charged to or apportioned only between the departments or votes relating to such services.

18.3 The Chief Financial Officer shall determine the depreciation expenses to be charged to each vote, and the apportionment of interest payable to each vote.

19. Indigent Relief

The estimated costs of indigent relief must be based on the Council approved Indigent Policy and the tariffs approved by Council and charged to the function deriving the revenue.

In the case of Free Basic Electricity (FBE) payable to ESCOM and the estimated costs are budgeted for in the Electricity function.

20. Allocations from Other Organs of State

Allocations from other organs of state shall be accurately reflected in the annual and adjustments budget, and the estimated expenses against such allocations (other than the equitable share) must be appropriately recorded.

The provisions of Regulation 10.(2) of the Regulations must be complied with in regard to anticipated revenues to be received from national or provincial government, national or public entities, other municipalities and donors.

21. Rates as a Source of Income

In preparing its revenue budget, the Municipality shall budget for realistic revenues from property rates based on the valuation roll, the approved rate tariff(s) and anticipated collection based on prior years' and considering the property rates policy.

22. Impact of Rates and Tariffs

When considering the draft annual budget, Council shall consider the impact that the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households in the municipal area.

23. Determination of Growth Factors

The Chief Financial Officer shall, with the approval of the Mayor and the Municipal Manager, and considering the municipality's current financial performance, determine the recommended aggregate growth factor(s) using the National Treasury Guidelines.

24. Tabling of Annual Budget

The Annual Budget must, as required by Section 16 of the MFMA, be tabled at a council meeting at least 90 days before the start of a budget year, and when tabled must, as required by Regulation 14.(1) of the Regulations:

- be in the format in which it will eventually be approved by Council; and

- be credible and realistic such that it is capable of being approved and implemented as tabled.

25. Publication of Annual Budget

In accordance with Section 22 of the MFMA, the Municipal Manager shall ensure that immediately after the annual budget is tabled in Council:

- The budget is made public in accordance with the provisions of the Local Government: Municipal Systems Act;
- The local community is invited to make submissions in regard to the budget;
- The budget is submitted to the National Treasury and Provincial Treasury in printed and electronic formats;
- The budget is submitted to any prescribed organs of state and to other Municipalities affected by it.

In addition, the Municipal Manager must comply with the provisions of Regulation 15.

26. Consultations on Tabled Budgets

The Municipality shall, after the annual budget is tabled, consider the views of the local community, the National and Provincial Treasuries, organs of state and municipalities which made submissions on the budget, as required by Section 23 of the MFMA and shall comply with all other requirements of that section.

The Mayor must for purposes of the abovementioned Section 23 submit to Council the report and comments referred to in Regulation 16.

27. Approval of Annual Budget

Council shall approve the budget in accordance the provisions of Section 24 of the MFMA.

Before approving the budget, Council shall consider the full implications of the budget, as required by Regulation 17 of the Regulations.

28. Adjustment Budgets

The adjustments budget and supporting documentation must be in the format specified in the Regulations and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister.

28.1 Funding of adjustments budgets

- The adjustments budget must be appropriately funded.
- The supporting documentation to accompany an adjustments budget must contain an explanation of how the adjustments budget is funded.

28.2 Timeframes for tabling of adjustments budgets

- The adjustments budget referred to in section 28.(2)(b), (d) and (f) of the MFMA may be tabled in Council at any time after the mid-year budget and performance assessment has been tabled in Council, but not later than 28 February of the current year.
- Only one adjustments budget referred to in section 28.(2)(b), (d) and (f) of the MFMA may be tabled in Council during a financial year, except when:
    - the additional revenues contemplated in section 28.(2)(b) of the MFMA are allocations in a national or provincial adjustments budget, in which case the Mayor must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustments budget referred to in section 28.(2)(b) of the MFMA in Council to appropriate these additional revenues. This is intended to ensure that additional revenues allocated are approved for spending as soon as possible so as to minimize the possibility of underspending.
    - an adjustments budget relating to unforeseeable and unavoidable expenditure must be tabled in Council at the first available opportunity after the unforeseeable and unavoidable expenditure was incurred and within 60 days of incurring the expenditure.

- An adjustments budget referred to in section 28.(2)(e) of the MFMA may only be tabled after the end of the financial year to which the roll-overs relate, and must be approved by Council by 25 August of the financial year following the financial year to which the roll-overs relate.
- An adjustments budget contemplated in section 28.(2)(g) of the MFMA may only authorise unauthorised expenditure as anticipated by section 32.(2)(a)(i) of the MFMA, and must be – ○ dealt with as part of the adjustments budget contemplated in section 23.(1) of the MFMA, and ○ a special adjustments budget tabled in Council when the Mayor tables the annual report in terms of section 127.(2) of the MFMA, which may only deal with unauthorised expenditure from the previous financial year which Council is requested to authorise in terms of section 32(2)(a)(i) of the MFMA

28.3 Submission of tabled adjustments budgets

 The Municipal Manager must submit the tabled adjustments budget in both printed and electronic form within ten working days after the Mayor has tabled an adjustment budget in Council to:

  - National Treasury; - provincial treasury; - any other municipality affected by that adjustments budget; - any other organ of state on receipt of a request from that organ of state.

28.4 Approval of adjustments budget

- Council must consider the full implications, financial or otherwise, of the adjustments budget and supporting documentation referred to in Regulation 21 before approving the adjustments budget.
- Council may approve an adjustments budget dealing with matters referred to in section 28.(2)(c) of the MFMA only if the expenditure was recommended by the Mayor in accordance with the framework prescribed in the Regulations.
- When approving an adjustments budget, Council must consider and adopt separate resolutions dealing with each of the matters listed in the Regulations: Item 4 of Schedule B.

28.5 Publication of approved adjustments budget

- Within ten working days after the municipal council has approved an adjustments budget, the municipal manager must make public the approved adjustments budget, supporting documentation and the resolutions referred to in Regulation 25.(3).
- When making public an adjustments budget and supporting documentation the municipal manager must make public any other information that the municipal council considers appropriate to facilitate public awareness of the adjustments budget, including - - summaries of the adjustments budget and supporting documentation in alternate languages predominant in the community;
  - information relevant to each ward in the municipality, if that ward is affected by the adjustments budget; and
  - any consequential amendment of the service delivery and budget implementation plan that is necessitated by the adjustments budget.

29. SDBIP and Performance Agreements

The Municipal Manager must by no later than 14 days after the approval of the annual budget submit to the Mayor:

- A draft Service Delivery and Budget Implementation Plan for the year in question;
- Drafts of the annual performance agreements as required by Section 57 of the Municipal Systems Act for the managers referred to in that section.

30. Monitoring and Reporting on Budgets

30.1 Heads of departments must review their expenditure to budget on a monthly basis and provide a report with explanations for variances of more than 10% of the budget or R500, 000 to the Chief Financial Officer within three (3) working days of month-end.

30.2 The Chief Financial Officer shall compile the monthly budget statements as required by Section 71 of the MFMA, which shall:

- Be in the format prescribed by Regulation 28 of the Regulations;
- Be submitted to Mayor, national and provincial treasuries within 10 working days after the month-end;
- Be placed on the Municipality's website;
- Be considered by the Mayor in terms of Section 54.(1)(a) of the MFMA to:
    - check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
    - consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of Council following approval of an adjustments budget;
    - issue any appropriate instructions to the Municipal Manager to ensure –
        - that the budget is implemented in accordance with the service delivery and budget implementation plan; and
        - that spending of funds and revenue collection proceed in accordance with the budget;
    - identify any financial problems facing the municipality, including any emerging or impending financial problems; and
    - in the case of a section 72 report, submit the report to Council by 31 January of each year.
- If the municipality faces any serious financial problems, the Mayor must—
    - promptly respond to and initiate any remedial or corrective steps proposed by the Municipal Manager to deal with such problems, which may include—
        - steps to reduce spending when revenue is anticipated to be less than projected in the municipality's approved budget;
        - the tabling of an adjustments budget; or

- steps in terms of Chapter 13; and o alert Council and the MEC for local government in the province to those problems.

- The Mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.
- The Mayor's quarterly report on the implementation of the budget and the financial state of affairs of the Municipality as required by Section 52.(d) of the MFMA must comply with the requirements of Regulation 31 and be published in accordance with Section 75.(1)(k) of the MFMA and Regulation 32.
- Mid-year budget and performance assessments of the Municipality as required by Section 72 of the MFMA must be in the format, be published, and be submitted as required by Regulations 32, 33 and 34.

VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

INDIGENT POLICY

1 July 2026 – 30 June 2027

Policy Number:	Approved by Council:
Resolution No:	Review Date:

1 - Indigent Support Policy

Contents

1. INTRODUCTION 4
2. PREAMBLE 4
3. PURPOSE 5
4. OBJECTIVE OF POLICY 5
5. PRINCIPLES OF THE POLICY 6
6. DEFINITIONS 7
7. LEGISLATIVE FRAMEWORK AND GUIDELINES 11
8. SCOPE OF APPLICATION 11
9. CHARACTERISTICS OF INDIGENTS ..... **Error! Bookmark not defined.**
10. CRITERIA FOR QUALIFICATION FOR INDIGENT SUPPORT 12
10.1 REGISTERED HOUSEHOLD ..... **Error! Bookmark not defined.**
10.1.1 INDIGENT HOUSEHOLD 12
10.1.2 CHILD-HEADED HOUSEHOLD 12
10.1.3 EXCLUSIONS – REGISTERED HOUSEHOLDS 13
10.2 DEEMED INDIGENT HOUSEHOLD 13
10.3 EXCLUSIONS – DEEMED INDIGENT HOUSEHOLD 14
10.4 INDIGENT 14
11 EXTENT OF INDIGENT SUPPORT 15
11.1 REGISTERED INDIGENT HOUSEHOLD / PERSON 15
11.2 DEEMED INDIGENT HOUSEHOLD ..... **Error! Bookmark not defined.**
12 PERIOD OF RELIEF 16
13 ADMINISTRATION OF INDIGENT SUPPORT 16
14 CONTROL MEASURES FOR THE DISTRIBUTION OF INDIGENT SUPPORT 18
15 CORRECTIVE STEPS ..... **Error! Bookmark not defined.**
16 ACTION AGAINST MALPRACTICES TO MISREPRENTATION OR MISUSE 18
17 EXITING THE PROGRAMME 20
18 RIGHT TO APPEAL 20
19 PROCEDURE FOR INDIGENT VERIFICATION 20
20 FACTORS TO BE CONSIDERED 22
21 REGISTRATION OF INDIGENTS 23
Visible perceptibility 23
Advantage of using perceptibility method 23

22 JOB CREATION ..... **Error! Bookmark not defined.**
23 ASSESSMENT OF INDIGENTS 24
24 SHORT TITLE 25

1. INTRODUCTION

The Indigent Support Policy is a legal imperative, a tool designed to ensure that persons and households classified as indigent have access to basic services as defined in the Constitution of the Republic of South Africa, Act No 108 of 1996. The policy is a result of continuous prevalence of indigence and poverty within communities. This policy therefore is a tool of intervention to alleviate the plight and to encourage indigent households to live within affordable consumption levels. The Indigent Support Policy is aimed at ensuring that the State fulfil its constitutional obligation contained in the Bill of Rights. This policy must be read in conjunction with the Credit Control Policy and applicable legislative frameworks.

2. PREAMBLE

WHEREAS Section 74 of the Local Government: Municipal Systems Act 2000 (Act No 32 of 2000), requires that the Council should, in formulating a Tariff Policy for the municipality, at least take into consideration the extent of subsidisation of tariffs for poor households.

WHEREAS Council needs to have an approved Indigent Support Policy.

WHEREAS such policy must provide procedures and guidelines for the subsidisation of basic services and tariff charges to its indigent households.

HEREAS the Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life which takes into account health and environmental considerations.

NOW THEREFORE the Council of the Victor Khanye Local Municipality has adopted the Indigent Support Policy set out hereunder:

3. PURPOSE

- To ensure and maintain access to basic services and/or benefits for all identified and deserving poor households including emergency services rendered by the Victor Khanye Local Municipality;
- To improve monitoring systems, provide support and to strengthen capacity of the Victor Khanye Local Municipality to implement the policy;
- To ensure that subsidisation for indigent support is funded and allocated as per policy directives to the qualifying households;
- To effectively manage co-ordination between internal departments with regard to the policy implementation;
- To ensure the implementation of an exit strategy to support the increased mobility of the poor from the indigent register;
- To ensure that the Victor Khanye Local Municipality remains financially sustainable while meeting the needs of the indigents;
- To ascertain appropriate targeting options for the defined indigent households so as to ensure inclusiveness in the approach and application of the policy in an equitable manner;

4. OBJECTIVE OF POLICY

The objective of the Indigent Support Policy is to ensure:-

a) the provision of basic services to indigent households in communities falling under the jurisdiction of the Victor Khanye Local Municipality in a sustainable manner, within the financial and administrative capacity of the Victor Khanye Local Municipality.

b) the establishment of procedures and guidelines for the effective of subsidisation of basic service charges to such approved indigent households, within budgetary and Intergovernmental grant guidelines.

5. PRINCIPLES OF THE POLICY

Section 74 (2) (c) of the Municipal Systems Act, Act 32 of 2000 stipulates inter alia the following:-

"'poor households must have access to at least basic services through:

i. *tariffs that cover only operating and maintenance costs;*
ii. *special tariffs or life line tariffs for low levels of use or consumption of services for basic levels of service; or*
iii. *any other direct or indirect method of subsidisation of tariffs for poor households;"*

The following are the guiding principles for the formulation of an Indigent Support Policy:

a) the Indigent Support Policy must be formulated in accordance with the Constitution of the Republic of South Africa, 1996, (Act No 108 of 1996 and other applicable legislation, amongst others, the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) which provides that everybody has a right to administrative justice that is lawful, reasonable and procedurally fair.
b) relief must be provided by the Victor Khanye Local Municipality to registered residential consumers of services who are indigent.
c) Council must, wherever possible, ensure that any relief is in accordance with the Constitution and is cost effective, sustainable, practical, fair, equitable and justifiable.
d) the subsidising of minimum service levels should not result in the creation of a massive bureaucratic administration that would not be cost effective to implement.

e) differentiation must be made between those households who cannot afford to pay for basic services and those who do not want to pay for these services.
f) other municipal services in addition to free basic services should, where possible, be affordable and beneficial to the indigents.
g) the relief should be valid for a maximum period of 36 months.
h) the Council may review and amend the qualification criteria for indigent support.
i) the joint gross income of all the household occupants will be taken into account in determining the validity of indigent support application.
j) the indigent data-base shall be updated regularly.
k) misuse of any support or grant or supply of invalid information will lead to punitive action by Victor Khanye Local Municipality against indigent support beneficiaries.
l) the Victor Khanye Local Municipality reserve the right to verify new applications and existing approved indigents against any relevant external data source.
m) the Council must/may use external services and/or references to verify the information provided by the applicants.

6. DEFINITIONS

For the purpose of this policy, any word or expression to which a meaning has been assigned in the Act, shall bear the same meaning in this policy, and unless the context indicates otherwise:

"Authorised Officer"	:	means any official of the Council who has been authorised by the Council to administer, implement and enforce the provisions of this policy.

"By-law"	:	means a by-law adopted by the Council.
"Basic Services"	:	means the supply of the following basic services within the budgetary and legislative guidelines: Energy supply Water supply Sanitation services Refuse removal service
"Calendar days"	:	means all days in the month inclusive of Saturdays and Sundays.
"**Child Headed Households**"	:	is deemed to be minor dependants of registered owner or tenant of property where due to death of parent(s) or legal guardian who is also registered owner or tenant, minor child is responsible for management of households.
"Municipal Manager"	:	means the person appointed by the Council as the Municipal Manager of the Victor Khanye Local Municipality in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person: (a) acting in such position, and (b) to whom the Municipal Manager has delegated a power, function or duty.
"Council"	:	Means - (a) the "Municipality" and vice versa; (b) the Council of the Victor Khanye Local Municipality established by

		Provincial Notice No. 6768, as amended, exercising its legislative and executive authority through the municipality; (c) its successor in title; (d) a structure or person exercising a delegated power or carrying out an instruction, where any power in these by-laws has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Local Government Municipal Systems Act, 2000 (Act No 32 of 2000); or (e) a service provider fulfilling a responsibility under these by-laws, assigned to it in terms of section 81(2) of the Act, or any other by-law, as the case may be.
"Deemed Indigent Household"	:	means individuals who live together in a single residential property and qualifies for indigent relief based on the use and value of property as determined in terms of general valuation roll.
"Dependant"	:	means a person under the age of 18 years who is financially dependent and resides permanently with the owner and/or tenant of property in a single residential property within the area of jurisdiction of Victor Khanye Local Municipality.

9 - Indigent Support Policy

"Essential household services package"	:	means provision of water supply, sanitation, refuse removal, supply of basic energy.
"Household Income"	:	means any form of remuneration and/ or income as defined in the Sixth Schedule to the Income Tax Act, 58 of 1962 but excluding State Children Support grants.
"illegal connection"	:	a connection to any system through which municipal services are provided, which is not authorised or approved by the Municipality or its authorised agent.
"Indigent Household"	:	means individuals who live together in a single residential property and collectively qualifies for indigent relief in terms of this policy.
"Indigent Person"	:	means a person lacking the basic necessities of life such as insufficient water, basic sanitation, refuse removal, health care, housing, environmental health, and supply of basic energy, food and clothing as defined in this policy.
"Municipality"	"	means the "Council" as defined above.
"Occupants"	:	means the owner and/or legal tenant of property and all individuals who live together in a single residential property.
"Pensioner"	:	means a person whom - (i) is at least than 60 years of age on date of application, provided that where couples are married in community of property and the property is registered in

7. LEGISLATIVE FRAMEWORK AND GUIDELINES

Constitution of the Republic of South Africa, Act No 108 of 1996.
Local Government Municipal Systems Act, Act No 32 of 2000.

Guidelines

a) Framework for Municipal Indigent Policies: Towards a basket of services for the poor dated May 2007.
b) Free Basic Strategy and guidelines prepared by the Department of Water Affairs and Forestry.
c) Electricity Basic Support Tariff (free basic electricity) Policy prepared by the Department of Minerals and Energy.

8. SCOPE OF APPLICATION

The Indigent Support Policy shall be applicable within the area of jurisdiction of the Victor Khanye Local Municipality.

The Indigent Support Programme must be accessible to all qualifying indigent persons.

9. CRITERIA FOR QUALIFICATION FOR INDIGENT SUPPORT

10.1 REGISTRATION CRITERIA

10.1.1 INDIGENT HOUSEHOLD

A private residential household will be registered as indigent on the following conditions:-

1. The applicant agrees to the limited supply of electricity to a 20 ampere pre-paid installation. The first application to change ampere to the lower level will be free of charge
2. The total gross monthly income of all members of the household must not exceed the amount of R4 220.00 **i.e. 2 old maximum age pensioner's grant**
3. account in respect of Basic Services and/or Assessment rates is held with Council in the name of the applicant
4. applicant is a South African citizen;
5. the property is used for residential purposes only; and
6. The tenants and occupiers listed by the Applicant to be included on the Indigent Register, must be South African Citizens.

7. The Applicant must reside on the Relevant Qualifying Property.

10.1.2 CHILD-HEADED HOUSEHOLD

Child-headed households will be treated as special cases subject to the following conditions:

a) the normal qualifying criteria for indigent support in respect of remaining members of household is complied with;
b) the account of the deceased parents is closed;
c) the oldest child signs the user agreement assisted by appointed legal guardian;
d) the status of the household is reviewed in terms of this policy at least on three monthly bases.
e) The Relevant Qualifying Property is not occupied by any member other than minor dependent children of the deceased owner/tenant or legal guardian.

10.1.3 EXCLUSIONS – REGISTERED HOUSEHOLDS

Indigent relief will NOT be granted where the applicant, household, occupants/ residents and/or dependants residing on the property, as the case may be, -

a) receive significant benefits or regular monetary income that is above the indigent qualification threshold;
b) where the applicant is not registered as consumer of services in the records of Council;
c) where the applicant own/s more than one (1) property, registered individually or jointly;
d) where the applicant rent/s or subleases his property or part thereof to any third party during the duration of the grant period; or
e) applicant tampers or illegally connects or reconnects services prior to this application, until such time as the total costs, penalties, other fees, illegal consumption and any applicable tariffs and rates due to the Council have been paid in full.

10.2 DEEMED INDIGENT HOUSEHOLD

Households within the following categories of properties will be deemed to be indigent households:

a) the property is used for residential purposes only as reflected in General Valuation roll;

b) residential exclusion as per Property Rates Act 2004 (Act No 6 of 2004) is applicable to property;

10.3 EXCLUSIONS – DEEMED INDIGENT HOUSEHOLD

Indigent relief will be withdrawn where upon verification the deemed indigent household, including occupants/residents and/or dependants residing on the property, as the case may be, -

a) receive significant benefits or regular monetary income that is above the indigent qualification threshold;
b) owner of property owns more than one (1) property, registered individually or jointly.
c) owner of property rent or sublease his property or part thereof to any third party.
d) deemed indigent household tampers or illegally connects or reconnects services.
e) business activities are being conducted on property.
f) properties registered in name of National, Provincial or Local Government.
g) owner of property applies to be excluded from deemed indigent relief.
h) Indigent is property is found to be listed on the cost schedule for clearances. Sale of the Property; All historically granted subsidies within the current financial year will be reversed and same demanded from the owner of the property, which is the seller.

10.4 INDIGENT

Indigent relief in respect of other services provided by Council, *excluding household free basic services and assessment rates grants*, will be granted to approved **indigent person** where:-

a) applicant is a South African citizen;
b) applicant is over the age of 18 years of age but includes financially dependent minors of applicant;

c) applicant benefits or regular monetary income is less than two (2) monthly state pension grant, as amended by Minister of Finance from time to time.

11 EXTENT OF INDIGENT SUPPORT

11.1 REGISTERED INDIGENT HOUSEHOLD / PERSON

Indigent support will be given on a monthly basis, and the extent of the monthly support will be determined by the National Policy Guidelines and the Municipality's annual budgetary proposals and MTREF in respect of:

- Free basic water of 6kl per household per month;
- Free refuse collection;
- Free basic electricity or energy (depending on which service level is applicable) of 50 Kwh per household per month;
- Free basic sanitation; and
- Assessment rates in respect of residential property registered in name of qualifying indigent owner subject to the maximum valuation of 450sqm or as determined by the Municipality from time to time.
- The level of indigent support granted shall not exceed the actual monthly billing to the Account in respect of the Services.
- The relief will be subject to National Policy Guidelines and the Municipality's approved budgetary provisions.

The total amount due by a registered Indigent will be written off uponapproval of the Application for indigent support.

- In terms of late submission of Indigent renewal, subsidies will only be granted from the date of the application. The indigent now approved by acknowledge any debt that may have accrued on his/her account prior to the application being made.In the case of tenants occupying Municipal Properties, all rental amounts due on approval of the Application for indigent will be written off.
- the accumulated debt in respect of deemed indigents be written off on date of qualification in terms of this policy and all debt incurred after the date of qualification will be due and payable.
- Annual write offs of arrear Indigent debtors may also be considered by the Municipality
- The recipient's monthly Account per service will be credited with the amount of indigent relief granted in terms of this Section of the Policy.
- A household may apply for the continuation of relief on expiry of the specified relief period subject to compliance with the applicable Polic qualification criteria.
- All indigent customers will be provided with prepaid water meters as and when the approved applicant utilizes water in excess of the free basic/as and when prepaid meters are available for installation by the municipality, the approved applicatant will also receive aprepaid electricity meter

15 - Indigent Support Policy

12 PERIOD OF RELIEF

Application based Indigent relief is granted for a reviewable period of 36 months which is determined by Council from time to time. The indigent register will be reviewed and updated after 36 months.

13 ADMINISTRATION OF INDIGENT SUPPORT

The Applicant must present his/her South African Identity Document at the point of Application, where after the following will be required:
An Applicant must complete an official Indigent Management Registration

Form, supported by the following documents:

- A valid South African Identity Document.
- An affidavit by the applicant mentioning each member and beneficiary in the household by name and Identity Number and declaring the status of income for each member and beneficiary.
- If unemployed, an affidavit stating since when the Applicant has been unemployed.
- A copy of three months' Bank statements where an Applicant is selfemployed.
- A copy of a salary advice where an Applicant is employed.
- A Letter of Authority where the Applicant is the Executor of a Deceased Estate.
- SASSA Confirmation Letter for applicants who are receieving any grants from the State.
- Proof of Confirmation of any receipt of Pension or Grant for Pensioners and Retrenchment Recipients of Grants.

- the Applicant is the registered owner, legal tenant or occupier of the Relevant Qualifying Property, the Property details must be supplied with a copy of the monthly Account Statement and/or Prepaid Meter Token
-

SECTION 89 – DECEASED ESTATES

Children who have lost both parents and who have inherited fixed property and subject to the inability of the estate to pay arrear Municipal Accounts can register as Indigents on the Indigent Register and the Municipality can write off the arrears on such fixed property due to the Municipality upon application and successful consideration of the application.

Documentation Required in Application of Indigent Status for this Specific Registration:

- Certified copy of the South African ID of Account Holder and all occupants of the Property.
- Certified copy of the Death Certificate.
- Proof of Income of the Applicant.
- SASSA Confirmation Letter.
- Proof of Grant-Main Applicant and Children claimed for.
- School Reports.
- Bank Statement of the Applicant if applicable
- Sworn Affidavit by the Applicant declaring any source of income.
- Latest Municipal Account Statement and latest prepaid electricity token if applicable.
- Copy of Rental Agreement if renting from Municipal Property.
- For all other private property rentals, Certified ID copy of the owner and written confirmation that the Applicant has permission to stay in the property at cost of the owner.

14 CONTROL MEASURES FOR THE DISTRIBUTION OF INDIGENT SUPPORT

a) any resident of the municipality who is aware of malpractice may lodge an objection to the Council for granting such relief to such a person.
b) the details of all applicants and their respective households must be submitted to the Council on a quarterly basis.
c) restrict the level of utilization of consumption services for the people who cannot afford to pay.
d) the consumption of metered services by indigent households must be lowered to increase affordability of service charges
e) applicants who agree to the limited electricity supply of 20 ampere pre-paid installation, will be registered as indigents, but their average electricity consumption levels must be monitored.
f) If average consumption levels exceed 300 units per month, taken over a period of three months, the department of Financial services will receive such information on which the relevant officials must physically investigate and evaluate the household for qualification in accordance with the other criteria of the policy
g) Once a registered indigent consumer has been de-registered after evaluation, he/she will not again be considered as indigent for a period of 12 months from date of de-registration.

15 ACTION AGAINST MALPRACTICES TO MISREPRENTATION OR MISUSE

Customers found to have misrepresented themselves in order to benefit from any of the Councils relief and / or benefit in terms of this policy, will be deemed to have committed an offence and remedial measures will be taken in a manner as

determined by the Council from time to time, and all relief and / or benefits that have been received will be reversed to account of customer from date of offence.

a) the Council may refer any misrepresentation to the committee, who must take such action as ordered by the Council, or any of the following steps deemed appropriate by the committee:
    i. request the resident to provide full proof of his/her banking account, receipt of income details as well as pension registration where applicable.
    ii. the details of the objector shall remain anonymous.
    iii. request a social worker's report on the household, and
    iv. institute criminal proceedings against the recipient.
b) if it is established that incorrect information was furnished in obtaining relief any of the following actions may be taken:-
    i. suspend or stop the relief immediately.
    ii. recover from the recipient the amount of relief furnished by debiting his/her account.
    iii. apply the credit control and debt collection procedures of the municipality.
    iv. institute criminal proceedings against the recipient.

Customers found to have tampered, or illegally connects or reconnects services, will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Council from time to time, and all relief and/or benefits that have been received will be reversed to account of customer from date of offence and relief suspended or stopped immediately.

19 - Indigent Support Policy

16 EXITING THE PROGRAMME

Upon the expiry of the 3 years period as contained in above the debtor may apply to be de-registered. The application for de-registration will be administrated by the Health and Social Development Department who will advise Finance accordingly where after the affected departments will be requested to restore the full services at the property.

All approved applicants will be captured in the indigent data base, from which all skills development and job creation programmes developed by the Victor Khanye Local Municipality will draw their intake from. Any department developing a measure or programme designed to target the poor will use this database as the source of their programme participants. This is designed to systematically assure that households qualifying for indigence are subject to the full range of interventions delivered through (or in collaboration with) the THE MUNICIPALITY, in accordance with the Growth and Development Strategy Pillars, one of which is poverty alleviation.

17 RIGHT TO APPEAL

An applicant who is the registered household owner living within the municipal jurisdiction and therefore feels aggrieved by a decision taken in respect of his/her application may lodge an appeal in terms of section 62 of the Municipal Systems, Act 32 of 2000.

18 PROCEDURE FOR INDIGENT VERIFICATION

- The applicant should be the owner and personally reside on the property.
- There will be three levels of evaluation that an application for indigence will undergo. The first level will be the visit and evaluation by the **Ward**

committee members, who will collect information and supply it to the ward councilor. The **ward councilor** will conduct a level 2 investigation, to verify the data collected by the Ward committee members. The Ward councilor will make a recommendation to BTO (budget and treasury office)

- Verification – External Scans
  An external scan of Applicants recommended as suitable households for registration on the Indigent Register, must be concluded with UIF, SARS, Department of Social Development, Retail and Credit Bureau or any other relevant institution.The external scan must immediately follow the process after the information from the site visitation has been captured. The information of the external scan must then also be captured in the Indigent Management System. The external scan must be done separately from the site verification.
- The **Indigent applications** will be approved and authorized by a delegated personnel in the revenue division and the subsidization of the indigent take **effect**.
- The applicants for indigence registration should be issued with a reference number. These applications should be handled by the Budget and Treasury Directorate.
- The maximum period for completion of assessment of an applicant's support should be determined as 3 months from date of application.
- That an indigent registration be valid for up to three years where after subsidies / rebates must terminate and the balance in the indigent suspense account must be debited back to the account.
- The indigents should re-apply for assistance. No application should be transferred to the following year without completing the process again.
- Indigent customers are compelled to inform council about any change of their indigence status. The declaration that an applicant signs when applying for assistance will be used to impose penalties to those who mis-led Council. The penalties may include but not be limited to the discontinuation of services and the arrears to be paid in full.

21 - Indigent Support Policy

- That application forms in respect of approved indigents be submitted to the Budget and Treasury directorate for capturing within 7 days after approval.
- That all outstanding balances up to the date of approval be placed into a special indigents suspense account.
- Council will determine from time to time, the maximum amount allowed per indigent as a subsidy or a rebate.
- The registered indigent consumers be held responsible for any consumption up and above the assistance indicated by the agreement which has been determined by council.
- Service be suspended to indigents who fail to pay for services consumed up and above the subsidized amount.
- No legal action, must be instituted against special indigent consumers.

19 FACTORS TO BE CONSIDERED

The council will determine the subsidy to be allocated to indigents as per guidelines provided in the National Legislation.

The following factors will be considered:-

i. Cost of living of the area.
ii. Economic development of the area
iii. Minimum living level (MLL is the lowest sum possible on which a specific size of family can live in our existing social environment)
iv. Population size etc.
v. Council Budget (Income)

Also taking into consideration that IGTs should be targeted to subsidise the provision of local public services and is the responsibility of the municipality to ensure that eligible households have access to those life-line services.

22 - Indigent Support Policy

21 MONITORING AND EVALUATION

Council reserves the right to send officials or its agents to household consumers receving relief from time to time for the purpose of conducting an on-site audit of the details supplied.

23 - Indigent Support Policy

22 ASSESSMENT OF INDIGENTS

Look at different households:

a. Size of households
b. Number of employed individuals
c. Number of users of services etc
d. Number of self employed

24. EXIT STRATEGY

a. It is imperative to provide subsidized services to indigent households, it is also important for the municipality and other sphere of Government to create economic opportunities to indigent households.
b. The indigent household may exit from the subsidy
    - If the household income exceed the threshold (R4 220.00)
    - If the household employment status changes
    - If the indigent passes away

SPECIFIC CIRCUMSTANCES FOR TERMINATION OF RELIEF AND REMOVAL FROM THE INDIGENT REGISTER

In addition to the General Circumstances for Termination of Relief and Removal from the Indigent Register as contained in this Policy, the following Specific Circumstances are applicable to this Section:The Indigent Relief will be terminated, and the Indigent Household removedfrom the Indigent Register when any of the following events occur:

- Death of the Account Holder;
- Sale of the Property
- When the Applicant vacates the Property;
- If it is established that the Applicant or any tenant or occupier has tampered with any of the utility connection of the Municipality;
- Refusal to accept any of the limitations on provision of basic services

- Indigent is property is found to be listed on the cost schedule for clearances It is found that any information provided on the Application was falsified or untrue.

  Voluntary exist by an Indigent Household or Indigent Person.
- Relief will be stopped with immediate effect if it is found that a registered Indigent has supplied information known to have been untrue in order to register on the Indigent Register to obtain relief in terms of this Policy. It will further be stopped if it is discovered that a registered Indigent failed to inform Victor Khanye Local Municipality of changes in his/her/their financial circumstances which would disqualify them from receiving assistance in terms of this Policy.
- Providing misleading information constitutes fraud and Victor Khanye Local Municipality may claim any financial benefits that have been granted, from the person who claimed to be Indigent and such an Applicant will not be eligible to apply for assistance for a period of 5 (five) years.
- In addition to having to repay the financial benefits, the person who claimed to be Indigent who has received the benefits, will be guilty of committing an act of fraud which is a criminal offence and criminal charges may be brought against such person/s

25. SHORT TITLE

This policy shall be called the Indigent Support Policy of the Victor Khanye Local Municipality.

26. CONTACT OF THE OFFICE RESPONSIBLE FOR THE INDIGENT POLICY:

Telephone no. 013 665 6000 Office No. 19 Revenue Section

E-mail: mandlam@victorkhanyelm.gov.za

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25 - Indigent Support Policy

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE POLICY

2026/27

VICTOR KHANYE LOCAL MUNICIPALITY

1 INTRODUCTION

1.1. In terms of section 62 of the Municipal Finance Management Act No. 56 of 2003 (herein referred to as "MFMA"), the accounting officer is responsible for managing the financial affairs of Victor Khanye Local Municipality (VKLM) and must, for this purpose, inter alia:

a) Take all reasonable steps to ensure that unauthorised, irregular; fruitless and wasteful expenditure and other losses are prevented; and

b) Ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any official or councillor of VKLM who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

1.2. This is to ensure the effective, efficient and transparent systems of financial, risk management and internal control.

2 OBJECTIVE

2.1. This document sets out VKLM"s policy and procedures with regards to unauthorised, irregular, fruitless and wasteful expenditure.

2.2. This policy aims to ensure that, amongst other things:

a) Unauthorised, irregular, or fruitless and wasteful expenditure is detected, processed, recorded, and reported in a timely manner;

b) Officials and councillors have a clear and comprehensive understanding of the procedures they must follow when addressing unauthorised, irregular, fruitless and wasteful expenditure;

c) VKLM"s resources are managed in compliance with the MFMA, the municipal regulations and other relevant legislation; and

d) All officials and councillors are aware of their responsibilities in respect of unauthorised, irregular, fruitless and wasteful expenditure.

3 ENABLING LEGISLATION

The following enabling legislation sets the precedent for the development of NDM"s unauthorised, irregular, fruitless and wasteful expenditure Policy:

a) The Constitution of the Republic of South Africa, 1996, Act No 108 of 1996;

b) The Municipal Finance Management Act, 2003, No 56 of 2003;
c) The Remuneration of Public Office Bearers Act;
d) Municipal Systems Act, 2000, Act No 32 of 2000;
e) MFMA Circular 68;
f) Any other legislation, regulation or circular that may impact this policy; and
g) Municipal Structures Act No. 117 of 1998.

4 APPLICATION OF THIS POLICY

3.1. This policy applies to all officials and councillors of VKLM.

3.2. This policy should be read in conjunction with the following of VKLM:

a) Delegations of Authority;
b) Procedures for unauthorised, irregular, fruitless and wasteful expenditure;
c) Circular on financial misconduct;
d) Breach of the Code of Conduct for Municipal Staff Members; and
e) Breach of the Code of Conduct for Councillors.

3.3. Officials and Councillors must ensure all instances of unauthorised, irregular expenditure as well as fruitless and wasteful expenditure are prevented where possible, and is detected and reported in a timely manner.

5 DEFINITIONS

Except if otherwise indicated:

"Councillor" means member of municipal council of VKLM.

„Fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

"Financial Misconduct" means any misappropriation, mismanagement, waste or theft of the finances of a municipality, and also includes any form of financial misconduct specifically set out in sections 171 and 172 of the Act.

"Irregular expenditure", in relation to a municipality or municipal entity, means:

a) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;

b) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of this Act;

c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998, (Act 20 of 1998);

d) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of NDM or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law; or

e) excludes expenditure by a municipality which falls within the definition of „unauthorised expenditure".

„„**Official**"", in relation to a VKLM, means:

a) an employee of VKLM;

b) a person seconded to a VKLM or to work as a member of the staff of the VKLM; or

c) a person contracted by a VKLM to work as a member of the staff of the VKLM or otherwise than as an employee.

„**Overspending**" means:

a) in relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year"s budget for its operational or capital expenditure, as the case may be;

b) In relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or

c) In relation to expenditure under section 26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section.

"Political Office Bearer" means the speaker, executive mayor, mayor, deputy mayor, or a member of the executive committee as referred to in the Municipal Structures Act.

"Prohibited expenditure" in relation to this policy means unauthorised, irregular, fruitless and wasteful expenditure;

"**Senior Manager"** has the meaning assigned to it in section 1 of the MFMA and in relation to VKLM refers to Deputy Managers, CFO.

„ Unauthorised expenditure“, means:

any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes-

a) overspending of the total amount appropriated in the municipality's approved budget;
b) overspending of the total amount appropriated for a vote in the approved budget;
c) expenditure from a vote unrelated to the department or functional area covered by the vote;
d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of „„allocation"" otherwise than in accordance with any conditions of the allocation; or
f) a grant by NDM otherwise than in accordance with the MFMA.

„Vote" means:

(a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different department 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.

6 UNAUTHORISED EXPENDITURE

6.1. The municipality may incur expenditure only in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget.

6.2. Expenditure incurred within the ambit of VKLM"s virement policy is not regarded as unauthorised expenditure.

6.3. Any expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, economic entity or organ of state and expenditure in the form of a grant that is not permitted in terms of the MFMA is regarded as unauthorised expenditure.

6.4. Unauthorised expenditure would include:

a) Any overspending in relation to both the operational budget and capital budget of the municipality

7 IRREGULAR EXPENDITURE

7.1. Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality" supply chain management policy.

7.2. Irregular expenditure is actually expenditure that is in violation of some or other procedural/legislative requirement as specified in the MFMA.

8 FRUITLESS AND WASTEFUL EXPENDITURE

8.1. All officials and councillors must always act cautiously when spending public money and ensure that they abide by the public and accountability principles

which are to promote "efficient, economic and effective use of resources and the attainment of value for money".

8.2. Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

8.3. This type of expenditure is incurred where no value for money is received for expenditure or the use of resources. No particular expenditure is explicitly identified by the MFMA as fruitless and wasteful.

8.4. Expenditure incurred that has been budgeted for (authorised) and was not regarded as irregular expenditure could be classified as fruitless and wasteful expenditure.

8.5.1 An expense is only fruitless and wasteful in terms of this policy if:

(i) It was made in vain (meaning that the municipality did not receive value for money) and;

(ii) and would have been avoided had reasonable care been exercised (meaning that the official or councillor concerned did not carelessly or negligently cause the expenditure to be incurred by the municipality furthermore another official or councillor under the same circumstances would not have been able to avoid incurring the same expenditure).

8.5.2 In determining whether expenditure is fruitless and wasteful, officials and councillors must apply the requirement of reasonable care as an objective measurement to determine whether or not a particular expenditure was fruitless and wasteful, that is-

a) Would the average man (in this case the average experienced official or councillor) have incurred the particular expenditure under exactly the same conditions or circumstances? and

b) Is the expenditure being incurred at the right price, right quality, right time and right quantity?

9 REPORTING ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

9.1. Reporting of unauthorised, irregular, fruitless and wasteful expenditure must be done at the appropriate level, as this could constitute financial misconduct as follows:

a) a Councillor of a municipality, must be reported to the Speaker of the council;
b) the municipal manager and speaker, must be reported to the mayor;
c) general managers or the chief financial officer, must be reported to the municipal manager;
d) All cases of prohibited expenditure reported as per a), b) and c) above must be referred to MPAC for investigation unless the allegations are frivolous, vexatious, speculative or obviously unfounded; and
e) officials below general management level of the municipality must be reported to the MM unless in the professional opinion of the MM the nature or the amount of the prohibited expenditure warrants the case to be referred to MPAC.

9.2. All reports made by officials, councillors must be treated with utmost confidentially.

9.3. The MM must promptly inform the Mayor, the MEC for local government in the Province and the Auditor-General, in writing, of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality:

a) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
b) the steps that have been taken:
- To recover or rectify such expenditure; and
- To prevent a recurrence of such expenditure.

9.4. All expenditure classified as unauthorised, irregular, fruitless and wasteful expenditure must be reported to:

a) The Finance (Section 80) on a monthly basis;

b) Mayoral Committee on a monthly basis;
c) Council on a quarterly basis;
d) MPAC on a quarterly basis; and
e) Audit Committee on a quarterly basis.

9.5. In accounting for unauthorised, irregular, fruitless and wasteful expenditure, municipal manager or delegated officials (as may be relevant) must ensure that:

a) All confirmed unauthorised, irregular, fruitless and wasteful expenditure must be recorded in separate account, in the accounting system of VKLM, created for each of the above types of expenditure;
b) All such expenditure is disclosed in the annual financial statements as required by the MFMA and treasury requirements; and
c) Details pertaining to unauthorised, irregular, fruitless and wasteful expenditure must be disclosed in the Municipality's Annual Report.

10 MAINTAINING OF REGISTER FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

10.1. Council must maintain a register of all incidents of unauthorised, irregular, fruitless and wasteful expenditure:

10.2. The registers must be updated on a monthly basis.

11 INVESTIGATION OF UNAUTHORISED AND IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

11.1. MPAC must institute an investigation of all prohibited expenditure reported in terms of clause 9.1. (d), above

11.2. The CFO must seek the Municipal Managers approval to investigation all prohibited expenditure reported to him/her in terms of clause 9.1(e) unless the allegations are frivolous, vexatious, speculative or obviously unfounded.

11.3. Once the nature of the expenditure is confirmed as unauthorised, irregular, fruitless and wasteful expenditure, the person to whom the prohibited expenditure was reported in terms of clause 9.1 above must institute the necessary procedures which could include disciplinary as well criminal proceedings.

12 DISCIPLINARY AND CRIMINAL CHARGES FOR UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

12.1. After having followed a proper investigation, as per paragraph 11 above, the MPAC or the MM as the case may be must determine whether there is a prima facie case and that a Councillor or official made, permitted or authorized prohibited expenditure.

12.2. If a prima facie case has been established, as per paragraph 12.1 above, then MPAC, mayor or municipal manager (as may be relevant) must institute disciplinary action as follows:

a) *Financial misconduct in terms of section 171 of the MFMA*: in the case of an official that deliberately or negligently:
   (i) contravened a provision of the MFMA which resulted in prohibited expenditure; or
   (ii) made, permitted or authorised an irregular expenditure (due to non- compliance with any of legislation mentioned in the definition of irregular expenditure);

b) *Breach of the Code of Conduct for Municipal Staff Members*: in the case of an official whose actions in making, permitting or authorizing an prohibited expenditure constitute a breach of the Code; and

c) *Breach of the Code of Conduct for Councillors:* in the case of a Councillor, whose actions in making, permitting or authorizing an irregular expenditure constitute a breach of the Code. This would also include instances where a councillor knowingly voted in favour or agreed with a resolution before council that contravened legislation resulting in prohibited expenditure when implemented, or where the Councillor improperly interfered in the management or administration of the municipality.

12.3. The MPAC, mayor or municipal manager or delegated officials (as may be relevant) must promptly report to the SAPS all cases of alleged:

a) Irregular expenditure that constitute a criminal offence; and
b) Theft and fraud that occurred in the municipality.

12.4. The Mayor must take all reasonable steps to ensure that all cases referred to in the above paragraph are reported to the South African Police Service if:

a) The charge is against the MM; or
b) The MM fails to comply with the above paragraph.

13 RECOVERY UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

13.1. The MM or delegated person must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure:

a) in the case of unauthorised expenditure, is

I. authorised in an adjustment budget; OR
II. certified by the municipal council, after investigation by MPAC, as irrecoverable and is written off by council; and

b) in the case of irregular or fruitless and wasteful expenditure, is after investigation by MPAC, certified by council as irrecoverable and written off by council.

13.2. Irregular expenditures resulting from breaches of the Public Office-Bearers Act must be recovered from the Councillor to whom it was paid.

13.3. Once it has been established who is liable for the unauthorised, irregular, fruitless and wasteful expenditure, the Municipal Manager must in writing request that the liable Councillor or official pay the amount within 30 days or in reasonable instalments.

13.4. Without limiting liability in terms of the common law or other legislation, the MM must recover any such expenditure, in full, from official or Councillor where:

a) In the case of a Councillor, the Councillor knowingly or after having been advised by the MM that the expenditure is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, instructed an official of NDM to incur the expenditure; and
b) In case of the official, the official deliberately or negligently incurred such expenditure.

13.5. The fact that the Council may have approved the expenditure for writing off or deemed it to be irrecoverable is no excuse in:

a) Either disciplinary or criminal proceedings against a person charged with the commission of an offence or a breach of the MFMA relating to such unauthorised, irregular or fruitless and wasteful expenditure; or
b) Recovery of such expenditure from such person.

13.6. If the official or councillor fails to make satisfactory payment arrangements or fails to honour payment arrangements made, the amount owed for prohibited expenditure must be recovered through the normal debt collection process of the municipality.

14 CONSEQUENCES OF NON-COMPLIANCE

14.1. Any official or councillor who does not comply with their reporting duties in terms of this policy could be found guilty of Financial Misconduct.

14.2. Any councillor or official of VKLM will be committing an act of financial misconduct if that councillor or official deliberately or negligently makes or permits, or instructs another official of VKLM to make, an unauthorised, irregular or fruitless and wasteful expenditure.

15 PROTECTION OF OFFICIALS OR COUNCILLORS WHO HAVE REPORTED UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

15.1. If any official or councillor who has complied with this policy and as a result thereof has been subjected to intimidation, victimisation, threats such official or councillor should immediately report such threats, victimisation or intimidation immediately to the MM or the Mayor where applicable.

15.2. The MM or Mayor must immediately take appropriate action to ensure that protection of the official or councillor after receiving the above report.

15.3. Where the nature of the threats warrants such action, the threats should be reported to the SAPS by the official concerned, the MM or the Mayor, where applicable.

16 EFFECTIVE DATE

This policy will be effective upon adoption by Council.

VICTOR KHANYE LOCAL MUNICIPALITY

BUDGET CIRCULARS

2026/2027

ANNUAL BUDGET

ANNEXURE E

NATIONAL TREASURY

MFMA Circular No. 134

Municipal Finance Management Act No. 56 of 2003

Municipal Budget Circular for the 2026/27 MTREF

CONTENTS:

1. THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS 2
2. KEY FOCUS AREAS FOR THE 2026/27 BUDGET PROCESS 3
   - 2.1 Local government conditional grants and unconditional grants allocations 3
   - 2.2 Post 2025 MTBPS changes 4
   - 2.3 Review of the local government fiscal framework 5
   - 2.4 Update on the review of the conditional grants 5
   - 2.5 Water crisis in South Africa 6
   - 2.6 Impact of infrastructure degradation on the economy 6
   - 2.7 Metro Trading Services Reform (MTSR) 7
   - 2.8 Criteria for the release of the Equitable Share 9
   - 2.9 Criteria for the rollover of conditional grant funds 10
   - 2.10 Unspent conditional grant funds for 2025/26 11
   - 2.11 Rollover of the Urban Development Financing Grant: metro trading services component 12
3. BUDGET AND OTHER MANAGEMENT ISSUES 12
   - 3.1 2026/27 Municipal Budget Tabling Timelines 12
   - 3.2 Timeline for approving the revised Service Delivery and Budget Implementation Plan (SDBIP) following the approval of the adjustment budget 13
   - 3.3 Caution to manage transition risk 13
   - 3.4 Warning not to enter into contracts having future budgetary implications as part of electioneering 14
   - 3.5 Cost reflective tariffs 14
   - 3.6 Budgeting for a Funded Budget 14
4. MUNICIPAL STANDARD CHART OF ACCOUNTS (*m*SCOA) 14
   - 4.1 Alignment of cash flow linkages 14
   - 4.2 Guidance on submission of *m*SCOA roadmaps 15
   - 4.4 Stage 3 validation 16
   - 4.5 Retentions 17
   - 4.6 Virement data strings and report 17
   - 4.7 The Urban Development Financing Grant 18
   - 4.8 Reporting pertaining to the Metro Trading Services Reform 18
5. SUBMITTING DOCUMENTS TO THE GOMUNI UPLOAD PORTAL 19
   - 5.1 Submission of additional information 19

ALL ENQUIRIES SHOULD BE DIRECTED TO: 20

6. THE MUNICIPAL BUDGET AND REPORTING REGULATIONS 20
   - 6.1 Assistance with the compilation of budgets 20

ANNEXURE A – PREVIOUS MFMA CIRCULARS 23

Introduction

This budget circular provides guidance to municipalities with their compilation of the 2026/27 Medium Term Revenue and Expenditure Framework (MTREF). It is linked to the Municipal Budget and Reporting Regulations (MBRR) and the Municipal Standard Chart of Accounts (*m*SCOA) and strives to support municipalities' budget preparation processes so that the minimum requirements are achieved.

Among the objectives of this budget circular is to demonstrate how municipalities should undertake annual budget preparation in accordance with the budget and financial management reform agenda by focussing on key "game changers". These game-changers include ensuring that municipal budgets are funded, revenue management is optimised, assets are managed efficiently, supply chain management processes are adhered to, *m*SCOA is implemented correctly and that audit findings are addressed. Municipalities are reminded to refer to the annual budget circulars of the previous years for guidance in areas of the budget preparation that are not covered in this circular.

1. The South African economy and inflation targets

GDP growth is expected to average 1.8 per cent from 2026 to 2028. Medium-term growth will be underpinned by household consumption supported by further gains in real purchasing power, moderately stronger wage growth, easing inflation, wealth gains from rising asset prices, improved consumer sentiment and better credit conditions. Continued investments in renewable energy and easing structural constraints are expected to support higher investment. Key factors for achieving faster economic growth and creating much-needed jobs include greater collaboration with the private sector in energy and transport, rapid implementation of structural reforms, easing of regulatory constraints and increased infrastructure investment.

The following macro-economic forecasts must be considered when preparing the 2026/27 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2025 - 2029

Fiscal year	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Estimate	Forecast		
CPI Inflation	4.4%	3.2%	3.4%	3.3%	3.2%

Source: National Treasury Budget Review 2026.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

Inflation is expected to increase from 3.2 per cent in 2025 to 3.4 per cent in 2026, driven by higher food prices (particularly meat due to supply disruptions linked to foot-and mouth disease). Inflation is forecast to ease to 3.3 per cent in 2027 and 3.2 per cent in 2028, but risks from geopolitical tensions, exchange rate volatility, administered prices and animal disease outbreaks remain elevated. The reduction of the inflation target to 3 per cent with a 1 percentage point tolerance band will structurally reduce inflation, helping to protect real income levels.

In April 2024, the National Treasury initiated a comprehensive review of the budget process, with the goal of identifying and implementing reforms that would enhance the efficiency, transparency, and effectiveness of public resource allocation. It has resulted in a set of accountable reform proposals outlined below.

Targeted And Responsible Savings (TARS) and Spending Reviews

These MTEF guidelines introduce a new mechanism entitled Targeted and Responsible Savings (TARS), which is intended to identify and remove low-priority or underperforming programmes from the budget to reduce aggregate expenditure and, where appropriate, reallocate funding towards the priorities of governments outlined in the Medium-Term Development Plan (MTDP).

In line with the government's commitment to identify wasteful, inefficient, underperforming, and low priority programmes and ensure a more streamlined and effective allocation of resources. At national level the following initiatives are being utilised for the identification of programmes to be included the TARS process:

- Spending reviews;
- Previous work should be updated where appropriate to inform implementation;
- Outcomes of new sectoral reviews such as the Active Labour Market Policy (ALMP) and the review of infrastructure conditional grants should be implemented;
- New data driven approaches;
- Use of technology to eliminate double dipping in social grants and other programmes (e.g. community works programme);
- Annual audit of ghost workers and payroll irregularities;
- Updated proposals on public entity and departmental rationalisation;
- Resolve inefficiencies in public sector wage bill;
- Implement personnel expenditure review completed by the Department of Public; Service and Administration (DPSA);
- Finalise extended review of public entities remuneration; and
- Technical baseline analysis and institutional reviews to ensure that departments and public entities are appropriately aligned to mandates.

All municipalities are encouraged as part of the annual municipal budget preparations process to progressively introduce the same approach which will enable the Council of a municipality to consider more appropriate the trade-offs when policy choices are made in conclude the budget for a specific cycle. Depending on the response observed by the National Treasury, further guidance will be issue in future.

2. Key focus areas for the 2026/27 budget process

2.1 Local government conditional grants and unconditional grants allocations

For the 2026/27 financial year, the overall direct allocations to local government amount to R182.3 billion, made up of R110.1 billion in the local government equitable share; R54.7 billion in direct conditional grants and R17.5 billion in the General fuel levy sharing with metros. These allocations alleviate some of the financial pressures, particularly in basic services, where the costs of providing services are rising. The overall direct allocations to local government grow by an annual average rate of 3.1 per cent and the local government equitable share and related allocations grow by 4.4 per cent over the 2026 MTEF period.

Notable changes to the conditional grants system

Given the ongoing review of the conditional grants system, there are several local government reforms proposed to conditional grants. The reforms are aimed at streamlining funding flows, reducing duplications, and aligning recurrent obligations with the appropriate funding base:

- The merger of the baselines of the integrated national electrification programme grant, and the energy efficiency demand side management grant in 2026/27 to focus on energy

efficiency and renewable energy programmes that can lead to more sustainable energy provision and enable the achievement of long-term energy security goals;
- The Infrastructure Skills Development Grant (ISDG) will remain under the management of the National Treasury for the next three financial years when it will cease to exist as a conditional grant. To assist this transformation, the grant has ceased the intake of new graduates to allow the current graduate cohort to complete their training; and
- To protect infrastructure investment from municipal dysfunction, a general clause has been introduced in the 2026 Division of Revenue Bill. It will enable the National Treasury to redirect infrastructure grants from local municipalities that have proven incapable of implementation to the Development Bank of Southern Africa, the Municipal Infrastructure Support Agent or capable district municipalities.

2.2 Post 2025 MTBPS changes

There are a number of reductions, several further cuts beyond the CPI adjustments and reprioritisations proposed in the 2025 MTBPS and these are effected to make funds available for other government priorities. These include:

Reprioritisations

- A shift of R300 million in 2026/27 from the municipal infrastructure grant to the Department of Cooperative Governance's vote for the once-off gratuity payment to outgoing councillors after the local government elections;
- A shift of R536 million in 2026/27 from the direct component of the municipal infrastructure grant to the indirect component to address infrastructure delivery issues; and
- A shift of R19.2 billion (R5.7 billion in 2026/27, R6.4 billion in 2027/28 and R7.1 billion in 2028/29) from the urban settlements development grant to the metro trading services component of the urban development financing grant to strengthen core utility functions; and an additional incentive allocation of R8.6 billion over the MTEF period towards the metro trading services component of the urban development financing grant, confirmed from the provisional allocations made in 2025.

Reduction

- The public transport network grant will be reduced by R8.3 billion over the MTEF period as part of the Targeted and Responsible Savings (TARS) process. This total reduction includes the R3 billion saving previously identified during the Medium-Term Budget Policy Statement (MTBPS), as well as further reprioritisations of R1.3 billion in 2026/27, R1.5 billion in 2027/28, and R2.5 billion in 2028/29. These additional funds are redirected to PRASA to accelerate the modernisation and replacement of critical rail signalling infrastructure.

Addition

- An addition of R2.1 billion over the MTEF period to the regional bulk infrastructure grant for a regional wastewater treatment works project in Polokwane, funded through the Budget Facility for Infrastructure.

Further reductions

- To make funds available and support the continuation of the implementation of the Presidential Employment Stimulus, reductions have been made on some conditional grants from the 2026 financial year. A reduction of R491 million in 2026/27 from the informal settlements upgrading partnership grant; a reduction of R784 million in 2026/27

from the integrated national electrification programme (Eskom) grant and a reduction of R921 million in 2026/27 from the municipal infrastructure grant.

Discontinuation

- The discontinuation of the indirect neighbourhood development partnership grant, with its baseline of R219 million over the MTEF shifted to the Vote of the National Treasury and earmarked to support government's infrastructure reforms.

Correction

- The correction of the BFI allocations for eThekwini Metropolitan Municipality, allocated through the urban development financing grant. The full allocation of R379 million for the non-revenue water project was erroneously allocated to eThekwini instead of being split between the municipality and the Infrastructure Fund as per the agreed work package. eThekwini's allocation in the urban development financing grant is reduced by R144 million over the MTEF and allocated to the Infrastructure Fund.

2.3 Review of the local government fiscal framework

Government continues to be fully committed to a comprehensive review of the local government fiscal framework, and the Budget Forum has approved a detailed programme of action to guide this work, including detailed terms of reference and the procurement of specialist expertise to undertake the technical analysis. The review will consider the financial viability, effectiveness, stability and long-term sustainability of the local government fiscal framework, through a detailed examination of the policies, practices and mechanisms that govern how resources are allocated, managed and used at municipal level, because this examination is crucial to understanding the current state of local government finance. The work is organised around five core thematic areas: a national baseline profile of the local government fiscal framework, including distressed and better-performing municipalities, and refinement of the problem statement, the local government equitable share formula, local government expenditure reviews, fiscal leakages in local government, and additional revenue options, including undersubscribed existing instruments, new own-revenue sources and improved municipal borrowing to enhance infrastructure investment and maintenance.

Oversight and engagement structures have been established, including a Reference Group to provide expert input and validate findings, with four meetings aligned with key deliverables, a Working Group to coordinate technical inputs and monitor progress, with online meetings every two months, and a Core Project Management Group to manage execution, research and reporting, with fortnightly meetings. The review also provides for interviews and up to four online sessions with chief financial officers, municipal managers and senior planners from a sample of 32 municipalities, to ensure that the findings are credible, evidence-based and grounded in municipal realities.

The work will be undertaken over the 2026 MTEF period, and therefore, for this review to succeed and to reflect the realities on the ground, it is essential that all municipalities provide the requested data as a matter of urgency, including complete and reliable personnel information. Consequently, we urge those municipalities that have not yet submitted the required datasets to do so without delay, so that the analysis can be robust, comparable and fully representative of the sector.

2.4 Update on the review of the conditional grants

The review process has been underpinned by extensive consultation processes since July 2024 during which the National Treasury presented the findings and recommendations of the review.

Most of the proposed reforms are intended for medium- to long-term implementation, while a select few have been prioritised for short-term introduction within the 2025 MTEF period. Further consultations have been conducted following the tabling of the 2025 Budget, focusing on reforms earmarked for medium- to long-term implementation. These ongoing engagements include impact assessments and preparatory work aimed at ensuring the successful rollout of the proposed changes. Over the 2026 MTEF period, government will roll out several local and provincial government reforms aimed at streamlining funding flows, reducing duplication, and aligning recurrent obligations with the appropriate funding base. These reforms are detailed in part 5 of the Explanatory Memorandum to the 2026 Division of Revenue under the relevant conditional grants.

2.5 Water crisis in South Africa

Water services across South Africa are becoming increasingly unreliable. Too many communities now experience intermittent supply, infrastructure failures and declining water quality.

105 out of 144 Water Service Authorities (WSAs) scored poor or critical in terms of the performance of their drinking water systems (Blue Drop) and/or wastewater systems (Green Drop) in the most recent reports. This means that water and sanitation services are failing in 73 per cent of WSAs – widespread failure of municipal water and sanitation services indicates a systemic problem. By September 2025, 53 out of the 105 worst performing WSAs had not yet produced corrective action plans to address their 2023 Blue, Green and No Drop report results.

At the same time, water demand is expected to exceed supply in several regions due to population growth, urbanisation, inefficient water use and climate change.

These pressures are already evident in major economic centres across the country, impacting on development and economic growth. Although South Africa is naturally water-scarce, the current crisis is primarily driven by municipal infrastructure and governance failures, while the uncertainty introduced by climate change multiplies all water related risks.

High water losses, ageing and poorly maintained infrastructure, weak financial management as well as growing municipal debts to water boards are placing the entire water value chain at risk. Water revenues are rarely reinvested into maintaining and upgrading infrastructure.

The Department of Water and Sanitation is advancing legislative and policy reforms. In parallel, the Metro Trading Services Reform, which was initially conceptualised around water services, utilises a performance-linked incentive grant to reward metros for improved governance, financial and operational performance. This reform will ensure that revenues from water and sanitation are reinvested directly into critical infrastructure to turnaround the vicious cycle of deteriorating water services in all eight metros (**Annexure A** – Water Scarcity issues dealt with in previous budget circulars).

2.6 Impact of infrastructure degradation on the economy

Widespread infrastructure failures, ageing assets and persistent underinvestment are increasingly constraining economic growth and service delivery across South Africa. Water, sanitation, electricity and transport infrastructure has been particularly affected.

The absence of functional and well-maintained basic service infrastructure disrupts business operations, increases operating costs and undermines investor confidence, stifling development and GDP growth. Industries that depend on reliable bulk services, such as mining, manufacturing, agriculture and logistics are impacted, with outages and service interruptions reducing productivity and raising the cost of doing business.

Deteriorating infrastructure also places growing fiscal pressure on municipalities, as emergency repairs and service backlogs drive a deteriorating and reinforcing negative cycle of increasing costs and decreasing service outcomes. Without sustained investment in maintenance, rehabilitation and expansion of infrastructure, these constraints will continue to weaken local economies, limit job creation and reduce the competitiveness of key economic centres.

To address these challenges, National Treasury has introduced a R54 billion performance-based incentive for metropolitan municipalities to support reforms in their trading services: water, sanitation electricity and solid waste services. The Metro Trading Services Reform is designed to ensure that revenue generated from these services is reinvested into maintaining and improving core infrastructure, strengthening the reliability and sustainability of municipal water services. Once trading services are ring-fenced and operating as viable utilities, can sustainably transfers to the rates account support other municipal functions such as roads, security and community services. The performance grant has been designed to incentivise metros to provide additional investment from their own revenues and loans to double the value of the reform to R108 billion. This investment in improved infrastructure will not only boost local economies but also unlock new investment opportunities.

2.7 Metro Trading Services Reform (MTSR)

The Metro Trading Services Reform (MTSR) is implemented through the Metro Trading Services component of the Urban Development Financing Grant (UDFG). This component of the UDFG provides a performance-based incentive to strengthen accountability, financial sustainability and operational performance in the water and sanitation, electricity and energy, and solid waste management trading services of metropolitan municipalities.

All metros must ensure that their 2026/27 MTREF reflects the indicative allocations published in the 2026 Division of Revenue Bill/Act and confirmed through Budget Allocation Letters issued by National Treasury. These performance-based incentive allocations may only be spent in support of the relevant trading services reform strategy and must be reported on accordingly.

Metro trading services participate in the reform in two cohorts, with differentiated requirements in 2026/27:

- **Cohort 1, entered the reform in 2025/26, includes:**
  - *Water and Sanitation*: Buffalo City, City of Cape Town, City of Johannesburg, City of Tshwane, eThekwini and Mangaung.
  - *Electricity and Energy*: Buffalo City, City of Cape Town, City of Ekurhuleni, City of Johannesburg, City of Tshwane and eThekwini.
- **Cohort 2, entering the reform in 2026/27, includes:**
  - *Solid Waste Management*: all metros.
  - *Water and Sanitation*: Ekurhuleni and Nelson Mandela Bay.
  - *Electricity and Energy*: Mangaung and Nelson Mandela Bay.

2.7.1 Cohort 1: Programme Year-2 (2026/27)

For Cohort 1 trading services, 2026/27 constitutes Year-2 (first full year of implementation).

In advance of 2026/27:

Prior to the commencement of the 2026/27, Cohort 1 metros were required to finalise, cost and obtain Council approval for each trading service's A3-PIAP v2.

Draft A3-PIAP v2 documents must:

- Be presented at the 2025/26 Mid-Year Budget Review (MYBR) in January/February 2026;

2.8 Criteria for the release of the Equitable Share

The criteria for the release of the equitable share which were covered in MFMA Circulars No. 122 remain relevant and are still applicable for the release of equitable share instalments in the 2025/26 financial year.

Municipalities must put systems and processes in place to comply with the criteria for the release of the equitable share. For example, to formally assign/delegate this to a responsible official, include it in performance agreements, have a council policy, create a standard operating procedure, and add this requirement as a SDBIP indicator.

Failure to comply with the criteria will result in National Treasury invoking Section 38 of the MFMA which empowers National Treasury to withhold a municipality's equitable share if the municipality commits a serious or persistent breach of the measures established in terms of

Section 216(2) of the Constitution which includes reporting obligations set out in the MFMA and National Treasury requests for information in terms of Section 74 of the MFMA.

2.9 Criteria for the rollover of conditional grant funds

In terms of Section 21 of the Division of Revenue Act, 2025 (Act No. 2 of 2025) (DoRA) in conjunction with the Division of Revenue Amendment Act, 2025 (Act No. 12 of 2025), any conditional allocation or a portion thereof that is not spent at the end of the 2025/26 financial year reverts to the National Revenue Fund (NRF), unless the rollover of the allocation is approved in terms of subsection (2) of the DoRA. Furthermore, the receiving officer, provincial treasury and national transferring officer is required to prove to National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When requesting a rollover in terms of Section 21(2) of the 2025 DoRA, municipalities must include the following information with their submission to National Treasury. Municipalities must submit all rollover applications and queries related to the conditional grants to Rolloverapplication@treasury.gov.za.

1. A formal letter, signed by the accounting officer addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of Section 21(2) of the 2025 DoRA;
2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated, spent and the balance per project;
3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s):

a) Proof that the service provider was appointed for delivery of the project before 31 March 2026;
b) Proof of project tender and tender submissions published and closed before 31 March 2026 or with the appointment of contractor or service provider for delivery of service before 30 June 2026 in cases where additional funding was allocated during the course of the financial year of the project;
c) Incorporation of the Statement of Comparison of Budget and Actual Amounts; and
d) Evidence that all projects linked to an allocation will be fully utilised by 30 June 2026 (attach cash flow projection for the applicable grant);
e) A progress report (also reflecting percentages) on the status of each project's implementation that includes an attached legible implementation plan);
f) The value of the committed project funding and the conditional allocation from the funding source;
g) Reasons why the grants were not fully spent during the year on the original allocation per the DoRA. This includes the Municipal Disaster Recovery and Response grants for transfers made during the 2025/26 financial year and not fully spent by 30 June 2026;
h) Rollover of rollovers will not be considered. Municipalities must therefore not include previous year's unspent conditional grants as rollover request;
i) An indication of the time period within which the funds are to be spent if the rollover is approved; and
j) Proof that the Municipal Manager and Chief Financial Officer are permanently appointed.

No rollover requests will be considered for municipalities with vacant or acting Chief Financial Officers and Municipal Managers for a period exceeding 6 months from the date of vacancy; this also includes acting appointments because of suspensions of either MM or CFO that are more than 12 months.

If any of the above information is not provided or the application is received by National Treasury (Intergovernmental Relations Division) after 31 August 2026, the application will be declined.

In addition, National Treasury will also consider the following information when assessing rollover applications; and reserves the right to decline an application should there be non-performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in terms of Sections 71 and 72 of the MFMA and Section 12 of the 2025 DoRA, including the Municipal Manager and Chief Financial Officer signing-off on the information sent to National Treasury;
2. Submission of the pre-audited Annual Financial Statements to National Treasury by 31 August 2026;
3. Accurate disclosure of grant performance in the 2025/26 pre-audited Annual Financial Statements, (i.e., correct disclosure of grant receipts and spending in the notes to the AFS);
4. Despite the fact that local government is required to comply with different norms and standards prescribed by different legislations, municipalities are expected to fully comply with the provisions of DoRA that relate to rollover processes and disclose conditional grant performance in the 2025/26 pre-audited Annual Financial Statements (i.e. Cash coverage and unspent conditional grants in the Statement of Financial Position) in order to verify grant expenditure; and
5. Cash available reflected in the Statement of Financial Position and Cash Flow Statements and the bank (net position including short-term investments) as at 30 June 2026 is equivalent to, or exceeds, the unspent amount at the end of the financial year. If the amount that is requested for rollover is not entirely cash-backed, such a rollover will not be approved. National Treasury will also not approve portions of rollover requests based on what is available in the bank.

It should be noted that under no circumstances will the National Treasury consider requests to rollover:

1. The entire 2025/26 allocation to the municipality. In cases where the rollover request is more than 50 per cent of the total allocation, National Treasury will approve the rollover amount up to 50 per cent of the 2025/26 allocation;
2. Rollover request of the same grant for the third consecutive time. .In a case where a municipality is applying for rollover as a result of additional funding, the application will be carefully considered;
3. Funding for projects procured through Regulation 32 and 37 of the Municipal Supply Chain Management Regulations (Gazette No.27636) – Projects linked to additional funding and disasters are exempted; and
4. A portion of an allocation where the proof of commitment for the rollover application is linked to invoices that were issued before or on 31 March 2026. All invoices issued to the municipality before 31 March 2026 should be paid within the same year against the allocated conditional grants. i.e., invoices must be paid within 30 days.

2.10 Unspent conditional grant funds for 2025/26

The process to ensure the return of unspent conditional grants for the 2025/26 financial year will be managed in accordance with Section 21 of the DoRA. In addition to the previous MFMA Circulars, the following practical arrangements will apply:

Step 1: Municipalities must submit their June 2026 conditional grant expenditure reports according to Section 71 of the MFMA reflecting all accrued expenditure on conditional

grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconciles;

Step 2: When preparing the Annual Financial Statements, a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2026. The unspent grant values must be determined based on the guidance that was provided in *m*SCOA Circular No. 13 in as far as VAT, retention and interest is concerned; and

Step 3: If the receiving officer wants to motivate in terms of Section 21(2) of the 2025 DoRA that the unspent funds are committed to identifiable projects, the rollover application pack must be submitted to National Treasury by no later than 31 August 2026.

National Treasury will not consider any rollover requests that are incomplete or received after this deadline.

Step 4: National Treasury will confirm in writing whether or not the municipality may retain any of the unspent funds as a rollover based on criteria outlined above by 23 October 2026;

Step 5: National Treasury will communicate the unspent conditional grants amount by 16 November 2026. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund (NRF) by 24 November 2026; and

Step 6: Any unspent conditional grant funds that should have but have not been repaid to the National Revenue Fund (NRF) by 24 November 2026, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's 09 December 2026 equitable share allocation.

All other issues pertaining to Appropriation Statement and reporting on approved rollovers are addressed in the Annexure to MFMA Circular No. 86.

2.11 Rollover of the Urban Development Financing Grant: metro trading services component

The normal rules regarding rollovers will apply to the incentive grant. Essentially the Budget allocated during the National MTEF and reflected in the annual Division of Revenue Act will make provision that the cash flows be synchronised to achievements in line with the Annexure A3: Performance Improvement Action Plan (A3: PIAP).

While deadline for the submission of the rollovers, dates 31 August, earlier submission in the case of the Urban Development Financing Grant will receive a response promptly.

3. Budget and other management issues

3.1 2026/27 Municipal Budget Tabling Timelines

The 2026 National Budget was tabled by the Minister of Finance on 25 February 2026, which implies that Provincial Governments have two weeks thereafter to table the 2026 Provincial Budgets in the Provincial Legislators, i.e., 12 March 2026. This is in line with the PFMA – Treasury Regulations. Municipalities have sufficient time to accommodate the allocations in the DOR Bill in their 2026/27 MTREF Budgets before tabling on 31 March 2026.

The transfers from provinces to municipalities which are supposed to be included in provincial budgets and gazetted by provinces, should for all practical reasons also be available. Given that municipalities have 10 months to prepare their upcoming budgets prior to tabling it in Council for consideration, National Treasury have always advised municipalities to use the outer years

of the Annual DoRA as projections, add inflation to calculate the third year of the MTREF, when finalising the tabled budget.

For those municipalities where the budget was already in an advanced stage of preparations, they will have between tabling and the adoption stage (end of May 2026) to include and accommodate all the transfers for both national and provincial governments. This will allow National and Provincial Treasuries to verify and reconcile the transfers with the DoR Bill and provincial Gazettes.

3.2 Timeline for approving the revised Service Delivery and Budget Implementation plan (SDBIP) following the approval of the adjustment budget

Section 54(1)(c) of the MFMA provides that the Service Delivery and Budget Implementation Plan (SDBIP) may be revised following the approval of an adjustments budget. However, the MFMA and the Municipal Budget and Reporting Regulations (MBRR) do not explicitly prescribe the timeframe within which the revised SDBIP must be approved after the adjustments budget has been approved by council. The absence of a specified timeframe may result in inconsistent interpretations and practices across municipalities. To address this gap and ensure consistent application, the National Treasury provides the following guidance to ensure that the approved adjustments budget informs the revised SDBIP:

- Council must approve the revised SDBIP during the same council meeting where the adjustments budget is approved, if there are no structural changes to the SDBIP; and
- If the adjustments budget results in structural changes to service delivery targets or key performance indicators (KPIs), the council must approve the revised SDBIP within ten (10) working days of the adjustments budget's approval. This will ensure that any changes to service delivery targets or KPIs stemming from the adjustments budget are included in the revised SDBIP within the ten (10) working days.

Although the MFMA allows municipalities to revise the SDBIP after the adjustments budget has been approved, these revisions should not result in excessive or unnecessary changes. Significant KPI changes must be clearly justified and must follow the criteria set out in paragraph 7 of the MFMA Circular No. 129.

The National Treasury discourages excessive changes to KPIs during mid-year adjustments, as these changes may undermine effective performance monitoring and accountability.

3.3 Caution to manage transition risk

Municipalities are cautioned to adhere to the guidance provided in paragraph 3 (pages 4 and 5) of the Budget Circular No. 107 as the outgoing council may be tempted to prepare budget with unrealistically low tariff increases, additional absorption of unskilled staff, writing off debtors which can still be pursued and an over-ambitious capital expenditure programme. The outcome of this approach will undoubtedly be an unfunded municipal budget that threatens the municipality's financial sustainability and service delivery for the incoming Council after the elections".

National and Provincial Treasuries will be closely monitoring tabled budgets, collection rates and expenditure for any indications that the above guidance is not adhered to and appropriate consequences will be applied.

Municipal officials and councillors are reminded that interference in the implementation of the municipality's approved credit control policy may constitute an offence in terms of section 173(5)(a) of the MFMA. Offences in terms of the MFMA can result in a fine or imprisonment for up to five years, if convicted. In addition, the failure to properly implement the approved credit

control policy of the municipality by an official may constitute financial misconduct in terms of section 171 of the MFMA. In such a case, the municipality must investigate and, where necessary, institute disciplinary proceedings.

3.4 Warning not to enter into contracts having future budgetary implications as part of electioneering

Various municipal Councils in the past had entered into long-term contracts towards the end of their term therefore unfairly and carelessly financially committing the new Council.

Therefore, the current outgoing Council must not enter into such contacts and if there is a need, the Council should follow Section 33 of the MFMA in full. Failure to comply with such will lead to Section 216(2) being imposed until such a contract is nullified.

3.5 Cost reflective tariffs

In line with the guidance provided in MFMA Circular No. 132, municipalities need to complete the cost reflective tariff tool. If tariffs are not cost reflective already, the municipality needs to set out a path to achieve cost-reflective tariffs over the 2026/27 MTREF period.

At the time of issuing this circular NERSA has not yet confirmed the approved bulk costs municipalities must provide for in 2026/27. Municipalities must communicate clearly to the public that the electricity tariffs communicated in their tabled budgets may need to be adjusted once these are confirmed. Municipalities are advised to closely follow further guidance from NERSA.

3.6 Budgeting for a Funded Budget

National Treasury has observed over the years that many municipalities that adopt unfunded budgets are adopting **budget funding plans** as a mere compliance exercise. There is very little progress made to turn around from an unfunded budget position, to a funded one. As communicated before with the release of MFMA Circular No. 129 (issued during December 2024), this will be the last year than a funding plan as an instrument to facilitate measurable progress will be allowed. The enforce of compliance with Section 18 of the MFMA will now start taking precedence.

4. Municipal Standard Chart of Accounts (*m*SCOA)

4.1 Alignment of cash flow linkages

In terms of GRAP 2, cash flows should be classified in accordance with the nature of the activity to which they relate (operating, investing or financing) which requires that:

- Both operating and investing activities for *Interest, Insurance Refund and Retentions* must be accounted for based on the nature of the transactions; and
- The *Interest on short-term investment* (greater than 90 days but less than 12 months) and *long-term investments* (more than 12 months) must be populated within investing activities. Short-term investments are disclosed on the Statement of Financial Performance on table A4 of the A1 Schedule.

To give effect to this GRAP standard:

- A new operational funding source, namely *Insurance Refunds*, has been created under the Investing Activities of tables A7 and SA30 of the A1 Schedule in version 7.1 of the *m*SCOA chart;

- The VAT Receipts will be populated using the Bank Deposits (IA001001 – "DEPOSITS") and VAT Receipt funding source. The VAT Control account receipts will not be used for this purpose; and
- *Construction Contract Revenue* will no longer form part of *Sales of Goods* and *Rendering of Services and Development Charges* will no longer form part of *Operational Revenue*. A new funding source was created to allow for the separate population of *Construction Contract Revenue* and *Development Charges* as part of *Other Revenue* on table SA30 of the A1 Schedule.

The structure of table A7 of the A1 Schedule and relevant cash flow linkages has also been aligned to the *m*SCOA chart version 7.1. The updated linkages to supporting table SA30 that populated table A7 are attached as **Annexure B**: Cash Flow Linkages.

4.2 Guidance on submission of *m*SCOA roadmaps

Municipalities are reminded that the municipal *m*SCOA Road Maps must be revised annually as part of the annual budget process. The draft and final *m*SCOA Road Maps must be:

- Tabled and adopted in Council as part of the supporting documents to the budget; and
- Submitted in PDF format to the GoMuni Upload portal for review by National and Provincial Treasuries.

Going forward, municipalities are required to utilise the FMCMM web-based system to conduct self-assessments of their *m*SCOA road maps. This high-level self-assessment will identify gaps in *m*SCOA implementation that should be incorporated into and addressed through the municipal *m*SCOA Road Map. The e-road map must align with the objectives, tasks, and activities outlined in the municipality's comprehensive (traditional) *m*SCOA road map.

Accordingly, in additional to the draft and final *m*SCOA road maps submitted by municipalities as part of their tabled and adopted budget documents, the *m*SCOA e-road map (i.e. the high-level action plan generated through the FMCMM system) must be attached to the comprehensive (traditional) *m*SCOA road maps. The *m*SCOA road map and annexed e-road map must be submitted as a single consolidated PDF document and not as separate documents.

As articulated in MFMA Circular No 112 dated 6 December 2021, municipal *m*SCOA Road Maps should cover the following implementation areas:

- **System landscape** – does the municipality has access to updated ICT hardware, software and licenses that is sufficient to run the chosen financial management systems solution?
- **Governance and institutional arrangements** – are there a functional *m*SCOA steering committee or equivalent structure consisting of representatives from all business units, that meet regularly to monitor and report on *m*SCOA related issues to Management Committee (MANCO), Executive Committee (EXCO) and Council? Furthermore, did the municipality appoint a suitably qualified System Administrator and the required IT securities are in place?
- **System functionality** – is the functionality of the system complying with the minimum business processes and system specifications articulated in MFMA Circular No 80; is the municipality utilising the core financial system solution and its modules optimally; and are 3rd party sub-systems seamlessly integrating with the *m*SCOA enabling financial system?
- **Proficiency** of municipal officials to use the financial system – are the relevant municipal officials sufficiently capacitated on all system modules and functionalities to use the financial systems solution; are relevant officials in the organisation familiar with the *m*SCOA chart, balance sheet budgeting, and movement accounting; and have change

management taken place to ensure that *m*SCOA is institutionalised as an organizational reform and not only a financial reform?

Importantly, the municipal *m*SCOA Road Map should not be confused with the roadmaps used by system vendors for system upgrades, new developments, error-correction patches, updates, or training. The municipal *m*SCOA Road Map is broader than system functionality and must be developed and owned by the municipality. It should therefore not be prepared or driven by system vendors or external consultants.

The e-road map is intended to enhance oversight and monitoring by municipalities and provincial treasuries with respect to the implementation of *m*SCOA at municipal level.

4.4 Stage 3 validation

The development and piloting of the stage 3 validation to verify the credibility of *m*SCOA data strings submitted to the Local Government Database and Reporting System (LGDRS) has not been concluded and will only be introduced in the 2027/28 MTREF. This validation will automate the data string analysis currently undertaken by the National and Provincial Treasuries, and data string submissions that fail this validation will be rejected.

In preparation for the implementation of the stage 3 validation and ensure that credible data strings are submitted to the GoMuni Upload portal, municipalities should request their system vendors to incorporate additional validation rules within their municipal system solutions. At a minimum, these validation rules should address and resolve the following common errors identified in the submitted data strings:

- **Correct usage of the funding segment:** Some municipalities are not utilising the funding segment as per the guidance in the Project Summary Document (PSD), e.g. funded transactions are linked to non-funding transactions. The National Treasury will implement an addition validation to ensure the adherence of the principles of the PSD and ensure accurate populating of the Cash Flow Statement in chart version 7.2.
- **Unbundling of the Salary Clearing and Control Account:** A number of municipalities are not correctly unbundling the salary clearing and control accounts in accordance with the accounts prescribed in the *m*SCOA Chart of Accounts. This results in reporting inaccuracies relating to outstanding salary payments and third-party liabilities associated with payroll transactions;
- **Population of the cash flow tables:** The cash flow tables (A7, SA30, B7, SB30, C7 and SC30) in the A1 Schedules are not being fully and correctly populated by municipalities during the budgeting and transactional processes. Guidance on the updated linkages to supporting table SA30 that populated table A7 are attached as **Annexure B**: Cash Flow Linkages of this circular;
- **Opening balances:** Currently, the opening balances at year end (M12 as at 30 June) of the previous financial year are not being correctly rolled over to the first month (M01 as at 01 July) of the new financial year. In addition, these balances are not being updated to reflect the pre-audited (PAUD) and audit (AUDA) adjustments in the current financial year within the applicable open period(s). This validation rule(s) should test whether the opening balances have been rolled over correctly and balances off to zero. National Treasury will implement a validation rule to ensure that opening balances equal to zero in the third stage validation in chart version 7.2;
- **Function:** Currently, the use of the function segment by municipalities is not aligned with the guidance provided in the PSD for the function segment. Each function should net off to zero and should reflect a mini trial balance (Identified Revenue, Assets, Liabilities, Expenditure and Net Assets) (i.e., identified revenue, assets, liabilities, expenditure, and net assets) linked to the appropriate function and sub-function. The stage three validation should identify where budget allocations have not been allocated to the correct item within

a function or sub-function. In addition, all sub-functions are expected to balance to zero; and

- **Region:** The usage of the regional segment by municipalities is not aligned with the guidance provided in the PSD for the regional segment. Municipalities must ensure that each regional segment used balances to zero. Furthermore, each region should reflect a mini trial balance i.e., identified revenue, assets, liabilities, expenditure, and net assets) linked to the appropriate region or ward.

4.5 Retentions

In accordance with GRAP 19.18, accruals represent liabilities for goods or services that have been received or supplied but have not yet been paid, invoiced, or formally agreed with the supplier. For financial reporting and contract management purposes, once work has been certified as completed, the municipality becomes legally obligated to pay the full value of the work performed, inclusive of VAT, to the supplier.

A retention represents a delayed payment and not a reduction in the amount payable for the work performed. It therefore reflects only a timing difference in the settlement of the liability and does not reduce the contract price. Consequently, the full certified amount must be recognised, with the retention portion recorded as a liability until it becomes contractually due for release.

Accordingly, when work has been completed, the retention amount must be recognised inclusive of VAT and recorded to the Retention Liability account, with the VAT portion allocated to the Input VAT Accrual account, as this reflects the municipality's full obligation for the work performed.

However, given that most municipalities account for VAT on a payment basis with the South African Revenue Service (SARS), the claiming of VAT can only occur once the retention invoice has been received, recognised and paid. The VAT should therefore be processed against Input Tax General (for operational projects) or Input Tax Capital (for capital projects), as applicable.

Where a municipality accounts for VAT on an invoice basis with the South African Revenue Service (SARS), the VAT may only be claimed once the retention invoice has been received and recognised. In such cases, the VAT must also be processed against Input Tax General (for operational projects) or Input Tax Capital (for capital projects), as applicable.

4.6 Virement data strings and report

From the 2025/26 MTREF, municipalities report on their virements through the submission of a separate data string and report on virements to the GoMuni Upload portal.

*m*SCOA Circular No. 8, dated 24 April 2020 (as revised on 29 April 2020) has been updated to include the requirements of the virement data string and virement report. In accordance with the key principles set out in *m*SCOA Circular No. 8, municipalities are reminded of the following:

- **Virement Policy Alignment:** Municipalities must review their virement policies annually to ensure alignment with the principles and guidance contained in the circular and the broader *m*SCOA regulatory framework;
- **Multi-Dimensional Budgeting:** As a business reform, *m*SCOA requires multi-dimensional budgeting and the recording of transactions across the seven *m*SCOA segments. The circular provides guidance on how virements (budget transfers) must be managed within this framework;
- **Restrictions on Virements:** Virements may only take place within a function or its sub-functions and must utilise the same source of funding;

- **Adjustments Budget Requirement:** Where a proposed virement results in a change to an *m*SCOA segment (for example, the introduction of a new project, a change in region, or a change in the funding source), such a change is not permitted as a virement and must instead be processed through a formal adjustments budget approved by council; and
- **Prohibition on Certain Virements:** Municipal virement policies must explicitly prohibit virements from the repairs and maintenance project within the project segment.

4.7 The Urban Development Financing Grant

The Urban Development Financing Grant (UDFG) *is a new incentive-based financing grant supporting investment in urban development and resilient infrastructure and is targeted at the eight metropolitan municipalities*. The grant has been established to support Metro's in line with the Metro Trading Services Reform.

As of 2026/27 MTEF the UDFG will be administered through the following components, namely:
- Metro Trading Services component (MTS);
- Neighbourhood Development Partnership component (NDP);
- Programme for Project Preparation Support component (PPPS); and
- Public Employment Programme (PEP).

The chart has been amended in version 7.1 (2026/27) to include an Operational Project within the Project Segment for UDFG with a breakdown for the components, namely, MTS, NDP, PPPS and PEP. More details must be provided for Capital Projects. Metros must ensure that the naming of individual capital projects funded from the UDFG includes the standardised codes e.g. Substation – UDFG (MTS). The standardised codes are as follow:

UDFG – Metro Trading Services (MTS)
UDFG – Neighborhood Development Partnership (NDPG)
UDFG – Project and Programme Preparation Support (PPP)
UDFG – Public Employment Programme (PEP)

This will enable ring fencing of expenditure funded from the UDFG per component.

Herewith an example of the reporting done during disaster reporting:

PROJECTCODE	Account Name	INDIVIDUAL_PROJECTS
PC001001001002001000000000000000000000	Capital:Infrastructure:Existing:Renewal:Solid Waste Infrastructure:Landfill Sites	G46247 : Bisasar Road Landfill: Closure Preparation
PC001001001002001000000000000000000000	Capital:Infrastructure:Existing:Renewal:Solid Waste Infrastructure:Landfill Sites	G46247 : Bisasar Road Landfill: Closure Preparation
PC001001001002001000000000000000000000	Capital:Infrastructure:Existing:Renewal:Solid Waste Infrastructure:Landfill Sites	G46247 : Bisasar Road Landfill: Closure Preparation
PC001001001002001000000000000000000000	Capital:Infrastructure:Existing:Renewal:Solid Waste Infrastructure:Landfill Sites	G46247 : Bisasar Road Landfill: Closure Preparation
PC001001001002001000000000000000000000	Capital:Infrastructure:Existing:Renewal:Solid Waste Infrastructure:Landfill Sites	G46247 : Bisasar Road Landfill: Closure Preparation
PC001001001002001000000000000000000000	Capital:Infrastructure:Existing:Renewal:Solid Waste Infrastructure:Landfill Sites	G46247 : Bisasar Road Landfill: Closure Preparation

4.8 Reporting pertaining to the Metro Trading Services Reform

The MTSR aims to restore and sustain electricity, water, sanitation, and waste services in Metros through institutional and financial reforms. Towards this end, a 6-year, R54 billion performance-linked incentive grant with technical assistance is provided to Metros to:
- Strengthen accountability and financial transparency;
- Unlock R108 billion in total infrastructure investment, leveraging improved revenue and borrowing capacity;
- Improve service reliability, quality, and sustainability; and

- Enable spatial transformation, economic inclusion, and growth.

To participate in the reform, Metros must maintain eight minimum commitments. The National Treasury's annual *m*SCOA Compliance Assessment (previously referred to as the *m*SCOA ICU desktop assessment), which has been incorporated into the FMCMM web-based system from the 2026/27 MTREF, will be used to validate compliance with Indicator A2 relating to *m*SCOA compliance.

The intention is that each Metro, based on its current level of compliance, will implement plans and targets to achieve full compliance by Year-6 (Y6) of the reform. In the first year of the reform (Y0), the score obtained in the 2024/25 *m*SCOA Compliance Assessment, which was shared with metros during the mid-year budget and performance engagements, will serve as the baseline position. Thereafter, year-on-year improvements in the *m*SCOA Compliance Assessment scores will be expected as Metros progress towards achieving their targets.

The results of the *m*SCOA Compliance Assessment (downloaded from the FMCMM web-based system), together with the *m*SCOA Road Map submitted to GoMuni Upload platform to address gaps in implementation, will be used by the Independent Verification Agent (IVA) as evidence of achievement for this indicator.

Metros are also reminded that Indicator M7 requires that separate financial statements, prepared in the *m*SCOA aligned Specimen AFS format, must be compiled and submitted for each trading service, aggregated to the consolidated Metro AFS.

5. Submitting documents to the GoMuni Upload Portal

5.1 Submission of additional information

In line with its commitment to improving transparency and accountability, the National Treasury requested the following information from municipalities via a letter from the Director-General of the National Treasury:

Procurement Spend Information

An *Instruction on Procurement Information Transparency* has been issued by the National Treasury for the publication of the dashboard and requesting procurement information from procurement systems of all departments, public entities and constitutional institutions. The published information will include, but is not limited to, supplier and ownership details, the nature, value, quantity of procurement transactions, and payments made to suppliers. It is intended that similar procurement information will be published in respect of local government in the procurement payments dashboard. The prescribed template is attached as **Annexure C**.

Employee Information

The National Treasury has additionally committed to improving transparency and accountability in personnel systems. A data driven ghost worker audit has been initiated at national and provincial government. It is intended that the ghost worker audits will be extended to local government. The information requested will be used for this initiative. The prescribed template is attached as **Annexure D**.

Audit management reports

Municipalities are required to upload all the communication of findings (COFAFS), as well as the final audit management report issued by the Auditor General to the LGDRS. With effect

from the 2026/27 MTREF, the COFAFS will be added as an upload option on GoMuni Upload. Please note that these reports, as issued by the Auditor-General, must not be altered in any way.

The National Treasury understands the sensitivity associated with the Auditor-General's management report. Municipalities are assured that the management reports are exclusively for internal use by National and Provincial Treasuries to determine the key areas that our municipal support programmes should target.

Should your municipality not be in possession of the management report, kindly provide us with a formal letter of permission to obtain the said report directly from the Office of the Auditor-General South Africa. The letter of permission must be on an official letterhead of the municipality and signed by the Accounting Officer (Municipal Manager).

All enquiries should be directed to:

INFORMATION REQUIRED		SUBMISSION PLATFORM	SUBMISSION DATE	QUERIES
1	Procurement Spend Report	GoMuni Upload Portal at https://lg.treasury.gov.za/ibi_apps/welcome	Within 10 working days after the end of each month	Thys Blom at Thys.Blom@treasury.gov.za
2	Employee Related Data	Central Supplier Database (CSD) at www.csd.gov.za	Templates available under the GoPublic / Template Library portal	csdoos.support@treasury.gov.za
3	Management Reports and COFAFS		By no later than the 10th working day in January annually	

The templates are can also be accessed under the GoPublic / Template Library portal on https://lg.treasury.gov.za/ibi_apps/portal/Template_Library.

The procurement spend and employee information should be available on municipal procurement systems and HR sub-systems of all municipalities. Municipalities should liaise with their respective system vendors to extract this information in the required templates format directly from their relevant systems.

This information is requested in terms of sections 5(2)(c), 33(3) and 74 of the Municipal Finance Management Act, 2003 (MFMA).

6. The Municipal Budget and Reporting Regulations

6.1 Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape Buffalo City	Matjatji Mashoeshoe Pitso Zwane Mandla Gilimani	012-315 5553/ 0609242914 012-315 5171 012-315 5807/0661198036	Matjatji.Mashoeshoe@treasury.gov.za Pitso.Zwane@Treasury.gov.za Mandla.Gilimani@treasury.gov.za
Free State	Cethekile Moshane	012-315 5079	Cethekile.moshane@treasury.gov.za
Gauteng City of Tshwane and City of Johannesburg City of Ekurhuleni	Matjatji Mashoeshoe Pitso Zwane Willem Voigt Makgabo Mabotja Khanyisile Khosa Kgomotso Baloyi Lunathi Dumani	012-315 5553 012-315 7538 012-315 5830 012-315 5156 012-315 5866/082 887 2968	Matjatji.Mashoeshoe@treasury.gov.za Pitso.Zwane@Treasury.gov.za WillemCordes.Voigt@treasury.gov.za Makgabo.Mabotja@treasury.gov.za khanyisile.khoza@treasury.gov.za Kgomotso.Baloyi@treasury.gov.za Lunathi.dumani@treasury.gov.za
KwaZulu-Natal eThekwini uMhlathuze	Kgomotso Baloyi Lunathi Dumani Kevin Bell Sifiso Mabaso Matjatji Mashoeshoe Pitso Zwane	012-315 5866 012-315 5725 012-315 5952/060 923 7343 012-315 5553/060 326 6885 012 315 7538	Kgomotso.Baloyi@treasury.gov.za Lunathi.dumani@treasury.gov.za Kevin.Bell@treasury.gov.za Sifiso.mabaso@treasury.gov.za Matjatji.Mashoeshoe@treasury.gov.za Pitso.Zwane@Treasury.gov.za
Limpopo	Sifiso Mabaso Jabulile Ngwenya	012-315 5952/060 923 7343	Sifiso.Mabaso@treasury.gov.za Jabulile.ngwenya@treasury.gov.za
Mpumalanga	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
Northern Cape	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
North West Mafikeng	Willem Voigt Makgabo Mabotja Khanyisile Khosa Cethekile Moshane	012-315 5830 012-315 5156 012-315 5079	WillemCordes.Voigt@treasury.gov.za Makgabo.Mabotja@treasury.gov.za khanyisile.khoza@treasury.gov.za Cethekile.moshane@treasury.gov.za
Western Cape Cape Town George	Willem Voigt Khanyisile Khoza Kgomotso Baloyi Sifiso Mabaso	012-315 5830 012-315 5385 012-315 5866/082 887 2968 012-315 5952/ 060 923 7343	WillemCordes.Voigt@treasury.gov.za khanyisile.khoza@treasury.gov.za Kgomotso.Baloyi@treasury.gov.za Sifiso.Mabaso@treasury.gov.za
Technical issues on GoMuni Website	Data management		lgdataqueries@treasury.gov.za
Local government Conditional Grants			Sello.mashaba@treasury.gov.za Pretty.mavhungu@treasury.gov.za Marvin.ngobeni@treasury.gov.za Akanyang.modise@treasury.gov.za Sandra.admams@treasury.gov.za
Municipal (Eskom) and or Water Debt Relief and Smart Metering	LGBA: Revenue Section (Sadesh Ramjathan)		revenuemanagement@treasury.gov.za

Annexure A – Previous MFMA Circulars

Water scarcity issues dealt with in previous MFMA Circulars

Municipalities were reminded in the following MFMA budget Circulars to treat water as a scare resource as follows:

MFMA Circular	Reference no. and Description	Comments
MFMA Circular No: 51	3.2 Water tariffs must be cost-reflective	South Africa faces similar challenges with regard to water supply as demand growth outstrips supply. Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future.
MFMA Circular No: 54	5.2 Water tariffs must be cost-reflective	There continues to be an urgent need to promote the careful use of water. Ensuring that water is correctly priced is the most effective means getting households and businesses to conserve water.
MFMA Circular No: 55	3.3 Water tariffs must be cost-reflective	To mitigate the need for water tariff increases, municipalities must put in place an appropriate strategy to limit water losses to acceptable levels. In this regard municipalities must ensure that water used by its own operations is charged to the relevant service and not simply attributed to water 'losses'.
MFMA Circular No: 58	3.4 Water and sanitation tariffs must be cost-reflective	To mitigate the need for water tariff increases, municipalities must put in place an appropriate strategy to limit water losses to acceptable levels. In this regard municipalities must ensure that water used by its own operations is charged to the relevant service and not simply attributed to water 'losses'.
MFMA Circular No: 67	5.6 Municipal water infrastructure grant and non-revenue water	According to the latest National Non-Revenue Water Assessment Report (The state of nonrevenue water in South Africa, Report TT522-12: www.wrc.og.za); recently released by the Water Research Commission and the Department of Water Affairs, more than 50 per cent of municipalities cannot provide a water balance. These municipalities cannot determine whether demand for water exceeds supply or quantify the extent to which non-revenue water influences water security and financial sustainability.
MFMA Circular No: 74	Water and sanitation tariffs must be cost-reflective	To mitigate the need for water tariff increases, municipalities must put in place an appropriate strategy to limit water losses to acceptable levels. In this regard municipalities must ensure that water used by its own operations is charged to the relevant service and not simply attributed to water losses.
MFMA Circular No: 78	5.2 Water and sanitation tariff increases	In light of the current drought being experienced across large parts of the country, and to mitigate the need for water tariff increases, municipalities must put in place appropriate strategies to limit water losses to acceptable levels. In this regard municipalities must ensure that water used by its own operations is charged to the relevant service and not simply attributed to water losses.
MFMA Circular No: 79	4. Revenue management	Demand management is becoming increasingly necessary as the country faces water shortages and an unstable electricity supply. The approach to tariff setting should consider all these factors and strive to achieve an equitable balance. It is anticipated that the cost of providing municipal services will grow at a faster rate than the transfers from national government. Resource scarcity will most likely increase the cost of bulk purchases in respect of water and electricity beyond the country's inflationary targets.

MFMA Circular No: 85	4.3 Water and sanitation tariff increases	In light of the current drought experienced across large parts of the country, water is now a scarce resource that must be conserved. Municipalities must put in place appropriate strategies to curb water losses as a result of leakages. The ageing infrastructure is a contributing factor as many municipalities have historically inadequately provided for repairs and maintenance and renewal of water infrastructure.
MFMA Circular No: 89	3.3 Water tariff increases	The prevailing drought makes it difficult for some municipalities to improve revenue generation from this service. It is now more important to improve demand management, infrastructure maintenance, loss management, meter reading and tariff setting in respect of water services.
MFMA Circular No: 91	1. The South African economy and inflation targets	The drought experienced in several provinces poses significant risks to agriculture and tourism for the period ahead, and this may threaten jobs in these sectors. The current water crisis in the Western Cape and other provinces will affect economic growth. While the drought's impact is uncertain much depends on how long it will prevail; the extent to which specific catchment areas are affected; and the success of mitigation measures.
MFMA Circular No: 93	3.3 Water tariff increases	Drought conditions make it difficult for some municipalities to improve revenue generation from this service. It is now more important to improve demand management, infrastructure maintenance, loss management, meter reading and tariff setting in respect of water services.
MFMA Circular No: 98	4.2 Setting cost reflective tariffs	Technical losses are related to physical losses out of the system. In the case of water, this is due to pipe bursts and leakages or due to overflows on storage tanks.
MFMA Circular No: 99	1. The South African economy and inflation targets	The declining economic growth which might be impacted on further by the Corona virus pandemic and international companies closing down as a result, the deteriorating state of the finances for state-owned entities, continued high unemployment and water and electricity shortages will put pressure on the ability of municipalities to raise revenue. Municipalities are therefore advised to follow a conservative approach when projecting their revenue and to eliminate any waste and unnecessary expenditure.
MFMA Circular No: 112	7. Funding choices and management issues	Strictly control the use of costly water tankers and fix the water infrastructure to enable the sustainable provision of water. Curbing the consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.
MFMA Circular No: 115	7. Funding choices and management issues	Strictly control the use of costly water tankers and fix the water infrastructure to enable the sustainable provision of water; Curbing the consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.
MFMA Circular No: 126	3.7 Pro-actively managing collection of municipal revenue in Eskom supplied areas	Until ERA is amended it is critical that municipalities update their By-laws and policies to facilitate and legally allow the restriction of water as part of proper credit control for municipal revenue collection in Eskom supplied areas.

MFMA Circular No: 128	2.6. Reforms to improve the efficiency and financial sustainability of metro's trading services	Due to years of neglect and inadequate infrastructure maintenance, South Africa's municipalities face severe utility services issues, including in water, wastewater, and electricity. A loss of essential management and technical skills has also contributed to the decline in service quality and reliability. Metro water services alone suffer from an investment gap of R9 billion per year. These inefficiencies threaten economic growth and job creation and increases poverty. Government transferred substantial monetary allocations to local government in the successive Budgets to support water services, but the outcome and value for money of these transfers is low. To address this, an incentive grant system is being explored for 2025/26 to increase investments, change management and governance structures, promote professional management, and ensure transparency, starting with metros.

NATIONAL TREASURY

MFMA Circular No. 129

Municipal Finance Management Act No. 56 of 2003

Municipal Budget Circular for the 2025/26 MTREF

CONTENTS:

1. THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS 3
2. KEY FOCUS AREAS FOR THE 2025/26 BUDGET PROCESS 4
   - 2.1 Local government conditional grants allocations 4
   - 2.2 Metropolitan Municipalities Trading Services Reform performance incentive 6
   - 2.3. Reporting requirements for Disaster Allocations 7
   - 2.4. Budgeting and reporting of the Integrated National Electrification Programme (INEP) 8
   - 2.5. Stopping and reallocation guidelines 9
3. REVENUE MANAGEMENT 10
   - 3.1 Revenue enhancement and Improved debt collection 11
   - 3.2 Maximising the revenue generation of the municipal revenue base 11
   - 3.3 Setting cost reflective tariffs 13
   - 3.4 Consumer Deposits and securities 13
   - 3.5 Contracts with customers 14
   - 3.6 Indigent Management 14
   - 3.7. Voluntary restriction of notified maximum demand (NMD) 14
   - 3.8. Pro-actively managing collection of municipal revenue in Eskom supplied areas 15
   - 3.9. Eskom Bulk Tariff increases 15
   - 3.10. Organ of State Debt 15
4. FUNDING OF MUNICIPAL BUDGETS AND OTHER MANAGEMENT ISSUES 16
   - 4.1. Funding of municipal budgets 16
   - 4.2. Employee related Costs 16
   - 4.3. Remuneration of Councillors 17
   - 4.4. Municipal Pension Fund Contributions 17
   - 4.5. Unauthorised, irregular, fruitless and wasteful expenditure reduction and implementation of consequence management 18
   - 4.6. Special Adjustment Budget to authorise 2023/24 Unauthorised Expenditure 19
5. MUNICIPAL STANDARD CHART OF ACCOUNTS (*m*SCOA) 19
   - 5.1. Release of Version 6.9 of the Chart 19
   - 5.2. Future chart changes 20
   - *5.2.1. Cost capitalisation to assets (current and non-current)* *20*
   - *5.2.2. Entity reporting* *21*
   - *5.2.3. SARS binding general ruling BGR74* *21*
   - *5.2.4. Costing segment* *22*
   - 5.3. Improving *m*SCOA data strings credibility 22
   - *5.3.1 Balance Sheet Budgeting* *22*
   - *5.3.2 Use of external service providers* *22*
   - *5.3.4 Use of modules on integrated system solution* *23*
   - *5.3.5 Audited Actuals (AUDA) Data String vs Annual Financial Statements (AFS)* *24*
   - 5.4. Ownership of data on municipal systems 24
   - 5.5. Budget override and virement 24
   - 5.6. Regulation of the minimum business processes and technical specifications for *m*SCOA 25
6. MUNI EMONITOR, FMCMM AND AUDIT ACTION PLAN SYSTEM 25
   - 6.1 Muni eMonitor 25
   - 6.2 Audit Action Plans 26
   - 6.3 Financial Management Capability Maturity Model (FMCMM) 26

7. SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLANS (SDBIP) 27
7.1. KEY PERFORMANCE INDICATORS (KPIS) IN THE TOP-LAYER OF SDBIP 27
7.2. ADJUSTMENTS TO THE SDBIP 28
7.3. CRITERIA FOR ADJUSTING KPIS IN THE SDBIP 28
7.4. ALIGNMENT OF THE ADJUSTMENTS BUDGET AND ADJUSTMENTS TO THE SDBIP 29

8. THE MUNICIPAL BUDGET AND REPORTING REGULATIONS 30
8.1. ASSISTANCE WITH THE COMPILATION OF BUDGETS 30

9. SUBMITTING BUDGET DOCUMENTATION AND A SCHEDULES FOR THE 2025/26 MTREF 30
9.1. SUBMISSIONS TO THE NATIONAL TREASURY 31
9.2. TIME FRAMES FOR SUBMISSION 31
9.3. UPDATING OF CONTACT DETAILS ON GOMUNI 31
9.4. TRAINING ON GOMUNI 32

Introduction

This budget circular provides guidance to municipalities with their compilation of the 2025/26 Medium Term Revenue and Expenditure Framework (MTREF). It is linked to the Municipal Budget and Reporting Regulations (MBRR) and the Municipal Standard Chart of Accounts (*m*SCOA) and strives to support municipalities' budget preparation processes so that the minimum requirements are achieved.

Among the objectives of this budget circular is to demonstrate how municipalities should undertake annual budget preparation in accordance with the budget and financial management reform agenda by focussing on key "game changers". These game-changers include ensuring that municipal budgets are funded, revenue management is optimised, assets are managed efficiently, supply chain management processes are adhered to, *m*SCOA is implemented correctly and that audit findings are addressed. Municipalities are reminded to refer to the annual budget circulars of the previous years for guidance in areas of the budget preparation that are not covered in this circular.

1. The South African economy and inflation targets

The National Treasury has lowered its 2024 economic growth forecast to 1.1 per cent, from the 1.3 per cent projected in the 2024 Budget Review, weighed down by stop-start economic growth and stubborn inflation in the first half of the year. The economy has since strengthened in response to the suspension of power cuts since March 2024, improved confidence following the formation of the government of national unity in June, better than-expected inflation outcomes in recent months and reduced borrowing costs. All these factors are expected to continue to support the economy over the period ahead.

GDP growth is projected to average 1.8 per cent from 2025 to 2027, up from 1.2 per cent in the preceding three years. The pace of growth is still being limited by persistent – though gradually easing – constraints, particularly in logistics infrastructure. Faster growth depends largely on maintaining macroeconomic stability, the continued implementation of structural economic reforms, improving state capabilities and supporting higher infrastructure investment.

The following macro-economic forecasts must be considered when preparing the 2025/26 MTREF municipal budgets.

Table 1: Macroeconomic performance and projections, 2023 - 2027

Fiscal year	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Estimate	Forecast		
CPI Inflation	5.9%	4.6%	4.4%	4.5%	2.5%

Source: Medium Term Budget Policy Statement 2024.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

Growth in household consumption expenditure is expected to improve to 1.2 per cent in 2024, up from 0.7 per cent in 2023. Households have seen growth in real incomes as this year progressed and inflation has cooled, while consumer confidence has been buoyed by several factors, including stable electricity supply and expectations of improving financial conditions following a September cut in interest rates. Real purchasing power is expected to be bolstered by a further moderation in inflation and lower interest rates supporting household balance sheets. The newly implemented two-pot retirement system, which allows consumers to withdraw a portion of their savings before retirement, may also boost household consumption over the next few years depending on the eventual use of the withdrawn funds.

During 2024, headline inflation has cooled to its lowest rate in over three years, supported by lower food and transport prices. Underlying inflation – measured by the core inflation rate, which excludes volatile items such as food, non-alcoholic beverages, fuels, and energy – has also moderated to two-year lows, supported by lower imported inflation. Headline inflation is projected to stabilise around the midpoint of the 3–6 per cent inflation target range in the medium term. Lower food prices, a stronger rand and comparatively low oil prices present favourable risks. Meanwhile, unfavourable risks to the outlook include higher administered prices and unfavourable weather conditions for agriculture.

Even though confidence of the consumers has been uplifted by the improved economy, households are still struggling to pay municipal accounts and that has a negative impact on municipal own revenues. It is therefore noted that variations in regional specifics are possible, however, any variation of assumptions must be explicitly set out and well explained in the budget narratives, in the absence of which the Treasuries will refer the budget back to council for alignment to the macroeconomic performance projections.

2. Key focus areas for the 2025/26 budget process

2.1 Local government conditional grants allocations

Over the 2025 Medium-Term Expenditure Framework (MTEF), the government proposes an allocation of 9.8 per cent to local government. Local government funding is projected to increase from R184.8 billion in 2025/26 to R197.9 billion in 2027/28. In 2025/26, this comprises R106.1 billion for the local government equitable share, R16.8 billion from the general fuel levy sharing with metros, and R61.8 billion for both direct and indirect conditional grants. The increased allocations to local government reflect the government's commitment to social protection as a cornerstone of its fiscal strategy, ensuring ongoing support for indigent populations and the expansion of critical infrastructure through conditional grants. These figures represent the preliminary fiscal framework outlined in the 2024 Medium Term Budget Policy Statement. The final details will be provided in the 2025 Budget Review.

Notable changes to the conditional grants system

Government has finalised its review of the conditional grant system and developed a range of reforms based on the results. These reforms are aimed to rationalise conditional grants and enhance their effectiveness and will be implemented from 2025/26.

In the metro space, National Treasury remain committed to consolidating grants to improve efficiency and effectiveness. Starting with the 2025 Budget, the Neighbourhood Development Partnership Grant (NDPG direct) and the Programme and Project Preparation Support Grant (PPPSG)will be consolidated. Over the 2025 Medium-Term Revenue and Expenditure Framework (MTREF), further reforms will include integrating the Municipal Systems Improvement Grant (MSIG) and the Neighbourhood Development Partnership Grant (NDPG indirect) into the budget baselines of the Department of Cooperative Governance and the National Treasury, respectively. Both departments will still earmark these to ensure that these allocations are used for their original purposes.

Additionally, the non-metro components of the NDPG direct will be merged with a portion of the PPPSG, and the grant will be redesigned to better serve its objectives. Most of other proposed reforms being discussed currently are planned for medium- to long-term implementation.

NT advise municipalities to utilise the indicative numbers that were presented in the 2024 Division of Revenue Act when developing the 2025/26 MTREF calculations. It is crucial to also consider the

proposed changes to baselines that were presented in the 2024 MTBPS, as they may have an impact. NT recommend this must be prioritised in all budgetary planning for the upcoming fiscal year. In terms of the outer year allocations (2027/28 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as presented in the 2024 Division of Revenue Act for 2025/26. The Division of Revenue Bill, 2024, which includes the annexures outlining allocations to each municipality is available at:
https://www.treasury.gov.za/documents/national%20budget/2024/default.aspx

Division Of Revenue Amendment Bill, 2024 (DoRAB)

Additional funding to the Municipal Disaster Recovery Grant – R684 million is added to the Municipal Disaster Recovery Grant (MDRG – Recovery) to fund the reconstruction and rehabilitation of municipal infrastructure damaged by the flood and storm surges that occurred in various parts of the country between December 2023 and July 2024. This will benefit several municipalities in five provinces with the following breakdown: Eastern Cape municipalities (10): R319 million; Free State municipalities (4): R48 million; KwaZulu-Natal municipalities (7): R152 million; Limpopo municipalities (4): R88 million; and Mpumalanga municipalities (4): R77 million.

Reprioritisation from the Public Transport Network Grant – R300 million is shifted from the Public Transport Network Grant (PTNG) to the Taxi Relief Fund to fund the extension of the programme. While the fund was introduced as a relief measure during the height of the COVID- 19 pandemic, it has been extended and forms part of the work that the Department of Transport is undertaking in the formalisation of the taxi industry.

Rescheduling of BFI funding in the Regional Bulk Infrastructure Grant – reduction of R225 million to the allocation of Drakenstein Local Municipality in the Regional Bulk Infrastructure Grant (RBIG) to align to the revised implementation plan and cashflow projections for the sanitation infrastructure upgrade project funded through the BFI.

Roll-over – R29 million is rolled over in the MSIG to complete projects related to the development of the Smart Cities Framework, Capital Expenditure Framework, Data Management Project, and Records Management Project.

Changes to conditional grant frameworks and allocations

The framework of the MDRG – recovery will be amended to ring-fence the additional funds for the repair and reconstruction of municipal infrastructure damaged by the disasters that occurred between December 2023 and June 2024.

The framework of the RBIG will be updated to amend the ring-fenced BFI amount for Drakenstein Local Municipality's sanitation infrastructure upgrade project.

The framework of the PTNG is amended to reflect the revised 2024/25 baseline following the reprioritisation towards the Taxi Relief Fund.

The framework of the MSIG is amended to account for the approved roll-over in the 2024/25 financial year.

Details per municipality, of the changes to allocations for the municipal disaster recovery grant, municipal systems improvement grant, public transport network grant and regional bulk infrastructure grant that have been described in Part 2 of the explanatory memorandum to the DoRAB will be gazetted. These changes per municipality are shown in **Annexures D** to **E and Appendix A** of the DoRAB.

All amended frameworks will be gazetted in terms of section 15(2) of the 2024 DoRA, after consulting Parliament.

2.3. Reporting requirements for Disaster Allocations

National Treasury has in the previous circular (MFMA Circular No. 126 dated 07 December 2023) indicated that municipalities that receive their disaster funding before the start of the municipal year, i.e., 01 July, but after the end of the national financial year, 31 March, do not need to request a rollover as any deemed unspent disaster fund transferred to municipalities during that period (01 April to 30 June) will be regarded as an automatic rollover. This consideration is done because funding for this form of a disaster would have been transferred from the new year's allocation. Therefore, National Treasury will support that these unspent monies be carried over into the new municipal year's budget. The contents of MFMA Circular No 126 are not repeated here as the position still holds.

Disaster response funding for local government is provided for in the Division of Revenue Act, 2024 (Act No. 24 of 2024) (DoRA) through the Municipal Disaster Response Grant schedule 7B (MDRG 7B); and the Municipal Recovery Grant schedule 5B (MDRG 5B).

Funds from the MDRG 7B allocations are unallocated until a classification of a disaster by the Head of National Disaster Management Centre (NDMC) in terms of Section 23(1)(b) of the Disaster Management Act, 2002 (Act No. 57 of 2002). This grant provides for the immediate release of funds for disaster response if an occurrence cannot be adequately addressed in line with section 2(1)(b) of the Disaster Management Act, 2002 (Act No. 57 of 2002).

The MDRG 5B funds longer-term rehabilitation and reconstruction of municipal infrastructure damaged by a disaster.

Section 25 of the 2024 DoRA provides that:

(3) (a) The transferring officer may, with the approval of the National Treasury, make one or more transfers of a Schedule 7 allocation to a province or municipality for a classified disaster, within 100 days after the date of the classification of the disaster.
(c) The National Treasury must, within 21 days after the end of the 100-day period envisaged in paragraph (a), by notice in the Gazette, publish all transfers of a Schedule 7 allocations made for a classified disaster.
(f) The funds approved in terms of paragraph (a) must be included in municipal adjustments budgets.

Any additional disaster funding that may be approved by the National Treasury through section 19 (6) of the DoRA which states that "On a joint request by the transferring officer and the National Disaster Management Centre (NDMC), the National Treasury may approve that a conditional allocation in Schedule 4, 5 or 6, or a portion thereof, be reallocated to pay for the alleviation of the impact of a classified disaster or the reconstruction or rehabilitation of infrastructure damage caused by a classified disaster", must comply with all the reporting requirements in the DoRA. Before the National Treasury approves a reallocation, the receiving officer of the conditional allocation in Schedule 4 or 5 or the transferring officer of a Schedule 6

allocation must confirm that the affected funds are not committed in terms of any statutory or contractual obligation". These funds upon approval constitute a part of the total disaster allocation for that financial year and must comply with the framework conditions of the disaster funding.

Upon approval by the National Treasury either through section 25(3)(a) or section 19(6), municipalities are required to follow all reporting prescripts in terms of the DoRA. In terms of the duties of receiving officer in respect of schedule 5 or 7 allocations, section 12 requires municipalities to report expenditure and transfers received monthly, not later than 10 working days after the end of each month. Further, a municipality must submit a quarterly non-financial performance report within 30 days after the end of each quarter. Lastly, municipalities must evaluate the financial and non-financial performance of the municipality, in respect of programmes partially or fully funded by a schedule 5 allocation and submit such evaluation to the transferring officer and the relevant provincial treasury within two months after the end of the 2024/25 financial year applicable to a municipality. The reporting must also comply with the framework of the Disaster grant.

In addition to the reporting requirements outlined in section 12 of the DoRA, municipalities must adhere to the reporting guidelines specified in the disaster management frameworks. Municipalities are required to implement all approved projects and ensure that allocated funds are used for their intended purposes. Municipalities should submit disaster assessment reports and funding requests, signed by the Accounting Officer, to the Provincial Disaster Management Centre (PDMC) within 14 days of the disaster classification. Additionally, municipalities must provide a performance report, including supporting evidence (such as payment certificates, photographs, and invoices) demonstrating the progress of project implementation, to the PDMC within 30 days after the end of the quarter in which the funds were utilised. National Treasury may withhold and / or stop any funds due to the municipality that does not adhere to the reporting requirements in the DoRA.

In terms of any disaster funding that municipalities receive between 01 July and 31 March and have not been spent by the end of the municipal year, 30 June, a request for a rollover is required and it is not deemed automatic. This is slightly different from an instance wherein disaster response funds are transferred to municipalities after the end of the national financial year, 31 March.

2.4. Budgeting and reporting of the Integrated National Electrification Programme (INEP)

The DoRA provides for the allocation to ensure access to electricity through provision of capital subsidies to Eskom and municipalities for the eradication of the household's electrification backlogs and to ensure universal access to electricity.

These allocations are made to Eskom for the Eskom areas of supply and to municipalities for their areas of supply. This allocation criteria on the electrification programme follows the powers and functions (licensed and unlicensed) to both municipalities and Eskom. However, there are instances where some allocations that are within the Eskom areas of supply, are made to municipalities. This is done to accelerate the delivery of the electrification services and the eradication of backlogs.

National Treasury has therefore issued the *m*SCOA Circular No. 16 dated 16 October 2024 to provide more detailed guidance on the budgeting for these forms of funding. Municipalities are therefore requested to follow the *m*SCOA Circular No. 16.

2.5. Stopping and reallocation guidelines

The Division of Revenue Act provides that in instances where municipalities reflect a serious or persistent material breach of the Act (DoRA and MFMA), i.e., non-compliance against the provisions of the Acts, non-compliance against grant framework and significant under-expenditure, National Treasury may at its discretion or at the request of the transferring officer stop and reallocate the conditional grants from non-complying municipalities to best performing municipalities.

Following the 2024/25 mid-year expenditure reports (second quarter report) in terms of section 10 of the 2024 DoRA and sections 71 and 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), National Treasury annually considers invoking sections 18 and 19 of DoRA.

In terms of DoRA, National Treasury utilises the reported information from both municipalities and the transferring officers in terms of section 10 and section 71 of the DoRA and MFMA, respectively. The second quarter reports dated 31 December annually is targeted as a benchmark to determine whether municipalities have adequately performed against the total allocations made. Various conditional grant frameworks give guide on the conditions required for compliance and as a measure of the performance of the municipalities.

Transferring officers are required as part of section 12 of DoRA (duties of the transferring officer) to assess and monitor the performance of the municipalities against the conditional grants and recommend to National Treasury that underperforming municipalities should be considered for stopping, while best performing municipalities are considered for additional funding in terms of sections 18 and 19 of DoRA (stopping and reallocation). In terms of section 18(2) of DoRA, a request by a transferring officer or a receiving officer to stop the transfer of a schedule 4B or 5B allocation, or a portion thereof must be submitted to the National Treasury by **31 January 2025**.

National Treasury is required in terms of sections 17, 18 and 19 of DoRA and section 38 of the MFMA to consult municipalities and afford them an opportunity to make a written representation as to why their conditional grants should not be stopped. Only after National Treasury has consulted and engaged municipalities on this intention (stopping), would the Treasury decide to either stop or not stop. Therefore, the stopping and reallocation process is a consultative "process" for which National Treasury must decide on. Recommendations from all relevant stakeholders, i.e., transferring officers and provincial treasuries are considered before the National Treasury decides.

The following questions form part of the decision when National Treasury writes to municipalities to consider stopping the allocation due to persistent underspending and non-compliance against the provisions of the legislations:

- Why expenditure reported as at 31 December 2024 is below 40 per cent;
- Progress report against approved projections (provide list/ names of approved projects);
- Representation on the cash coverage for grants transferred (Liquidity ratio) and all committed unspent funds must be ringfenced;
- Representation on the initial cash flow projections against actual performance;
- Progress report on any approved rolled over for 2023/24 financial year;
- Commitment that the allocated funds are committed and that they will be fully spent by the end of the financial year, 30 June 2025, i.e., commitment that the municipality will not request rollover against the funds proposed to be stopped;
- Representation on all projects awarded after the second quarter of the municipal financial year as at 31 December 2024;

- Representation on any commitments made against Supply Chain Management Regulation 32 projects in terms of the Supply Chain Management policy and chapter 11 of the MFMA and progress made against these projects;
- Declaration by the municipality on the amount that should be stopped by National Treasury;
- All reporting must be accurate and aligned to *m*SCOA system and
- An acceleration plan against the 2024/25 approved implementation plan.

According to section 19 of DoRA, when a schedule 4B or 5B allocation, or a portion thereof, is stopped in terms of section 18, the National Treasury may, after consultation with the transferring officer and the relevant provincial treasury, determine the portion of the allocation to be reallocated, as the same type of allocation as it was allocated originally, to one or more provinces or municipalities, on condition that the allocation must be spent by the end of the 2024/25 financial year.

Reallocation is therefore based on availability of funding, with priority being reallocation of funds within the same district or a province. Priority is also given to the best performing municipalities, municipalities with ready projects for implementation, committed multi-projects that could be brought forward, etc i.e., A maximum expenditure of 70 per cent against original allocation is used as an indicator for reallocation. In terms of stopping of the allocations against slow spending municipalities, a 40 per cent benchmark is used to engage municipalities whether their funds should be stopped or not. It is important to note that a representation from municipalities in terms of section 38(2) (a) of the MFMA and a recommendation from the transferring officer/ provincial treasury is considered before National Treasury can stop the funds.

3. Revenue Management

The weak economic growth continues to impact municipal finances, and this has strained consumers' ability to pay for services as communicated in MFMA Circular No. 89. Coupled with this conundrum is the marginal growth in national transfers as compared to the past. These two critical factors necessitate municipalities to function optimally, suggesting that municipal operations, processes, and procedures must be efficient. Inefficiencies in this space are guaranteed to manifest on municipal finances. Although some municipalities have managed these challenges well, others have fallen into financial distress and face liquidity challenges. Subsequently, municipalities are unable to meet their payment obligations to Eskom, water boards and other creditors. Therefore, municipalities must maximise their revenue generating potential and collect what is due to them and concurrently, eliminate wasteful and non-core spending. Municipal budgets will be scrutinised to ensure that municipalities adequately provide for their core mandate and to service their debt obligations. Municipalities must ensure that expenditure is limited to the maximum revenue collected and not spend money that they do not have.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring that the tariffs are cost reflective for the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be 4.4 per cent; therefore, municipalities are required to justify all increases more than the projected inflation target for 2025/26 in their budget narratives and pay careful attention to the differential incidence of tariff increases across all consumer groups. In addition, municipalities should include details of their revenue growth assumptions for the different service charges in the budget narrative.

3.1 Revenue enhancement and Improved debt collection

Although different methods and tools are available to municipalities for improving revenue and debt collection through external sources, National Treasury would like to encourage municipalities to productively make use of the available revenue tools developed and available.

A useful method to ensure that all properties in the municipality are levied as per the 2014 Amended Property Rates Act and the municipality's tariffs and rates policies, is the correct use of the **National Treasury Valuation Roll Reconciliation Tool**. Except for property rates, other statistical data of consumers, like the number of users for different services (although it will not perfectly match) can also be benchmarked against.

The correct use of **National Treasury Cost Reflective Tariff** and **Valuation Roll Reconciliation Tools**, together with the statistical data from the municipal billing system, must be utilised to ensure the maximum levying of revenue. Unfortunately, these tools cannot be used successfully if the input data is not correct and / or output is not correctly interpretated.

The **Smart Meters Grant Roll-Out and RT29-2024** Transversal Tender (available to all government institutions) are both useful not only to improve revenue in municipalities, but also to assist in improving debt collection. Not only can water and electricity losses be reduced, but cash can be generated up front.

By making use of the available tools and smart metering systems, municipalities will be in a better position to prepare cost-reflective tariffs and credible funded budgets, budgets that align with actual revenues and expenditures.

Municipalities must focus on increasing collection rates, curbing material losses, and aligning their budgets with actual financial realities.

3.2 Maximising the revenue generation of the municipal revenue base

Property Rates

Reference is made to MFMA Circulars No. 93, paragraph 3, 98 paragraph 4.1 and 123 paragraph 5.1. The emphasis in these MFMA Circulars is to ensure that municipalities are using their entire revenue base for the revenue budget projections. The status quo remains; however, it is essential that municipalities reconcile their most recent consolidated valuation roll data to that of the current billing system to ensure that revenue anticipated from property rates is realistic. The municipalities should implement a data management strategy and develop internal capacity to perform these reconciliations and investigations to improve completeness of billing.

The periodic general valuation of properties can result in significant changes in the market values of properties, especially where regular supplementary valuations are not done during the period of validity of the valuation roll. In the year in which a new valuation roll is implemented, where the general valuation of properties results in significant increases in the market values of a significant proportion of the properties, it would be advisable to reduce the cent in the Rand rates for categories of rateable properties for which the greater proportion of the market values increased significantly in the general valuation. To do this, the municipality must run various permutations of different cent in the Rand rates against different categories of properties to ascertain the rates payable against the different permutations.

The use of the Valuation Roll Reconciliation tool of National Treasury, can assist to test the various permutations of tariffs. After running the different permutations, the municipality can then determine cent in the Rand rates for the different categories of rateable properties that do not cause rates shocks that increase the rates payable by property owners excessively.

Municipalities are referred to the Department of Cooperative Governance's practice note in this regard, which is contained in the Local Government: Municipal Property Rates Act General Guidelines (March 2020) which can be found at the following link:

https://www.cogta.gov.za/index.php/municipal-property-rates/

Requirements for a billing report

The Billing report must at a minimum provide the following per each property:

- Market value;
- Property category;
- Amount billed;
- Unique property identifier (linked to the Valuation Roll);
- Property owner;
- Rebate value;
- Exemption value; and
- Reduction value.

Although the format of the billing reports will vary across municipalities, the billing report will always have the above-mentioned specifics for any municipality regardless of the financial system used as they all use the valuation roll as the basis to update the municipal financial system. Municipalities are advised to engage their service providers in ensuring that there is a standardised billing report that considers the minimum billing report requirements.

Part A and Part B Register

Reference is made to the Municipal Property Rates Act – section 23 of the MPRA reads as follows:

1. A municipality must draw up and maintain a register in respect of properties situated within that municipality, consisting of a Part A and Part B;
2. Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls of the municipality prepared in terms of section 78;
3. Part B of the register must specify which properties on the valuation roll or any supplementary valuation rolls are subject to – (a) an exemption from the rate in terms of section 15; (b) a rebate on or a reduction in the rate in terms of section 15; (c) a phasing-in of the rate in terms of section 21; or (d) an exclusion referred to in section 17 (1) (a), (e), (g), (h) and (i);
4. The register must be open for inspection by the public during office hours. If the municipality has an official website or another website available to it, the register must be displayed on that website; and
5. A municipality must at regular intervals, but at least annually, update Part B of the register. Part A of the register must be updated in accordance with the provisions of this Act relating to the updating and supplementing of valuation rolls.

Based on the cited section, municipalities are expected to comply with the provisions of section 23 of the MPRA to ensure that the latest information is used in the reconciliation process. All revenue foregone as supported by municipal policies due to municipal reductions rebates and exemptions must be accounted for in the Part B register and all subsequent supplementary rolls performed are accounted for using a Part A register.

Furthermore, municipalities are also advised and expected to comply with section 8(1) of the MPRA in terms of the billing methodology that should be specified within their policies to ensure that the correct categories (based on the selection made by the municipality) are used

in the reconciliation process. A further test would be to reconcile this information with the Deeds Office registry.

In accordance with the MFMA Circular No. 93, municipalities are once more requested to submit their reconciliation of the Valuation roll, Part A register of the billing system to National Treasury on a quarterly basis by no later than the 10th working day after the end of the quarter. A detailed action plan must accompany the reconciliation where variances are noted.

A copy of the Valuation Roll Reconciliation Tool template is available as **Annexure A** of this Circular.

The information must be uploaded by the municipality's approved registered user(s) using the GoMuni Upload Portal at: https://lg.treasury.gov.za/ibi_apps/signin.

3.3 Setting cost reflective tariffs

It is important that municipalities periodically conduct cost of supply studies in the provision of each basic service. Municipalities must ensure that when tariffs are designed that consumption charges for services are only based on consumption and all other variable costs and fixed costs e.g., salary and wages, etc. should be covered by a fixed charge. Municipalities must ensure that when tariffs are designed, capital repayment of loans are included in the provision for depreciation that must be budgeted for.

During the budgeting process, provision must be made for revenue to be generated by the tariffs levied for services to address the maintenance of infrastructure. Repairs and Maintenance need to be sufficiently covered in Employee Related Costs, Contracted Services, Operational Expenditure, and Inventory Consumed. New infrastructure developments in a municipal area of jurisdiction should be obliged to consider and incorporate efficiency sources of energy available such as solar or wind to respond to the ongoing global energy crisis. Using the latest format of the Cost Reflective Tariff Tool after the upload of the Adjustments Budget, again after the Tabled Budget (Draft Budget) and again after the Council Approved Budget, municipalities will be able to have a better understanding of the cost reflectiveness of its tariffs and future tariff adjustments successfully explained.

It is important to note that the Cost Reflective Tariff Tool's outcome is dependent on a well-structured budget with all applicable revenue and expenditure items included.

The latest version, National Treasury Tariff Tool Linked Vol. 2 of 27 November 2024, is available as **Annexure B** of this Circular. This latest Volume 2 now replaces the Tariff Setting Tool - 05 November 2019 mentioned in MFMA Circular No. 98.

The populated Cost Reflective Tariff Tool, must be uploaded by the municipality's approved registered user(s) using the GoMuni Upload Portal at:

https://lg.treasury.gov.za/ibi_apps/signin.

3.4 Consumer Deposits and securities

Credit control policies must be reviewed and amended to include the raising of consumer deposits, the authority to raise deposits must be deleted where it is still in the Electricity and Water by-laws, this must be included in the credit control and debt collection by-laws. Deposits must be equal or more than two months bulk accounts from water services authorities and Eskom.

3.5 Contracts with customers

All municipalities should ensure that their service agreements with customers address the following matters:

- Requirements of POPIA;
- Digital and Physical Domicile for the delivery of notices;
- Acceptance of liability in the case of proven tampering of services;
- Acceptance of Magistrates Court Jurisdiction if in arrears and legal action has been taken;
- Acceptance to adhere to Municipal policies and by-laws;
- Acceptance and approval to be handed over to third party if in arrears inclusive of credit bureau;
- Acceptance to give access to meter readers to read meters;
- Municipality accept to render promptly bills; and
- Municipality accept to limit the estimation of consumption on meters.

3.6 Indigent Management

It is critical to progressively manage the restriction of free basic services to national policy limits. Therefore, free basic services to indigent households must be restricted. Where any unlimited supply or supply above national policy limits is provided, the budget narrative must explicitly articulate how this is funded, also in a context of facilitating adequate asset management and adequate provision for related debt impairment and ability to maintain payment of Eskom, bulk water, and other creditors.

Establishing and maintaining credible indigent register – It is important that the municipalities undertake the following actions to conduct quality control and monitor the indigents:

- Check accuracy and identify any overstatement of the indigent debtor which will enable municipalities to confirm the accuracy of the reported number of indigent debtors;
- Proactively identify indigent citizens and accelerate the registration process through data-driven indigency status verification, as a precursor to tabling applications to Council for approval;
- Verify the status of indigents on the current indigent register thereby reducing the risk of citizens benefiting from the indigent subsidy when they do not qualify for it anymore;
- Create a verifiable indigent register which reduces performance audit risk through the provision of monthly controls and credible, third party, data-driven evidence to support the validity of households registered as indigent;
- Use the insight provided regarding indigents to make any necessary amendments to current Indigent Policy; and
- Municipalities are advised to work closely with DCoG and their respective provincial counterparts to simplify its indigent management registration processes – even consider qualifying criteria that can be independently checked without requiring a hefty administration burden on indigent households that are already financially constrained, including facilitating such on-site close to where indigents may reside. It is noted that the municipality needs to report on all indigent households for water and energy within its demarcation also in the Eskom supplied areas since the LGES: Free basis services (FBS) allocation is targeted at the demarcation. The municipality must therefore focus in its 2024/25 MTREF Schedule A submission to report on all indigent households (also in Eskom supplied areas).

3.7. Voluntary restriction of notified maximum demand (NMD)

Municipalities are advised that Eskom agreed with National Treasury that once a municipality in principle agreed to a Notified Maximum Demand (NMD) restriction with National Treasury,

Eskom will within 30 days of National Treasury request advise on its ability to restrict the NMD at bulk supply points in that municipality. Eskom will restrict the NMD or not charge any NMD exceedance charges and penalties to the municipality until 30 June 2027 or earlier as may be agreed between National Treasury and the municipality. Should any municipality with the electricity function not be able to maintain its Eskom bulk account, it is strongly urged to make an application to the National Treasury for such a voluntary restriction of its NMD by Eskom. The application must include a council resolution to the effect that council approves and agrees to such a voluntary restriction and the effective date thereof. National Treasury will then make an application to Eskom for this purpose.

3.8. Pro-actively managing collection of municipal revenue in Eskom supplied areas

The National Treasury notes that in the context of the Electricity Regulation Act, 2006 (ERA) existing section 21(5) prohibiting Eskom to cut supply in their areas to assist municipalities to collect on rates, water, wastewater and refuse removal – municipalities have no other tool but the restriction of water to collect in Eskom supply areas. Until ERA is amended it is critical that municipalities update their By-laws and policies to facilitate and legally allow the restriction of water as part of proper credit control for municipal revenue collection in Eskom supplied areas. The process before the supply of water is restricted/ limited, must honour the water supply rights of the indigent as well as the administrative processes and procedures, as contained in the municipal by-laws and policies read with section 4(3)(a) of the Water Services Act.

3.9. Eskom Bulk Tariff increases

The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. In the municipal financial year 2024/25, bulk electricity costs increased by 12.7 per cent, a slight decrease as compared to 15.0 per cent in the 2023/24 municipal financial year.

Given the absence of an approved tariff increase by Eskom and no approval of Eskom tariff application available yet for the 2025/26 financial year, municipalities are cautioned to not only use the National Treasury Cost Reflective Tariff Tool, but also to do the Cost of Supply Study as prescribed by NERSA.

3.10. Organ of State Debt

The reconciliation of Organ of State debt begins with the municipal statement as the foundational document, serving as the baseline for reviewing and verifying all transactions, balances, and outstanding amounts between the municipality and the respective organ of state. This statement ensures that the reconciliation process is rooted in the municipality's official financial records. Technical and provincial advisors must meticulously analyse the statement to confirm that it accurately reflects all billed amounts, payments received, adjustments made, and any interest or penalties applied. By starting with the municipal statement, the process systematically identifies discrepancies and allows for their resolution through collaboration with the municipality and the organ of state.

Using the municipal statement as the starting point, the municipality will cross-check it against the organ of state's financial records, identifying mismatches or omissions. The detailed analysis will uncover issues such as unrecorded payments, incorrect billing, or misallocated funds. Once all discrepancies are resolved and the accounts are reconciled, the verified amounts become final and binding. It is imperative that all accounts verified during this reconciliation process are settled in full. This ensures that both the municipality and the organ of state fulfil their financial obligations, promoting accountability and reducing long-standing debt burdens.

As part of the reconciliation, municipalities must apply their credit control and debt collection policies, which are also applicable to Organ of State accounts. These policies ensure structured and proactive debt management, including efforts to engage the organ of state to finalise payment agreements for the settled amounts. Additionally, any credits or overpayments identified during reconciliation must be processed promptly by the municipality through issuing credit notes or adjusting in their financial systems. Evidence supporting reconciled balances, credits, or any adjustments must be retained to ensure compliance with financial management standards and to maintain transparency.

Finally, once the reconciliation is complete and all parties agree on the verified balances, the municipality must formally sign off on the reconciled accounts. This step signifies the accuracy and acceptance of the financial records. The organ of state must then ensure that all verified accounts are settled in full without delay, demonstrating its commitment to sound financial management and equitable treatment of debtors. By enforcing credit control measures and focusing on timely settlement, the municipality not only improves its financial position, but also strengthens relationships with organs of state, fostering a culture of accountability and mutual respect.

4. Funding of municipal budgets and other management issues

4.1. Funding of municipal budgets

National Treasury has observed over the years that many municipalities that adopt unfunded budgets are adopting budget funding plans as a mere compliance exercise. There is very little progress made to turn around from an unfunded budget position, to a funded one. To this effect, National Treasury will only allow municipalities to turn around from an unfunded budget position to a funded position within three years, of which in each year there should be measurable progress in terms of the improvement in the collection rate and cost containment initiatives. Failure for the municipalities to show visible progress each year, such municipality will not be allowed to table an unfunded budget. On monthly basis, these municipalities are required to submit progress reports to the GoMuni Portal which must be closely monitored by the respective Provincial Treasuries.

Also note that all municipalities that adopted funded budgets in 2024/25, will not be allowed to adopt unfunded budgets in 2025/26 and going forward, this implies that such budget will be referred by National/ Provincial treasury for review until the funded position is achieved. This is to enforce compliance with Section 18 of the MFMA and to encourage prudent financial management which includes collecting what is due to a municipality and paying for services rendered.

4.2. Employee related Costs

The salary and wage collective agreement were signed by the parties of the South African Local Government Bargaining Council (SALGBC) on Friday, 6 September 2024 and municipalities are expected to implement the agreement with immediate effect as from 1 July 2024.

In respect of the 2025/26 financial year, all employees covered by this agreement shall receive, with effect from 1 July 2025, an increase based on the average CPI percentage for the period 1 February 2024 until 31 January 2025, plus 0.75 per cent. The publications of Statistics South Africa shall be used to determine the average CPI.

In case the average CPI percentage for the period 1 February 2025 until 31 January 2026 is less than 4 per cent, it will be deemed to be 4 per cent, and if the average CPI percentage for this period is higher than 7 per cent, it will be deemed to be 7 per cent.

Municipalities that wish to be exempted from the collective agreement for this financial year, should apply 30-days from the date of approval of the budget of the municipality by the municipal council, or 30 June 2025. The onus to prove the case for the granting of exemption lies with the applicant municipality, and guidance is provided by SALGA.

If the municipality has missed the deadline to apply for exemption, and still wishes to do so, then the municipality will have to apply for condonation for the late referral and must show good cause of the referral as the panellist has the power to condone any failure to meet timelines. The panellist has the powers to grant full or partial exemption, and a municipality can apply to be exempted from any provision in the agreement.

In addition, the municipality must ensure that it enlists responses to all the indicators in terms of Sections 138 and 140 of the Municipal Finance Management Act. All the above are intended to ensure that municipalities find it easier to file appropriate exemption applications backed by relevant financial information.

4.3. Remuneration of Councillors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. It is anticipated that this salary determination will also consider the fiscal constraints. Municipalities should also consider the guidance provided above on salary increases for municipal officials during this process. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councilor(s) concerned.

4.4. Municipal Pension Fund Contributions

It has been observed that municipalities have defaulted on their responsibility to ensure that 3rd party payment obligations are met, despite deductions being made from employees' salaries. This has put several municipal employees in a very unfortunate situation where they have no funds in their pension fund accounts despite salary deductions having been made.

We wish to refer accounting officers to their fiduciary responsibilities as outlined in section 61(2)(a) of the MFMA, in terms of which an accounting officer may not act in a way that is inconsistent with the duties assigned to accounting officers of municipalities in terms of the MFMA. The failure to pay over deductions to pension funds is inconsistent with section 65(2)(f) of the MFMA which requires the accounting officer to ensure that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments. Equally of importance is to ensure that payments to these statutory bodies are prioritised, or suitable arrangements are made with them towards settling their accounts.

Such failure constitutes an act of financial misconduct in terms of section 171(1)(b) of the MFMA, which provides that the accounting officer of a municipality commits an act of financial misconduct if he or she deliberately or negligently fails to comply with a duty imposed by a provision of the Act on the accounting officer of a municipality.

Additionally, the above failure also constitutes a financial offence in terms of section 173 of the MFMA, read together with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings. Section 173 of the MFMA provides that the accounting officer is guilty of an offence if that accounting officer, amongst others, deliberately or in a grossly negligent way contravenes or fails to comply with section 65(2)(f) of the MFMA.

Municipalities must therefore ensure that measures are put in place to ensure that salary deductions for pension fund contributions are paid over to the pension funds. In addition, those municipalities who have outstanding pension fund contributions are advised to ensure that any outstanding payments are paid over by latest end of the 2024/25 financial year, failure which will result in punitive measures being implemented against relevant municipalities.

Equally important is to ensure that payments to these statutory bodies are prioritised, or suitable arrangements are made with them towards settling their accounts. The two bodies must be equally urged to ensure that they provide suitable attachments when they issue their invoices to the municipality so that there is clarity of payments being made.

4.5. Unauthorised, irregular, fruitless and wasteful expenditure reduction and implementation of consequence management

Section 62(1)(d) of the Local Government: Municipal Finance Management Act, 2003 (MFMA) requires an accounting officer of a municipality to take reasonable steps to prevent unauthorised, irregular, or fruitless and wasteful expenditure (UIFWE) and other losses. Section 62(1)(e) of the MFMA obligates the accounting officer to ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any municipal official who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

We have noted that many municipalities still have high UIFWE disclosed in their annual financial statements. The high UIFWE balances confirms that more still needs be done by the Municipal Public Accounts Committee (MPAC) in line with section 32 of the MFMA to address the balance of UIFWE. Municipalities are continuing to incur UIFWE year-on-year, which is indicative of ineffective preventative.

In addition to the above, many municipalities are still not establishing disciplinary boards or ensuring that the board in place to investigate allegations or instances of financial misconduct are functional. The disciplinary board is an independent advisory body that assists the council with the investigation of allegations of financial misconduct and is required in terms of regulation 4(1) of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014. Therefore, the establishment of a disciplinary board is a legislative requirement.

Therefore, municipalities are required to submit an action plan that must address timelines for the establishment of the disciplinary board (where one does not exist) as well as addressing the backlogs of financial misconduct investigations. The action plan must address the period from 02 January 2024 to 31 August 2025. The action plan should include monthly calendar actions that will allow the monitoring of the compiled action plan.

The action plan should include the following information:

a. a plan to process the UIFWE balances up to 30 June 2024 by 31 August 2025 and how future UIFWE will be prevented with specific UIFWE prevention controls;
b. the key process changes (including administrative processes) the municipality will implement to ensure that the UIFWE balances are processed to adhere to the August 2025 deadline; and
c. the process to be followed to establish and appoint members of the disciplinary board and address the backlog of financial misconduct referrals to the disciplinary board.

The above action plan must be approved by council together with the 2024/25 adjustments budget and should be submitted to the National Treasury through the MFMA helpdesk at mfma@treasury.gov.za by the latest end of February 2025.

4.6. Special Adjustment Budget to authorise 2023/24 Unauthorised Expenditure

Section 28(2)(g) of the MFMA, read with regulation 23(6) of the Municipal Budget and Reporting (MBRR), provides the circumstances and the timelines within which the municipality must adjust its budget in relation to the unauthorised expenditure incurred during the previous financial year.

Regulation 23(6)(a) of the MBRR requires that the budget be dealt with as part of the adjustments budget contemplated in sub-regulation (1) of the MBRR. In terms of sub-regulation (1), an adjustments budget referred to in sections 28(2)(b), (d) and (f) of the MFMA may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in the council but not later than 28 February of the current year. Additionally, in terms of regulation 23(6)(b), a special adjustments budget must be tabled in the municipal council when a mayor tables the annual report in terms of section 127(2) of the MFMA, which may only deal with unauthorised expenditure from the previous financial year which the council is being requested to authorise in terms of section 32(2)(a)(i) of the MFMA.

Therefore, municipalities are reminded to take this opportunity to table and approve an adjustments budget in relation to the unauthorised expenditure which was incurred during the 2023/24 financial year in line with section 28(2)(g) of the MFMA, read with regulation 23(6).

5. Municipal Standard Chart of Accounts (*m*SCOA)

5.1. Release of Version 6.9 of the Chart

On an annual basis, the *m*SCOA chart is reviewed to address implementation challenges and correct chart related errors. Towards this end, Version 6.9 is released with this circular. Version 6.9 of the chart will be effective from 2025/26 and must be used to compile the 2025/26 MTREF. The linkages to chart version 6.9 can be downloaded from GoMuni on the following link under the *m*SCOA/ List *m*SCOA WIP account linkages menu option:

https://lg.treasury.gov.za/ibi_apps/signin

The reports on the Local Government and Reporting System (LGDRS) are populated from financial and non-financial data strings. Municipalities must use the linkages on GoMuni referred to above and not the formulas in the regulated MBRR Schedules when generating their data strings.

The MBRR Schedules (A to F) and non-financial data string (A1S) was also aligned to chart version 6.9. A protected version of the MBRR Schedules for version 6.9 of the A1S are available on the MFMA Webpage on the link below:

http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx

Municipalities must verify that the A1S data string does not contain spaces and special characters prior to submission to the GoMuni Upload portal as this will result in the data not pulling through on table A10 of the A1 system generated schedule.

All municipalities must prepare their 2025/26 MTREF budgets using the budget modules of their integrated systems solution, generate their financial and non-financial data string and produce the Schedule A1 directly from the integrated systems solution. The manual preparation of these documents outside the integrated systems solution is not allowed in terms of the *m*SCOA Regulations.

For the National Treasury to consider a new chart change in version 6.10 of the chart, the issue must be logged with all relevant detail, supporting documents and screenshots (where applicable) on the *m*SCOA Frequently Asked Question (FAQ) portal by 31 August 2025. The *m*SCOA FAQ portal can be accessed by all registered GoMuni users on the following link:

https://lg.treasury.gov.za/ibi_apps/signin

Importantly, when a FAQ is logged, it is considered by the FAQ committee after it has been investigated. If the FAQ members do not find grounds for a chart change, the FAQ will be closed with an explanation. If there is merit for a chart change in the next version of the chart, the matter is referred to the *m*SCOA Technical and Steering Committees for recommendation and approval. This process only concludes by the end of October annually. The FAQ process will therefore not provide quick responses to queries.

If a query pertains to GoMuni related issues (such as the **A**, **B** and **C** Schedules) and not a chart change, then an email with all relevant detail, supporting documents and screenshots must be send to lgdataqueries@treaury.gov.za.

It should also be noted that *m*SCOA Circulars No 9, 10, 11 and 12 have also been aligned to *m*SCOA chart version 6.9 and the addendums to these circulars are released with this circular and will be published on the MFMA webpage. The addendums to these circulars can be accessed on the following link:

https://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx

5.2. Future chart changes

The following chart changes are still under consultation and if approved, it will be effected in chart version 6.10:

5.2.1. Cost capitalisation to assets (current and non-current)

The National Treasury has received multiple requests through the *m*SCOA FAQ database to include items for Cost Capitalisation to Assets (current and non-Current) in alignment with the principle applied to Employee Related Costs (Cost Capitalisation to PPE). The requested items pertain mainly to the following categories:

- Employee Related Cost
- Depreciation
- Contracted services (such as maintenance)
- Consumables and materials
- Other operating costs etc

In terms of the Generally Recognised Accounting Practice (GRAP), GRAP 1.104 states that *an entity shall present an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is reliable and more relevant.*

Municipalities provide this analysis based on the nature of the expenses.

GRAP 12 further requires that *Inventories paragraphs 19 to 28 must be considered to determine which costs must be included in the cost price of inventory.* In terms of paragraph 19 *the cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.*

This GRAP standard specifically requires that any conversion costs be accounted for as part of the cost of inventory, rather than being expensed according to their nature. These costs may include labour and other expenses for personnel directly involved in the conversion process, such as water purification, as well as any attributable overheads.

When costs related to water inventory are capitalised in accordance with GRAP 12.19, no expense is recognised at the time of incurrence since a capital item is created. The expense is only recognised when the water inventory is distributed, at which point it is recorded as "Inventory consumed". This will reflect the nature of the expense incurred.

This is similar in principle to costs that are capitalised to property, plant, and equipment in accordance with GRAP 17.22. GRAP 17.22 outlines that examples of directly attributable costs that should be capitalised as part of the cost of an item of property, plant, and equipment (PPE) include expenses such as employee costs related to the construction or acquisition of the PPE, site preparation, delivery, installation, and assembly costs, among others. Once the PPE is ready for use (i.e., when it becomes available for its intended purpose), an expense is recognised in the form of "Depreciation". This depreciation represents the nature of the expense incurred over time, rather than the individual costs that were initially capitalised.

Therefore, it would not be correct to analyse and present the cost items incurred per GRAP 12.19 as the expense items outlined in the requirements of GRAP 1.104. The actual expense, by nature, is the "inventory consumed" expense, which reflects the consumption of the inventory rather than the individual costs incurred during its acquisition or conversion.

Given the current lack of consistency and the fact that only a few municipalities are accurately accounting for cost capitalisation, a guide will be issued once the consultation process with National Treasury's Office of the Accountant-General, the Accounting Standards Board (OAG), and the Auditor-General (AGSA) has been concluded.

5.2.2. Entity reporting

Currently the Local Government Database and Reporting System (LGDRS) does not make provision for the separate submission of data strings for municipal entities. However, NT is in the process of developing data strings for entities for implementation in chart version 6.10. In the interim, municipalities must verify the VAT 201 return information directly with their entity. It should be emphasised that SARS is using the *m*SCOA data strings submitted to the GoMuni Upload portal for their verification processes relating to VAT 201 returns, and municipalities should ensure that their consolidated data strings are credible, as incorrect data will negatively impact this process.

5.2.3. SARS binding general ruling BGR74

This binding general ruling issued by SARS under section 89 of the Tax Administration Act 28 of 2011 sets out the VAT treatment of supplies of goods or services made by municipalities to the national or provincial government under each contracting method. This BGR does not determine the contractual agreement between the parties but gives the VAT implications based on the nature of the transaction and the contractual capacity of the parties to the agreement. Note that the BGR 74 must be interpreted with the Value-Added Tax Act 89 of 1991.

In applying the principles of BGR 74, it is possible for municipalities to recognise output tax liabilities which they previously did not recognise. Municipalities must make appropriate payment arrangements with SARS to settle their previous unrecognised output tax liabilities due to SARS while ensuring that current output tax liabilities are settled without delay. While municipalities under BGR 74 may need to recognise output tax liabilities, municipalities should

also recognise possible previously unrecognised input tax deductions, for example, in the case of VAT expenditure incurred while completing certain housing programmes.

In accordance with the guidelines outlined in mSCOA Circular No. 12: Guidance on Value Added Tax (VAT), where municipalities are the developers for housing projects (excluding where the housing project relates to rental stock), municipalities can deduct the input tax on VAT expenditure incurred in the payment of housing and other contractors, which they have contracted in the course of constructing the houses. The VAT 409 Guide for Fixed Property and Construction for Vendors provides further guidance on the issue of low-cost housing.

In accordance with section 65(2)(f) of the MFMA, the municipality must comply with its tax commitments. Failure by the accounting officer of a municipality to comply with the duty imposed by section 65(2)(f) of the MFMA, which relates to tax commitments, not only constitutes an act of financial misconduct in terms of section 171(1)(b) of the MFMA, but also a financial offence in terms of section 173 of the MFMA. In terms of MFMA Circular No. 74, municipalities were advised to refrain from engaging tax consultants or other external service providers in preparing and reviewing their VAT returns. Where municipalities appoint tax consultants and other service providers to assist with the preparation, submission, review or correcting of VAT returns, the expenditure incurred in paying for the tax consultants and other service providers constitutes fruitless and wasteful expenditure.

5.2.4. Costing segment

The costing segment includes provisions for secondary cost allocation and categorise charge-out and recoveries separately. This approach ensures that there is a clear distinction in costs associated with both internal allocations and external recoveries, allowing for more accurate financial management and reporting. Due to the inconsistent implementation of the costing segment across municipalities, the National Treasury will review the costing segment in 2025. Changes to the principles in the Project Summary Document (PSD) as well as the *m*SCOA chart version 6.10 are envisaged.

5.3. Improving *m*SCOA data strings credibility

5.3.1 Balance Sheet Budgeting

Balance sheet budgeting refers to the practise where the revenue and expenditure transactions, as well as the financial impact of these transactions on the statement of financial position, are included in the budget. In other words, all the planned transactions must be included in the budget. The debiting and crediting of all the transactions that will transpire in the ensuing financial year equates to balance sheet budgeting; thus, planning for the expense as well as the accrual, and payment of the liability. The revenue and expenditure must be accrued in the control accounts at correct posting levels and payments made and received. The correct combination of the *m*SCOA segments must also be used to ensure that data strings are credible. The PSD provides guidance on data string combinations.

Financial system solutions should be set-up correctly for balance sheet budgeting.

5.3.2 Use of external service providers

When municipalities appoint external service providers, they must ensure that these service providers have the expertise and skills to comply with the *m*SCOA Regulations. Section 5(2) of these regulations states that:

(2) The financial and business applications or systems used by a municipality or municipal entity must—

(a) provide for the hosting of the general ledger structured in accordance with the classification framework determined in terms of regulation 4(2);

(b) be capable of accommodating and operating the standard chart of accounts;

(c) provide a portal allowing for free access, for information purposes, to the general ledger of the municipality or municipal entity, by any person authorised by the Director-General or the Accounting officer of the municipality.

This means that service providers appointed by the municipality **must** comply with the following requirements when performing the work that they were appointed to do:

- Have sufficient working knowledge to use the *m*SCOA accounts and regulated segments correctly;
- Use systems and tools that comply with the provisions of the *m*SCOA Regulation 5(1) and (2);
- Use the data available on the integrated financial system solution of the municipality to:
  - Prepare key documents such as the IDP, budget, in-year reports, AFS, asset registers, etc.; and
  - Develop analysis tools and dashboards for the municipality.

When an external service provider uses excel spreadsheets or systems and tools that are not *m*SCOA compliant and populate these spreadsheets and tools from data outside of the system solution, it has a detrimental impact on the credibility of data string submitted to the GoMuni Upload portal as the data will not be aligned to the data in the spreadsheets and tools of the external service provider. This compromises the intention of *m*SCOA to have one version of the truth for reporting to municipal management, council, provincial and national government.

*m*SCOA requires planning, budgeting, transacting, and reporting to be done directly in and from the integrated financial system solution. Furthermore, the MFMA and the Preferential Procurement Regulations (2022) that became effective on 16 January 2023 allows for the blacklisting of companies to do business with the state for a period of up to 10 years for non-performance and other malpractices such as not complying with legislative requirements.

5.3.4 Use of modules on integrated system solution

The *m*SCOA Regulations required municipalities to acquire integrated system solutions from 01 July 2017 to enable the seamless integration of information to the General Ledger on the core financial system. Whereas most municipalities have complied with the Regulations, a number of municipalities are not fully utilising the modules available on their integrated system solution. Instead, they are purchasing the same modules from third-party system providers, and this constitutes fruitless and wasteful expenditure.

Often these third-party modules and sub-systems do not integrate seamlessly with the core system solution to ensure smooth and efficient operations; thereby necessitating manual intervention to integrate and consolidate reporting.

Where third-party modules/ sub-systems are being used by municipalities, it is important to ensure that monthly and year-end adjustments are processed in the core system solution and not in the third-party modules/ sub-systems to achieve accuracy in financial reporting and

prevent discrepancies in information. It should also be noted that the rules for integration between the core system solution and third-party modules/ sub-systems must be set by the core system provider and the latter is not required to integrate with any third-party module/ sub-system provider unless this has been agreed upon in the service level agreement.

5.3.5 Audited Actuals (AUDA) Data String vs Annual Financial Statements (AFS)

The *m*SCOA data string assessments performed by the national and provincial treasuries identified that there is generally poor alignment between the audited data strings submitted to the GoMuni Upload portal and the AFS submitted and audited by the Auditor-General South Africa (AGSA).

Adjusting journals agreed upon with AGSA must be processed in the core financial system and not in the AFS Tool. The misalignment has a direct impact on the opening balances that is critical to the statement of financial position and cash flow.

Municipalities must ensure that the pre-audited (PAUD), audited (AUDA) and restated (RAUD) data strings are carefully reviewed before submission thereof to the GoMuni Upload portal. The Trial Balance, audit data strings and AFS must be in perfect alignment before submission.

5.4. Ownership of data on municipal systems

Section 65(2)(e) of the MFMA requires that monies owed by the municipality must be paid within 30 days of receipt of an invoice. Often when municipalities default for extended periods on payments to municipal system providers, system support is suspended until payment has been received or a payment plan has been agreed to. National Treasury supports that penalties are imposed by creditors for the non-payment of services and goods that were delivered. However, it must be emphasised that the ownership of the data contained in municipal systems rests with the municipality and in cases where services are suspended, the municipality should still be able to access their data. Also, where there is a migration to another system solution, the data on the legacy system must be transferred to the municipality. This applies to data stored on a server owned by the municipality, off-site server owned by a third party or in the cloud.

It is therefore important that the service level agreement entered with system providers clearly outlines the format and procedures related to access to data to minimise operational disruptions and ensure that legislative deadlines are met.

5.5. Budget override and virement

In terms of Sections 15 of the MFMA, a municipality may incur expenditure only within the limits of the amounts appropriated for the different votes in a council approved budget. However, National and Provincial Treasuries often identify transactions against items where no budget has been allocated in their data string analysis. This is a clear indication that the budget controls in the integrated system solution have been overridden. The National Treasury has instructed system vendors to ensure that strict controls are in place when the budget is overridden on the system as this bad practice circumvents the build-in system controls that should eliminate unauthorised and irregular expenditure.

Municipalities must review their Virement policy annually and ensure that it aligns with the principles and guidance in *m*SCOA Circular No. 8 (29 April 2020). Virements may only be made between existing budget provisions and must be included in an adjustments budget.

Accounting Officers are reminded that once the council has approved the annual budget for the financial year, it must be locked, and any amendments to the budget can only be made through the adjustments budget process, in accordance with the MBRR.

From the 2025/26 MTREF, municipalities will be required to report on their virements through the submission of a separate data string on virements in the form of a virement string and budget report. Validation rules applicable to the virement data string will be communicated in due course.

5.6. Regulation of the minimum business processes and technical specifications for *m*SCOA

In terms of Regulation 6(1) and 7(1) of Municipal Regulations on Standard Chart of Accounts (2014), the Minister of Finance may determine the minimum business process requirements and system requirements for municipalities and municipal entities to enable the implementation of the regulations.

In 2024, extensive work was done regarding the regulations. The project consists of the following main outputs and planned time frames:

No	Output	Planned Time Frame
1	Review and update the minimum business processes for *m*SCOA	April 2024 to March 2025
2	Develop standard operating procedures for *m*SCOA	February 2025 to April 2025
3	Review and update the minimum technical specifications for *m*SCOA	April 2025 to Oct 2025
4	Align the current ICT due diligence assessment for mSCOA to the updated *m*SCOA requirements	
5	Develop Regulations on the minimum business processes and technical specifications for *m*SCOA	Oct/November 2025
6	Training on the new Regulations	November 2025 to Feb 2026

The comments and inputs received at the working groups engagements and via the dedicated email box on the minimum business processes for *m*SCOA have been considered and incorporated as applicable. Stakeholders are encouraged to provide their final inputs **by 31 January 2025** to mSCOARegs@treasury.gov.za

All presentations and draft documents for comments can be located on the MFMA Webpage under *m*SCOA – Municipal Standard Chart of Accounts/ Regulations on Minimum Business Processes and Technical Specifications for *m*SCOA/ Working Groups on the following link:

https://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/mSCOA%20Minimum%20Requirements/Forms/AllItems.aspx

6. Muni eMonitor, FMCMM and Audit Action Plan System

6.1 Muni eMonitor

National Treasury launched and rolled out the Muni eMonitor System in November 2023 to strengthen the capacity and capability of municipalities and municipal entities to comply with the provisions of the MFMA and its regulations, to improve information flows for public accountability, to enhance monitoring, oversight, support measures and effective reporting by various stakeholders in municipalities, municipal entities, provincial treasuries, and National Treasury. Numerous capacity-building sessions were undertaken with various stakeholders, and Muni eMonitor champions were identified in every municipality and provincial treasury. More information on the system is also provided in MFMA Circular No. 125 on National Treasury's website.

The system consists of two main components, namely: the MFMA legislated calendar with the Actions Management function and the Evaluations Questionnaire function. The implementation plan of the two main components is as follows:

MFMA legislated calendar with the Actions Management function – All Actions appearing under the legislative calendar for each month must be processed within the specific month that they appear in the calendar.

Evaluations Questionnaire – Evaluations (covering various financial management disciplines) will be published by National Treasury (on a quarterly and ad hoc basis) for municipalities to complete and submit on the system within the deadlines stipulated by National Treasury (These evaluations replace the previous reporting requirements that municipalities were required to complete in Excel).

It has been noted that since the launch and rollout of the system, there are still municipalities/ municipal entities that have not completed and submitted the Actions Management and Evaluation Questionnaire on the Muni eMonitor system. Please note that sections 74 and 104 of the MFMA state that the Accounting Officer of a municipality/ municipal entity must submit to the National Treasury such information, returns, documents, explanations, and motivations as may be prescribed or as may be required. Therefore, to avoid any possible non-compliance, municipalities are requested to complete and submit both the Actions Management and Evaluation Questionnaires within the timeframes/ deadlines stipulated in the system.

Furthermore, it has also been noted that some municipalities are reporting information without adequate review and verification of the accuracy of the information provided by the municipality/ municipal entity. Municipalities/ municipal entities are advised that National Treasury will be using the information submitted on the Muni eMonitor system as input into the MFMA Compliance report, and thus, the onus lies with municipalities/municipal entities to submit credible information on the system to ensure that the report correctly reflects the situation at their institution.

6.2 Audit Action Plans

It is mandatory that municipalities and municipal entities develop their Audit Action plans on the FMCMM and Audit Action Plan web-enabled system and monitor and report on the implementation of the developed action plans to address the findings on the system. It has been noted that a few municipalities are still preparing and monitoring audit action plans outside of the web-enabled system.

Municipalities are reminded that the completion of the Audit Action Plan on the web-enabled system is one of the criteria required for the disbursement of the Equitable Share. Therefore, to avoid any possible withholding of the grant, municipalities are requested to develop, monitor, and report on the implementation of the Audit Action Plan on the FMCMM and Audit Action Plan web-enabled system.

6.3 Financial Management Capability Maturity Model (FMCMM)

MFMA Circular No. 114 documents the annual implementation plan for the completion of the FMCMM assessment. It breaks down the completion of the 21 modules over a 12-month period. It has been noted that many municipalities are still not completing the FMCMM on the web-enabled system and/ or are not developing action plans to address internal control deficiencies identified through the assessment.

The Auditor General of South Africa has repeatedly reported that the system of internal controls at municipalities is either not in place or ineffective. Furthermore, the 2022/23 audit outcomes indicate that 42 per cent of municipalities (excluding outstanding audits) are still receiving

negative audit outcomes, thereby highlighting weaknesses in financial management and internal control deficiencies.

We have also noted a strong correlation between municipalities scoring low in specific modules and them having audit findings in those same disciplines. Therefore, it is requested that municipalities prioritise the completion of the FMCMM assessment (in line with MFMA Circular No. 114) as well as complete the development and implementation of the generated action plans to address the internal control deficiencies identified and to put in place risk mitigation strategies to ensure that weaknesses identified are addressed proactively so that they do not adversely impact on the future audit outcomes.

7. SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLANS (SDBIP)

7.1. Key Performance Indicators (KPIs) in the top-layer of SDBIP

SDBIPs serve as a critical performance management tool, aligning municipal KPIs with budgets and Integrated Development Plans (IDPs) to enable effective monitoring of service delivery performance, as emphasised in MFMA Circular No. 13. To operationalise IDPs, municipalities translate the broader strategic objectives outlined in IDPs into specific, measurable, and monitorable performance indicators and targets in the SDBIP. A distinguishing feature of the SDBIP is its emphasis on measurability. National Treasury has observed ongoing challenges in structuring and revising key KPIs within the SDBIP during the financial year. These challenges stem from misalignment between the Integrated Development Plan (IDP), budget, and SDBIP, leading to ineffective performance monitoring and reporting.

To address these issues, municipalities are advised to adhere to the Municipal Finance Management Act (MFMA) and guidance outlined in related MFMA Circulars. Specifically, MFMA Circular No. 13 emphasises the importance of aligning the SDBIP with the IDP and budget to ensure cohesive planning and execution. Additionally, MFMA Circular No. 88 provides guidance on standardised set of indicators, aiming to improve the quality of performance information across municipalities.

Overcrowding of KPIs in the SDBIP

Municipalities continue to include an extensive number of KPIs in their strategic scorecard or top-layer SDBIP or without aggregating departmental output indicators or lower layer SDBIP, despite the guidance outlined in MFMA Circular No. 13. This high volume of indicators in top-layer SDBIPs can dilute focus and make monitoring cumbersome. Municipalities are therefore encouraged to streamline their indicators by consolidating KPIs in the top-layer SDBIP, focusing on most critical indicators in achieving strategic objectives, ensuring a more manageable and effective monitoring process.

Clarity of objectives

Many KPIs lack clarity regarding their alignment with municipal objectives and intended service delivery outcomes outlined in the IDPs. This raises concerns about the 'ultimate objective' of these indicators, questioning their relevance and purpose. Additionally, municipalities duplicate KPIs across multiple functional areas or departments, resulting in redundant reporting efforts. Municipalities are urged to align all KPIs with the SMART criteria (Specific, Measurable, Achievable, Relevant, and Time-bound) and strategic objectives or priorities outlined in IDPs, this will enable better monitoring of progress, identifying performance challenges, and taking

timely corrective actions. Reference is made to the Framework of Managing Performance an Programme Information (FMPPI) for further guidance on performance management.

7.2. Adjustments to the SDBIP

Municipalities adjust KPIs during the financial year, generally following adjustments budget under Section 28 of the MFMA. While these KPI adjustments may be necessary to respond t unforeseen circumstances, underperformance of revenue or policy changes, som municipalities use this process to manipulate original KPIs to avoid accountability fo underperformance. This practice undermines transparency, as original KPIs are excluded fro Section 52(d) reports or Annual Performance Reports (APRs), compromising the municip council's role to exercise oversight, and limiting stakeholders' ability to assess actu performance against initial KPIs and targets.

Adjustments to KPIs are driven by either external or internal factors. External factors includ but are not limited to, significant changes in external circumstances, unforeseeable unavoidable expenditure referred to in Sections 28(2)(c) and 29, national policy development or changes to nationally prescribed indicators. Internal factors include, adjustments budgets a contemplated in Section 28(2) (a, b, d, e, and f), wording errors and poorly defined KPIs.

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7.3. Criteria for adjusting KPIs in the SDBIP

The following criteria outline the conditions under which a municipality may amend the KPIs i the SDBIP during the financial year:

Internal factors
• Only KPI targets may be adjusted due to under-collection of revenue or reprioritisation of funds, in terms of the council-approved adjustments budget referred to in Section 28(2) (a, e & d) of the MFMA. • Only KPI targets may be adjusted during the financial year, in line with Section 28(2)(b), to account for additional funding or resources that have become available during the financial year, enabling the revision or acceleration of spending programme already prioritised in the IDP. • KPI description may be revised to correct errors in the wording. An explanation for the correction must accompany the revision. • KPIs may be adjusted to align with changes in municipal circumstances or emergencies, provided these adjustments remain consistent with the strategic objectives and priorities outlined in the IDP. The reasons for these changes must be clearly explained in the revised SDBIP.
External factors
• KPIs may be adjusted in response to amendments to legislation, government policies, or frameworks introduced by national or relevant provincial departments, affecting original KPIs. The related legislation or policy must be referenced and documented as evidence for the change. • KPIs may be changed to respond to natural disasters, unforeseeable or unavoidable expenditures referred to in Sections 28(2)(c) and 29 of the MFMA. The reasons for these changes must be adequately justified. • KPIs may change because of revisions to nationally prescribed indicators as contemplated by the applicable legislation or circular. An explanation for these KPI revisions must be articulated in the SDBIP, referencing the relevant legislation, framework or circular.
Cross-cutting conditions
• Municipalities must reflect all KPI changes in their SDBIPs and APRs, providing clear and justifiable reasons for each change and detailing the process followed.

• Both the original and revised KPIs must continue to be reported on in the Section 52(d) of the MFMA and the APR for accountability and transparency.
• KPI changes <u>are prohibited</u> during the fourth quarter of the financial year (April – June). Only KPI changes in relation to natural disaster or unavoidable or unforeseen expenditure will be permitted during the fourth quarter of the financial year.

7.4. Alignment of the adjustments budget and adjustments to the SDBIP

When a municipality adjusts its KPIs during the financial year, it must align the changes with th provisions of Section 28 of the MFMA and the Municipal Budgeting and Reporting Regulation (MBRR). The table below outlines the different types of adjustments budgets and their linkag to SDBIP adjustments:

Types of adjustments budget	Timeframes	Sections of MFMA and MBRR	SDBIP KPIs in-year changes
Adjustments due to under-collection of revenue	Anytime	S.28(2)(a)	Only changes to KPI targets are allowed
Main adjustments budget	February – after the tabling of the mid-year budget assessment and performance Only one adjustments budget referred to in Section 23(1) except S.28(2)(b)	S.28(2) (b, d & f) Reg. 23(1&2)	Allows for amendments to the SDBIP to address underperformance or realignment with revised priorities and allocations. This is subjected to the conditions outlined above
Additional funds from national / provincial government	60 days after the approval of the relevant national / provincial adjustments budget	S.28(2)(b) Reg. 23(3)	Only changes to KPI targets are allowed
Unforeseen and unavoidable expenditure	Within 60 days of expenditure being incurred	S.28(2)(c), 29(3) & 32 Reg. 23(4), 71 & 72	KPIs may be adjusted to reflect changes in resources or priorities caused by these expenditures
Roll-over of municipal funds	Before 25 August	S.28 (2)(e), Reg. 23(5)	Linked to revisions of the SDBIP to include projects and targets funded by rolled-over amounts
Authorisation of unauthorised expenditure	During main adjustments budget in February. After tabling of the annual report for that year (7 months after the financial year end)	S. 28(g), 32, 127(2) Reg. 23(6)	No changes to KPIs are allowed

All SDBIP adjustments must be tabled and approved in council.

National Treasury further discourages excessive or unjustified KPI revisions during the financial year as such practices distort municipal performance monitoring and reporting.

N.B This guidance relating to in-year KPI changes in SDBIP should be read in conjunction with guidance provided in the MFMA Circular No. 88 – Addendum 6.

8. The Municipal Budget and Reporting Regulations

8.1. Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape	Matjatji Mashoeshoe	012-315 5553	Matjatji.Mashoeshoe@treasury.gov.za
	Pitso Zwane	012-315 5171	Pitso.Zwane@Treasury.gov.za
Buffalo City	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
Free State	Sifiso Mabaso	012-315 5952	Sifiso.mabaso@treasury.gov.za
	Cethekile Moshane	012-315 5079	Cethekile.moshane@treasury.gov.za
Gauteng	Matjatji Mashoeshoe	012-315 5553	Matjatji.Mashoeshoe@treasury.gov.za
	Pitso Zwane	012-315 5171	Pitso.Zwane@Treasury.gov.za
	Oreal Tshidino	012 315 5090	Oreal.Tshidino@Treasury.gov.za
City of Tshwane and	Willem Voigt	012-315 5830	WillemCordes.Voigt@treasury.gov.za
City of Johannesburg	Makgabo Mabotja	012-315 5156	Makgabo.Mabotja@treasury.gov.za
	Enock Ndlovu	012-315 5866	Enock.Ndlovu@treasury.gov.za
City of Ekurhuleni	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
	Lunathi Dumani		Lunathi.dumani@treasury.gov.za
KwaZulu-Natal	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
	Lunathi Dumani		Lunathi.dumani@treasury.gov.za
	Kevin Bell	012-315 5725	Kevin.Bell@treasury.gov.za
eThekwini	Sifiso Mabaso	012-315 5952	Sifiso.mabaso@treasury.gov.za
uMhlathuze	Matjatji Mashoeshoe	012-315 5553	Matjatji.Mashoeshoe@treasury.gov.za
	Pitso Zwane		Pitso.Zwane@Treasury.gov.za
Limpopo	Sifiso Mabaso	012-315 5952	Sifiso.Mabaso@treasury.gov.za
	Jabulile Ngwenya		Jabulile.ngwenya@treasury.gov.za
Mpumalanga	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
	Liyasa Nxozi	012 315 5613	liyasa.nxozi@treasury.gov.za
Northern Cape	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
	Liyasa Nxozi	012 315 5613	liyasa.nxozi@treasury.gov.za
North West	Willem Voigt	012-315 5830	WillemCordes.Voigt@treasury.gov.za
	Makgabo Mabotja	012-315 5156	Makgabo.Mabotja@treasury.gov.za
	Khanyisile Khosa		khanyisile.khoza@treasury.gov.za
Mafikeng	Cethekile Moshane	012-315 5079	Cethekile.moshane@treasury.gov.za
Western Cape	Willem Voigt	012-315 5830	WillemCordes.Voigt@treasury.gov.za
	Enock Ndlovu	012-315 5385	Enock.Ndlovu@treasury.gov.za
	Khanyisile Khoza		khanyisile.khoza@treasury.gov.za
Cape Town	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
George	Sifiso Mabaso	012-315 5952	Sifiso.Mabaso@treasury.gov.za
Technical issues on GoMuni Website	Data management		lgdataqueries@treasury.gov.za

9. Submitting budget documentation and A schedules for the 2025/26 MTREF

9.1. Submissions to the National Treasury

Municipalities are reminded to submit documents and queries to the correct portals/ mailboxes. These portals/ mailboxes are:

- https://lg.treasury.gov.za/ibi_apps/welcome (GoMuni Upload Portal) – All documents required in terms of legislation by approved registered users, including: *m*SCOA Data Strings; Budget-related, in-year and year-end documents and schedules (A, B and C); Revenue and MFRS Documents (as per MFMA Circular No. 126) procurement spent reports, etc.:
- lgdataqueries@treasury.gov.za – Database related and submission queries;
- lgdocuments@treasury.gov.za – Only Provincial Treasuries may send contact details to lgdocuments@treasury.gov.za ; and
- *m*SCOA Regulations@treasury.gov.za – all inputs and comments relating to the intended mSCOA Regulations on the minimum business processes and system specifications; and
- Rolloverapplication@treasury.gov.za – all rollover applications and queries related to the conditional grants.

Any document/ queries that are submitted to the incorrect portal/ mailbox will not be processed and the submission status report will continue to reflect the documents as outstanding.

9.2. Time frames for submission

The LGDRS will be locked at 00:00 on the 10th working day of every month for the submission of data strings due, as required in terms of section 71 of the MFMA. Closed periods will not be opened to correct errors or to accommodate non-submission of data strings, regardless of whether a Schedule G application was done or not.

Municipalities must therefore verify the credibility and accuracy of the information in their financial system prior to closing the month on the ERP system and submitting the *m*SCOA data strings to the LGDRS. In 2025, functionality will be added to the GoMuni Upload portal that will require accounting officers and Chief Financial Officers to sign-off on the accuracy and completeness of the data strings prior to the submission thereof.

The GoMuni Upload portal can be accessed by registered users on the following link:

https://lg.treasury.gov.za/ibi_apps/signin

Since the 2020/21 MTREF, municipalities are no longer required to submit hard copies of all required documents including budget related, Annual Financial Statements and Annual Reports to National Treasury via post or courier services. PDF versions of documents must be submitted to the GoMuni Upload portal.

9.3. Updating of contact details on GoMuni

Municipalities are reminded to update their contact details on the LGDRS as and when changes occur. Often emails containing important information and deadlines are returned and do not reach the intended LGDRS users due to outdated contact information of users. From 01 July 2024, municipal officials must update their own contact details on the LGDRS. Updates made by municipal officials on the LGDRS are validated and approved for upload by the Contacts Administrators within each municipality that was nominated by the Municipal Manager for this purpose.

Municipalities that have not yet nominated Contact Administrators to validate and approve changes in contact details for their municipality are requested to nominated two officials by 30 January 2025 to ensure that the contact details for their respective municipality are always up

to date. Nomination forms can be requested from lgdataqueries@treasury.gov.za. Municipal Contacts Administrators will be trained in a virtual session to perform this task.

Registered LGDRS users can download the contact details for their municipality on the LGDRS by logging-in to GoMuni on the following link and then accessing the report under Database/Contacts/Reporting/Contact information:

https://lg.treasury.gov.za/ibi_apps/signin

9.4. Training on GoMuni

The training schedule and GoMuni links for 2025 to assist those users that require new or refresher training on how to draw reports on the LGDRS, is available on the GoMuni/ Go Training portal on the following link:

https://lg.treasury.gov.za/ibi_apps/portal

Contact

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post	Private Bag X115, Pretoria 0001
Phone	012 315 5009
Fax	012 395 6553
Website	http://www.treasury.gov.za/default.aspx

provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

Nokuthula Simelane Building, No 7 Government Boulevard, Riverside Park Extension 2, MBOMBELA 1200
Private Bag x11205, MBOMBELA 1200
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SigcinaMafa SesiFundza UmNyango weeMali ZesiFunda Provinsiale Tesourie

Enquiries MR. I.D.P. STRAUSS Ext 8682
Ref 12/1/5 311

Mr. TM Mashabela
Municipal Manager
Victor Khanye Local Municipality
PO Box 6
DELMAS
2210

Mr. Sadesh Ramjathan
Director: Revenue Management
National Treasury
Private Bag X 115
PRETORIA
000

Dear Mr. Mashabela and Mr. Ramjathan

MFMA CIRCULAR 124 - MUNICIPAL DEBT RELIEF NON-COMPLIANCE OF MP311 VICTOR KHANYE LM DURING DECEMBER 2025

1. PURPOSE

To provide feedback on Victor Khanye LM's debt relief compliance for December 2025

2. BACKGROUND

The National Treasury approved the debt relief application of Victor Khanye LM with effect 01 September 2023. December 2025 constitutes the 28th month of the municipality's debt relief compliance cycle. The Mpumalanga Provincial Treasury monitored and assessed the municipality's compliance with all the debt relief conditions during December 2025.

3. DISCUSSION

The municipality submitted the December 2025 self-assessment, signed by the Municipal Manager. The self-assessment was not uploaded on the Go-Muni with the narrative Section 71 report for December 2025. The Municipality also needs to comply with the following conditions in future:

Condition 6.1 – Municipality non-compliance

In terms of the National Treasury (NT) approval, the municipality must comply with conditions 6.1 – 6.14 of MFMA Circular 124 read together with the additional conditions specific to the municipality set-out in its National Treasury debt relief approval letter.

From the Provincial Treasury's assessment, the municipality achieved a 66% compliance with the MFMA Circular 124 conditions during December 2025 – refer to the performance sheet attached that shows the municipality's overall relief compliance performance across the months of its debt relief cycle. It remained the same if compared to the November 2025 average compliance of 66%. Considering the municipality's overall debt relief performance since 01 September 2023 and that the conditions carry equal weighting, the municipality do not qualify for the one third (1/3) debt write-off at the end of its first debt relief compliance cycle on 31 August 2024 unless the outstanding non-compliance issues are urgently addressed.

The National Treasury will only request Eskom to write-off a municipality's arrear debt, if the municipality demonstrates to the National Treasury's satisfaction that the municipality complied with the aforementioned conditions for a consecutive period of 12 months. During the previous months of the debt relief cycle (September 2023 – November 2025), the municipality did not fully adhere to all the conditions of MFMA Circular 124 and / or the additional conditions required in terms of the NT approval letter. The specific condition(s) to which Victor Khanye LM did not comply with during December 2025 are discussed in more detail below.

Condition 6.3 Maintain Current Bulk Account.

The municipality's Eskom account for November 2025 was R18,278,143.42 according to the Eskom Section 41 report. The Municipality only paid R12 million in December 2025. The data strings of the Municipality incorrectly show R7,096,364 payments made to Eskom in December 2025. The electricity income for December 2025 was R37,959,393.00 according to schedule SC30.

The municipality only paid their Eskom account in full twice (March 2024 and December 2024) in the 28 months that the municipality is on the debt relief programme. Only R205,7 million of the R599,8 million electricity income was paid to Eskom. The municipality's average payment percentage is 34%. The total short payments from September 2023 to December 2025 are R394,0 million.

The municipality emailed and uploaded the November 2025 Rand Water invoice. The amount to be paid by the municipality was R4,059,644,98. The municipality paid R21,3 million to Rand Water in December 2025. The water data strings for month 6 in December 2025 shows payments of R4,513,473 made in December 2025.

Condition 6.4 Compliance with a funded MTREF budget

The Municipality adopted an unfunded budget amounting to R900 million with the 2023/24 budget. It increased to R1,064 billion unfunded with the 2024/25 budget. It further increased to R1,507 billion unfunded with the 2024/25 adjustment budget. It decreased with the 2025/26 adopted budget to R1,2 billion unfunded.

The Municipality projected an operating deficit amounting to R2 million on the operating budget with the 2023/24 budget. It improved to an operating surplus of R25 million with the 2024/25 budget. It improved again with a surplus of R67,6 million with the 2024/25 adjustment budget. It changed to a deficit of R45,5 million with the 2025/26 adopted budget.

Condition 6.5 Cost Reflective Tariffs

The Municipality tabled the municipal tariffs for service charges, without testing the tariffs against the tariff tool as per the MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122 as part of the municipality's annual budget tabling process. The municipality have completed the tariff tool for 2023/24 and it was uploaded on the Go-Muni under the final budget documents. MPT did the 2025/26 tariff tool for the municipality. The municipality tabled it with the final budget for 2025/2026. MPT also provided training to all the municipalities on the use of the NT developed tariff tool.

Condition 6.6 Electricity and water as a collection tool

The municipality do issue a consolidated monthly bill to all consumer's/property owners. Provincial Treasury did verify the allocation of partial payments by obtaining the "Settlement Order" from the Munsoft system. It is in the order prescribed by MFMA circular no 124.

The municipality is in the process of installing smart meters. MPT supported the municipality with a R10,268,235 smart meter grant for the installation of smart meters.
The municipality is restricting the water flow to those whose accounts are in arrears in the Eskom supplied areas.

Condition 6.7 Average quarterly collection rate

The Municipality has submitted the quarterly collection rate per ward as required during the application process. It is below the 85% as required by condition 6.7. The municipality have submitted and uploaded the quarterly collection rates per ward for the third quarter of 2024/25. The quarterly collection rate at 19% is also well below the circular 124 requirement of 85%. The collection rate for December 2025 was 20%. This is mainly due to an inflated property rates of R84 million per month charged to Eskom for the power station.

The municipality developed a smart pre-paid meter policy and it was adopted in Council.

Condition 6.8 Completeness of revenue base

It should be noted that the municipality populated the National valuation roll and billing system reconciliation tool and submitted to National Treasury together with the application during August 2023. The municipality also submitted and uploaded the valuation roll reconciliation for the 4th quarter (April 2024 to June 2024). The 4th quarter valuation roll is reconciling with the financial system. The development of an action plan was therefore not necessary. The municipality have emailed the valuation roll reconciliation for the 2nd quarter of 2025/26. The valuation roll is not reconciling with the financial system and the municipality must develop an action plan for it to reconcile.

Condition 6.9 - Monitor and Report on compliance

The MFMA S71 narrative statement for December 2025 was not uploaded on the Go-Muni portal, but it was emailed to MPT. The mSCOA data strings for December 2025 was uploaded to the Go-Muni portal. The MFMA S71 Statement for December 2025 was published on the municipality's website on 14 January 2026. The MFMA S71 Statement was also assessed against the Municipal Budget-and Reporting Regulations, 2009 (MBRR) and the National Treasury MFMA S71 reporting guidance issued to debt relief municipalities on 10 May 2024 read in conjunction with paragraphs 9(i) to 9(ix) of the NT debt relief approval letter. The assessment confirmed that the MFMA S71 narrative

statement included the following information:

MFMA S71 Statement component		Compliance (Yes / No)
1.	***The Budget Performance Overview (paragraph 4) of the MFMA S71 statement*** explicitly advised on the municipality's progress in implementing the municipality's budget and (where relevant also the budget funding plan) – where implementation is slow, the statement advised explicitly on progress, challenges and corrective actions.	Yes
2.	***The conclusion (paragraph 14) of the MFMA S71 statement*** explicitly advised as part of the MFMA Circular 124: Condition 6.9 reporting - i. Any risk associated; and ii. The mitigating factors with the implementation of the municipality's Budget Funding Plan and / or Funded Budget.	No
3.	***Annexure B of the MFMA S71 statement included the following debt relief reporting components-***	
3.1.1	The municipality's MFMA Circular 124 self-assessment	Yes
3.1.2	The self-assessment (refer 3.1.1 above) was included in the format of MFMA Budget Circular 128 (Annexure B)	Yes
3.2	The municipality's overall relief compliance across the months of its debt relief participation since its National Treasury debt relief approval effective date	No
3.3	The latest Provincial Treasury debt relief compliance certificate and report issued to the municipality	No
3.4.1	The municipality's revenue collection performance i. the overall performance graph; ii. Summary worksheet; and iii. Collection per ward indicating who supplies electricity in the ward.	No
3.4.2	The revenue collection performance information (refer 3.4.2) was included in the format of MFMA Budget Circular 128 (Annexure D).	No
3.5.1	The indigent management information	No
3.5.2	The indigent management information was included in the format of MFMA Budget Circular 128 (Annexure C).	No
3.6.1	The summary of the municipality's property rates reconciliation undertaken in the National Treasury format.	No
3.6.2	The municipality's progress during the month against its planned corrective action to address any variances evident from the property rates reconciliation.	No
3.7.1	Any Eskom and Water (if the municipality has the Water function) Bulk current account invoice(s) due and payable during the month of reporting.	No
3.7.2	The municipality's proof of payment of any such Eskom and / or Water Bulk current account invoice(s) during the month of reporting.	No

3.7.3	The municipality's reconciliation statement for electricity and water (if it has the function) aligning to the MFMA S71 mSCOA data strings upload.	No
3.8	Recommendations noting explicitly the aforementioned debt relief reporting to the Mayor and / or Mayoral Committee meeting	No

The municipality was not implementing the budget funding plan initiatives as there are no real improvement on the billing and the collection. There are also no remedial actions undertaken to achieve compliance and the timeframes thereof outlined.
PT developed a standard BFP format for all municipalities in July 2025. The municipality used this format to populate their BFP with the support of the resident MFIP advisor and it was approved by Council in a Special Council meeting held on 13 October 2025. The municipality is now reporting on the progress with the implementation of the BFP every month as part of the debt relief compliance.

Condition 6.10 - Provincial Treasury certification of municipal compliance

All the PT's outstanding compliance assessments and reports for Victor Khanye LM (September 2023 – November 2025) were compiled and issued to the National Treasury and the municipality as part of the PT's December 2025 debt relief submission. The PT also designated Ms. Theko going forward to facilitate timely and quality debt relief submissions to the HOD and that such are issued by the Mpumalanga PT to Victor Khanye LM and the National Treasury before the 20 working days after month-end deadline on a monthly basis going forward.

Condition 6.11 - Limitation on Municipal borrowing powers

The limitation on municipality borrowing powers and the prohibition of borrowing during debt relief periods form a dual regulatory framework aimed at ensuring fiscal responsibility. Compliance necessitates meticulous scrutiny of borrowing activities to ascertain adherence to authorized limits and program guidelines. These measures, while promoting sustainable debt management, also stabilize the municipality's financial standing, prevent over-leveraging, and mitigate immediate financial strain. Adhering to these regulations is paramount for maintaining creditworthiness, mitigating financial risks, and safeguarding the municipality's long-term financial health. Thus, robust oversight and adherence to regulatory frameworks are imperative for prudent financial governance and sustained fiscal resilience.

The municipality complied with this condition since its debt relief effective date of 01 September 2023 to date.

Condition 6.12 – 6.13 For the duration of the Municipal Debt Relief (to ensure proper management of resources)

It is noted that during February 2024, the National Treasury: Office of the Accountant General (OAG) issued the Supplementary Guide to MFMA Circular 124 on 21 February 2024. In terms of the guidance, the municipality no longer have to maintain a separate bank account for debt relief purposes as envisaged in MFMA Circular 124 (Condition 6.12). However, irrespective of whether a municipality decides to discontinue a separate bank account, ring-fencing for debt relief purposes must be enabled and demonstrated through the municipality's monthly mSCOA data string submissions.

Condition 6.14 - NERSA Licence

By having applied for Municipal Debt Relief, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agreed to make an application to NERSA to voluntarily revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). It is noted that this condition will only come into effect if the municipality's participation in the debt relief programme is terminated.

4. RECOMMENDATIONS

It is recommended that:

- The Municipality ring fence all service charges revenue to honour the current bulk accounts in full on a monthly basis;
- The Municipality to intensify credit control and debt collection;
- The Municipality should update the budget funding plan with the initiatives as agreed with MPT and monthly progress must be reported on all the items;
- The Municipality must institutionalise the implementation of the Budget Funding Plan and send monthly progress reports to MPT;
- The Council to support the implementation of credit control and revenue improvement initiatives;
- The Municipality should use the example of the Section 71 report provided to them to do their monthly Section 71 reports and include all the annexures as per MFMA Circular 128;
- The Municipality must upload the narrative Section 71 report under the relevant month;
- The municipality must upload the monthly Section 71 data strings for the financial and non-financial data; and
- The Municipality pay their full current Eskom and Rand Water accounts going forward.

Regards

MS. GUGU MASHITENG
HEAD: PROVINCIAL TREASURY
DATE: 26-01-2026

VICTOR KHANYE LOCAL MUNICIPALITY

BUDGET FUNDING PLAN

2026/2027

ANNUAL BUDGET

ANNEXURE G

DEPARTMENT - COMMUNITY SERVICES																				
Focus Area	Key Activities	Responsible Person	Start Date	End Date	Baseline	YTD Actual	Target													YTD Actual Revenue
							July	3 Months August	September	October	6 Months November	December	January	February				
Revenue generated from Community Services	Refuse Collection	Executive Director Community	01-Jul-25	30-Jun-26	1 500 000.00	-2 027 345.67	-444 519.54	-1 128 036.17	-382 810.37	-895 597.12	-1 922 108.44	-851 181.76	-699 175.29	-916 082.36						
Revenue Generated from Cemeteries	Cemeteries	Executive Director Community	01-Jul-25	01-Jul-26	632 363.00	252 476.90	37 198.00	148 877.00	29 191.00	95 588.00	36 958.17	28 069.36	365 125.00	488 648.36						
Revenue Generated from Fire Services	Fire Services - Inspections	Executive Director Community	01-Jul-25	30-Jun-26	1 500 000.00	180 163.71	34 783.11	139 600.00	124 647.84	101 988.81	109 991.43	28 059.36	109 935.83	368 053.10						
Collecting of Traffic Fines	1.The municipality has a debt book on traffic fines	Executive Director Community	01-Jul-25	30-Jun-26		370 305.93	125 745.00	148 530.00	117 705.60	238 890.00	R 123 525.00	125 925 000.00	-	-		125 717 189.00				
	2.Campaign to raise awareness of cases to be attended by municipal employees and SAPS.	Executive Director Community	01-Jul-25	30-Jun-26	2 500 000.00	-	-	-	1 500.00											
	3.Work with the court people for the collection of revenue in this area.	Executive Director Community	01-Jul-25	30-Jun-26		21 170.93	8 080.00	13 590.00	11 700.00	36 000.00	7 200.00	137 500.00	-	-						
EXPENDITURE REDUCTION																				
Focus Area	Key Activities	Responsible Person	Start Date	End Date	Baseline	YTD Actual	Target													YTD Actual Expenditure
							July	3 Months August	September	October	6 Months November	December	January	February				
Expenditure Reduction - Contracted Services	Identify all functions that can be done in house and work towards reducing the use of the services	Executive Director Community	01-Jul-25	30-Jun-26	R28 000 000.00	R7 940 278.85	R1 767 790.00	R5 081 634.00	R1 837 453.21	R 2 207 963.25	R 2 878 253.17	R 2 264 940.20	R 1 424 147.40	R 2 766 599.00						R17 949 976.04
Reduce overtime and standby allowances	House efficient customer care with focus on reviewing and recording of community complaints and limit use of standby to service delivery critical functions	Executive Director Community	01-Jul-25	30-Jun-26	R8 400 000.00	R1 832 145.97	R1 958 200.00	R4 433 946.97	R 385 875.59	R 359 367.86	R 336 080.25	R 360 176.25	R 448 888.83	R 308 332.93						R1823 145.97
	Conduct Regulatory of overtime (Weekly) Introduction of shift system																			

DEPARTMENT : CORPORATE SERVICES

Focus Area	Key Activities	Responsible Person	Start Date	End Date	Baseline	YTD Actual	0-3 Months			3-6 Months				Progress to Date: YTLM
							July	August	September	October	November	December	January	
Revenue Generation from Hiring of Facilities	Income from Rental Facilities	Executive Director Corporate Services	01-Jul-25	31-Jun-26	R1 641 000.00	R 208 870.67	R12 789.64	R0.00	R1 570.00	R1 150.00	-	-	-	Community Halls July = R1 570.00 and August=R8 200 September = R1 570.00 October = R3 150.00
Revenue from selling old age homes	Revenue from old age home	Executive Director Corporate Services	01-Jul-25	30-Jun-26	R13 600 000.00	R889 157.30	R185 170.71	R186 787.94	R148 449.65	R161 650.33	-	-	-	The monthly payments for July are as follows: Old Age Homes July = R185 170,71 and August = R186 787, 94 September = R148 449.65 October =R 161 650,33
Leasing of Municipal Properties	(1)Conclude Leases;(2) Audit of all the leases if they are market related	Executive Director Corporate Services	01-Jul-25	30-Jun-26	R1 641 000.00									Lease Register finalised and consolidated with one in Finance. The verification of the properties finalised. The lease amounts are determined by Finance, CS only drafts the Lease Agreements with information from Finance. The collection amounts for the leases

EXPENDITURE REDUCTION

Focus Area	Key Activities	Responsible Person	Start Date	End Date	Baseline	YTD Actual	0-3 Months			3-6 Months				Progress to Date: YTLM
							July YTD Savings/ Reduction	August YTD Savings/ Reduction	September YTD Savings/ Reduction	October YTD Savings/ Reduction	November YTD Savings/ Reduction	December YTD Savings/ Reduction	January YTD Savings/ Reduction	
Expenditure Reduction: Contracted Services	Identify all functions that can be done in house and work towards in sourcing of the services	Executive Director Corporate Services	01-Jul-25	30-Jun-26	R4 856 000.00	R 311 208.89	R92 957.79	R 116 836.52	R 1 205.64	R 132 174.95	R 742 864.61	R 1 004 424.83	R 617 216.00	Removal of an Assistant Manager position in the organogram – savings in financial terms are equals to R473 485.00 The employee wellness contractor is only used for specialised services such as medical surveillances (clinical psychologist service , e.t.) Most of the wellness events we utilise other partners the Department of Health; Pension Funds as well as Medical Aids. Reviewing the Bid/SMS service, Reducing expediture by using the one through MUNCOMP at no extra cost
Reduce overtime and standby allowance	Review effected customer care with focus on receiving and recording all community complains and ensure distribution to service delivery units for action Consistent reporting of overtime (Weekly) Introduction of shift system	Executive Director Corporate Services	01-Jul-25	30-Jun-26	R0.00		Overtime worked = R521.78	No overtime worked.	No overtime worked	No overtime worked	no overtime worked	R521.78	-	Overtime in Corporate service remain very low and only worked on emergency situations

DEPARTMENT : BUDGET AND TREASURY

Focus Area	Key Activities	Responsible Person	Start Date	End Date	Baseline	YTD Actual	Target								YTD Actual Revenue	Progress to date: YTD.R
							1-3 Months		3rd Months							
							July	August	September	October	November	December	January	February		
Reg 200 Online Business (Debt Collection) Electricity revenue	(1)Administration of revenue, (2) Issuing of accounts (3) read & bulk meter (4) reconciliation of bulk purchases	Chief Financial Officer	01-Jul-25	30-Jun-26	R 110 000 000.00	R 25 426 529.00	R 10 481 554	R 7 449 685.29	R 21 636 199.33	R 20 000 200.00	R 21 250 100.00	R 21 110 272.00	-	R 1 000 876.61	R 99 641 556	
Debt Collection	Account Management including calls, (2) review PTP (3) Issuing of summons (4) Monitoring customers	Chief Financial Officer	01-Jul-25	30-Jun-26	R 12 000 000.00		R 2 854 193.72	R 3 413 571.01	R 1 943 335.53	R 3 005 611.05	R 2 525 615.00	R 1 675 125.00	R 29 795.29	R 2 211 825.14	R 19 651 193.93	
In-house Debt collection	In-house Debt collection (NCHC and Rental)	Chief Financial Officer	01-Jul-25	30-Jun-26	R 5 200 000.00		-	-	-	-	-	-	-	-		
Employee Salary Deduction	Monthly accounts deduction from salary with medical repayment plan	Chief Financial Office	01-Jul-25	30-Jun-26	R 1 000 000.00		R 112 199.00	R 111 752.15	R 109 912.00	R 104 196.20	R 99 557.24	R 88 667.33	R 11 445.33	-	R 21 262 885.01	
Property rates	Implementation of new valuation roll	Chief Financial Office	01-Jul-25	30-Jun-26	R 2 400 000.00		R 98 161 455.14	R 1 214 230.47	R 8 936 765.53	R 9 417 256.59	R 10 025 564.42	R 9 965 514.58			R 53 617 916.73	
Councillors	Monthly accounts deduction from salary with medical repayment plan	Chief Financial Office	01-Jul-25	30-Jun-26	R 240 000.00		R 19 663.91	R 19 857.51	R 19 753.07	R 17 140.00	R 16 421.00	R 16 841.33	R 16 713.17	-	R 2 268 428.07	

EXPENDITURE REDUCTION

Focus Area	Key Activities	Responsible Person	Start Date	End Date	Baseline	YTD Actual	Target								YTD Actual Expenditure	Progress to date: YTD.R
							1-3 Months		3rd Months							
							July	August	September	October	November	December	January	February		
Expenditure Reduction: Contracted Services	Identify all functions that can be done in house and work towards in sourcing of the services	Chief Financial Office	01-Jul-25	30-Jun-26	R 25 000 000.00	R 5 910 194.32	R 2 014 124.00	R 999 117.00	R 1 967 705.45	R 1 944 141.32	R 2 142 883.45	R 1 294 442.00	R 205 517.54	R 85 975.23	R 10 111 906.1	
Reduce overtime and standby allowance	Power efficient customer care with focus on reviewing and monitoring all outstanding complaints and issues, as well as to service delivery units for action Consistent Reporting of overtime (Weekly) Introduction of shift system	Chief Financial Office	01-Jul-25	30-Jun-26	R 2 391 200.00	R 559 536.61	R 115 216.00	R 152 996.79	R 121 826.31	R 130 151.00	R 167 226.82	R 137 066.00	R 696 167.41	R 61 626.18	R 981 826.11	

DEPARTMENT : OFFICE OF THE MUNICIPAL MANAGER

PLANNING & DEVELOPMENT: LAND USE MANAGEMENT, SPATIAL PLANNING& BUILDING

Focus Area	Key Activities	Responsible Person	Start Date	End Date	Baseline	YTD Actual	Target 0-3 Months July	Target 0-3 Months August	Target 3-6 Months September	Target 3-6 Months October	Target 3-6 Months November	Target 3-6 Months December	Target 3-6 Months January	Target 3-6 Months February	YTD Actual Revenue	Progress to date: VKLM
Revenue from outdoor advertising and fine	1. Develop advertising boards	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26	R11 579 000.00	R0.00	R0.00	R0.00	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
	2. issue fines for illegal advertising	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26		R0.00	R0.00	R0.00	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
	3. Develop policy for advertising and council approve policy	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26		R0.00	R0.00	R0.00	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
Revenue from sytema certificate and fine	1. issuing of Sytema certificate	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26	R600 000.00	R148 296.00	R 95 581.96	R 12 442.08	4 884.72	24 526.32	7 263.36	1 362.24	-	-	R145 296.00	
	2. issue fines for incorrect land use	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26		R0.00	R0.00	R0.00	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
Revenue from Application for Business License and fee	1. Awareness	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26	R1 400 000.00	R0.00	R0.00	R0.00	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
	2. Conversion of land use from Residential to business use	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26		R13 650.00	R13 650.00	R0.00	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	13 650.00	
Revenue from selling of land 13 stands, Delmas Ext 36	1. obtain a council resolution	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26	R 1 200 000.00	R0.00	R0.00	R0.00	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
	2. advert selling of stand	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26		R0.00	R0.00	R0.00	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
	3. adjudicate on the selling of land	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26		R0.00	R0.00	R0.00	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
Revenue from selling of land 300 stands, Ext 202	1. obtain a council resolution	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26	R 18 600 000.00	R0.00	R0.00	R0.00	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
	2. advert selling of stand	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26		R0.00	R0.00	R0.00	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
	3. adjudicate on the selling of land	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26		R0.00	R0.00	R0.00	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
Revenue from selling of land 56 stands, Ebell	1. obtain a council resolution	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26	R3 500 000.00	R0.00	R0.00	R0.00	Council resolved to objections received the sale of land will be	Council resolved to objections received the sale of land will be	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
	2. advert selling of stand	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26		R0.00	R0.00	R0.00	objections received the sale of land will be	objections received the sale of land will be	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
	3. adjudicate on the selling of land	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26		R0.00	R0.00	R0.00	Council resolved to objections received the sale of land will be	Council resolved to objections received the sale of land will be	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	No revenue received for the month under review	R0.00	
Under collection of building plans fee	Revenue From Building Plans and fines from those in contravention of the Building plan law	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26	R600 000.00	44 926.36	-	7 142.56	24 883.20	8 436.20	5 175.00	-	-	-	R44 926.96	R5371.00 for November No revenue received for the month of December

EXPENDITURE REDUCTION

Focus Area	Key Activities	Responsible Person	Start Date	End Date	Baseline	YTD Actual	Target 0-3 Months July	Target 0-3 Months August	Target 3-6 Months September	Target 3-6 Months October	Target 3-6 Months November	Target 3-6 Months December	Target 3-6 Months January	Target 3-6 Months February	YTD Actual Expenditure	Progress to date: VKLM
Expenditure Reduction Contracted Services	Identify all functions that can be done in house and work towards in sourcing of the services	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26	R12 704 000.00	R2 960 276.60	R463 215.83	R663 823.87	R 506 652.93	R 615 652.52	R 216 778.41	R 695 434.67	R 284 620.41	R 431 926.24	R3 928 136.43	
Reduce overtime and standby allowance	Review of control customer care with focus on receiving and recording all community complaints and timeous distribution to service delivery units for action Consistent Reporting of overtime (Monthly) Introduction of shift system	Manager Strategic office of the Municipal Manager	01-Jul-25	30-Jun-26	R183 133.00	R56 946.16	R12 626.00	R17 945.60	R 17 269.42	R 21 099.76	R 23 917.81	R 18 161.14	R 18 347.34	R 15 643.84	R135 915.64	

TECHNICAL SERVICES

TECHNICAL SERVICES: WATER AND SANITATION

Focus Area	Key Activities	Responsible Person	Start Date	End Date	Baseline	YTD Actual	Target								YTD Actual Revenue	Progress to Date: YTLM
							0-3 Months		3-6 Months				6-9 Months			
							July	August	September	October	November	December	January	February		
Distribution Losses on Water	Water conservation and awareness campaigns Provision of targeted indigent support & assist in improving efficiency of water use	Executive: Director Technical Services	01-Jul-25	30-Jun-28			None	None	Public notice to be done in September 2025			Public notice on water saving tips issued in December 2025	Public notice on water saving tips issued in December 2026	Public notice on water saving tips issued in December 2027		
	Unmetered water consumption/Non-revenue water Install 1300 Conventional water meters in Bodaing Ext. 3-7 Install 1000 prepaid water meters funded by DWS (WSIG) R 3 million received. Total amount of the grant is R 20 million for the financial year 2022/2023 200 prepaid meters per month (5) 200 conventional water meters (5)	Executive: Director Technical Services	02-Jul-25	01-Jul-28			160 Smart Prepayment Water Meters Installed in Sundra through the Non-Revenue Water Reduction Project -Phase 3	201 Smart Prepayment Water Meters Installed in Ext.8 through the Non-Revenue Water Reduction Project - Phase 3	N/A	N/A	N/A	N/A	N/A	N/A		
	Residential compliance Identify and prioritise residential consumers in Delmas, Eloff and Sundra. Install bulk water meters. 19 x bulk meters 1 bulk meter installed 8 bulk meter available at the stores	Executive: Director Technical Services	03-Jul-25	02-Jul-28			Procurement of Bulk Meters in progress	Installation of Smart Bulk Prepaid Water Meter for Eagle Heights in progress	None	None	Bulk Prepaid Water Meter installed at Eagle Heights					
Faulty meters	Installation and replacement of prepaid water meter	Executive: Director Technical Services	03-Jul-25	02-Jul-28				Smart Prepaid Water Meters to be done through RT29 Contract	Smart Prepaid Water Meters to be done through RT29 Contract	Smart Prepaid Water Meters to be done through RT29 Contract	Smart Prepaid Water Meters to be done through RT29 Contract	Smart Prepaid Water Meters to be done through RT29 Contract	Smart Prepaid Water Meters to be done through RT29 Contract	Smart Prepaid Water Meters to be done through RT29 Contract		
Check meter rated water	comparison the rated water supply with the check meters	Executive: Director Technical Services	03-Jul-25	02-Jul-28			On-going	On-going Procurement of clamp-on water								
Revenue from Money water	Ensure that the service is charged as per the approved tariffs and paid for	Executive: Director Technical Services	04-Jul-25	03-Jul-28		R269 175.92	R78 864.65	R525 271.27	R 81 727.90	R 48 436.50	R 46 053.58	R 104 396.13				None

EXPENDITURE REDUCTION

Focus Area	Key Activities	Responsible Person	Start Date	End Date	Baseline	YTD Actual	Target								YTD Actual Expenditure	Progress to Date: YTLM
							0-3 Months		3-6 Months				6-9 Months			
							July	August	September	October	November	December	January	February		
Expenditure Reduction: Contracted Services	Identify all functions that can be done in house and work towards in sourcing of the services	Executive: Director Technical Services	01-Jul-25	30-Jun-28	R17 380 000.00	R1 705 400.38	R354 145.00	R1 441 255.38	R 943 801.48	R 59 739.56	R 1 408 250.38	R 235 952.60	R 1 610 556.38	R 233 301.56	R5 433 191.35	
Reduce overtime and standby allowance	Revise efficient customer care with focus on receiving and recording all community complaints and timeous distribution to service delivery units for action Consistent Reporting of overtime (Weekly) Introduction of shift system	Executive: Director Technical Services	01-Jul-25	30-Jun-28	R9 373 479.00	R1 005 761.78	R571 138.00	R434 633.78	R 524 676.42	R 601 852.17	R 645 617.07	R 844 868.41	R 802 434.70	R 786 268.89	R4 265 082.54	Overtime is monitored on weekly basis. Any overtime above 40 hours is not paid unless pre-approved by the Municipal Manager.

TECHNICAL SERVICES: ELECTRICAL AND MECHANICAL ENGINEERING

Focus Area	Key Activities	Responsible Person	Start Date	End Date	Baseline	YTD Actual	Target								YTD Actual Revenue	Progress to Date: YTLM
							0-3 Months		3-6 Months				6-9 Months			
							July	August	September	October	November	December	January	February		
Audit and replacement of dysfunctional/non-working electricity meters	Installation of electricity meters	Executive Technical Director	01-Jul-25	30-Jun-28		R1 000 000.00	R0.00			-	-	-	-	-	R0.00	
Transformers Refurbishment	Refurbishment of Transformer and Substation	Executive Technical Director	01-Jul-25	30-Jun-28		0.00	0.00	-	-	-	-	-	-	-	0.00	
Distribution Losses on Electricity	Quarterly meter Audit	Executive Technical Director	01-Jul-25	30-Jun-28		11 000 000.00	-	-	-	-					R0.00	

EXPENDITURE REDUCTION

Focus Area	Key Activities	Responsible Person	Start Date	End Date	Baseline	YTD Actual	Target								YTD Actual Expenditure	Progress to Date: YTLM
							0-3 Months		3-6 Months				6-9 Months			
							July	August	September	October	November	December	January	February		
Expenditure Reduction: Contracted Services	Identify all functions that can be done in house and work towards in sourcing of the services	Executive Director Technical Services	01-Jul-25	30-Jun-28	R26 878 151.00	R2 119 625.54	R28 824.00		R 890 713.28	R 1 599 096.28	R 2 845 919.50	R 873 233.81	R 826 198.25	R 5 936 481.28	R12 701 645.40	
Reduce overtime and standby allowance	Revise efficient customer care with focus on receiving and recording all community complaints and timeous distribution to service delivery units for action Consistent Reporting of overtime (Weekly) Introduction of shift system	Executive Director Technical Services	01-Jul-25	30-Jun-28	R3 448 235.60	R813 782.73	R293 496.00	R222 017.90	R 178 536.87	R 188 715.08	R 178 382.37	R 222 652.53	R 207 115.61	R 201 682.16	R1 723 605.40	

VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

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BUDGET & TREASURY OFFICE

QUALITY CERTIFICATE

I, **T.M MASHABELA,** Municipal Manager of Victor Khanye Local Municipality, hereby certify that the Draft Budget for 2026/27 has been prepared in accordance with the Municipal Finance Management Act and regulation made under that Act, and that the draft budget and supporting documents are consistent with the Development Plan of the Municipality.

INITIALS AND SURNAME ..... Tswaledi MacDonald Mashabela

MUNICIPAL MANAGER OF VICTOR KHANYE LOCAL MUNICIPALITY MP311

SIGNATURE.....

DATE..25 March 2026.....

Table 5.4: TABLE A4 Operating Revenue and Expenditure Budget 2024/25- 2026/27

MP311 Victor Khanye - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue											
Exchange Revenue											
Service charges - Electricity	2	174,991	161,060	155,582	347,266	291,085	291,085	291,085	225,890	236,281	247,150
Service charges - Water	2	55,219	47,734	48,880	67,794	60,702	60,702	60,702	51,977	54,368	56,869
Service charges - Waste Water Management	2	10,407	11,671	22,354	15,635	12,275	12,275	12,275	11,652	12,188	12,749
Service charges - Waste Management	2	9,786	10,438	20,525	14,257	12,597	12,597	12,597	12,267	12,831	13,422
Sale of Goods and Rendering of Services		1,552	1,368	1,486	3,137	3,698	3,698	3,698	4,326	4,525	4,733
Agency services		–	–	–	–	–	–	–	–	–	–
Interest		–	–	–	–	–	–	–	–	–	–
Interest earned from Receivables		54,180	34,226	37,799	59,387	103,610	103,610	103,610	–	–	–
Interest earned from Current and Non Current Assets		429	402	763	–	15	15	15	–	–	–
Dividends		–	–	–	–	–	–	–	–	–	–
Rent on Land		–	–	–	–	–	–	–	–	–	–
Rental from Fixed Assets		2,733	2,113	2,709	2,532	2,007	2,007	2,007	1,572	1,645	1,720
Licence and permits		–	–	–	–	–	–	–	–	–	–
Operational Revenue		1,081	821	1,237	392	422	422	422	692	724	757
Non-Exchange Revenue											
Property rates	2	78,438	85,936	93,307	97,467	139,457	139,457	139,457	123,486	129,167	135,108
Surcharges and Taxes		49,928	46,567	32,885	54,884	49,371	49,371	49,371	33,486	35,026	36,637
Fines, penalties and forfeits		20,033	17,139	12,124	1,686	1,095	1,095	1,095	2,141	2,239	2,342
Licences or permits		–	–	–	–	–	–	–	–	–	–
Transfer and subsidies - Operational		128,315	116,808	131,228	144,142	144,142	144,142	144,142	154,473	161,579	169,011
Interest		–	12,250	17,377	–	–	–	–	85,553	89,488	93,605
Fuel Levy		–	–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–	–
Gains on disposal of Assets		–	–	–	–	–	–	–	–	–	–
Other Gains		–	–	2,381	–	(5,198)	(5,198)	(5,198)	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contrib		587,092	548,532	580,638	808,580	815,277	815,277	815,277	707,515	740,061	774,104
Expenditure											
Employee related costs	2	151,490	153,638	174,097	198,596	201,574	201,574	201,574	198,676	207,815	217,374
Remuneration of councillors		8,358	8,083	8,522	9,101	9,131	9,131	9,131	9,101	9,519	9,957
Bulk purchases - electricity	2	149,105	171,101	167,220	185,000	195,505	195,505	195,505	201,262	210,520	220,203
Inventory consumed	8	39,786	38,837	40,189	79,205	90,252	90,252	90,252	85,976	89,931	94,068
Debt impairment	3	(12,663)	99,851	61,064	103,571	88,571	88,571	88,571	108,336	113,319	118,532
Depreciation and amortisation		55,568	59,661	64,174	52,046	50,102	50,102	50,102	52,446	54,859	57,382
Interest		31,235	48,400	94,766	33,352	57,601	57,601	57,601	30,000	31,380	32,823
Contracted services		59,905	76,021	90,057	71,449	109,331	109,331	109,331	85,962	89,916	94,052
Transfers and subsidies		-	-	-	7,336	7,336	7,336	7,336	-	-	-
Irrecoverable debts written off		0	–	–	30,000	29,800	29,800	29,800	29,800	31,171	32,605
Operational costs		80,403	79,086	67,416	38,153	51,435	51,435	51,435	56,281	58,870	61,578
Losses on disposal of Assets		8,077	983	6,374	–	–	–	–	–	–	–
Other Losses		42,146	48,248	12,064	–	–	–	–	–	–	–
Total Expenditure		613,409	783,909	785,941	807,809	890,639	890,639	890,639	857,839	897,300	938,575
Surplus/(Deficit)		(26,318)	(235,377)	(205,304)	772	(75,362)	(75,362)	(75,362)	(150,324)	(157,239)	(164,472)
Transfers and subsidies - capital (monetary	6	22,380	26,134	52,976	59,174	57,522	57,522	57,522	59,074	61,791	64,634
Transfers and subsidies - capital (in-kind)	6	6,830	2,222	31,223	44,700	44,700	44,700	44,700	119,417	124,911	130,657
Surplus/(Deficit) after capital transfers & contributions		2,892	(207,021)	(121,105)	104,646	26,860	26,860	26,860	28,167	29,463	30,818
Income Tax		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		2,892	(207,021)	(121,105)	104,646	26,860	26,860	26,860	28,167	29,463	30,818
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		2,892	(207,021)	(121,105)	104,646	26,860	26,860	26,860	28,167	29,463	30,818
Share of Surplus/Deficit attributable to Associate	7	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	1	2,892	(207,021)	(121,105)	104,646	26,860	26,860	26,860	28,167	29,463	30,818

CHAPTER 6: PERFORMANCE MONITORING AND EVALUATION

6.1 INTRODUCTION

The Municipal Systems Act, promulgated in 2000, required every municipality to establish and implement a Performance Management System (PM System). The PM&E System must provide guidelines on the development and implementation of an organisational and employee Performance Management System. Performance Monitoring and Evaluation is a strategic approach to which management equips leaders, managers, employees, and stakeholders at different levels; with a set of tools and techniques to plan regularly, monitor continuously, measure periodically, and review performance of the Organization in terms of indicators and targets for efficiency, effectiveness, and impact.

Chapter 6 of the Municipal Systems Act (No.32 of 2000) requires the Municipality to: Incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government. Have the Annual Performance Report audited by the Auditor-General, and involve the community in setting the indicators and targets, and reviewing the Municipality's performance.

2001 MUNICIPAL PLANNING AND PERFORMANCE REGULATION STATES THAT: The Performance Management System must entail a framework that describes and represents how municipal cycles and processes of Performance Management System; including measurement, review, reporting, and improvement will be conducted; and PMS must, interiliac, comply with the requirements of systems the Act relates to the Municipality's employee performance management processes.

The 2024/2025 review IDP, the Municipality has prepared functional and effective organization performance management systems, that address the performance needs of the Municipality; and also serves to promote a culture of performance management, and to administer its affairs in an economical, effective, efficient, and accountable manner, as required by Section 38 of the Municipal Systems Act No. 32 of 2000.

In terms of measuring performance of the Municipality in 2024/2025, the Municipality has reviewed the performance management system, and has in place the following documents that guide the review, implementation monitoring, and reporting of PMS:

- Performance Management & Development System Framework and Performance Management System Policy (OPMS)
- (SDBIP) Service Delivery and Budget Implementation Plan
- Performance Agreements of the Municipal Manager and Senior Managers reporting directly to the Municipal Manager.

6.2 LEGISLATIVE FRAMEWORK FOR PERFORMANCE MANAGEMENT

Performance Management System, Monitoring Evaluation and Reporting is guided by the following Legislation in local government;

a) Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
b) Local Government: Municipal Planning and Performance Management Regulations, 2001,
c) Local Government: Municipal Finance Management Act 53 of 2003 and Local Government:
d) Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006,
e) Provincial Monitoring and Evaluation Framework 2009, National Evaluation Policy 2011.

6.3 SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN

The SDBIP provides the vital link between the Executive Mayor, Council (Executive), and the Administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation, and monitoring tool that will assist the Executive Mayor, councillors, municipal manager, senior managers, and the community.

It is the intention of the Victor Khanye Local Municipality to formulate a well-informed SDBIP in order to ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic goals of the municipality as set out in the Integrated Development Plan Review 2024/2045. It will ensure that the Administrative Head (Municipal Manager) is able to monitor the performance of senior managers, the Executive Mayor, in turn, to monitor the performance of the municipal manager, and more importantly, it will ensure that the community is able to monitor the performance of the municipality. In order to achieve this, the SDBIP should therefore determine the performance agreements between the Executive Mayor and the Municipal Manager and,

in turn, between the Municipal Manager and senior managers (Chief Financial Officer and Executive Directors) formulated and signed at the start of every financial year and approved by the Executive Mayor.

Aligning the SDBIP with the budget plans will ensure effective implementation of the strategic objectives set in the IDP. To take the IDP forward, operational plans, capital plans, annual budgets, institutional plans, Human Resource Development (HRD) plans, etc. must be produced. To achieve effective, efficient and economic service delivery, VKLM should work according to the priorities and projects included in the SDBIP. Performance monitoring is a continuous process that runs parallel with the implementation of the approved IDP, budget and SDBIP and involves data management and assessment. Monitoring is crucial to ensure that the municipality stays on track with its projects.

6.4 MONITORING AND EVALUATION OF THE MUNICIPAL AND INDIVIDUAL PERFORMANCE

The most valuable reason for measuring performance is that what gets measured gets done. If an institution knows that its performance is being monitored, it is more likely to perform the required tasks - and to perform them well. In addition, the availability of performance information allows managers to pursue results-based management approaches, such as performance contracts, risk management, benchmarking and market testing.

Monitoring and Evaluation of performance is essential and is legislated, aimed at ensuring accountability and improving the level of service delivery offered to the community. Assessment consists of the measurement of data through scoring, analysis and validation to determine if targets have been met. In so doing performance is assessed against the achievement or non-achievement of targets. The DPLG: now referred to as COGTA, devised a five-point scale where three (3) indicates that a target has been met. Scoring allows for quick and easy assessment of performance. VKLM has adopted this scoring system based on a scale of 1 – 5 where 3 depicts target met. The performance achievements assessed through the scoring system are subject to assessment by the Internal Audit Unit using the method of a random selection of samples. Scores allocated to KPIs and projects should be assessed in terms of appropriateness and verified against the relevant portfolio of evidence (POE) to support the achievements.

Stakeholders are becoming increasingly interested in how well municipalities are performing. The emphasis is shifting from narrow financial reporting to more comprehensive reporting on

organisational performance of non-financial measures in terms of achieving set objectives. The compilation of performance reports is management's means of communicating to the organisation's stakeholders on the economic and efficient utilisation of available resources as well as the effective performance of operational functions. Monthly, quarterly, mid-year, political term of office, annual and oversight reports are to be generated within the VKLM.
Evaluation of organisational and employee performance is essential to ensure that corrective measures are identified and put in place to improve areas of non-performance. In other words, the intention of evaluation is to critically evaluate past actions, build on areas of value, eliminate non-value adding processes, and use the information gained to make informed decisions to re-align organisational objectives and actions. Without continuous evaluation, there can be no improvement and development. Evaluation is done through auditing (independent), administrative evaluation and political oversight.

It is important that both the political as well as official sectors of each government section understand the importance of performance. At the VKLM, the Executive Mayor and Municipal Manager must promote performance management so that all role players and stakeholders within the municipality embrace the changes required to ensure improved performance. Effective employee Performance management is imperative to ensure the efficient operations of the municipality. Without the people, driving the operations of the municipality there will be no service delivery. Improved performance of employees will ensure enhanced municipal operations. This Framework proposes a combined employee PM system with integration between the phases of the organisational and employee PM System.

It is a legislative practice for all municipalities that Senior Managers (Levels 1-3) must sign a performance agreement. The aim is to ensure parity in the application of performance management practices. Employee assessment is based on the employee's performance in terms of the outputs/outcomes (performance indicators) identified as per the performance plan which are linked to the KPAs. In order to fulfil the objective of ensuring accountability, reviews are conducted according to the lines of accountability.

Employee performance monitoring takes place through coaching where managers/supervisors and employees alike receive assistance and guidance to improve performance. Evaluation determines whether the skills base of top managers is adequate to drive the municipal processes of executing tasks and taking accountability and whether appropriate rewards should be considered as per Regulation 805.

The aim of Section A of the Performance Management Framework (System) and Procedural Manual is to provide more detail on the theoretical background that structures Performance Management to ensure effective steps and controls are put in place to give authenticity to the Performance Management system.

6.5 ROLE PLAYERS IN THE MANAGEMENT OF PERFORMANCE MANAGEMENT

The role players that manage the performance management system of the municipality include the following:

6.5.1 Internal Audit

The Internal Audit Services plays an internal performance auditing role, which includes monitoring the functioning of the PMS and compliance to legislative requirements. Its role is also to assist the municipality in validating the evidence provided by the General Managers in support of their performance achievements.

6.5.2 Performance Audit Committee

The committee monitors the quality and integrity of the Performance Management System, to ensure equity and consistency in the application of evaluation norms and standards. The committee further provides impartial recommendations on performance ratings to the Mayoral Committee, following the completion of objective appraisals.

6.5.3 Evaluation Panel

The Evaluation Panel evaluates the performance of Section 57 employees, including the Municipal Manager's performance, through approval of their final performance ratings.

6.5.4 Executive Mayor and Members of the Mayoral Committee

The Executive Mayor and the Members of the Mayoral Committee manage the development of the municipal PMS and oversee the performance of the Municipal Manager and the General Managers.

6.5.5 Council and Section 80 Committees

Section 80 Committees play an oversight role and consider reports from Council on the functioning of different portfolios and the impact on the overall objectives and performance of the municipality.

6.5.6 Community

The community plays a role in the PMS through the annual IDP consultation processes, which are managed by the Office of the Speaker, working in close collaboration with the IDP and Public Participation Unit.

6.6 PERFORMANCE MANAGEMENT REPORTING

The legislative framework requires that the municipality should develop reports at particular intervals that must be submitted to various institutions for validation and monitoring. The table below outlines a summary of the reports that have been developed in the municipality.

Table 6.1: Reports to be developed by the Municipality

REPORT TYPE	DESCRIPTION
Monthly reports	Section 71 of the MFMA requires that reports be prepared. A financial report is prepared based on municipal programmes and projects.
Quarterly IDP and SDBIP reporting	The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-of-year service delivery targets, set in the budget and IDP. It determines the performance agreements for the municipal Manager, Top Managers and other levels of staff, whose performance can then be monitored through Section 71 monthly reports, and evaluated through the annual report process. The SDBIP information on revenue will be monitored and reported monthly by the Municipal Manager in terms of Section 71(1) (a) and (e). For example, if there is lower than anticipated revenue and an overall cash shortage in a particular month the municipality may have to revise it's spending downwards to ensure that it does not borrow more than anticipated. More importantly, such information requires the municipality to take urgent remedial steps to ensure it improves on its revenue collection capacity if the municipality wants to maintain its levels of service delivery and expenditure. Section 1 of the MFMA states that the SDBIPs a detailed plan approved by the Mayor of a municipality in terms of service delivery should make projections for each month of the revenue to be collected, by source, as well as the operational and capital expenditure, by vote. The service delivery targets and performance indicators need to be reported on quarterly (MFMA, 2003).
Mid-year budget and COGTA report	Section 72 of the MFMA requires the Accounting Officer to prepare and submit a report on the performance of the municipality during the first half of the financial year. The report must be submitted to the

	mayor, National Treasury as well as the relevant Provincial Treasury and COGTA. As with all other reports, this is a crucial report for the Council to consider mid-year performance and what adjustments should be made, if necessary.
Annual Performance report (Section 46)	Section 46 of the MSA states that a municipality must prepare for each financial year, a performance report that reflects the following: The performance of the municipality and of each external service provided during that financial year; A comparison of the performances referred to in the above paragraph with targets set for and performances in the previous financial year; and Measures to be taken to improve on the performance. The performance report must be submitted at the end of the financial year and will be made public as part of the annual report in terms of Chapter 12 of the MFMA. The publication thereof will also afford the public the opportunity to judge the performance of the municipality against the targets set in the various planning instruments.
Annual Report	Every municipality and every municipal entity under the municipality's control is required by Section 121 to prepare an annual report for each financial year, which must include: - the annual financial statements of the municipality or municipal entity as submitted to the Auditor-General for audit (and, if applicable, consolidated annual financial statements); - the Auditor-General's audit report on the financial statements; - an assessment by the Accounting Officer of any arrears on municipal taxes and service charges; - particulars of any corrective action taken or to be taken in response to issues raised in the audit reports; - any explanations that may be necessary to clarify in connection with the financial statements; - any information as determined by the municipality, or, in the case of a municipal entity, the entity or its parent municipality; - any recommendations of the municipality's audit committee, or, in the case of a municipal entity, the audit committee of the entity or of its parent municipality; - an assessment by the Accounting Officer of the municipality's performance against the measurable performance objectives for revenue collection and for each vote in the municipality's approved budget for the relevant financial year; - an assessment by the Accounting Officer of the municipality's performance against any measurable performance objectives set in terms the service delivery agreement or other agreement between the entity and its parent municipality; - the annual performance report prepared by a municipality; Any other information as may be prescribed. Section 127 prescribes the submission and tabling of annual reports. This section also gives provision for the following:

	- The Accounting Officer of a municipal entity must, within six months after the end of a financial year, submit the entity's annual report for that financial year to the Municipal Manager of its parent municipality; - The Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control; - If the Mayor, for whatever reason, is unable to table in the council the annual report of the municipality, or the annual report of any municipal entity under the municipality's sole or shared control, within seven months after the end of the financial year to which the report relates, the mayor must: submit to the Council a written explanation setting out the reasons for the delay, together with any components of the annual report that are ready; submit to the Council the outstanding annual report.
Oversight Report	- The Council of a municipality must consider the municipality's annual report (and that of any municipal entity under the municipality's control), and in terms of Section 129, within two months from the date of tabling of the annual report, must adopt an oversight report containing the Council's comments, which must include a statement whether the Council: has approved the annual report with or without reservations; has rejected the annual report; or has referred the annual report back for revision of those components that can be revised. In terms of Section 132, the following documents must be submitted by the Accounting Officer to the provincial legislature within seven days after the municipal council has adopted the relevant oversight report: the annual report (or any components thereof) of each municipality and each municipal entity in the province; and all oversight reports adopted on those annual reports. It is important to note that the Oversight Committee working with these reports should be chaired by the opposition party.

CHAPTER 7: MUNICIPAL PROJECTS AND EXTERNAL

7.1 INTRODUCTION

This chapter outlines Victor Khanye Local Municipality's planned and budgeted projects to be implemented by the Municipality as per each Key Performance Area. Most of these projects span out for the duration of the medium-term period (3 years). These projects form part of the municipal strategy in response to the five-year development priorities of the Municipality.

MUNICIPAL INFRASTRUCTURE GRANT (MIG): MPUMALANGA PROVINCE							
IMPLEMENTATION PLAN FOR 2024/25 FINANCIAL YEAR							
MIS Form ID	MIG Reference Nr	Project Name	Project type	jected Expen Jun-25	Planned MIG Expenditure for 2024/25	Planned MIG Expenditure for 2025/26	Planned MIG Expenditure for 2026/27
202895	MIG/MP1059/RST/11/15	Reconstruction of paved roads in Victor Khanye	Roads	R 0,00	R 13 000 000,00	R 16 500 000,00	R 17 865 700,00
259139	MIG/MP0479/S/06/10	Development of 5000 stands on Portion 6 of the farm Middelburg 231 ER: Water Services	Water	R 92 000,00	R 2 000 000,00	R 0,00	R 0,00
259140	MIG/MP0501/W/06/10	Development of Portion 6 of the Farm Middelburg 231 ER -Sanitation Services	Sanitation	R 138 000,00	R 3 000 000,00	R 0,00	R 0,00
202993	MIG/MP1080/S/11/14	Eradication of sanitation backlog to rural areas.	Sanitation	R 0,00	R 0,00	R 0,00	R 0,00
0	MIG/MP1654/SW/18/22	Development of the 2nd Phase of the Landfill Site in Delmas	Solid Waste	R 92 000,00	R 2 000 000,00	R 5 000 000,00	R 6 000 000,00
232175	MIG/MP1499/CL/12/16	Installation of High Mast Lights at Victor Khanye Local Municipality	Electricity	R 0,00	R 2 500 000,00	R 1 900 650,00	R 1 700 000,00
391091	MIG/MP/2117/W/21/24	Drilling, Refurbishment of boreholes in rural areas and provision of elevated steel tanks	Water	R 115 000,00	R 2 500 000,00	R 2 500 000,00	R 2 500 000,00
254469	MIG/MP1584/17/19	Provision of security boundary fencing for all municipal infrastructures	Water	R 0,00	R 1 999 000,00	R 2 262 100,00	R 2 262 100,00
		Project Management Unit (Operational)		R 65 366,00	R 1 421 000,00	R 1 482 250,00	R 1 596 200,00
				R 502 366,00	**R 28 420 000,00**	**R 29 645 000,00**	**R 31 924 000,00**
Recommended by: PMU Manager		Mr J Buthelezi					
Signature:							
Date:							
Recommended by: Chief Financial Officer		Ms TP Mahlangu					
Signature:							
Date:							
Recommended by:Municipal Manager		Mr TM Mashabela					
Signature:							
Date:							

WSIG : MPUMALANGA PROVINCE

IMPLEMENTATION PLAN FOR 2024/2025 FINANCIAL YEAR

VICTOR KHANYE LOCAL MUNICIPALITY

WSA	DM	Project Name	Project Status	...jected Expenditure Jun-25	Planned WSIG Expenditure for 2024/25	Planned WSIG Expenditure for 2025/26	Planned WSIG Expenditure for 2026/27
Victor Khanyelm	Nkangala	PROVISION OF CIVIL ENGINEERING AND CONSTRUCTION OF WATER RELATED INFRASTUCTURE IN REDUCING THE NON-REVENUE WATER IN BOTLENG TOWNSHIP	Construction	R 0,00	R 4 092 865,97	R 0,00	R 0,00
Victor Khanyelm	Nkangala	PROVISION OF CIVIL ENGINEERING AND CONSTRUCTION OF WATER RELATED INFRASTUCTURE IN REDUCING THE NON-REVENUE WATER IN BOTLENG TOWNSHIP	NEW	R 418 142,68	R 20 907 134,03	R 0,00	R 0,00
				R 418 142,68	**R 25 000 000,00**	**R 0,00**	**R 0,00**

Recommended by: PMU Manager	Mr J Buthelezi
Signature:	
Date:	
Recommended by: Technical Director	Ms G Matlala
Signature:	
Date:	
Recommended by: Municipal Manager	Mr TM Mashabela
Signature:	
Date:	

7.2 NEW PROPOSED PROJECTS BY THE COMMUNITY

The Department of Social Development requested a serviced stand for building a bigger centre for the Old Aged around VKLM to benefit all the Wards.

There is another NPO by the name of KUTU`s Orphanage and Drop-In-Centre Home and their NPO Registration No: 137-036 NPO.

The NPO mentioned above, their Project is for structural building funding for R20 M for the entire Projects and is projected to run for a period starting 2025/2026 FY up-to 2028/2029 FY.

The following are Projects were identified per school, which can be funded through SLP and CSI:

Botleng Secondary School Ward 2:

1. Structural building needs Engineering interventions
2. Lawn Mower
3. Uniform
4. Fixing of windows
5. Classroom wiring/electrification

Manyazela Primary School Ward 9:

1. Building of an admin block
2. Kitchen
3. Leaking roof
4. Paving
5. Furniture
6. Uniform
7. Fencing
8. Lawn mower

Rietkol Primary School Ward 8:

1. Roof leakage
2. Ceiling
3. Admin block
4. Grade R play ground
5. Computer Lab renovations
6. Kitchen taps replacement

Phaphamani Secondary School Ward 5:

1. Computer lab refurbishment
2. Building of admin block
3. Renovation of the Kitchen
4. Need an extra classroom (overcrowded)
5. Roof painting

Swartklip Combined Secondary School Ward 7:

1. More class rooms
2. Kitchen renovations
3. Tiling and furniture
4. Wiring in classrooms
5. Laptops for teachers

Sundra High Ward 7:

1. Structural challenge
2. Electrification
3. Fencing
4. Alarm System
5. Uniform
6. Laptops
7. Furniture
8. Renovation of class rooms

7.2.1 SECTOR DEPARTMENTS PROJECTS
COGHSTA PROJECTS 2025-2026 FY

Local municipality	Project/Programme Name/Description	Project Beneficiary/ Ward/Location/ GPS Coordinate	2025/26 Target	2025/26 Budget Allocation (Annual) R'000	Total project cost R'000
Victor Khanye	Construction of 19x Office block for DSD at Victor Khanye sub District office	Ward 3	75% complete	R10 000	R37 000

7.4 DEPARTMENT OF WATER AND SANITATION PROJECTS FOR VICTOR KHANYE LOCAL MUNICIPALITY 2024/2025 FY

Table 7.2: Water and Sanitation Projects

MUNICIPALITY	PROJECT NAME	PROJECT BENEFICIARY	BUDGET ALLOCATION	TARGET	TOTAL COST
VKLM	**WSIG- VKLM**	**LM TO PRIORITISE BENEFICIARIES**	**R17 000**	**VKLM**	**R17 000**

7.5 DARDLEA INFRASTRUCTURE DEVELOPMENT PROJECTS

Table 7.3: Dardlea Infrastructure Development Projects

	Project name	Outputs	Project description	Total Estimated cost
1	Itjhetjho Fortune 40 Poultry Project	2x 5000 poultry(broiler)houses	Construction of 2x 5000 convectional poultry houses	6 415 000
2	Thokoza Farms and Projects	Vegetable - 3 existing boreholes registered. 1 ha netted tunnel constructed	Construction of a tunnel and fence for Vegetable production	512 504

7.6 COGHSTA CATALYTIC PROJECTS

Table 7.

Nkangala	Integrated Residential Development Programme (IRDP) Phase 1	Victor Khanye, Prt 13 Waaikraal 556	Township Establishment	2026/27	500	500
Nkangala	Integrated Residential Development Programme (IRDP) Phase 1	Victor Khanye, Prt 1 Waaikraal 556	Township Establishment	2026/27	100	100
Nkangala	Asbestos Roof removal	Victor Khanye, Various areas	100 Asbestos Roofs	2026/27	9 868	9 868

7.8 IDENTIFIED DDM CATALYTIC PROJECTS AND PROGRAMMES 2025-2026 FY

Table 7.6: DDM Catalytic Projects and Programmes

Unfunded Programmes and Projects	Unfunded Programmes and Projects	Unfunded Programmes and Projects	Unfunded Programmes and Projects	Unfunded Programmes and Projects	Unfunded Programmes and Projects	
Table 1: NDM unfunded projects	Table 1: NDM unfunded projects	Table 1: NDM unfunded projects	Table 1: NDM unfunded projects	Table 1: NDM unfunded projects	Table 1: NDM unfunded projects	
Project Name Purpose Location Budget	Project Name Purpose Location Budget	Project Name Purpose Location Budget	Project Name Purpose Location Budget	Project Name Purpose Location Budget	Project Name Purpose Location Budget	
1. Land acquisition for Human	1. Land acquisition for Human	1. Land acquisition for Human	1. Land acquisition for Human	1. Land acquisition for Human	1. Land acquisition for Human	
Settlement and Development	Settlement and Development	Settlement and Development	Settlement and Development	Settlement and Development	Settlement and Development	

To ensure that strategic located land is	To ensure that strategic located land is	To ensure that strategic located land is	To ensure that strategic located land is	To ensure that strategic located land is	To ensure that strategic located land is	
owned by municipalities to facilitated	owned by municipalities to facilitated	owned by municipalities to facilitated	owned by municipalities to facilitated	owned by municipalities to facilitated	owned by municipalities to facilitated	
sustainable human settlement and	sustainable human settlement and	sustainable human settlement and	sustainable human settlement and	sustainable human settlement and	sustainable human settlement and	
development in the District	development in the District	development in the District	development in the District	development in the District	development in the District	
District Wide R300 million	District Wide R300 million	District Wide R300 million	District Wide R300 million	District Wide R300 million	District Wide R300 million	

2. Fly Ash Beneficiation Plant Development of fly-ash beneficiation	2. Fly Ash Beneficiation Plant Development of fly-ash beneficiation	2. Fly Ash Beneficiation Plant Development of fly-ash beneficiation	2. Fly Ash Beneficiation Plant Development of fly-ash beneficiation	2. Fly Ash Beneficiation Plant Development of fly-ash beneficiation	2. Fly Ash Beneficiation Plant Development of fly-ash beneficiation	

7.9 COMMUNITY NEEDS PER WARD

SUMMARY OF THE PROPOSED COMMUNITY PROJECTS PER MUNICIPAL FUNCTIONS AND PER DIRECTORATE 2025-2026:

DIRECTORATE	PROJECT IDENTIFIED	WARD/S	TIME-FRAME
B &T	BILLING SYSTEM CORRECTION	1 - 9	
	INDIGENCY PROGRAMME	1 - 9	
	MOBILE UNIT- PAYMENT OF SERVICES	1-5, 7-9	
	BRIDGED WATER& ELECTRICITY METERS	1 - 9	
	PAYMENT RATE PER WARD	1 - 9	
	FLAT RATE CATEGORY FOR THE EMPLOYED YET LOW INCOME	1 - 9	
	VENDING MACHINES	1-5, 7- 9	
	SELLING OF STANDS	2 & 8	
TECHNICAL	WATER SUPPLY (CRISIS)	1 -9	
	ELECTRICITY SUPPLY (FAULTY METERS) HIGH MAST LIGHTS/ STREET LIGHTS	1 - 9	
	ROADS- TARRING, PAVING, GRAVEL ROAD, POOR ROADS DESIGNED, DRAINAGE SYSTEM	4,5,8& 9	
	RDP HOUSES – APPLICATION & ALLOCATION	1 - 9	
	SANITATION- NEW CONSTRUCTION TOILETS IN INFORMAL SETTLEMENTS	7 - 9	
	BRIDGE CONSTRUCTION	7	
	BOREHOLES NEW & REFURBISHMENT	7 - 9	
	ASBESTOS ROOFS REMOVAL	1 & 2	
	HEAP OF STONES REMOVAL	4 & 5	
	SCHEDULE OF MAINTENANCE PLAN PER WARD	1 - 9	
SOCIAL	ILLEGAL DUMPING	3 – 9	
	REFUSE COLLECTION	7 – 9	
	DISASTER MANAGEMENT AWARENESS CAMPAIGN	1 -9	
	NEW DUST BINS PROVISION	3 – 9	
	BY-LAW/S TAVERN OPERATING HRS	1 - 9	
	ENVIRONMENTAL AWARENESS CAMPAIGN	1 - 9	
	GRASS CUTTING	6 - 9	
	ROAD MARKINGS & INFO SIGNS	1 - 9	
	CULTURAL ACTIVITIES & SPORTS TOURNAMENT	1 - 9	
MM	SMME SUPPORT/PROGRAMME	1 - 9	
	ILLEGAL OCCUPATION OF BUILDING	8	
	ILLEGAL LAND-USE	7 - 9	
	LAND REZONING	1 - 9	
	BUSINESS OPPORTUNITIES	1 - 9	
	FREE WI FI	1 - 9	
	YOUTH INFORMATION CENTRE	1 – 5, 7 -9	

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